INTERNATIONAL COBALT CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED SEPTEMBER 30, 2020

UNIT# 168
4300 NORTH FRASER WAY
BURNABY, BC V5J 5J8

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Adam Kim
ADAM SUNGKIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
International Cobalt Corp.

Opinion
I have audited the consolidated financial statements of International Cobalt Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2020 and September 30, 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in 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, 2020 and September 30, 2019, and its consolidated financial performance and its cash flow 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 consolidated 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.

Emphasis of Matter — Restated Comparative Information
We draw attention to Note 13 to the consolidated financial statements, which explains that certain comparative information presented for the year ended September 30, 2019 has been restated. Our opinion is not modified in respect of this matter.

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 loss of $5,100,494 during the year ended September 30, 2020 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $14,200,555 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 are 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 are 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 consolidated 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 partner on the audit resulting in this independent auditor's report is Adam Kim, CPA, CA.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

UNIT# 168
4300 NORTH FRASER WAY
BURNABY, BC V5J 5J8
January 27, 2021

INTERNATIONAL COBALT CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	September 30, 2020	September 30, 2019 (Restated) (See Note 13)	September 30, 2018 (Restated) (See Note 13)
ASSETS			
Current			
Cash and cash equivalents	$ 254,288	$ 275,047	$ 4,430,118
Amounts receivable	760	8,294	105,141
Prepaid expenses	8,394	-	342,832
Investments (Note 4)	843,026	506,251	500,000
Convertible loans and loans receivable (Note 5)	4,159,284	4,140,985	2,312,687
	5,265,752	4,930,577	7,690,778
Mineral properties (Note 6)	1	5,265,150	5,527,000
	$ 5,265,753	$ 10,195,727	$ 13,217,778
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	$ 269,139	$ 184,918	$ 524,234
Loans payable (Note 7)	85,414	-	-
	354,553	184,918	524,234
Equity			
Share capital (Note 9)	16,146,978	16,146,093	16,084,265
Contributed surplus (Note 9)	2,964,777	2,964,777	2,974,080
Deficit	(14,200,555)	(9,100,061)	(6,364,801)
	4,911,200	10,010,809	12,693,544
	$ 5,265,753	$ 10,195,727	$ 13,217,778

Nature and continuance of operations (Note 1)
Subsequent events (Note 15)
Contingency (Note 16)

Approved and authorized by the Board on January 27, 2021:

"Brendan Purdy"	Director	*"Eugene Beukman"*	Director
Brendan Purdy		Eugene Beukman	

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

INTERNATIONAL COBALT CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year Ended September 30, 2020	Year Ended September 30, 2019 (Restated) (See Note 13)
ADMINISTRATIVE EXPENSES		
Audit and accounting (Note 8)	$ 46,790	$ 58,925
Consulting fees (Note 8)	143,056	447,034
Corporate development fees (Note 8)	-	3,200
Exploration expenses (Note 6)	23,889	616,244
Interest expense	5,564	-
Legal fees	43,859	271,977
Management fees (Note 8)	74,200	210,650
Office facilities and administrative services (Note 8)	28,377	39,219
Shareholder information	2,581	41,526
Transfer agent, filing and stock exchange fees	16,057	40,342
Travel	-	17,785
Loss before other items	(384,373)	(1,746,902)
OTHER ITEMS		
Gain on sale of investment (Note 4)	240,011	-
Interest income	-	14,305
Foreign exchange gain (loss)	(203)	83,522
Impairment of mineral properties (Note 6)	(5,265,149)	(370,000)
Unrealized gain (loss) on investments (Note 4)	393,025	(443,750)
Unrealized loss on loans and convertible loans receivable (Note 5)	(83,805)	(272,435)
Loss and comprehensive loss for the year	$ (5,100,494)	$ (2,735,260)
Basic and diluted loss per common share	$ (0.03)	$ (0.02)
Weighted average number of common shares outstanding	187,013,210	186,904,457

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

INTERNATIONAL COBALT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended September 30, 2020	Year Ended September 30, 2019 (Restated) (See Note 13)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (5,100,494)	$ (2,735,260)
Adjustment for non-cash items:		
Foreign exchange (gain) loss	203	(87,033)
Interest expense on loans payable	5,564	-
Realized gain on sale of investments	(240,011)	-
Unrealized (gain) loss on investments	(393,025)	443,750
Unrealized loss on loan receivable	83,805	272,435
Impairment of mineral properties	5,265,149	370,000
Changes in non-cash working capital items:		
Amounts receivable	7,534	96,847
Prepaid expenses	(8,394)	342,832
Accounts payable and accrued liabilities	81,914	(339,317)
Net cash used in operating activities	(297,755)	(1,635,746)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties	-	(68,150)
Loans receivable	(100,000)	(2,013,700)
Proceeds from sale of investment	296,261	-
Purchase of investment	-	(450,000)
Net cash provided by (used in) investing activities	196,261	(2,531,850)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share options exercised	-	12,525
Loans received	105,000	-
Repayment of loans	(25,150)	-
Warrants exercised	885	-
Net cash provided by financing activities	80,735	12,525
Change in cash for the year	(20,759)	(4,155,071)
Cash, beginning of year	275,047	4,430,118
Cash, end of year	$ 254,288	$ 275,047
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

