CALLINEX MINES INC.

Financial Statements
Years ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

Independent auditor's report

To the Shareholders of Callinex Mines Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Callinex Mines Inc. (the Company) as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's financial statements comprise:

- the statements of financial position as at September 30, 2020 and 2019;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of cash flows for the years then ended;
- the statements of changes in equity for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Other information

Management is responsible for the other information. The other information comprises the 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 IFRS, 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 Mark Patterson.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, British Columbia
January 19, 2021

CALLINEX MINES INC.

Statements of Financial Position
As at September 30, 2020 and 2019
(Expressed in Canadian dollars)

		2020	2019
		$	$
Assets			
Current			
Cash and cash equivalents		**675,840**	2,880,132
Receivables		**32,693**	18,086
Prepaid expenses and other assets	**6**	**52,722**	86,613
		761,255	2,984,831
Non-current			
Deposits		**28,192**	28,192
Property and equipment	**8**	**313,474**	200,686
Exploration and evaluation assets	**9**	**21,133,407**	18,735,125
		22,236,328	21,948,834
Liabilities			
Current			
Accounts payable and accrued liabilities	**10**	**528,851**	171,388
Lease obligations	**12**	**33,977**	-
Flow-through premium liability	**13**	**-**	11,653
		562,828	183,041
Non-current			
Lease obligations	**12**	**107,562**	-
Loan payable	**11**	**40,000**	-
		710,390	183,041
Shareholders' Equity			
Capital stock	**14**	**63,226,726**	62,571,726
Equity reserve	**14(f)**	**7,467,072**	7,236,806
Accumulated other comprehensive loss		**(353,995)**	(353,995)
Deficit		**(48,813,865)**	(47,688,744)
		21,525,938	21,765,793
		22,236,328	21,948,834

Going Concern – Note 2
Commitments – Note 20
Subsequent Events – Note 21

APPROVED BY THE BOARD OF DIRECTORS

Michael Louie ("signed") Director *Nico Civelli ("signed")* Director

The accompanying notes are an integral part of these financial statements

CALLINEX MINES INC.

Statements of Loss and Comprehensive Loss
Years ended September 30, 2020 and 2019
(Expressed in Canadian dollars)

	Note	2020	2019
			$
Corporate development		**206,072**	213,959
Depreciation	**8**	**66,741**	24,926
Listing and filing fees		**24,091**	66,902
Management and consulting fees	**15**	**229,154**	310,310
Office and administration		**243,775**	320,244
Professional fees	**15**	**148,938**	135,728
Property Investigation expense		**-**	8,857
Share-based compensation	**14(d), 15**	**207,186**	855,535
		(1,125,957)	(1,936,461)
Lease finance charges	**12**	**(24,429)**	-
Finance income		**13,646**	34,473
Foreign exchange gain/(loss)		**(34)**	-
Flow-through premium recovery	**13**	**11,653**	62,488
Write-off of exploration and evaluation assets		**-**	(157,253)
Loss for the year		**(1,125,121)**	(1,996,753)
Items that will not be reclassified subsequently to loss:			
Realized loss on sale of marketable securities	**7**	**-**	(353,995)
Transfer from unrealized loss to realized loss on sale of marketable securities	**7**	**-**	400,920
Comprehensive income for the year		**-**	46,925
Total comprehensive loss for the year		**(1,125,121)**	(1,949,828)
Loss per share			
- Basic and diluted		**(0.10)**	(0.23)
Weighted average number of shares outstanding[1]			
- Basic and diluted		**10,726,087**	8,613,714

1 Post 10:1 share consolidation (Notes 1 and 14 (b))

CALLINEX MINES INC.

Statements of Cash Flows
Years ended September 30, 2020 and 2019
(Expressed in Canadian dollars)

	2020	2019
	$	$
Cash flows (used in) provided by		
Operating activities		
Loss for the year	**(1,125,121)**	(1,996,753)
Items not affecting cash		
Depreciation	**66,741**	24,926
Share-based compensation	**207,186**	855,535
Write-off of exploration and evaluation assets	**-**	157,253
Lease finance charges	**24,429**	-
Finance income	**(13,646)**	(34,473)
Flow-through premium recovery	**(11,653)**	(62,488)
Net change in non-cash working capital items		
Prepaid expenses	**33,891**	73,360
Accounts payable and accrued liabilities	**(24,526)**	95,087
	(842,699)	(887,553)
Investing activities		
Investment in exploration and evaluation assets	**(2,009,326)**	(876,564)
Receipt of finance income	**15,152**	36,443
Proceeds from sale of marketable securities	**-**	108,605
Acquisition of property and equipment	**(317)**	(5,650)
	(1,994,491)	(737,166)
Financing activities		
Proceeds from long term loan	**40,000**	-
Proceeds from exercise of warrants	**655,000**	-
Proceeds from shares issued	**-**	1,010,000
Share issuance costs	**-**	(6,552)
Lease payments	**(62,102)**	-
	632,898	1,003,448
Decrease in cash and cash equivalents	**(2,204,292)**	(621,271)
Cash and cash equivalents, beginning of year	**2,880,132**	3,501,403
Cash and cash equivalents, end of year	**675,840**	2,880,132
Cash and cash equivalents consist of:		
Cash	**442,840**	1,297,132
Cash equivalents	**233,000**	1,583,000

