GEM INTERNATIONAL RESOURCES INC.

Consolidated Financial Statements

(Expressed in Canadian Funds)

September 30, 2019 and 2018

GEM INTERNATIONAL RESOURCES INC.

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of
Gem International Resources Inc.

Opinion

I have audited the consolidated financial statements of Gem International Resources Inc. and its subsidiaries (together, the "Company"), which comprise the consolidated statements of financial position as at September 30, 2019 and 2018, and the consolidated statement of income (loss) and comprehensive income (loss), consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net income of $63,085 during the year ended September 30, 2019 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $30,958,119 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated 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 Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 my 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

• Identify and assess the risks of material misstatement of the consolidated 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

The engagement practitioner on the audit resulting in this independent auditor's report is Sam S. Mah, CPA, CA.

"Sam S. Mah Inc."

Chartered Professional Accountant

Suite 2001 – 1177 West Hastings Street
Vancouver, BC, Canada V6E 2K3
January 28, 2020

GEM INTERNATIONAL RESOURCES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	**September 30, 2019**	September 30, 2018
ASSETS			
Current Assets			
Cash		**$ 79**	**$ 1,795**
Other receivables	3	**5,338**	**3,821**
		5,417	**5,616**
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	8	**$ 300,627**	**$ 396,080**
Loans payable	4	**173,236**	**141,067**
		473,863	**537,147**
SHAREHOLDERS' EQUITY			
Share capital	6	**26,717,682**	**26,717,682**
Contributed surplus		**3,771,991**	**3,771,991**
Deficit		**(30,958,119)**	**(31,021,204)**
		(468,446)	**(531,531)**
		$ 5,417	**$ 5,616**

Nature of Operations and Going Concern	1
Events after the reporting date	11

On behalf of the Board of Directors:

"John W. Barr", Director
John W. Barr

"J. Campbell Smyth", *Director*
J. Campbell Smyth

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

GEM INTERNATIONAL RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Income (Loss)
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	2019	2018
General and Administrative Expenses			
Audit, accounting and legal	8	**$ 35,126**	$ 99,732
Bank charges, interest and financing fees		**22,787**	23,954
Consulting fees	8	**90,000**	116,883
Office		**472**	6,817
Regulatory and transfer agent fees		**14,737**	26,497
Rent	8	**-**	6,000
Shareholders communication		**-**	6,366
Travelling and promotion		**10,151**	47,121
		(173,273)	(333,370)
Other Income (Expense):			
Foreign exchange gain (loss)		**(1,040)**	121
Interest income		**6**	6
Write-off of accounts payable	8	**237,392**	-
Net and comprehensive income (loss) for the year		**$ 63,085**	($333,243)
Basic and diluted loss per share		**($0.00)**	($0.01)
Weighted average number of common shares outstanding		**5,826,554**	50,989,375

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

GEM INTERNATIONAL RESOURCES INC.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, September 30, 2017	**5,826,554**	**$26,717,682**	**$3,771,991**	**($30,687,961)**	**($198,288)**
Net loss for the year	-	-	-	(333,243)	(333,243)
Balance, September 30, 2018	**5,826,554**	**$26,717,682**	**$3,771,991**	**($31,021,204)**	**($531,531)**
Net income for the year	-	-	-	63,085	63,805
Balance, September 30, 2019	**5,826,554**	**$26,717,682**	**$3,771,991**	**($30,958,119)**	**($468,446)**

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

GEM INTERNATIONAL RESOURCES INC.
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	2019	2018
Operating Activities		
Net income (loss) for the year	**$ 63,085**	($333,243)
Changes in non-cash working capital		
- Other receivables	**(1,517)**	(2,695)
- Accounts payable and accrued liabilities	**(95,453)**	193,800
Net cash used in operating activities	**(33,885)**	(142,238)
Financing Activities		
Loans payable	**32,169**	141,067
Net cash provided by financing activities	**32,169**	141,067
Decrease in cash	**(1,716)**	(1,071)
Cash, beginning of year	**1,795**	2,866
Cash, end of year	**$ 79**	$ 1,795

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

1. Nature of Operations

Gem International Resources Inc. (the "Company") was incorporated on September 25, 1985 under the laws of British Columbia, Canada and is a junior natural resource company. The Company is now listed on the NEX Exchange. The Company is primarily engaged in the acquisition, exploration and development of mineral properties. All of the Company's activities to date have been of an exploratory nature.