Supplementary disclosure with respect to cash flows (Note 11)

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

INTERNATIONAL COBALT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share Capital				
	Number of shares	**Amount**	**Contributed surplus***	**Deficit (Restated) (See Note 13)**	**Total (Restated) (See Note 13)**
Balance at September 30, 2018	185,753,772	$ 16,084,265	$ 2,974,080	$ (6,364,801)	$ 12,693,544
Shares for property	500,000	40,000	-	-	40,000
Exercise of share options	750,000	21,828	(9,303)	-	12,525
Loss for the year	-	-	-	(2,735,260)	(2,735,260)
Balance at September 30, 2019	187,003,772	$ 16,146,093	$ 2,964,777	$ (9,100,061)	$ 10,010,809

	Share Capital				
	Number of shares	**Amount**	**Reserves***	**Deficit**	**Total**
Balance at September 30, 2019	187,003,772	$ 16,146,093	$ 2,964,777	$ (9,100,061)	$ 10,010,809
Exercise of warrants	53,000	885	-	-	885
Loss for the year	-	-	-	(5,100,494)	(5,100,494)
Balance at September 30, 2020	187,056,772	$ 16,146,978	$ 2,964,777	$ (14,200,555)	$4,911,200

*****Reserves consists of fair values of share options granted.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

1018521 B.C. LTD. was incorporated under the Business Corporations Act (British Columbia) on November 7, 2014 and changed its name to Brakpan Ventures Corp. on July 3, 2015 and changed its name to International Cobalt Corp. on March 29, 2017 (the "Company" or "ICC").

The Company's head office and principal address is Suite 810 – 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

The Company is an exploration stage company and is in the process of exploring its mineral properties and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recovery of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At September 30, 2020, the Company had not yet achieved profitable operations, had accumulated losses of $14,200,555 (September 30, 2019 - $9,100,061) since its inception, and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. A number of alternatives including, but not limited to completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2021.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PREPARATION (CONT'D)

Basis of Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian Dollars unless otherwise specified.

Principles of Consolidation

These consolidated financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries, 1107430 B.C. Ltd., 1142888 B.C. Ltd. and American Cobalt Corp. All intercompany transactions and balances are eliminated on consolidation. 1107430 B.C. Ltd., 1142888 B.C. Ltd. and American Cobalt Corp. had no transactions or activity during the year ended September 30, 2020.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax amounts.

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

<u>Economic recoverability and probability of future economic benefits of mineral properties</u>

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

<u>Determination of functional currency</u>

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

<u>Income taxes</u>

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

2. BASIS OF PREPARATION (CONT'D)

Significant accounting judgments and estimates (cont'd)

Contingencies and settlement provisions

The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes and estimates of the timing and the possible outflow of economic benefits.

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the consolidated financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Convertible loans and loans receivable

The fair value of warrants, debentures, convertible debentures and loans receivables held by the Company are derived from estimates based on available market data at that time, which include volatility, interest-free rates, share prices and market adjusted risk rates. Changes to subjective input assumptions can materially affect the fair value estimate.

Fair value of investments not quoted in an active market or investments in private companies

Where the fair values of investments cannot be derived from active markets, the Corporation uses valuation models to determine fair value. Where possible, the Corporation uses inputs derived from observable market data for the models. Where observable market data is not available, the Corporation uses judgment to establish fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting year. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian Dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian Dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments

The Company recognized 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 following table shows the classification under IFRS 9:

	Classification under IFRS 9
Cash and amounts receivable	Amortized cost
Investments, loans and convertible loans receivable	FVTPL
Accounts payable and accrued liabilities and loans payable	Amortized cost

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 consolidated statements of net (loss) income. 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 consolidated statements of net (loss) income 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 income (loss).

Convertible debenture investments are hybrid instruments while debentures and loans receivable are non-hybrid instruments, both of which were elected to be classified as financial assets at fair value through profit or loss. Upon initial recognition, the investment is recognized at fair value with directly attributable transaction costs expensed as incurred. If the transaction price does not equal fair value, management measures the fair value of each component of the investment and any unrealized gains or losses at inception is either recognized in profit or loss or deferred and recognized over the term of the financial instrument, depending on whether the valuation inputs are based on observable market data. Subsequent changes in fair value are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 consolidated 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 consolidated 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.

Mineral properties

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of tangible and intangible assets

At the end of each reporting year, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The 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 rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

As at September 30, 2020, the Company, given the early stage of exploration on its mineral properties, has no reclamation costs and therefore no provision for environmental rehabilitation has been made.

Earnings (loss) per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the periods presented.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income taxes (cont'd)

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. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting year. 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.