Supplemental Cash Flow Information – Note 19

CALLINEX MINES INC.

Statements of Changes in Equity
Years ended September 30, 2020 and 2019
(Expressed in Canadian dollars)

	Common shares	Capital Stock	Equity reserve	AOCI(L)[1]	Deficit	Total
	#	$	$	$	$	$
Balance, September 30, 2018	**8,498,060**	**61,180,901**	**6,711,200**	**(400,920)**	**(45,691,991)**	**21,799,190**
Shares issued in consideration for:	-	-	-	-	-	
Cash, pursuant to	-	-	-	-	-	-
- Private placement	2,020,000	1,010,000	-	-	-	1,010,000
Share issue costs	-	(6,552)	-	-	-	(6,552)
Exercise of RSUs	106,082	355,377	(355,377)	-	-	-
Exploration and evaluation asset acquisition	37,000	32,000	-	-	-	32,000
Share-based compensation - stock options	-	-	41,998	-	-	41,998
Share-based compensation - RSU's		-	838,985	-	-	838,985
Comprehensive loss for the year	-	-	-	46,925	(1,996,753)	(1,949,828)
Balance, September 30, 2019	**10,661,142**	**62,571,726**	**7,236,806**	**(353,995)**	**(47,688,744)**	**21,765,793**
Share-based compensation – stock options	-	-	230,266	-	-	230,266
Exercise of warrants	655,000	655,000	-	-	-	655,000
Comprehensive loss for the year	-	-	-	-	(1,125,121)	(1,125,121)
Balance, September 30, 2020	**11,316,142**	**63,226,726**	**7,467,072**	**(353,995)**	**(48,813,865)**	**21,525,938**

1 AOCI(L): Accumulated other comprehensive income (loss)

1. Nature of operations

Callinex Mines Inc. ("Callinex" or the "Company") was incorporated on April 21, 2011 under the British Columbia Business Corporations Act for the purpose of receiving certain cash, equipment, common shares, and exploration and evaluation assets from Callinan Royalties Corporation (formerly Callinan Mines Limited) ("Callinan") in exchange for common shares of the Company by way of a plan of arrangement as approved by the shareholders of Callinan on June 7, 2011. The effective date of the transaction with Callinan was July 13, 2011. Subsequent to the plan of arrangement, the Company is directly engaged in the exploration of mineral properties in Canada.

The Company's head office and registered and records office address is 1555 – 555 West Hastings Street, Vancouver, British Columbia, Canada V6B 4N4.

2. Basis of presentation and going concern

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The financial statements have been prepared under the historical cost convention except certain financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

These financial statements were approved by the board of directors for use on January 19, 2021.

In March 2020, the World Health Organization declared a global pandemic related to the outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The continued uncertainty associated with the pandemic may have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital.

The Company has incurred losses since inception and expects to incur further losses in the development of its business. At September 30, 2020, the Company had working capital (current assets less current liabilities) of $198,427 and at that date, the Company also had an accumulated deficit of $48,813,865 which has been funded primarily by the issuance of equity. The Company has incurred losses since inception and does not generate any cash inflows from operations. For the year ended September 30, 2020, cash used in operations totalled $842,699 (2019: $887,553).

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

3. Summary of significant accounting policies

a) Cash and cash equivalents

Cash and cash equivalents include cash on deposit and highly liquid short-term interest bearing investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b) Property and equipment

Property and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of property and equipment, less its estimated residual value, using the declining balance method at the following rates per annum:

Equipment	30%
Office Furniture	20%
Computer Equipment	30%

Buildings are depreciated straight-line, over 25 years
Leasehold improvements are depreciated straight-line, over 5 years.
Right-of-use assets are depreciated straight-line, over the term of the lease.

Additions during the year are depreciated at one-half the annual rates.

Property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in loss in the statement of comprehensive loss.

Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Right of Use Assets arising from leases

Right-of-use assets arising from lease arrangements are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date of a lease, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

c) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of the property are capitalized. These direct expenditures include such costs as materials used, surveying, drilling, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is reclassified to development properties. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

d) Future reclamation costs

The Company recognizes liabilities for legal or constructive obligations associated with the required reclamation costs of mineral interests (exploration and evaluation assets) and equipment. The net present value of future reclamation cost estimates is capitalized to the related asset along with a corresponding increase in the reclamation provision in the period incurred. Pre-tax discount rates that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The increase in the provision due to the passage of time is recognized as interest expense.

For the years presented, no liabilities for future reclamation cost need to be recognised by the Company.

e) Foreign exchange

The Company's functional and presentation currency is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at the statement of financial position date to reflect exchange rates prevailing at that date. Non-monetary assets and liabilities are translated at historical exchange rates. Gains and losses on translation are included in determining net loss for the year.

f) Impairment of exploration and evaluation assets

At each reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. Impairment is normally assessed at the level of cash-generating units, which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Share-based compensation

Stock options

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as share-based compensation expense. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The equity reserve account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock. Cancellations implemented by the Company, which are not forfeitures, result in an accelerated recognition of share-based compensation for the unrecognized expense associated with the cancelled options.

Restricted Share Units

The fair value of equity-settled restricted share units ("RSUs") granted are recorded as a charge to operations or deferred exploration costs and a credit to equity reserve. The fair value of RSUs which vest immediately are recorded at the date of grant; the fair value of RSUs which vest in the future are recognized over the vesting period. Cancellations implemented by the Company, which are not forfeitures, result in an accelerated recognition of share-based compensation for the unrecognized expense associated with the cancelled RSUs.

On exercise of the RSUs, the book value of the RSUs is transferred from equity reserve to share capital.

h) Income taxes

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

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

i) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. When calculating diluted loss per share, potentially dilutive instruments do not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Flow-through shares

Canadian income tax legislation permits an enterprise to issue securities, referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related qualifying resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features is credited to other liabilities and included in income tax recovery at the same time the qualifying expenditures are made. The fair value of warrants issued as part flow through units are valued using the residual value method.

k) Financial instruments

Recognition and Classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

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 classified its marketable securities as FVTOCI.

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

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 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 loss in the year in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

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 net (loss) income, 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.

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. Gains and losses on derecognition are generally recognized in the statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets is recognised as a gain / loss in the statements of loss.

l) Lease obligations

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement date of a lease.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

4. New and future accounting standards and pronouncements

a) New accounting standards adopted during the year

Effective October 1, 2019 the following standard was adopted by the Company.

IFRS 16 - Leases
This standard specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize right-of- use assets and lease liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value.

The Company's right-of-use asset relates to its office lease and is presented within property and equipment (Note 8), with the corresponding lease obligation disclosed in Note 12. The Company elected to apply the standard on a modified retrospective basis, wherein the Company, as permitted by IFRS 16:

(a) recognized a lease liability at the date of initial application, measured at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate, for leases previously classified as an operating lease applying IAS 17.

(b) recognized a right-of-use asset at the date of initial application, measured at the amount equal to the lease liability.

The initial carrying value of the lease obligations and right of use asset were recorded at $179,212. Accordingly, there were no retrospective adjustments impacting opening equity.

The Company's new accounting policies for right-of-use assets and leases under IFRS 16 are disclosed in Notes 3b) and 3l), respectively.

b) Future accounting standards issued but not yet effective

New standards issued but not yet effective at September 30, 2020 are not currently expected to have a material impact on the Company's financial statements.

5. Critical accounting estimates and judgments

a) Judgments
The preparation of these financial statements requires making judgments that affect the amounts reported. Accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Going Concern
The Company's management has made an assessment of the Company's ability to continue as a going concern. The factors considered by management are disclosed in Note 2.

Impairment
The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and these assets have been accounted for under the assumption that the carrying value will be recoverable. Recoverability is dependent on various factors, including 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 of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Management, in reviewing exploration and evaluation assets for indicators of impairment, considers, among other things, whether or not (i) the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and (iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or

by sale. In considering these factors, management did not identify any impairment indicators for the year-ended September 30, 2020, while management did identify impairment indicators in the year-ended September 30, 2019 resulting in the write-off of certain exploration and evaluation assets (Note 8).

b) Significant estimates

There were no key assumptions made concerning the future or other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

6. Prepaid expenses and other assets

	September 30, 2020	September 30, 2019
	$	**$**
Deposits	**2,410**	1,810
Prepaid expenses	**50,312**	84,803
	52,722	86,613

Prepaid expenses is impacted by the quantum and timing of contracts entered into.

