CASSIAR GOLD CORP.
(FORMERLY MARGAUX RESOURCES LTD.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019

EXPRESSED IN CANADIAN DOLLARS

(AUDITED)

Independent Auditor's Report

To the Shareholders of Cassiar Gold Corp. (formerly Margaux Resources Ltd.):

Opinion

We have audited the financial statements of Cassiar Gold Corp. (formerly Margaux Resources Ltd.) (the "Corporation"), which comprise the statements of financial position as at September 30, 2020 and September 30, 2019, and the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Corporation incurred a net loss of $2,449,549 and had negative cash flows relating to operating activities of $1,179,524 for the year ended September 30, 2020. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises 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 audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation’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 Corporation’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 Corporation 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Brad Frampton.

MNP LLP

Calgary, Alberta
January 20, 2021

Chartered Professional Accountants

CASSIAR GOLD CORP. (FORMERLY MARGAUX RESOURCES LTD.)
Statements of Financial Position

As at	September 30, 2020 $	September 30, 2019 $
ASSETS		
CURRENT		
Cash	**1,962,338**	134,130
GST receivable	**105,004**	29,243
Prepaids	**110,548**	39,100
TOTAL CURRENT ASSETS	**2,177,890**	202,473
NON-CURRENT		
PROPERTY AND EQUIPMENT (Note 5)	**98,475**	129,067
EXPLORATION AND EVALUATION ASSETS (Note 6)	**6,685,382**	2,811,892
DEPOSITS	**45,000**	50,300
TOTAL NON-CURRENT ASSETS	**6,828,857**	2,991,259
TOTAL ASSETS	**9,006,747**	3,193,732
LIABILITIES		
CURRENT		
Trade and other payables	**762,432**	195,636
Note Payable (Note 7)	**-**	217,350
Flow-through share liability	**5,059**	-
TOTAL CURRENT LIABILITIES	**767,491**	412,986
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 8)	**22,341,107**	15,299,752
CONTRIBUTED SURPLUS	**9,698,737**	8,832,033
DEFICIT	**(23,800,588)**	(21,351,039)
TOTAL SHAREHOLDERS' EQUITY	**8,239,256**	2,780,746
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,006,747**	3,193,732

GOING CONCERN (Note 2)

SUBSEQUENT EVENTS (Note 15)

Approved by the Board of Directors:

"Marco Roque" — Marco Roque. Director

"James Letwin" — James Letwin, Director

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

CASSIAR GOLD CORP. (FORMERLY MARGAUX RESOURCES LTD.)
Statements of Net Loss and Comprehensive Loss

For the years ended September 30,	**2020** **$**	2019 $
Expenses		
Operating	**70,433**	75,685
General and administrative (Note 12)	**1,557,816**	1,086,638
Share-based payments (Note 8)	**377,433**	288,069
Depreciation (Note 5)	**30,592**	40,494
Total expenses	**2,036,274**	1,490,886
Interest on note payable (Note 7)	**16,130**	7,350
Interest on trade payables	**1,861**	-
Impairment of exploration and evaluation assets (Note 6)	**555,226**	389,112
Flow-through share premium (Note 8)	**(134,242)**	(234,293)
Other income	**(25,700)**	-
Net loss and comprehensive loss	**2,449,549**	1,653,055
Weighted average number of shares	**27,543,634**	15,954,013
Basic and diluted loss per share	**$ 0.09**	$ 0.10

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

CASSIAR GOLD CORP. (FORMERLY MARGAUX RESOURCES LTD.)
Statements Changes in Shareholders' Equity

	Note	Share Capital $	Contributed Surplus $	Deficit $	Total $
Balance as at, September 30, 2018		**15,874,073**	**5,996,645**	**(19,697,984)**	**2,172,734**
Net loss and comprehensive loss		-	-	(1,653,055)	(1,653,055)
Common shares issued, net costs	8	915,703	-	-	915,703
Warrants issued	8	950,935	-	-	950,935
Warrants expired	8	(2,481,209)	2,481,209	-	-
Property option payments	8	40,250	51,914	-	92,164
Share-based payments	8	-	288,069	-	288,069
Capitalized share-based payments	8	-	14,196	-	14,196
Balance as at, September 30, 2019		**15,299,752**	**8,832,033**	**(21,351,039)**	**2,780,746**
Net loss and comprehensive loss		-	-	(2,449,549)	(2,449,549)
Common shares issued, net costs	8	41,690	-	-	41,690
Warrants issued	8	4,864,908	-	-	4,864,908
Warrants expired	8	(495,418)	495,418	-	-
Stock options exercised	8	42,227	(18,894)	-	23,333
Stock options forfeited	8	-	(26,129)	-	(26,129)
Property option payments	8	2,587,948	-	-	2,587,948
Share-based payments	8	-	403,562	-	403,562
Capitalized share-based payments	8	-	12,747	-	12,747
Balance as at, September 30, 2020		**22,341,107**	**9,698,737**	**(23,800,588)**	**8,239,256**