The address of the Company's registered office and principal place of business is the 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3.

Going Concern

The Company has not yet determined whether any of its properties contain mineral deposits that are economically recoverable. The recoverability of any amounts shown as deferred mineral interest costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of its properties.

While the Company's consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. For the year ended September 30, 2019, the Company reported an income of $63,085 (2018: $333,243) and as at that date had an accumulated deficit of $30,958,119 (September 30, 2018: $31,021,204). As of September 30, 2019, the Company had net working capital deficit of $(468,446) (September 30, 2018: working capital deficit of $(531,531). The Company does not have sufficient funds available to bring its mineral properties to production, if possible, which would allow it to be self-sustaining. The Company will need additional financing to continue exploring, and if successful develop its properties to bring it to the production stage. While in the past the Company has been successful in obtaining funding from equity financings, option agreements, loans or through other arrangements, there is no assurance that these initiatives will be successful in the future.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material. The directors of the Company have approved these consolidated financial statements.

2. Significant Accounting Policies

b) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

The policies applied in these financial statements are based on IFRS issued and outstanding as of January 28, 2020, the date the Board of Directors approved the consolidated financial statements.

Basis of Presentation

These consolidated financial statements were prepared on an accrual basis and are based on historical costs, except for financial instruments measured at fair value.

c) Critical Accounting Estimates, Judgments and Uncertainties

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 the 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.

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Share-Based payments

The Company uses the Black Scholes pricing model to estimate the fair value of stock options granted and warrants issued. Under this model, the Company must estimate the term, volatility and if applicable, the forfeiture rate of options granted and warrants issued.

Critical Accounting Judgments

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Depreciation rates

The application of determining the useful lives of equipment are estimates by management based on assumptions about future events. Estimates and assumption made may change if new information becomes available. New information may become available during the use of the equipment that causes the Company to adjust its estimate.

2. Significant Accounting Policies - *continued*

c) Critical Accounting Estimates, Judgments and Uncertainties - *continued*

Critical Accounting Judgments **-** *continued*

Impairment of non-financial assets

The Company reviews and evaluates its property, including exploration and evaluation assets, plant and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's fair value less costs 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 assessment of the time value of money and the risks specific to the asset.

Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Revenue Recognition

The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration that it is entitled to in exchange for the goods and services transferred to the customer. For collaborative arrangements that fall within the scope of IFRS 15, the Company applies the revenue recognition model to part or all of the arrangement, when deemed appropriate. At contract inception, the Company assesses the goods or services promised within each contract that falls under the scope of IFRS 15, to identify distinct performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Significant judgement is involved in determining whether the transaction price allocated to the license fee should be recognized over the collaboration period or at the inception of the contract and the time period over which revenue is to be recognized.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements 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.

(Expressed in Canadian Dollars)

2. Significant Accounting Policies - *continued*

c) Critical Accounting Estimates, Judgments and Uncertainties - *continued*

***Critical Accounting Judgments** - continued*

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

d) Subsidiaries

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

			Portion of Ownership Interest and Voting Power Held	
Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	**September 30, 2019**	September 30 2018
Sierra Exploration and Mining Ltd.	Inactive	Tanzania	**100%**	100%
Gold Land Group Ltd.	Inactive	British Virgin Island	**100%**	100%
Ease Land Holdings Ltd.	Inactive	British Virgin Island	**100%**	100%

The subsidiaries have been inactive since May 1, 2014.

e) Consolidation Principles

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Intercompany transactions are eliminated at consolidation.

f) Business Combinations

Acquisitions of subsidiaries and businesses (other than entities which were under the control of the parent) are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any acquisition-related costs incurred to effect a business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *'Business Combinations'* are recognized at their fair value at the acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *'Noncurrent Assets Held for Sale and Discontinued Operations,'* which are recognized and measured at fair value less cost to sell.

2. Significant Accounting Policies - *continued*

g) Functional and Presentation Currency

The Company's functional currency is the Canadian Dollar ("CAN"). The consolidated financial statements are presented in CAN which is the Company's presentation currency, unless otherwise noted.