7. Marketable securities

During the year ended September 30, 2018, the Company received 1,000,000 shares of Global Li-Ion Graphite Corp. ("LION") valued at $900,000 in relation to the optioning of the Neuron property (refer to note 9).

During the year ended September 30, 2019, the Company sold its then remaining 514,000 shares of LION for proceeds of $108,605 and accordingly, the Company realized a cumulative loss on sale of marketable securities of $353,995 for the year ended September 30, 2019. The changes in fair value, to the date of sale, of the marketable securities for the year ended September 30, 2019 was a gain of $46,925, respectively.

8. Property and equipment

	Equipment	Office Furniture	Computer Equipment	Building	Right of Use Asset	Total
	$	$	$	$	$	$
Cost						
Balance, September 30, 2018	117,580	8,868	91,150	163,592	-	381,190
Additions	5,650	-	-	-	-	5,650
Balance, September 30, 2019	123,230	8,868	91,150	163,592	-	386,840
Additions	-	317	-	-	-	317
Recognition on adoption of IFRS 16 (Note 4 a))	-	-	-	-	179,212	179,212
Balance, September 30, 2020	**123,230**	**9,185**	**91,150**	**163,592**	**179,212**	**566,369**
Accumulated depreciation						
Balance, September 30, 2018	94,450	5,559	55,127	6,092	-	161,228
Depreciation	7,157	662	10,807	6,300	-	24,926
Balance, September 30, 2019	101,607	6,221	65,934	12,392	-	186,154
Depreciation	5,793	507	5,259	8,041	47,141	66,741
Balance, September 30, 2020	**107,400**	**6,728**	**71,193**	**20,433**	**47,141**	**252,895**
Net book value						
September 30, 2019	21,623	2,647	25,216	151,200	-	200,686
September 30, 2020	**15,830**	**2,457**	**19,957**	**143,159**	**132,071**	**313,474**

9. Exploration and evaluation assets

	Flin Flon	Point Leamington	Nash Creek	Superjack	Other	Total
	$	$	$	$	$	$
September 30, 2018	**13,177,704**	**661,760**	**2,929,407**	**1,016,693**	**347,716**	**18,133,280**
Acquisition	-	-	12,500	12,500	32,000	57,000
Assaying	496	-	44,166	-	-	44,662
Camp costs	22,302	-	17,501	7,427	-	47,230
Consulting	7,847	-	20,575	4,477	-	32,899
Drilling	-	-	153,773	-	-	153,773
Geologists	5,821	-	78,418	-	-	84,239
Geophysical	164,765	1,488	119,724	-	-	285,977
Other	-	-	2,600	-	-	2,600
Permitting	5,135	31,515	17,570	3,200	1,150	58,570
Recovery	-	-	(33,300)	-	-	(33,300)
Share-based compensation	4,955	-	20,493	-	-	25,448
	211,321	33,003	454,020	27,604	33,150	759,098
Write-off of exploration and evaluation assets	-	-	-	-	(157,253)	(157,253)
September 30, 2019	**13,389,025**	**694,763**	**3,383,427**	**1,044,297**	**223,613**	**18,735,125**
Acquisition	-	-	-	-	-	-
Assaying	66,019	1,626	37,795	-	-	105,440
Camp costs	41,323	1,411	84,916	1,254	-	128,904
Consulting	38,249	3,613	34,757	2,484	-	79,103
Drilling	1,116,615	1,166	419,510	82,231	-	1,619,522
Geologists	122,623	76,155	92,379	-	-	291,157
Geophysical	81,688	12,651	29,438	638	-	124,415
Other	21,271	2,278	22,347	-	-	45,896
Permitting	13,820	4,095	11,750	-	-	29,665
Recovery	-	-	(48,900)	-	-	(48,900)
Share-based compensation	13,645	445	8,240	750	-	23,080
	1,515,253	103,440	692,232	87,357	-	2,398,282
September 30, 2020	**14,904,278**	**798,203**	**4,075,659**	**1,131,654**	**223,613**	**21,133,407**

Nash Creek and Superjack projects

The Company completed a purchase agreement to acquire 100% of the Superjack and Nash Creek VMS deposits and exploration data on May 18, 2016.