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

CASSIAR GOLD CORP. (FORMERLY MARGAUX RESOURCES LTD.)
Statements of Cash Flows

For the years ended September 30,	2020 $	2019 $
CASH FLOWS RELATING TO OPERATING ACTIVITIES		
Net loss and comprehensive loss	**(2,449,549)**	(1,653,055)
Items not affecting cash:		
Share-based payments (Note 8)	**377,433**	288,069
Depreciation (Note 5)	**30,592**	40,494
Impairment of exploration and evaluation assets (Note 6)	**555,226**	389,112
Interest on note payable	**16,130**	7,350
Interest on payables	**1,861**	-
Flow-through share premium (Note 8)	**(134,242)**	(234,293)
Change in non-cash working capital:		
GST receivable	**(75,761)**	15,804
Prepaids	**(71,448)**	2,593
Deposits	**5,300**	-
Trade and other payables	**564,934**	(109,629)
Net cash used in operating activities	**(1,179,524)**	(1,253,555)
CASH FLOWS RELATING TO FINANCING ACTIVITIES		
Proceeds from share and warrant issuance, net of costs (Note 8)	**5,045,900**	2,061,798
Proceeds from option exercise	**23,333**	-
Proceeds from note payable (Note 7)	**340,000**	210,000
Repayment of note payable	**(573,480)**	-
Net cash generated from financing activities	**4,835,753**	2,271,798
CASH FLOWS RELATING TO INVESTING ACTIVITIES		
Purchase of exploration and evaluation (Note 6)	**(1,828,021)**	(1,208,036)
Net cash used in investing activities	**(1,828,021)**	(1,208,036)
INCREASE (DECREASE) IN CASH FOR THE YEAR	**1,828,208**	(189,793)
CASH – BEGINNING OF YEAR	**134,130**	323,923
CASH – END OF YEAR	**1,962,338**	134,130

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

1. CORPORATE INFORMATION

Margaux Resources Ltd. was incorporated under the Alberta Business Corporations Act on August 5, 2009 and changed its name to Cassiar Gold Corp. (the "Corporation" or "Cassiar") on September 23, 2020. The Corporation currently trades on the TSX-V and the OTCQB Venture Market under the trading symbols "GLDC" and "CGLCF" respectively. The registered address of the Corporation is 15th Floor, Bankers Court, 850 – 2nd St. SW, Calgary, Alberta, T2P 0R8.

The Corporation is a mineral acquisition and exploration company focused on gold exploration within British Columbia.

On September 23, 2020, the Corporation's common shares were consolidated on a basis of one post-consolidated common share for every 5 pre-consolidated common share. The number of shares, options and warrants presented have been adjusted to reflect the impact of this share consolidation.

2. GOING CONCERN

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Corporation incurred a net loss of $2,449,549 (2019 - $1,653,055) and had negative cash flows relating to operating activities of $1,179,524 (2019 - $1,253,555) for the year ended September 30, 2020. These conditions indicate the existence of a material uncertainty which may cast significant doubt related to the Corporation's ability to continue as a going concern The continuation of the Corporation as a going concern is dependent on the ability of the Corporation to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue exploration on its exploration and evaluation assets. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, reported expenses, and balance sheet classifications that would be necessary should the Corporation be unable to continue as a going concern, and these adjustments could be material. The Corporation intends to raise the required funds through the issuance of equity, by securing strategic partners or issuing debt.

The application of the going concern concept is dependent upon the Corporation's ability to generate future profitable operations and receive continued financial support from its shareholders. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost cutting measures. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Corporation has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Corporation to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

COVID-19 Public Health Crisis

The Corporation's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures and government enforced lockdowns, along with a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other restrictions pursuant to public health orders. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Corporation cannot estimate whether or to what extent this outbreak and its financial impact may extend. Such public health crises can result in volatility and disruptions in the supply and demand for gold and other metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people. All of the foregoing may impact mineral prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Corporation of COVID-19 and related public health orders may

2. GOING CONCERN (continued)

include but are not limited to the following: potential slowdowns or temporary suspensions of operations in locations impacted by an outbreak; interruptions to supply chains and supplies upon on which the Corporation relies; restrictions that the Corporation and its contractors and subcontractors impose to ensure the safety of employees and others; increased labor costs; regulatory changes; political or economic instabilities; and civil unrest.