All amounts in these consolidated financial statements are rounded to the nearest dollar.

h) Exploration and Evaluation Assets

Exploration and evaluation expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. To the extent that the expenditures are spent to establish ore reserves within the rights to explore, the Company will consider those costs as intangible assets in nature.

The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the intangible asset.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result, those exploration and expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Management reviews the facts and circumstances suggesting if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, the Company will perform an impairment test on the property in accordance with the provisions of IAS 36.

Exploration stage assets and development stage assets are considered separate CGUs for impairment testing purposes.

The amount shown for mineral properties does not necessarily represent present or future values. Recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

2. Significant Accounting Policies - *continued*

i) Foreign currency translation

In preparing the consolidated financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the consolidated income statement.

j) Cash and Cash Equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less.

k) Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the income statement. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

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

2. Significant Accounting Policies - *continued*

l) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probably that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

m) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

n) Financial Instruments

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

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

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss), and
- Those to be measured after initial recognition at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. Significant Accounting Policies – *continued*

n) Financial Instruments-cont'd

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented in the Statement of Loss and Comprehensive Loss in the period which it arises.

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 risk 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 loss. The Company shall recognize in the statements of income (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.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the

2. Significant Accounting Policies - *continued*

n) Financial Instruments-cont'd

amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and due to related parties are classified as financial liabilities held at amortized cost.

The adoption of IFRS 9 did not impact the carrying value of any financial asset or financial liability on the transition date. The table below illustrates the change in classification of the Company's financial instruments under IAS 39 and IFRS 9.

Line Item	**IFRS9**	**IAS 39**	
	New Classification	**Original Classification**	**Measurement Model**
Cash	FVTPL	FVTPL	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Other liabilities	Amortized cost
Loans payable	Amortized cost	Other liabilities	Amortized cost

2. Significant Accounting Policies - *continued*

o) Share Capital

(i) 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 and share purchase warrants are classified as equity instruments.

(ii) Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

(iii) 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 the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

p) Flow-Through Shares

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares. Flow-through common shares are recognized in equity based on the quoted price of the existing shares on the date of the issue. The difference between the amounts recognized in common shares and the amount the investor pays for the shares is recognized as another liability which is reversed into earnings as eligible expenditures are incurred. The deferred tax impact is recorded prospectively upon renunciation of the related tax benefits, provided it is expected the Company will incur the required eligible expenditures.

When flow-through expenditures are renounced, a portion of the future income tax assets that were not previously recognized, are recognized as a recovery of deferred income taxes in net income.

q) Share-based Payments

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payments with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

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

2. Significant Accounting Policies - *continued*

q) Share-based Payments - *continued*

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

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

From time to time in connection with private placements, the Company issues compensatory warrants to agents ("Agent Warrants") as commission for services. Awards of Agent Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Agent Warrants are issued. Any consideration received upon exercise of Agent Warrants is credited to share capital. The application of the fair value based method requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the Agent Warrants.

r) Recent Accounting Prouncements

At the date of authorization of these financial statements, the IASB and International Financial Reporting Committee ("IFRIC") have issued the following revised and new standards, amendments and interpretations which became effective during the year ended September 30, 2019:

Effective for periods beginning on or after January 1, 2018

- IFRS 9, *Financial Instruments – Classification and Measurement*

  IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and measurement.*

  IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. This standard has been adopted without material effect to these financial statements.

2. Significant Accounting Policies - *continued*

- IFRS 15, *Revenue from Contracts with Customers*

  IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from and entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts,* IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service.* This standard has been adopted without material effect to these financial statements.

At the date of authorization of these financial statements, the IASB and International Financial Reporting Committee ("IFRIC") have issued the following revised and new standards, amendments and interpretations which are not yet mandatory during the year ended September 30, 2019:

Effective for periods beginning on or after January 1, 2019

- IFRS 16, *Leases*

In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019 and is not expected to have a material impact on the Company's financial statements.

3. Other Receivables

	September 30, 2.019	September 30, 2.018
GST receivable	**$ 5,338**	$ 3,821

4. Loans Payable

MOSMAN OIL AND GAS LIMITED

Pursuant to a Loan Agreement dated March 28, 2018 between the Company ("the Borrower") and Mosman Oil and Gas Limited ("the Lender"), a related company will provide an advance up to $100,000 in Canadian dollars to the Borrower which bears interest at 5% per annum, payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of $10,000 in Canadian dollars will be charged and repaid on December 31, 2018. As at September 30, 2019, the advance under the loan was $100,000 CAD (see Note 8 - Related Party Transactions).