Consideration for the properties is to be as follows:

(i) $150,000 in cash or shares on or before the first anniversary (issued 30,000 common shares as full satisfaction of the consideration)
(ii) $25,000 cash (paid) and $125,000 in cash or 25,000 common shares on or before the second anniversary (issued 25,000 common shares as full satisfaction of the consideration)
(iii) $125,000 due in cash or common shares within 10 days of the Company completing a preliminary economic assessment on the Nash Creek project (issued 25,000 common shares as full satisfaction of the consideration)
(iv) $25,000 in cash on or before the third anniversary (paid)

Consideration for the exploration data is to be as follows:

(i) $100,000 cash (paid)
(ii) $150,000 in cash or 30,000 common shares (issued 30,000 common shares as full satisfaction of the consideration)
(iii) $50,000 cash on or before the first anniversary (paid)

Flin Flon Area

Pine Bay project
Callinex owns a 100% interest, with certain mineral leases and claims within the Pine Bay Project being subject to a Net Smelter Return ("NSR") royalty ranging from 0%-1% (of which 0.5% NSR can be repurchased for $500,000) and a Net Profit Interest.

Flin Flon project
Callinex owns a 100% interest, subject to a 2% NSR royalty of which 1% may be purchased for $1,000,000, in the Flin Flon Project.

Gossan Gold project
Callinex owns a 100% interest, subject to a 2% NSR royalty, in the Gossan Gold Project.

Government assistance

The Company participates in the Government of Manitoba Mineral Exploration Assistance Program ("MEAP"). During the year ended September 30, 2020 and 2019, the Company did not receive additional assistance from the Government of Manitoba.

Pt. Leamington project

The Company completed a purchase agreement to acquire a 100% ownership of the Pt. Leamington VMS deposit and exploration data on July 29, 2016, subject to a 1% NSR royalty granted to the vendor which may be purchased by the Company for $1,000,000.

Consideration for the sale of the property is to be as follows:

(i) 50% reimbursement of first annual permitting fees (paid $15,000)
(ii) $100,000 in cash or 21,645 common shares on the first anniversary (issued 21,645 common shares as full satisfaction of the consideration)
(iii) $200,000 in cash or common shares on the second anniversary (issued 43,290 common shares as full satisfaction of the consideration)

Consideration for the sale of the exploration data is to be as follows:

(i) $100,000 cash (paid)
(ii) $100,000 in cash or 21,645 common shares on the first anniversary (issued 21,645 common shares as full satisfaction of the consideration)

Other

The Company has an interest in other properties. The other properties are in good standing and do not require any further commitments. These include the Neuron property, Sneath Lake property, Coles Creek property, Fox River property, Moak Lake property, Herblet Lake property and the Island Lake properties.

Neuron Graphite Project

On October 27, 2017, the Company signed an option agreement with Global Li-Ion Graphite Corp. ("LION") (CSE: LION) whereby LION can acquire a 100% interest in the Neuron property located in Northern Manitoba by paying $200,000 in cash and issuing 2,000,000 LION common shares. During the first quarter of fiscal 2018 Callinex received the initial considerations of $200,000 cash and 1,000,000 common shares of LION (initially recorded at the acquisition date fair value of $900,000). The Company paid a finders' fee to a third party of 100,000 LION common shares at the then fair value of $90,000.

LION has the option to acquire a 100% interest in the Neuron property by making the balance of the agreed payment of 1,000,000 common shares of LION within 24 months from the date of the option agreement. On October 25, 2019 the option agreement was amended to extend the share issuance deadline to October 27, 2020, in consideration for which LION will issue the Company an additional 250,000 common shares of LION. On October 25, 2020 the option agreement was further amended to extend the share issuance deadline to October 27, 2021. Callinex will receive an additional milestone payment of 3,000,000 shares if an economic study is completed on the Neuron property or any claims within a 20km area of interest. During the year ended September 30, 2020 the Company wrote down the carrying value of the Neuron property by $nil (2019 - $157,253).

Headway Project

On November 5, 2018, the Company entered into a purchase agreement to acquire a 100% interest in the Headway Project located in the Bathurst Mining District of New Brunswick in consideration for 25,000 common shares of the Company (issued on closing at a fair value of $20,000).

The vendor will retain a 1.0% net smelter return royalty, of which half can be purchased by the Company at any time for $500,000.

Headway North claim

During the year ended September 30, 2019, the Company closed a purchase agreement to acquire the Headway North claim, expanding the Company's Headway Project. In consideration, the Company issued 12,000 common shares of the Company at a deemed price of $1.00 per common share or $12,000.

The vendor will retain a 1.0% net smelter return royalty, of which half can be re-purchased by the Company for $500,000.