As of the date hereof, the British Columbia provincial government has designated businesses engaged in mineral exploration and development as an "essential service". Provided the Corporation's exploration activities continue to be so designated and the current availability of labor and supplies is not materially affected by new developments respecting COVID-19 or responses thereto, the Corporation expects that its personnel and/or consultants will be able to continue surveying and drilling activities respecting any exploration activities without significant delays or increases in cost.

The Corporation has and will continue to take measures recommended by Health Canada and applicable regulatory bodies, as appropriate. At this point, the extent to which COVID-19 will or may impact the Corporation is uncertain and these factors are beyond the Corporation's control; however, it is possible that COVID-19 may have a material adverse effect on the Corporation's business, results of operations and financial condition.

3. BASIS OF PREPARATION

(a) **Statement of compliance:** These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and the interpretations of the International Reporting Interpretations Committee ("IFRIC") in effect on October 1, 2019.

These financial statements for year ended September 30, 2020 were authorized for issue in accordance with the resolution of the Board of Directors on January 20, 2021.

(b) **Basis of measurement:** These financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments which are presented at fair value.

(c) **Functional and presentation currency:** These financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

(d) **Use of estimates and judgments:** The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the statement of financial position and the reported amounts of expenses during the year. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Adjustments are recorded in the current year as they become known.

Critical accounting estimates

Exploration and evaluation assets
The Corporation conducts impairment review of exploration and evaluation expenditures and equipment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Determining whether an asset is impaired requires an estimation on the recoverable amount.

Share-based payments
The factors affecting share-based payments include estimates of when stock options might be exercised, forfeitures and the stock price volatility. The timing for exercise of options is out of the Corporation's control and will depend, among other things, upon a variety of factors including the market value of Corporation shares, whether a non-trading restriction has been imposed by the Corporation, and financial objectives of the holders of the options. The Corporation has used historical data to determine volatility in accordance with Black-Scholes modeling, however future volatility is inherently uncertain and the model has its limitations.

3. BASIS OF PREPARATION (continued)

Critical accounting judgments

Exploration and evaluation assets
The Corporation applies significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the right to explore the specific area has or will expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management is required to perform an assessment of the recoverable amount of exploration and evaluation properties.

Provisions
Management's determination of no material restoration, rehabilitation and environmental exposure is based on the facts and circumstances that existed during the period.

CGU Determination
An impairment test requires the Corporation to determine the recoverable amount of an asset or group of assets. For non-current assets, including property and equipment and exploration and evaluation assets, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets are grouped together into a cash generating unit ("CGU") for impairment testing purposes. A CGU for impairment testing is typically considered to be an individual mine site or a development project.

The Corporation has determined that it has two CGU's based on the projects as noted in Note 6.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) **Cash**:

Cash is comprised of cash on hand and cash held with banks.

(b) **Financial instruments:**

The Corporation recognizes financial assets and financial liabilities, including derivatives, on the statements of financial position when the Corporation becomes a party to the contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are removed from the financial statements when the liability is extinguished either through settlement of, or release from, the obligation of the underlying liability.

Financial assets, financial liabilities and derivatives are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instrument's classification, as described below.

Amortized cost
A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the cash flows; and all contractual cash flows represent only principal and interest on that principal. All financial liabilities are measured at amortized cost using the effective interest method except for liabilities incurred for the purposes of selling or repurchasing in the short-term liabilities, if they are held-for trading and those that meet the definition of a derivative.

Cash, note payable and trade and other payables are classified as assets or liabilities measures at amortized cost.

Fair value through other comprehensive income ("FVTOCI")
A financial asset shall be measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest ("SPPI") on the principal amount outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value through profit or loss ("FVTPL")
All financial assets that do not meet the definition of being measured at amortized cost or FVTOCI are measured at FVTPL, this includes all derivative financial assets. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. For financial assets and liabilities, the Corporation may make an irrevocable election to designate an asset at FVTPL. If the election is made it is irrevocable, meaning that asset, liability, or group of financial instruments must be recorded at FVTPL until that asset, liability or group of financial instruments are derecognized.