CLARIDEN CAPITAL PTY LTD.

Pursuant to a Loan Agreement dated April 24, 2018, the Company (the "Borrower") and Clariden Capital Pty Ltd. (the "Lender"), a related company founded by the new director, will provide an advance of up to $50,000 in Canadian dollars to the Borrower which bears interest at 5% per annum payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of $10,000 in Canadian dollars will be charged and repaid on December 31, 2018. As at September 30, 2019, the advance under the loan was $50,000 CAD (see Note 8 – Related Party Transactions).

LOANS - OTHERS

A group of individuals (the "Lenders") executed loan agreements dated January 11, 2019 with the Company for an aggregate of $50,000 AUD of which $12,500 AUD was advanced by an individual related to a certain director and $12,500 AUD was advanced by Clariden Capital Pty Ltd. The loan agreements have identical terms and are repayable in full on December 31, 2019. Interest is payable by the Company to the Lender on the Principal Sum at 5% per annum. As at September 30, 2019, the loan payable was $25,000 AUD (CAD: $23,236). (See Note 8 – Related Party Transactions).

(Expressed in Canadian Dollars)

5. Share Capital

a) Authorized:

Unlimited number of common shares without par value

b) Issued:

On September 23, 2019, the Company received approval from the TSX Venture Exchange for a share consolidation on the basis of ten (10) pre-consolidation common shares for one (1) post-consolidation Share.

There were no share activities during the year ended September 30, 2018 and on May 29, 2018, at a special meeting of the shareholders a 10 to 1 rollback of the Company's shares was approved but has not yet been implemented.

c) Share purchase warrants

Share purchase warrants activities for the year ended September 30, 2019 and 2018 were as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life Remaining in Years
Balance, September 30, 2017	**4,212,000**	**$0.15**	**0.96**
Expired	(2,412,000)	0.15	
Balance, September 30, 2018	**1,800,000**	**0.15**	**-**
Expired	(1,800,000)	0.15	-
Balance, September 30, 2019	**-**	**-**	**-**

As at September 30, 2019 and 2018, there were no share purchase warrants outstanding.

d) Stock Options

On May 29, 2018, at a special meeting of the shareholders a new incentive Stock Option Plan was adopted under which it is authorized to grant options to executive officers, directors, employees and consultants. The Company has implemented a rolling plan to reserve 10% of issued shares for issuance. Under the plan, the exercise price of each option is set on the date of grant at no less than the Discount Market Price of the Company's stock as determined per the TSX Venture Exchange policy. Options granted under the plan have a term not to exceed ten years and are subject to vesting provisions as determined by the board of directors.

An Annual & Special Meeting of Shareholders was held on February 9, 2018 wherein the shareholders voted not to re-approve the Company's 10% rolling stock option plan and cancelled the outstanding incentive stock options granted of 2,320,000 on February 24, 2017 and 2,100,000 on July 27, 2016.

As at September 30, 2019 and 2018, there were no options outstanding.

6. Financial Instruments and Risk Management

The Company's financial instruments include cash, accounts payable and accrued liabilities and loans payable. The carrying values of these financial instruments approximate their fair value due to their short-term maturity. Cash is the only financial asset that is measured at fair value subsequent to initial recognition, which is measured based on level 1 input of the fair value hierarchy.

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

a) *Credit Risk*

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's cash is held in a major Canadian financial institution which is considered to have high creditability. Management believes that the Company have no significant credit risk.

b) *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with its financial liabilities as they fall due. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. The Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures.

As of September 30, 2019, the Company does not have sufficient cash and highly liquid investments on hand to meet current liabilities and its expected administrative requirements for the coming year. As at September 30, 2019, the Company had cash of $79 (September 30, 2018: $1,795) and total liabilities of $473,863 (September 30, 2018: $537,147).

To execute its planned exploration program for the next twelve months, the Company will need to raise additional funds through the issuance of equity or debt instruments or the sale of assets. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and cash equivalents, and expected exercise of stock options and share purchase warrants.