Convertible loans receivable

The Company's investment in a convertible loan receivable can be converted to equity of the loan party at any time prior to maturity. As a result, the instrument is composed of an asset component and an embedded derivative component. An embedded derivative is a component of a hybrid contact that also includes a non-derivative host, with the effect that some of the cash of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivative component within the convertible loan receivable are assessed in its entirety, and the convertible loan receivable as a whole is measured at fair value through profit or loss. The fair value is established using the effective intertest method and Black-Scholes option pricing model. Subsequent to initial recognition, the convertible loan receivable is measured at amortized cost using the effective interest method combined with the embedded derivative component which is revalued using Black-Scholes option pricing model with the difference in fair value recorded in profit or loss

4. INVESTMENTS

The Company invested $328,025 in 1,250,000 common shares of Idaho Champion Gold Mines Ltd. ("Idaho Champion") during the year ended September 30, 2018. As at September 30 2019, the fair value of 1,250,000 common shares of Idaho Champion was adjusted to $56,250 (2018 - $500,000) resulting in a unrealized gain (loss) of $(271,775) (2018 - $171,975). During the year ended September 30, 2020, the Company sold the 1,250,000 Idaho Champion shares for $296,261 resulting in a realized gain on sale of investment of $240,011.

On August 21, 2019, the Company acquired 158,000 common shares of Brazil Potash Corp ("BPC") for $450,000. As at September 30, 2020, the fair value of the BPC common shares was adjusted to $843,025, resulting in an unrealized gain on investment of $393,025.

5. CONVERTIBLE LOANS AND LOANS RECEIVABLE

On August 20, 2018, the Company purchased unsecured convertible debentures units of Tantalex Resources Corporation (“Tantalex”) in the principal amount of $1,764,855 (US$1,350,000) bearing interest of 12% per annum and was due on August 20, 2019. The principal amounts are convertible at the option of the Company into common shares of Tantalex, and each common share being issued at a price per common share being equal to the current trading price of the common shares on the Canadian Securities Exchange on the maturity date or on the early conversion date to which shall be applied a 25% discount (collectively referred to as the “Conversion Price”). Principal amount of the Debenture is subject to a warrant coverage of up to 50% of the principal amount of the Debenture and the holder of the Debenture will be entitled to receive up to 50% of the Principal Amount of the Debenture issued in warrants in the share capital of Tantalex (the “Warrants”), each Warrant entitling its holder to acquire one common share in the share capital of Tantalex at a price of $0.13 per common share for a period of 12 months from the date of issuance. At September 30, 2019, the convertible debenture had a fair value of $2,121,420 (2018 - $2,312,688). An unrealized gain (loss) of $(191,268) (2018 - $541,556) was recognized at September 30, 2019. The fair value of the convertible debenture was estimated using a market risk rate and the Black-Scholes model based on the following assumptions: share price of $0.025 (2018 - $0.075); risk-free rate of 1.59% (2018 - 2.19%); dividend yield of 0%; stock price volatility of 187.54% (2018 - 149.06%) and an expected life to maturity. On July 28, 2020, the Company renegotiated the outstanding Tantalex convertible debentures. The amended convertible debentures would mature on July 28, 2021. The principal amount bears interest at 12% per annum, payable on the maturity date and a conversion price of the convertible debenture was amended to $0.05 per a common share. At September 30, 2020, the convertible debenture had a fair value of $1,840,590. An unrealized gain (loss) of $(280,830) was recognized at September 30, 2020. The fair value of the convertible debenture was estimated using a market risk rate and the Black-Scholes model based on the following assumptions: share price of $0.01; risk-free rate of 0.23%; dividend yield of 0%; stock price volatility of 261.02% and an expected life to maturity. And on November 10, 2020, the Company renegotiated the outstanding Tantalex convertible debentures. The amended convertible debentures will mature on May 10, 2022. A conversion Price was amended that $0.03 per a common share on the first $300,000 CAD and $0.05 per a common share on the balance due of the Convertible Debenture.

On November 9, 2018, the Company purchased additional unsecured convertible debentures of Tantalex in the principal amount of $1,000,000 bearing interest of 12% per annum and was due on November 1, 2019. The principal amounts are convertible at the option of the Company into common shares of Tantalex, and each common share being issued at a price per common share being equal to the current trading price of the common shares on the Canadian Securities Exchange on the maturity date or on the early conversion date to which shall be applied a 25% discount (collectively referred to as the “Conversion Price”). Principal amount of the Debenture is subject to a warrant coverage of up to 50% of the principal amount of the Debenture and the holder of the Debenture will be entitled to receive up to 50% of the Principal Amount of the Debenture issued in warrants in the share capital of Tantalex (the “Warrants”), each Warrant entitling its holder to acquire one common share in the share capital of Tantalex at a price of $0.10 per common share for a period of 24 months from the date of issuance. On July 28, 2020, the Company renegotiated the outstanding Tantalex convertible debentures. The amended convertible debentures would mature on July 28, 2021. The principal amount bears interest at 12% per annum, payable on the maturity date and a conversion price of the convertible debenture was amended to $0.05 per a common share. At September 30, 2020, the convertible debenture had a fair value of $1,003,524 (2019 - $1,236,114). An unrealized gain (loss) of $(232,590) (2019 - $128,607) was recognized at September 30, 2020. The fair value of the convertible debenture was estimated using a market risk rate and the Black-Scholes model based on the following assumptions: share price of $0.01 (2019 - $0.025); risk-free rate of 0.23% (2019 – 1.59%); dividend yield of 0%; stock price volatility of 261.02% (2019 – 241.58%) and an expected life to maturity. On November 10, 2020, the Company renegotiated the outstanding Tantalex convertible debentures. The amended convertible debentures will mature on May 10, 2022. A conversion Price was amended that $0.03 per a common Share on the first $300,000 CAD and $0.05 per a common share on the balance due of the Convertible Debenture.