Financial assets and liabilities are offset and the net amount is reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(c) **Exploration and evaluation expenditures**

Mineral property acquisition costs and exploration costs directly related to specific properties are deferred, commencing on the date that the Corporation acquires legal rights to explore a mineral property, until technical and economic feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. All other costs, including administrative overhead are expensed as incurred. Exploration and evaluation assets are not depreciated or depleted. If the properties enter the development phase, they will be reclassified from exploration and evaluation assets. At the production phase, depletion will commence using the units of production basis based upon proven reserves. If the properties are sold or abandoned, these expenditures will be written off.

Mineral interests are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the recoverable amount. Where there is evidence of impairment, the net carrying amount of the asset will be written down to its recoverable amount. If the properties enter the development phase, the exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property development assets within the property and equipment.

Actual costs incurred upon settlement of decommissioning liabilities are charged against the provision to the extent the provision was established.

(d) **Property and equipment:**

Property and equipment include computer equipment, equipment and vehicles.

Computer equipment
Computer equipment is carried at cost less accumulated depreciation. Depreciation is charged so as to write-off the cost of these assets less residual value using the declining balance method at 45% per year.

Equipment
Equipment is carried at cost less accumulated depreciation. Depreciation is charged so as to write-off the cost of these assets less residual value using the declining balance method at 20% per year.

Vehicles
Vehicles are carried at cost less accumulated depreciation. Depreciation is charged so as to write-off the cost of these assets less residual value using the declining balance method at 25% per year.

(e) **Impairment of long-lived assets:**

The Corporation assesses at each reporting date whether there are indications of impairment of the CGU it has identified. If indications of impairment exist, the Corporation estimates the asset's recoverable amount, which is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value less costs of disposal represents the value for which an asset could be sold in an arms length transaction and is presented as a function of the future cash flows of the proved and probable reserves. Value in use is estimated as the discounted present value of the future cash flows expected to arise from the continued use of the asset or CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and the impairment loss is charged to the statement of net loss and comprehensive loss.

For impairment losses recognized in prior years, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. Previously recognized impairment loss reversals are limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Impairment reversals are recognized as an impairment recovery in the statement of net loss and comprehensive loss.

(f) **Finance income:**

Interest income is recognized as it accrues in the statement of net loss and comprehensive loss, using the effective interest rate method.

(g**) Taxes:**

Tax expense comprises current and deferred tax. Tax expense 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 is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized 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. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) **Loss per share:**

Basic loss per share is calculated by dividing the profit or loss attributable to shareholders of the Corporation by the weighted average number of common shares outstanding during the year. The Corporation uses the treasury stock method to determine the dilutive effect of issued instruments such as options and warrants. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the year. These instruments are not included in the per share calculation if the effect of their inclusion is antidilutive.

(i) **Flow-through shares:**

Expenditure deductions for income tax purposes related to exploratory activities funded by flow-through equity instruments are renounced to investors in accordance with income tax legislation. The proceeds from issuance are allocated between the offering of shares and the transfer of tax deductions. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference. The liability is reversed as eligible exploration expenditures are incurred and a deferred tax liability is recognized at that time. Income tax expense is the difference between the amount of the deferred tax liability and the liability recognized on issuance.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) **Share-based payment transactions:**

The Corporation operates an equity-settled compensation plan under which it receives services from employees, directors, officers, and contractors as consideration for equity instruments of the Corporation.

The Corporation uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

When recognizing the fair value of each tranche over its respective vesting period, the Corporation incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates.

No expense is recognized for awards that do not ultimately vest, except for equity-settled awards where vesting is conditional upon a market or non-vesting condition which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. Upon the exercise of options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

(k) **Share capital:**

The Corporation records proceeds from share issuances net of share issue costs. Proceeds, and issue costs, from unit placements are allocated between shares and warrants issued according to their residual value. The fair value of the warrant is determined using the Black-Scholes option pricing model. The residual value is attributed to the value of the shares. The residual value of the share component and warrant is credited to share capital. Upon exercise of the warrant, consideration paid by the warrant holder together with the amount previously recognized is recorded as an increase to share capital. If the warrant expires unexercised, the value is reclassified to contributed surplus within equity. Warrants, issued as part of private placement units, that have their term of expiries extended, are not subsequently revalued. The Corporation may modify the terms of warrants originally granted. When modifications exist, the Corporation will maintain the original fair value of the warrant.