10. Accounts payable and accrued liabilities

	September 30, 2020	September 30, 2019
	$	**$**
Accounts payable	**469,854**	128,455
Accrued liabilities	**58,997**	42,934
	528,851	171,389

11. Loan payable

In May 2020, the Company received $40,000 in the form of a Canada Emergency Business Account ("CEBA") loan. CEBA is part of the economic assistance program launched by the Government of Canada to ensure that businesses have access to capital during the COVID-19 pandemic and can only be used to pay non-deferrable operating expenses. During the period from receipt of the CEBA loan to December 31, 2022 (the "Initial Term") no interest is charged on the amount outstanding and should at least CAD$ 30,000 be repaid on or before the end of the Initial Term the remaining CAD $10,000 of principal will be forgiven. During the period from January 1, 2023 to December 31, 2025 (the "Extended Term"), should the loan remain outstanding, interest will be payable monthly at a rate of 5% per annum on the outstanding balance. The balance of the CEBA loan is fully repayable on or before the end of the Extended Term, if not repaid on or before the end of the Initial Term.

12. Lease obligations

The Company recognized lease obligations with respect to the lease of office space. The Company is required to make monthly payments of approximately $5,300, with the term of the lease expiring on October 31, 2023. The outstanding balances as at September 30, 2020, calculated using an implied rate of 20% p.a., are as follows:

	September 30, 2020	September 30, 2019
	$	**$**
Office lease asset	141,539	-
Current portion	(33,977)	-
Non-current portion	107,562	-

The following is a schedule of the Company's future minimum lease payments related to the lease obligations:

		September 30, 2020
		$
	2021	59,582
	2022	63,554
	2023	63,554
	2024	5,296
Total minimum lease payments		191,986
Less: imputed interest		(50,447)
Total present value of minimum lease payments		141,539
Less: Current portion		(33,977)
Non-current portion		107,562

13. Flow-through premium liability

The flow-through premium liability balance as at September 30, 2020 is $nil (2019 - $11,653).

As at September 30, 2020, the Company had incurred approximately $2,283,668 of Qualifying CEE and accordingly, recognized flow-through premium recoveries of $11,653 during the year ended September 30, 2020 (2019 - $62,488, respectively).

None of the Qualifying CEE will be available to the Company for future deduction from taxable income.

14. Share capital

a) Authorized:

Unlimited common shares with no par value

b) Consolidation

On July 4, 2019, the Company consolidated its issued and outstanding common shares on the basis of 10 pre-consolidation shares for one post-consolidation share. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the Consolidation.

c) Financings:

During the year ended September 30, 2020, the Company did not complete any financings.

During the year ended September 30, 2019, the Company completed the following financing:

i) On September 26, 2019, the Company issued 2,020,000 flow-through share units at a price of $0.50 per share for gross proceeds of $1,010,000. Each flow-through share unit consists of one flow-through common share and one half of one share purchase warrant. Each whole warrant will entitle the holder to purchase an additional share at a price of $1.00 per share for a two-year term. The Company incurred cash issuance costs of $6,552 in respect of this placement. No flow through premium was recorded in relation to this financing.

d) Stock options and restricted share units

The Company had a Stock Option Plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. On October 18, 2017, the shareholders of the Company approved an amendment of the Company's rolling stock option plan to a fixed option plan, under which the number of common shares available for issuance is fixed and there is no replenishment in the future, and a restricted share unit ("RSU") plan. Under the fixed option plan and the RSU plan, the Company's total number of stock options and RSUs is limited to 1,565,974.

The maximum number of common shares reserved for issue (i) at any time and (ii) issued within any one year period to any one person under the plan (except as noted below) may exceed 5% of the issued and outstanding number of common shares at the date of the grant; the maximum number of common shares issuable to any one person under the plan (except as noted below) may exceed 10% of the issued and outstanding number of common shares at the date of the grant; and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Market Price (as that term is defined in the policies of the TSXV). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and upon resignation or termination expire within 90 days, or 30 days for a person engaged in investor relations activities, or within reasonable discretion of the board. Options granted to employees, management and directors vest immediately, unless otherwise specified by the Board of Directors. Investor relation options vest over 12 months with no more than one quarter of the options vesting in any three-month period. Pursuant to the RSU Plan, there are no mandatory vesting provisions. At the discretion of the Board (or a committee thereof), RSUs granted under the RSU Plan may contain vesting conditions.

During the year ended September 30, 2019, as part of an annual review of its equity compensation plans, the Company cancelled its RSU plan and all outstanding RSUs that were granted under the RSU Plan. During the year-ended September 30, 2019 the Company recognized share-based compensation expense of $838,985 relating to RSUs, all of which was recognized in the statement of loss.