5. CONVERTIBLE LOANS AND LOANS RECEIVABLE (CONT'D)

On April 24, 2019, the Company advanced $673,750 (USD $500,000) by way of a loan to Tantalex. The loan receivable is measured initially and subsequently at fair value, with any changes in the fair value of the loan being recorded in the consolidated financial statements as unrealized gain or loss on loan receivable. The loan was due on April 24, 2020 and bears no interest rate. At September 30, 2019, the loan had a fair value of $532,380 using a market risk rate. An unrealized gain (loss) of $(129,771) was recognized at September 30, 2019.

On June 5, 2019, the Company advanced $335,025 (USD $250,000) by way of a loan to Tantalex. The loan receivable is measured initially and subsequently at fair value, with any changes in the fair value of the loan being recorded in the consolidated financial statements as unrealized gain or loss on loan receivable. The loan was due on June 5, 2020 and bears no interest rate. At September 30, 2019, the loan had a fair value of $251,072 using a market risk rate. An unrealized gain (loss) of $(80,003) was recognized at September 30, 2019.

On July 28, 2020, the Company renegotiated the April 24, 2019 (USD$500,000) and June 5, 2019 (USD$250,000) unsecured loans issued to Tantalex. These unsecured loans were converted into USD$750,000 unsecured convertible debentures effective July 28, 2020. These convertible debentures bear interest at 12% per annum and would expire on July 28, 2021. The principal amounts are convertible at the option of the Company into common shares of Tantalex, and each common share being issued at a price per common share being equal to the current trading price of the common shares on the Canadian Securities Exchange on the maturity date or on the early conversion date to which shall be applied a 25% discount (collectively referred to as the "Conversion Price"). The principal amount of the convertible debentures is subject to a warrant coverage of up to 50% of the principal amount and the holder will be entitled to receive up to 50% of the principal amount of the convertible debenture issued in warrants in the share capital of Tantalex. Each warrant is exercisable at $0.10 per common share for a period of 24 months from the date of issuance. At September 30, 2020, the convertible debenture had a fair value of $1,195,655. An unrealized gain (loss) of $412,204 was recognized at September 30, 2020. The fair value of the convertible debenture was estimated using a market risk rate and the Black-Scholes model based on the following assumptions: share price of $0.01; risk-free rate of 0.23%; dividend yield of 0%; stock price volatility of 261.02% and an expected life to maturity. And on November 10, 2020, the Company renegotiated the outstanding Tantalex convertible debentures. The amended convertible debentures will mature on May 10, 2022. A conversion price of the convertible debenture was amended to $0.05 per a common share.

On October 8, 2019, the Company advanced $100,000 by way of a loan to Tantalex. The loan was due on October 8, 2020 and bears no interest rate. The loan receivable is measured initially and subsequently at fair value, with any changes in the fair value of the loan being recorded in the consolidated financial statements as unrealized gain or loss on loan receivable. On July 28, 2020, the Company renegotiated the October 8, 2019 ($100,000) unsecured loans issued to Tantalex. This unsecured loan was converted into $100,000 unsecured convertible debentures effective July 28, 2020. These convertible debentures bear interest at 12% per annum and would expire on July 28, 2021. The principal amounts are convertible at the option of the Company into common shares of Tantalex, and each common share being issued at a price per common share being equal to the current trading price of the common shares on the Canadian Securities Exchange on the maturity date or on the early conversion date to which shall be applied a 25% discount (collectively referred to as the "Conversion Price"). The principal amount of the convertible debentures is subject to a warrant coverage of up to 50% of the principal amount and the holder will be entitled to receive up to 50% of the principal amount of the convertible debenture issued in warrants in the share capital of Tantalex. Each warrant is exercisable at $0.10 per common share for a period of 24 months from the date of issuance. At September 30, 2020, the convertible debenture had a fair value of $119,514. An unrealized gain (loss) of $17,410 was recognized at September 30, 2020. The fair value of the convertible debenture was estimated using a market risk rate and the Black-Scholes model based on the following assumptions: share price of $0.01; risk-free rate of 0.23%; dividend yield of 0%; stock price volatility of 261.02% and an expected life to maturity. And on November 10, 2020, the Company renegotiated the outstanding Tantalex convertible debentures. The amended convertible debentures will mature on May 10, 2022. A conversion price of the convertible debenture was amended to $0.05 per a common share.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES

The Company's mineral property interests are comprised of the following properties:

	Blackbird Creek	Foster Marshall Project	Total
Opening balance	$ 4,260,150	$ 1,005,000	$ 5,265,150
Impairment of mineral properties	(4,260,150)	(1,004,999)	(5,265,149)
Closing balance	$ -	$ 1	$ 1

During the year ended September 30, 2020, the Company incurred exploration expenditures as follows:

	Blackbird Creek and Formation North	Ramsay Cobalt	Total
Assays	$ 2,505	$ -	$ 2,505
Environmental	343	-	343
Geological	-	99	99
Storage	20,942	-	20,942
Total exploration expenditures	$ 23,790	$ 99	$ 23,889

During the year ended September 30, 2019, the Company incurred exploration expenditures as follows:

	Blackbird Creek and Formation North	Ramsay Cobalt	Foster Marshall and Mount Thom Projects	Champion Projects	JA Project	Total
Claim staking / maintenance	$ 61,788	$ -	$ -	$ -	$ 97,971	$ 159,759
Geological	97,470	333,926	3,873	16,769	-	452,038
Transportation	-	4,447	-	-	-	4,447
Total exploration expenditures	$159,258	$338,373	$ 3,873	$ 16,769	$ 97,971	$ 616,244

Foster Marshall and Mount Thom Projects

On April 13, 2018, the Company entered into two option agreements (the "FM Agreements") with Canadian GoldCamps Corp. (formerly Supreme Metals Corp.) to acquire up to an 80% interest in two cobalt projects which are comprised of the Foster Marshall Project and the Mount Thom Project (collectively known as the "FM Projects"). Pursuant to the FM Agreements, the Company will have the option to earn an initial 60% interest in any of the FM Projects by making a total initial payment of $170,000 (paid in May 2018) and by funding exploration to reach an NI 43-101 compliant resource estimate within 60 months of signing of the FM Agreements. The Company will have the right to earn a further 20% interest and any of the FM Projects by completing a Preliminary Economic Assessment (PEA) within 24 months of completing the initial resource estimate. Each of the FM Projects is subject to a 1.5% NSR in favour of a third party. A finder's fee was paid in connection with this acquisition for 4,000,000 common shares of the Company valued at $920,000 (issued in April 2018).

On August 20, 2019, the Company terminated the Mount Thom option agreement and wrote off mineral property costs of $85,000.

6. MINERAL PROPERTIES (CONT'D)

Foster Marshall and Mount Thom Projects (cont'd)

As at September 30, 2020, due to uncertainty of future exploration of the Foster Marshall Project, the Company recorded $1,004,999 of impairment on mineral properties resulting in capitalized acquisition costs of $1 for the project.

Blackbird Creek Property

On February 27, 2017, the Company entered into an agreement (the "Blackbird Agreement") to acquire a 100% interest in the Blackbird Creek Project located in the Idaho Mineral Belt in Lehmi County, Idaho, USA (the "Blackbird Property") by acquiring all of the issued and outstanding shares of 1107430 B.C. Ltd., which had an ownership of the Property. The claims (the "Lode Claims") were located approximately 70 kilometres Southwest from Salmon, Idaho. Under the terms of the Blackbird Agreement, to earn its 100% interest in the Property, the Company was obligated to pay $150,000 (paid in October 2017) and issue 30,000,000 common shares (issued) of the Company. DG Resource Management Ltd. ("DRG Resource") shall retain a 2.0% NSR. The Company could have, within 5 years of Exchange approval, acquired 1.0% of the NSR for $2,500,000. The Company issued 1,200,000 common shares as a finder's fee in connection with this acquisition.

On December 4, 2017, the Company entered into an agreement (the "Second Agreement") to acquire a 100% interest in the Formation North Project and Blackbird South Project located in the Idaho Mineral Belt in Lehmi County, Idaho, USA (the "Formation North and Blackbird South Properties") by acquiring all of the issued and outstanding shares of 1142888 B.C. Ltd., which had an ownership of the Formation North and Blackbird South Properties. Under the terms of the Second Agreement, to earn its 100% interest in the Formation North and Blackbird South Properties, the Company paid $120,000 ($60,000 paid in December 2017 and $60,000 paid in January 2018) and issued 12,000,000 common shares (issued) of the Company. DG Resource retained a 2.0% Net Smelter Return (the "NSR"). The Company could have, within 5 years of Exchange approval, acquired 1.0% of the NSR for $2,500,000.

As at September 30, 2020, the Company's management determined that the Blackbird Creek, and Formation North Project did not contain economically recoverable reserves, and accordingly wrote off $4,260,150 in acquisition costs.