7. Financial Instruments and Risk Management – *continued*

c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency and other price risk.

i - Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balance and periodically short term investments. Due to the short-term nature of these financial instruments, Management believes that risks related to interest rates are not significant to the Company at this time.

ii - Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has mineral property interests in Tanzania and is exposed to foreign currency risk to the extent it will incur mineral exploration expenditures and certain operating costs in US dollars. The Company does not presently manage currency risks through hedging or other currency management tools.

8. Related Party Transactions

The following is a summary of related party transactions that occurred during the year ended September 30, 2019.

a) Office rent of $Nil (2018 - $6,000) and accounting fees of $Nil (2018 - $12,000) were incurred by the Company and as at September 30, 2018, $37,800 (2018 - $37,800) remained payable to a company related to a former director of the Company;

b) Incurred consulting fees of $Nil (2018 - $20,000) and as at September 30, 2019, $86,216 (2018 - $86,216) remained payable to a company owned by a former director of the Company;

c) Incurred consulting fees of $Nil (2018 - $20,000); and as at September 30, 2019, $34,600 (2018 - $34,600) remained payable to a company owned by a former director & CEO of the Company;

d) Incurred consulting fees of $Nil (2018 - $Nil) and as at September 30, 2019, $3,500 (2018 - $3,500) remained payable to a former director of the Company;

e) Incurred consulting fees of $Nil (2018 - $Nil) and as at September 30, 2019, $6,000 (2018 - $6,000) remained payable to a former director of the Company;

f) Incurred accounting fees of $18,053 (2018 - $15,250) for accounting services provided by an officer of the Company and as at September 30, 2019, $4,250 (2018- $4,250) remained payable.

g) Incurred consulting fees of $30,000 (2018 – 20,000) and as at September 30, 2019, $50,000 (2018 – $20,000) remained payable to a company owned by the interim CEO of the Company;

h) Incurred consulting fees of $30,000 (2018 – Nil) and as at September 30, 2019, $50,000 (2018 – $20,000) remained payable to a company owned by a director of the company.

8. Related Party Transactions – *continued*

i) Incurred consulting fees of $30,000 (2018 – $10,000) and as at September 30, 2019, $40,000 (2018 – $10,000) remained payable to a company owned by a director of the company.

Pursuant to a Loan Agreement dated March 28, 2018 between the Company ("the Borrower") and Mosman Oil and Gas Limited ("the Lender"), a related company founded by the new director and interim CEO, will provide an advance up to $100,000 in Canadian dollars to the Borrower which bears interest at 5% per annum, payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of $10,000 in Canadian dollars was charged and paid on December 31, 2018. As at September 30, 2019, the advance under the loan was $100,000 CAD.

Pursuant to a Loan Agreement dated April 24, 2018, the Company (the "Borrower") and Clariden Capital Pty Ltd. (the "Lender"), a related company founded by a new director, will provide an advance of up to $50,000 in Canadian dollars to the Borrower which bears interest at 5% per annum payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of $10,000 in Canadian dollars was charged and paid on December 31, 2018. As at September 30, 2019, the advance under the loan was $50,000 CAD.

A group of individuals (the "Lenders") executed loan agreements dated January 11, 2019 with the Company for an aggregate of $50,000 AUD of which $25,000 AUD was advanced by an individual related to a certain director and $12500 AUD was advanced by Clariden Capital Pty Ltd. The loan agreements have identical terms and are repayable in full on December 31, 2019. Interest is payable by the Company to the Lenders on the Principal Sum at 5% per annum. As at September 30, 2019, the loan payable was $25,000 AUD (CAD: $23,236).

As at September 30, 2019, the Company has written off $237,392 in disputed payables belonging to the former CEO, former president (and companies related to them), and former directors and related expenses incurred by them. The $237, 392 relate to accounting fees, consulting fees, rent, and travel expenses charged to the Company which were not authorized by the new Board of Directors. Management has no intention to pay the aforementioned expenses and; therefore, the amounts have been written off.

The above transactions with related parties, occurring in the normal course of operations, were measured at the fair value, are unsecured with no specific terms of repayment and are non-interest bearing; unless, otherwise stated.