The balance of options outstanding and related information for the year ended September 30, 2020 are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance September 30, 2018	624,500	$3.40	2.37
Granted	565,000	$0.50	
Forfeited	(90,000)	$3.44	
Expired	(152,500)	$3.06	
Balance September 30, 2019	947,000	$1.70	3.72
Granted	405,000	$3.28	
Forfeited	(60,000)	$1.22	
Expired	(15,000)	$1.94	
Balance September 30, 2020	1,277,000	$2.21	3.40
Unvested	(561,667)	$2.50	4.62
Exercisable, September 30, 2020	**715,333**	**$1.99**	**2.44**

The balance of options outstanding as at September 30, 2020 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Exercisable
December 18, 2020[1]	$3.30	0.22	104,500	-	104,500
August 8, 2021	$3.80	0.85	147,500	-	147,500
December 12, 2021	$6.00	1.20	10,000	-	10,000
September 6, 2022	$3.30	1.93	10,000	-	10,000
November 10, 2022	$3.70	2.11	30,000	-	30,000
June 29, 2021	$2.50	0.75	35,000	-	35,000
July 9, 2023	$2.90	2.77	15,000	-	15,000
September 9, 2024	$0.50	3.95	535,000	178,333	356,667
September 16, 2024	$0.55	3.96	5,000	1,667	3,333
October 14, 2024	$0.50	4.04	10,000	6,667	3,333
September 14, 2025	$3.50	4.96	375,000	375,000	-
			1,277,000	**561,667**	**715,333**

1 Subsequent to September 30, 2020, 54,546 of the 104,500 stock options were exercised for proceeds of $180,002, and the balance of 49,954 stock options expired unexercised.

The weighted average fair value of the options granted during the year ended September 30, 2020 was $2.19 (2019 - $0.39).

For the year ended September 30, 2020, the company had recorded share-based compensation expense, arising from options of $230,266 (2019 – $41,998) of which $23,080 (2019 - $25,448) was allocated to exploration and evaluation assets.

The fair value of the options on the date of grant was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2020	2019
Risk free interest rate	0.39%	1.45%
Expected life	5 years	5 years
Expected volatility	109%	103%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

e) Share purchase warrants

The balance of warrants outstanding and related information for the year ended September 30, 2020 are as follows:

	Number of warrants[1]	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance September 30, 2018	402,500	$7.50	1.15
Issued	1,010,000	$1.00	
Balance September 30, 2019	1,412,500	$2.85	1.47
Expired	(402,500)	(7.50)	
Exercised	(655,000)	$1.00	
Balance**, September 30, 2020**	**355,000**	**$1.00**	**0.99**

Expiry date	Exercise price	Remaining life (years)	Warrants Outstanding[1]	Exercisable[1]
September 26, 2021	$1.00	0.99	355,000	355,000
			355,000	**355,000**

During the year-ended September 30, 2020, 655,000 (2019 – nil) warrants were exercised for proceeds of $655,000 (2019 - $nil).

f) Equity reserve

	Funding by Callinan	Options, RSUs and warrants	Other	Total
	$	$		$
Balance, September 30, 2018	2,660,523	4,050,677	-	6,711,200
Transfer of value on the exercise of RSUs	-	(355,377)	-	(355,377)
Share-based compensation - options	-	41,998	-	41,998
Share-based compensation - RSUs	-	838,985	-	838,985
Balance, September 30, 2019	2,660,523	4,576,283	-	7,236,806
Share-based compensation – options	-	230,266	-	230,266
September 30, 2020	**2,660,523**	**4,806,549**	**-**	**7,467,072**

15. Related party transactions

Compensation paid or payable to the Company's Board of Directors and corporate officers for services provided during the years ended September 30, 2020 and 2019 was as follows:

	2020	2019
	$	$
Professional fees	**28,011**	30,178
Management and consulting	**187,000**	250,116
Share-based compensation	**136,919**	842,679
	351,930	1,122,973

Professional fees represent fees charged by a company controlled by the Chief Financial Officer of the Company for the provision of CFO services.

Management and consulting fees for the year ended September 30, 2020 include salary earned by the Chief Executive Officer, and the year ended September 30, 2019 include salary earned by the Chief Executive Officer, the former VP of Corporate Development (resigned May 31, 2019), and a former Director (retired June 3, 2019).

During the year ended September 30, 2020, the Company incurred professional fees of $52,036, respectively, (2019 - $30,879, respectively) for the provision of non-CFO accounting and advisory support services charged by a company controlled by the Chief Financial Officer of the Company.

Included in accounts payable and accrued liabilities at September 30, 2020 are amounts due to related parties of $35,601 (September 30, 2019 - $9,223) owing to the Chief Executive Officer and to a company controlled by the Chief Financial Officer for the provision of CFO services. These amounts are non-interest bearing and due on normal commercial terms.