Ramsay Cobalt Project

On March 28, 2018, the Company entered into an agreement to acquire a 100% interest in the Ramsay Cobalt Project (the "RC Project") located in the Bathurst Mining Camp of New Brunswick. Under the terms of the agreement, to earn its 100% interest in the RC Project, the Company was obligated to make the following cash payments and issuance of common shares:

- Cash payment of $25,000 upon signing the Letter of Intent (paid in March 2018);
- Cash payment of $25,000 (paid in April 2018) and issuance of 500,000 common shares valued at $120,000 (issued in April 2018) upon completion of definitive option agreement and filing with the CSE;
- Cash payment of $50,000 (paid in October 2018) and issuance of 500,000 common shares valued at $40,000 within 6 months of filing with the CSE (issued in October 2018);
- Cash payment of $100,000 and issuance of 500,000 common shares within 12 months of filing with the CSE;
- Cash payment of $100,000 and issuance of 500,000 common shares within 18 months of filing with the CSE; and
- Cash payment of $200,000 and issuance of 500,000 common shares within 24 months of filing with the CSE.

On March 14, 2019, the Company terminated the option agreement and wrote off mineral property costs of $285,000.

(Expressed in Canadian Dollars)

7. LOANS PAYABLE

On January 17, 2020, the Company entered into a loan agreement in the amount of $80,000 with a private company in which a director of the Company jointly controls. The loan is due on demand and interest will accrue on the principal amount at the rate of 8% per annum. As at September 30, 2020, the loan payable of $80,000 and accrued interest balance of $4,506 is outstanding.

On March 5, 2020, the Company entered into a loan agreement in the amount of $25,000 with a company controlled by a director of the Company. The loan is due on demand and interest will accrue on the principal amount at the rate of 8% per annum. On September 15, 2020, the Company repaid the $25,000 loan plus $150 of accrued interest payable. As at September 30, 2020, the accrued interest balance of $908 is outstanding.

8. RELATED PARTY TRANSACTIONS

The remuneration of directors and key management personnel during the years ended September 30, 2020, and 2019 are as follows:

Relationship to the Company	Type of service provided	September 30, 2020	September 30, 2019
Company controlled by former President, former CEO, and former Director	Management fees	$ 35,000	$ 130,000
Company controlled by CFO, Director, and Corporate Secretary	Consulting fees	$ 120,000	$ 120,000
Company that CFO, Director and Corporate Secretary jointly controls	Accounting and administrative fees	$ 36,000	$ 18,000
Company that CFO, Director and Corporate Secretary jointly controls	Consulting fees	$ 7,500	$ 50,000
Company that CFO, Director and Corporate Secretary jointly controls	Management fees	$ 36,200	$ 9,000
Company controlled by CFO, Director, and Corporate Secretary	Accounting and administrative fees	$ -	$ 18,100
Company controlled by CFO, Director, and Corporate Secretary	Corporate development fees	$ -	$ 3,200
Company controlled by CFO, Director, and Corporate Secretary	Office rent	$ -	$ 5,000
Company controlled by CFO, Director, and Corporate Secretary	Management fees	$ -	$ 50,950
Company controlled by former CFO	Management fees	$ 3,000	$ 1,000
		$ 237,700	$ 405,250

As at September 30, 2020, the Company owed $Nil (September 30, 2019 - $7,455) to Pender Street Corporate Consulting, a company controlled by a director of the Company, $36,414 (September 30, 2019 - $Nil) to Partum Advisory Services, a private company in which a director of the Company jointly controls, and $40,500 (September 30, 2019 - $Nil) to Beukman & Associates Enterprise Limited, a company controlled by a director of the Company. These amounts are included in accounts payable and accrued liabilities.

The Company also owed $85,414 (September 30, 2019 - $Nil) for the two loans payable outlined in Note 7. The loans payables are comprised of $84,506 (September 30, 2019 - $Nil) due to Partum Advisory Services Corp. and $908 (September 30, 2019 - $Nil) owed to Beukman & Associates Enterprise Limited.

All related party transactions are in the normal course of operations and have been measured at the agreed to amount, which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL

a) Authorized share capital

As at September 30, 2020, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued and outstanding

During the year ended September 30, 2020, the Company issued common shares for the following:

On July 27, 2020, the Company received $885 from the exercise of 53,000 warrants exercisable at $0.0167.

During the year ended September 30, 2019, the Company issued common shares for the following:

On October 5, 2018, the Company issued 500,000 common shares of the Company pursuant to the acquisition of the RC Project valued at $40,000 (Note 11). The RC Project was written-off during the year ended September 30, 2019.

On November 14, 2018, the Company issued 750,000 common shares for gross proceeds of $12,525 as a result of the exercise of 750,000 share options with an exercise price of $0.0167.

c) Share options

The following table summarizes share option activity during the years ended September 30, 2020, and September 30, 2019:

	September 30, 2020		September 30, 2019	
	Number of options	Weighted average exercise price of options exercisable	Number of options	Weighted average exercise price of options exercisable
Opening balance	17,999,997	$0.18557	18,749,997	$0.01788
Options exercised	-	-	(750,000)	$0.01667
Closing balance	17,999,997	$0.18557	17,999,997	$0.18557

At September 30, 2020, share options outstanding are as follows:

Number of options outstanding and exercisable	Exercise price	Expiry date
6,000,000	$0.0167	February 22, 2022
11,999,997	$0.27	January 4, 2023
17,999,997		