5. PROPERTY AND EQUIPMENT

	Computers, Equipment & Vehicles $
Cost	
Balance as at September 30, 2020, 2019 and 2018	**260,286**
Accumulated Depreciation	
Balance as at September 30, 2018	**90,725**
Charge for the year	40,494
Balance as at September 30, 2019	**131,219**
Charge for the year	30,592
Balance as at September 30, 2020	**161,811**
Net book value	
September 30, 2019	129,067
September 30, 2020	**98,475**

6. EXPLORATION AND EVALUATION ASSETS

	Cassiar Gold Project	Sheep Creek Gold District Project	Tungsten Tailings Project	Old Timer Project	Jackpot Project	Total
Balance at September 30, 2018	**$ -**	**$1,193,563**	**$192,910**	**$ -**	**$ 500,135**	**$1,886,608**
Cash option payments		160,000	-	5,000	60,000	225,000
Share option payments	-	31,500	-	3,500	5,250	40,250
Shares discount	-	17,036	6,071	-	28,807	51,914
Exploration costs	701,141	153,426	-	31,186	111,479	997,232
Impairment	-	-	(198,981)	-	(190,131)	(389,112)
Balance at September 30, 2019	**$701,141**	**$1,555,525**	**$ -**	**$ 39,686**	**$515,540**	**$2,811,892**
Cash option payments	-	50,000	-	-	-	50,000
Share option payments	2,357,100	230,848	-	-	-	2,587,948
Exploration costs	1,787,925	2,843	-	-	-	1,790,768
Impairment	-	-	-	(39,686)	(515,540)	(555,226)
Balance at September 30, 2020	**$4,846,166**	**$1,839,216**	**$ -**	**$ -**	**$ -**	**$6,685,382**

Cassiar Gold Project

On March 25, 2019, the Corporation entered into an Option Agreement with Wildsky Resources Inc. (“Wildsky”) for an option to acquire a 100% interest in the Cassiar Gold Project (“Cassiar Gold Option Agreement”) by way of an all-share agreement. In order to exercise the option, the Corporation must issue 11,640,000 common shares over 18 months. Pursuant to the Cassiar Gold option Agreements the Corporation must also undertake exploration on the Cassiar Gold property and must satisfy certain other conditions as follows:

(a) Cassiar will expend at least $400,000 on the planning, development and execution of the Cassiar 2019 work program, based on a mutually approved budget;

(b) Six months after the transfer of the Corporation’s common shares, Wildsky will have the right to appoint one member to the board of directors of Cassiar;

(c) Twelve months after the transfer of the Corporation’s common shares, Wildsky will have the right to appoint an additional person (for a total of two board members) to the board of directors of Cassiar;

(d) Twelve months after the transfer of the Corporation’s common shares, Wildsky will have the right to appoint one person to the senior management team of Cassiar, on terms and conditions to be agreed upon by Cassiar and Wildsky, acting reasonably; and,

(e) Wildsky being granted a 30% net profit interest on all minerals processed from Cassiar's tailings pond located on the Cassiar property, after capital payout of up to $500,000.

Subsequent to the year ended September 30, 2020, the Corporation satisfied all the requirements outstanding to Wildsky and the 100% interest in the Cassiar Gold Project was fully acquired by the Corporation.

Sheep Creek Gold District Project

The Sheep Creek Project consists of the Bayonne and Sheep Creek Properties (collectively the “Sheep Creek Project”).

On December 23, 2016, the Corporation entered into an option agreement with Yellowstone Resources Ltd. for the acquisition of 100% of the Bayonne and Sheep Creek properties, located in Salmo, British Columbia (the “Bayonne and Sheep Creek Option Agreement”).

6. EXPLORATION AND EVALUATION ASSETS (continued)

Under the terms of the Bayonne and Sheep Creek Option Agreement, the Corporation has the exclusive option to acquire:

- the Bayonne Property, by making payments to Yellowstone Resources Ltd. of an aggregate $194,000 cash and aggregate issuance of 110,000 shares, paid in several installments over three years.
- the Sheep Creek property by making payments to Yellowstone Resources Ltd. of an aggregate $500,000 cash and aggregate issuance of 210,000 shares, paid in several installments over five years.

Tungsten Tailings Project

During the year ended September 30, 2019, the Corporation terminated the CANEX Option Agreement. As a result, management impaired the full value of the Tungsten Tailings asset in the amount of $198,981.

Old Timer Project

During the year ended September 30, 2019, the Corporation entered into an Option Agreement with a third party to obtain the Old Timer gold property, near Salmo in southern British Columbia. Terms of the Option Agreement include staged payments totalling $50,000 and 100,000 common shares of the Corporation over a 4-year period, for the Corporation to acquire a 100% interest in the Old Timer Property. During year ended, September 30, 2020, the Corporation terminated the Old Timer Option Agreement and recognized an impairment of $39,686.