16. Income taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2020	2019
Statutory tax rate	27%	27%
	$	$
Loss for the year before taxes	(1,125,121)	(1,996,753)
Expected income tax recovery at statutory rate	(303,783)	(539,123)
Add (deduct)reconciling items:		
Permanent differences and other	107,156	332,700
Impact of flow through expenditures	304,161	117,605
(Recognition) / non-recognition of tax losses	(107,534)	88,819
Income tax recovery as booked	-	-

The income tax recovery above represents deferred tax only.

The significant components of the Company's net deferred tax assets and liabilities as at September 30, 2020 and 2019 are as follows:

	2020	2019
	$	$
Deferred tax assets:		
Equipment	15,000	9,000
Share issue costs	28,000	58,000
Capital loss carry forward and other	143,000	95,000
Non-capital losses carried forward	3,627,000	3,354,000
Deferred tax assets	3,813,000	3,516,000
Deferred tax liabilities:		
Exploration and evaluation assets	(3,018,000)	(2,658,000)
Marketable securities	-	-
Deferred tax liabilities	(3,018,000)	(2,658,000)
Unrecognized net deferred tax assets	795,000	858,000

The potential benefit of deferred tax assets arising from carry forward non-capital losses, capital losses and deductible temporary differences that are in excess of the deferred tax liabilities has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

As at September 30, 2020, the Company has an estimated $13,432,000 of non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. Their expiry dates range from 2031 – 2040.

	$
2031	353,000
2032	1,658,000
2033	1,383,000
2034	1,289,000
2035	1,154,000
2036	1,709,000
2037	1,859,000
2038	1,825,000
2039	1,123,000
2040	1,079,000
	13,432,000

17. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, marketable securities, accounts payable and accrued liabilities and loan payable. The Company's cash and cash equivalents, receivables and deposits are measured at amortized cost. Marketable securities are designated as FVTOCI. The accounts payable and accrued liabilities and loan payable are designated as amortized cost.

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

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

- Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The value of the marketable securities has been assessed based on the fair value hierarchy described above and is classified as Level 1. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at large Canadian financial institutions in interest bearing accounts. The Company's receivables consists mainly of input tax credits receivable due from the Government of Canada. The Company does not believe it is exposed to significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through its capital management as outlined in Note 18 to these financial statements. Accounts payable relating to exploration and evaluation assets and other accounts

payable and accrued liabilities have contractual maturities of 30 days or are due on demand, and are subject to normal trade terms. As at September 30, 2020, the Company had a cash balance of $675,840 (2019: $2,880,132) to settle current liabilities of $562,828 (2019: $183,041) which is insufficient to cover funding requirements for administrative operations as currently planned for at least the next twelve months (Note 2).

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and the price of publicly traded marketable securities.

a) Interest rate risk
The Company has cash balances and no interest-bearing debt liabilities. The Company's current policy is to invest excess cash in short-term deposit certificates issued by its banking institutions. The short-term deposit certificates are cashable on demand.

The Company monitors the investments in short term deposits and is satisfied with the credit ratings of its banks. The Company has no investments in asset backed commercial paper or similar investments.

b) Foreign currency risk
The Company conducts the majority of its business in Canada, and is therefore not exposed to significant foreign currency risk.

18. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation of its exploration and evaluation assets, to acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, warrants, options, equity reserve and deficit. The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling the capital expenditures program. The Company is not subject to externally imposed capital requirements.

The Company's mineral property interests are in the exploration stage. As such, the Company is dependent on external financing to develop its properties and fund its activities. In order to carry out its planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed and if available, and may even dispose of some or all of its mineral property interests.

Management reviews its capital management policies on an ongoing basis. There were no changes in the Company's approach to capital management during the year ended September 30, 2020.

19. Supplemental cash flow information

Other cash flow information relating to operating activities is presented below:

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. As at, and during the years ended September 2020 and 2019, the following transactions were excluded from the statements of cash flows:

	2020	2019
	$	$
Non-cash investing and financing transactions		
Share-based compensation included in exploration and evaluation assets	23,080	25,448
Shares issued for mineral property option agreements	-	29,600
Non-cash exercise of RSUs	-	(355,377)
Change in exploration and evaluation assets included in accounts payable and accrued liabilities	244,831	(252,480)

20. Commitments

Commitments are disclosed pursuant to mineral property interest obligations (Note 9).

21. Subsequent Events

Subsequent to September 30, 2020, 181,212 stock options were exercised for total proceeds of $271,335 with $213,002 of the proceeds related to options with an exercise price of $3.30 per share.

Subsequent to September 30, 2020, 49,954 stock options with an exercise price of $3.30 per share expired unexercised.

Subsequent to September 30, 2020, the Company entered into an agreement with the Government of Manitoba for the provision of a grant to support governmental strategic projects. The grant is for the provision of $300,000 in financing, of which $200,000 has been received by the Company.