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONT'D)

d) Warrants

The following table summarizes share purchase warrants activity during the years ended September 30, 2020, and September 30, 2019:

	September 30, 2020		**September 30, 2019**	
	Number of warrants	Weighted average exercise price of warrants	Number of warrants	Weighted average exercise price of warrants
Opening balance	54,585,798	$0.19891	62,515,794	$0.19891
Warrants exercised	(53,000)	0.0167	-	-
Warrants expired	(40,325,000)	0.30	(7,929,996)	0.0167
Closing balance	14,207,798	$ 0.02	54,585,798	$0.19891

Share purchase warrants outstanding as at September 30, 2020 are as follows:

Number of warrants	**Exercise price**	**Expiry dates**
14,207,798	$0.0167	January 12, 2022

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

Designation and valuation of financial instruments

The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

As at September 30, 2020, the fair values of cash, amounts receivable, accounts payable and accrued liabilities, and loans payable approximate their carrying value due to the short-term maturity of these instruments. Cash and cash equivalents, and investments are carried at level 1 fair value measurement.

The Company enters into financial instruments to finance its operations in the normal course of business. The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2020 as follows:

Cash and cash equivalents	Amortized costs	N/A
Amounts receivable	Amortized costs	N/A
Investments	FVTPL	Level 3
Convertible loans receivable	FVTPL	Level 3
Loans payable	Amortized costs	N/A
Accounts payable and accrued liabilities	Amortized costs	N/A

(Expressed in Canadian Dollars)

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial assets measured at fair value per hierarchy	Level 1 & 2	Level 3	Total fair value
Common shares	$ -	$843,026	$843,026
Convertible loans receivable	-	4,159,284	4,159,284
	$ -	$ 5,002,310	$ 5,002,310

The Company did not transfer any financial instruments between Level 1, 2 or 3 during the year ended September 30, 2020.

Level 3

The following table reconciles level 3 fair value measures from September 30, 2019 to September 30, 2020:

	Common shares - Private	Convertible loans and loans receivable	Total
Total fair value at September 30, 2018	$-	$2,312,688	$2,312,688
Additions	450,000	2,100,732	2,550,732
Unrealized gain (loss)	-	(272,435)	(272,435)
September 30, 2019	450,000	$ 4,140,985	4,590,985
Additions	-	102,104	102,104
Unrealized gain (loss)	393,026	(83,805)	309,221
Total fair value at September 30, 2020	$843,026	$ 4,159,284	$ 5,002,310

Significant unobservable inputs

The key assumptions the Company used in the valuation of level 3 investments included and are not limited to the value of recently completed financing by investees, entity-specific information, and publicly available information of comparable entities.

The following table summarizes valuation techniques and significant unobservable inputs used for the Company's investment classified in Level 3 of the fair value hierarchy as at September 30, 2020.

	Fair value to September 30, 2020	Valuation technique	Unobservable inputs
Common Shares – private	$ 843,026	Recent financing	Transaction price
Convertible loans and loans receivable	$ 4,159,284	Black-Scholes	Volatility

For these Level 3 investments, the inputs used can be highly judgmental. A 25% increase or decrease in the assumptions will result in a corresponding $210,757 and $123,493 change in the total fair value of Level 3 investments for common shares in a private company and convertible loans respectively.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign exchange risk
The Company's functional and reporting currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. The Company has foreign exchange risk with respect to its bank account, accounts payable and loans receivable in US Dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 5% fluctuation in the foreign exchange rate between the Canadian and US Dollar will result in a foreign exchange gain/loss of approximately $122,000.

Credit risk
The Company does not have any asset-backed commercial paper. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates.

Liquidity risk
The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Capital management
The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and exploration and development of mineral properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company intends to rely on the equity markets to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

(Expressed in Canadian Dollars)

11. SUPPLEMENTARY DISCLOSURE WITH RESPECT TO CASH FLOWS

On October 5, 2018, the Company issued 500,000 common shares of the Company pursuant to the acquisition of the RC Project valued at $40,000 (Note 9). The RC Project was written-off during the year ended September 30, 2019.

12. SEGMENTED INFORMATION

The Company's operations comprise one reportable segment. The carrying value of the Company's non-current assets on a country-by-country basis is as follows:

	September 30, 2020			September 30, 2019		
	Canada	U.S.	Total	Canada	U.S.	Total
Mineral properties	$1	$Nil	$1	$1,005,000	$4,260,150	$5,265,150
Total	$1	$Nil	$1	$1,005,000	$4,260,150	$5,265,150

13. RESTATEMENT ON CHANGES IN ACCOUNTING POLICIES

The consolidated financial statements for the year ended September 30, 2019 have been restated to apply a retroactive change in accounting policy with respect to the Company's loans and convertible loans receivables under IFRS 9, Financial Instruments: Classification and Measurement. Upon adoption of IFRS 9 on October 1, 2018, the Company changed its method of accounting for its loans and convertible loans receivable to fair value through profit or loss. The effects of the restatement on the consolidated statements of financial position as at September 30, 2019 and September 30, 2018, the consolidated statement of loss and comprehensive loss for the year ended September 30, 2019 and the consolidated statement of cash flow for the year ended September 30, 2019 are summarized below.