Jackpot Project (formerly Kootenay Arc Zinc Project)

The Jackpot Project consists of the Jackpot Property and formerly the Ore Hill Property and Aspenex Property (collectively the "Jackpot Project").

Jackpot Property, British Columbia

On October 24, 2016, the Corporation entered into an option agreement with a third party for the acquisition of 100% of the Jackpot/Oxide Property (the "Jackpot Property"), located in Salmo, British Columbia (the "Jackpot Option Agreement").

Under the terms of the Jackpot Option Agreement, the Corporation had the exclusive option to acquire the Jackpot/Oxide Property by making payments to the third party of an aggregate $340,000 cash and aggregate issuance of 100,000 shares, paid in several installments over 6 years.

The third party retained a 1.5% Net Smelter Return ("NSR") on the property. The Corporation had the right to, at any time, purchase up to 50% of the NSR from the third party by payment of $1,000,000.

During the year ended September 30, 2020, the Corporation terminated the Jackpot Option Agreement and recognized an impairment of $515,540.

7. NOTE PAYABLE

During the year ended September 30, 2020, the Corporation issued $340,000 (2019 - $210,000) of notes payables ("Notes"). The Notes were repaid in full including aggregate interest from inception of $23,480 during the year ended September 30, 2020.

8. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS

Authorized
Unlimited number of common shares.

The common shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

8. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

Common shares

	Number of common shares	Share capital
Balance at September 30, 2018	12,343,640	**$12,897,443**
Shares issued (a)(c)(e)(f) (g)(h)	6,093,031	2,137,822
Share option payments (b)(d)(e)	130,000	40,250
Share issue costs		(76,024)
Warrant allocation		(950,935)
Flow through share discount		(195,160)
Balance at September 30, 2019	**18,566,671**	**$13,853,396**
Shares issued (j)(l)(m)(n)	14,201,032	5,365,995
Share option payments (i)(k)(o)	7,339,151	2,587,948
Option Exercise	46,666	42,227
Share issue costs		(320,095)
Warrant allocation		(4,864,908)
Flow through share discount		(139,302)
Balance at September 30, 2020	**40,153,520**	**$16,525,261**

Warrants

	Number of warrants	Share capital
Balance at September 30, 2018	**2,813,725**	**$2,976,630**
Warrants issued (a)(c)(f)(g)(h)	5,267,118	950,935
Warrants expired	(2,235,966)	(2,481,209)
Balance at September 30, 2019	**5,844,877**	**$1,446,356**
Warrants issued (j)(l)(m)(n)	14,201,032	4,864,908
Warrants expired	(577,760)	(495,418)
Balance at September 30, 2020	**19,468,149**	**$5,815,846**

Total share capital at September 30, 2019	$15,299,752
Total share capital at September 30, 2020	**$22,341,107**

(a) On October 16, 2018, the Corporation closed on a non-brokered private placement of 1,406,620 units of the Corporation at a purchase price of $0.40 per unit and 475,913 common shares issued on a "CEE flow-through" basis at a purchase price of $0.50 per unit for total proceeds of $800,605. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.75 per warrant for a period of two years from October 16, 2018 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds $1.00 per share.

(b) On December 1, 2018, the Corporation issued 30,000 common shares valued at a market price of $0.20 per common share as per the Jackpot/Oxide Property option agreement.

(c) On December 4, 2018, the Corporation closed on a non-brokered private placement of 710,000 units of the Corporation at a purchase price of $0.40 per unit and 50,000 common shares issued on a "CEE flow-through" basis at a purchase price of $0.50 per unit for total proceeds of $309,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.75 per warrant for a period of two years from December 4, 2018 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds $1.00 per share.

8. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

The warrants issued on October 16, 2018 and December 5, 2018 vest immediately. A fair value of $184,807 has been attributed to the warrants based on the Black-Scholes option pricing model on the date of grant and using the following assumptions:

Risk-free rate	1.91% – 2.33%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	101% - 108%
Weighted-average fair value	$0.01 - $0.02
Expected Life	2 years

(d) On February 6, 2019, the Corporation issued 90,000 common shares valued at a market price of $0.35 per common share as per the Bayonne and Sheep Creek Property option agreement signed on December 23, 2016.

(e) On February 6, 2019, the Corporation issued 10,000 common shares valued at a market price of $0.35 per common shares as per the Old Timer option agreement.