(Expressed in Canadian Dollars)

8. Related Party Transactions – *continued*

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the follow:

	September 30, 2019	September 30, 2018
Key management personnel:		
Interim CEO and director	**$ 30,000**	$ 37,706
Former CEO and director	**-**	20,000
CFO	**18,053**	15,250
Directors	**60,000**	26,600
Former directors	**-**	20,000
	$ 108,053	$ 119,556

9. Income Taxes

A reconciliation of income tax provision at statutory rates to the reported income tax provision is as follows:

	2019			2018
	Canada	Tanzania	Consolidated	Consolidated
Income (Loss) for the year	**$ 63,085**	**$ -**	**$ 63,085**	$ (333,243)
Income tax (recovery at statutory rates):				
(2019 – 27.0%; 2018 – 26.0%)	**10,724**	**-**	**10,724**	(89,975)
Deductibles expenses, net	**(4,136)**	**-**	**(4,136)**	10,975
Unrecognized benefits of non-capital losses	**(6,588)**	**-**	**(6,583)**	79,000
Total income taxes	**$ -**	**$ -**	**$ -**	$ -

(Expressed in Canadian Dollars)

9. Income Taxes – *continued*

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	2019			2018
	Canada	**Tanzania**	**Consolidated**	Consolidated
Non-capital and capital losses carried forward	**$ 1,841,000**	**$ -**	**$ 1,841,000**	$ 1,536,000
Mineral properties	**3,628,000**	**-**	**3,628,000**	3,647,000
Equipment	**23,000**	**-**	**23,000**	23,000
	5,492,000	**-**	**5,492,000**	5,206,000
Valuation allowance	**(5,492,000)**	**-**	**(5,492,000)**	(5,206,000)
Net deferred income tax assets	**$ -**	**$ -**	**$ -**	$ -

Deferred tax benefits, which may arise as a result of these losses and other tax assets, have not been recognized in these consolidated financial statements due to the uncertainty of their realization.

At September 30, 2019, the Company had approximately $6,227,000 of accumulated non-capital losses and approximately $591,000 of capital losses which can be applied to reduce future taxable income. Unless utilized, these losses will expire between tax years 2026 and 2039. In addition, the Company has discretionary deduction pools for resource related expenditures and equipment balances with a tax basis exceeding net book value. The possible future benefit to the Company of utilizing these losses and deductions has not been recognized in these consolidated financial statements. The non-capital losses expire as follows:

Year of Expiry	Amount
2026	$ 371,000
2027	778,000
2028	516,000
2029	492,000
2030	622,000
2031	646,000
2032	411,000
2033	229,000
2034	208,000
2035	407,000
2036	520,000
2037	669,000
2038	358,000
	$ 6,227,000

10. Capital Disclosures

The Company's objectives when managing capital are to raise the necessary equity financing to fund its exploration projects and to manage the equity funds raised which best optimizes its exploration programs and the interests of its equity shareholders at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity.

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. In order to maintain or adjust the capital structure, the Company may raise additional equity funds and acquire new exploration properties as circumstances dictate.

There were no changes in the Company's approach to capital management during the year ended September 30, 2018. The Company is not subject to externally imposed capital requirements.

11. Events After the Reporting Date

On December 17, 2019, the Company completed the first tranche ("First Tranche") of the Private Placement Offering of up to 8,000,000 common shares in the capital of the Company ("Shares") at a price of $0.05 per Share. The common Shares issued pursuant to the Offering will be subject to a four month and one-day statutory hold period.

On December 27, 2019, the Company completed a debt settlement of an aggregate of $262,750 owing to certain officers, directors, and service providers to the Company through the issuance of up to 5,255,000 common shares at $0.05 per common share. The amount to be settled includes $140,000 of accrued directors' fees owing to the Company's directors, representing the maximum amount owing that may be settled in shares without first obtaining shareholder approval.

On December 27, 2019, the Company completed the second and final tranche ("First Tranche") of the Private Placement Offering of up to 8,000,000 common shares in the capital of the Company ("Shares") at a price of $0.05 per Share. The common Shares issued pursuant to the Offering will be subject to a four month and one-day statutory hold period.

On January 2, 2020, the Company granted options to acquire a total of 1,600,000 common shares of the Company to employees, officers, directors and consultants at the exercise price of $0.05 per share for a period of five years, subject to vesting requirements. Of the 1,600,000 stock options granted; 1,200,000 of the stock options were granted to the directors of the Company.