Consolidated Statement of Financial Position as at September 30, 2019:	**As Previously Reported**	**Reclass and remeasurement**	**As Adjusted**
Loans receivable	$ 4,127,172	$ (4,127,172)	$ -
Convertible loans and loans receivable	$ -	$ 4,140,984	$ 4,140,984
Total assets	$ 10,181,914	$ 13,813	$ 10,195,727
Deficit	$ (9,113,874)	$ 13,813	$ (9,100,061)

Consolidated Statement of Financial Position as at September 30, 2018:	**As Previously Reported**	**Adjustment**	**As Adjusted**
Loans receivable	$ 1,771,131	$ (1,771,131)	$ -
Convertible loans and loans receivable	$ -	$ 2,312,687	$ 2,312,687
Total assets	$ 12,676,222	$ 541,556	$ 13,217,778
Deficit	$ (6,906,357)	$ 541,556	$ (6,364,801)

(Expressed in Canadian Dollars)

13. RESTATEMENT ON CHANGES IN ACCOUNTING POLICIES (CONT'D)

Consolidated Statements of Loss and Comprehensive Loss for the year ended September 30, 2019:		**As Previously Reported**		**Adjustment**		**As Adjusted**
Foreign exchange gain (loss)	$	16,366	$	67,159	$	83,522
Unrealized loss on convertible loans and loans receivable	$	-	$	(272,435)	$	(272,435)
Interest income	$	336,769	$	(322,464)	$	14,305
Loss and comprehensive loss for the year	$	(2,207,517)	$	(527,743))	$	(2,735,260)

Consolidated Statements of Cash Flows for the year ended September 30, 2019:		**As Previously Reported**		**Adjustment**		**As Adjusted**
Accrued interest income	$	(322,464)	$	322,464	$	-
Unrealized loss (gain) on convertible loans and loans receivable	$	-	$	272,435	$	272,435
Foreign exchange (gain) loss	$	(19,877)	$	(67,156)	$	(87,033)

14. INCOME TAXES

The Company has accumulated non-capital losses. Tax attributes are subject to revision and potential adjustment by tax authorities. The non-capital losses will expire as follows:

A reconciliation of income taxes at statutory rates is as follows:

		September 30, 2020		September 30, 2019 - Restated
Loss for the year before income taxes	$	(5,100,494)	$	(2,735,260)
Expected income tax recovery at 27% (2019 – 27%)		(1,377,133)		(738,520)
Tax effects of:				
Item not deductible		(170,160)		206,126
Current tax attributes not recognized		1,547,293		532,394
	$	-	$	-

The significant components of the Company's deferredtax assets are as follows:

		September 30, 2020		September 30, 2019 - restated
Substantively enacted tax rate		27%		27%
Deferred income tax assets:				
Non-capital and capital losses	$	1,266,967	$	1,163,236
Mineral properties		2,119,291		611,325
Investment and loans/convertible loans receivable		68,426		32,959
Share issuance costs and others		199,741		299,612
Less: Unrecognized deferred tax assets		(3,654,425)		(2,107,132)
	$	-	$	-

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14. INCOME TAXES (CONT'D)

The Company has approximately $4,700,000 of non-capital losses available, which begin to expire through to 2040 and may be applied against future taxable income. The Company also has approximately $7,900,000 of exploration and development costs which are available for deduction against future income for tax purposes. At September 30, 2020, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

15. SUBSEQUENT EVENTS

Renegotiated convertible debentures

On November 10, 2020, the Company renegotiated the July 28, 2020 Tantalex unsecured convertible debentures outlined in Note #5.

Assignment and settlement of debt

In November, 2020, the Company entered into an Assignment of Debt agreement whereby the assignee paid $100,000 to acquire $300,000 of the convertible debenture due from Tantalex Resources Corp.

Exercised warrants

On January 18, 2021, the Company issued 2,000,000 common shares of the Company upon the exercise of 2,000,000 warrants at $0.0167.

On January 22, 2021, the Company issued 3,947,000 common shares of the Company upon the exercise of 3,947,000 warrants at $0.0167.

16. CONTINGENCY

Arizona Lithium Company Ltd. ("AZ Lithium") commenced suit against Battery Mineral Resources (United States), Inc. ("Battery Minerals") in Lemhi County, Idaho on July 17, 2017. Battery Minerals removed the action to the United States District Court for the District of Idaho on August 28, 2017. On June 11, 2018, the parties stipulated that AZ Lithium's transferee in interest, Idaho Metals Corp., and Idaho Metals Corp.'s parent company, the Company would be joined in the action. The parties also stipulated to amend Battery Mineral's name to reflect the corporate name change to North American Cobalt Inc. ("NAC"). The Company's causes of action involved the validity of certain mining claims in the Blackbird Creek Property located at Lemhi County, Idaho. In August, 2020, the Company settled the lawsuit with the plaintiff by transferring the deed to the plaintiff.