(f) On April 15, 2019, the Corporation closed on a non-brokered private placement of 475,000 units of the Corporation at a purchase price of $0.40 per unit and 600,000 flow-through units at a purchase price of $0.50 per unit for total proceeds of $490,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each flow-through unit consists of one common share issued on a "CEE flow-through" basis and one-half of one common share purchase warrant. Each whole warrant will be exercisable by the holder at a price of $0.60 per warrant for a period of two years from April 15, 2019 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds $1.00 per share.

Warrants vest immediately. A fair value of $157,852 has been attributed to the warrants based on the Black-Scholes pricing model on the date of grant and using the following assumptions:

Risk-free rate	1.51%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	138%
Weighted-average fair value	$0.04
Expected Life	2 years

(g) On May 30, 2019, the Corporation closed on a non-brokered private placement of 329,069 units of the Corporation at a purchase price of $0.35 per unit and 75,000 flow-through units at a purchase price of $0.40 per unit for total proceeds of $145,174. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each flow-through unit consists of one common share issued on a "CEE flow-through" basis and one common share purchase warrant. Each whole warrant will be exercisable by the holder at a price of $0.60 per warrant for a period of two years from May 30, 2019 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds $1.00 per share.

Warrants vest immediately. A fair value of $76,346 has been attributed to the warrants issued based on the Black-Scholes option pricing model on the date of grant and using the following assumptions:

Risk-free rate	1.53%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	141%
Weighted-average fair value	$0.04
Expected Life	2 years

8. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

(h) On July 9, 2019, the Corporation closed on a non-brokered private placement of 1,571,429 units of the Corporation at a purchase price of $0.35 per unit and 400,000 flow-through units at a purchase price of $0.40 per unit for total proceeds of $710,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each flow-through unit consists of one common share issued on a “CEE flow-through” basis and one common shares purchase warrant. Each whole warrant will be exercisable by the holder at a price of $0.60 per warrant for a period of two years from July 9, 2019 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds $1.00 per share.

Warrants vest immediately. A fair value of $531,928 has been attributed to the warrants based on the Black-Scholes option pricing model on the date of grant and using the following assumptions:

Risk-free rate	1.55%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	155%
Weighted-average fair value	$0.05
Expected Life	2 years

(i) On November 13, 2019, the Corporation issued an aggregate of 3,492,000 common shares of the Corporation valued at a market close price of $0.35 per share satisfying the first and second tranches issuable under the Cassiar Option Agreement.

(j) On December 20, 2019, the Corporation closed on a non-brokered private placement of 111,111 units of the Corporation at a purchase price of $0.45 per unit and 1,082,000 flow-through units at a purchase price of $0.50 per unit for total proceeds of $591,000. Each unit consists of one common share of the Corporation and one common share purchase warrant of the Corporation. Each flow-through unit consists of one Common Share issued on a "CEE flow-through" basis and one flow-through purchase warrant. Each common share purchase warrant will entitle the holder to acquire one Common Share at an exercise price of $0.75 and each flow-through purchase warrant will entitle the holder to acquire one Warrant Share at an exercise price of $0.85 per Warrant Share for a period of two years from December 20, 2019, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSXV exceeds $1.25 per Common Share.

Warrants vest immediately. A fair value of $247,911 has been attributed to the warrants based on the Black-Scholes option pricing model on the date of grant using the following assumptions:

Risk-free rate	1.67%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	167%
Weighted-average fair value	$0.21
Expected Life	2 years

(k) On March 25, 2020, the Corporation issued an aggregate of 3,492,000 common shares of the Corporation valued at a market close price of $0.325 per share satisfying the third tranche issuable under the Cassiar Option Agreement.

(l) On April 27, 2020, the Corporation closed on a non-brokered private placement of 714,300 units of the Corporation at a purchase price of $0.35 per unit for aggregate proceeds of $250,005. Each unit consists of one common share of the Corporation and one common share purchase warrant of the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.60 per warrant for a period of two years from April 27, 2020, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSXV exceeds $1.00 per Common Share.

8. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

Warrants vest immediately. A fair value of $178,009 has been attributed to the warrants based on the Black-Scholes option pricing model on the date of grant using the following assumptions:

Risk-free rate	0.32%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	172%
Weighted-average fair value	$0.25
Expected Life	2 years

(m) On May 19, 2020, the Corporation closed on a non-brokered private placement of 71,400 units of the Corporation at a purchase price of $0.35 per unit for aggregate proceeds of $24,990. Each unit consists of one common share and one common share of the Corporation and one common share purchase warrant of the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.60 per warrant for a period of two years from May 19, 2020, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSXV exceeds $1.00 per Common Share.

Warrants vest immediately. A fair value of $17,809 has been attributed to the based on the Black-Scholes option pricing model on the date of grant using the following assumptions:

Risk-free rate	0.30%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	172%
Weighted-average fair value	$0.25
Expected Life	2 years

(n) On July 10, 2020, the Corporation closed on a non-brokered private placement of 9,999,999 units of the Corporation at a purchase price of $0.35 per unit and 2,222,222 flow-through units at a purchase price of $0.45 per unit for total proceeds of $4,500,000. Each unit consists of one common share of the Corporation and one common share purchase warrant of the Corporation. Each flow-through unit consists of one Common Share issued on a "CEE flow-through" basis and one flow-through purchase warrant. Each common share purchase warrant will entitle the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of $0.60 per Warrant Share and each flow-through Warrant will entitle the holder to acquire one Warrant Share at an exercise price of $0.70 per Warrant Share for a period of two years from July 10, 2020, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSXV exceeds $1.00 per Common Share.

Warrants vest immediately. A fair value of $4,421,179 has been attributed to the warrants based on the Black-Scholes option pricing model on the date of grant using the following assumptions:

Risk-free rate	0.26%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	174%
Weighted-average fair value	$0.42
Expected Life	2 years

(o) On July 31, 2020, the Corporation issued an aggregate of 355,151 common shares of the Corporation valued at a market price of $0.65 per common share as per the Bayonne and Sheep Creek Property option agreement.

8. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

Flow-through shares

During the year ended September 30, 2020, the Corporation raised $1,541,000 (2019 - $752,957) on a CEE flow-through share basis and was required to incur a net total of $1,541,000 (2019 - $752,957) of qualifying expenditures to renounce the tax deductions to investors. The Corporation still needs to incur an additional $64,185 to meet its flow through share commitment. A flow-through share premium liability of $5,059 was recognized as the Corporation has not met its flow-through share commitment by incurring sufficient qualifying expenditures as at September 30, 2020. The accumulated flow-through share premium of $134,242 (2019 - $243,293) was recognized during the year. Subsequent to the year ended September 30, 2020, the remaining qualifying expenditures were incurred.

Stock option plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

All options expire in five years and vest one-third immediately and one-third on the first and second anniversaries on the grant date respectively.

A summary of the Corporation's stock option plan activity is as follows:

	Number of Options	Weighted Average Exercise Price
Exercisable as at September 30, 2018	756,998	**$1.15**
Outstanding at September 30, 2018	1,148,667	**$1.20**
Issued	795,000	$0.50
Forfeited	(131,667)	$1.20
Expired	(160,000)	$0.50
Exercisable as at September 30, 2019	1,032,665	**$1.15**
Outstanding at September 30, 2019	1,652,000	**$0.95**
Issued	1,180,000	$0.75
Forfeited	(70,000)	$0.57
Expired/Cancelled	(313,333)	$1.28
Exercised	(46,666)	$0.50
Exercisable as at September 30, 2020	**1,393,657**	**$0.91**
Outstanding at September 30, 2020	**2,402,001**	**$0.82**

At September 30, 2020, the weighted-average life of the options outstanding was 3.9 years (2019 – 3.8 years).

8. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS (continued)

The fair value of options is estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

	2020	2019
Risk-free interest rate	**0.40%**	**1.34%**
Expected stock price volatility*	**169%**	**167%**
Expected life	**5 years**	**5 years**
Expected dividend yield	**-**	**-**
Fair value per option granted	**$0.63**	**$0.40**
Forfeiture rate	**12%**	**0%**

*Volatility is calculated using historical share price data.

Total share-based payments of $390,180 for the year ended September 30, 2020 (2019 – $302,265) was recognized based on the estimated fair value of the options on the grant date using the Black-Scholes option pricing model. Of the total share-based payments, $12,747 (2019 - $14,196) were capitalized to E&E. The Corporation also recognized a recovery of $26,129 (2019 - $42,414) in share-based payments expense due to forfeited options during the year.

9. CAPITAL DISCLOSURES

The Corporation considers its capital to include shareholders' equity and note payable. The objectives of the Corporation are to attain a strong financial position from which the Corporation will be able to exhibit continued growth and obtain access to capital. The Corporation has no externally imposed restrictions.

The Corporation manages its capital structure and adjusts in light of changes in economic conditions and risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Corporation may from time to time, issue shares, obtain debt financing, or adjust capital spending.

10. FAIR VALUE

IFRS 13, Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of cash, trade and other payables and note payable approximate their fair values due to their short terms to maturity.

11. FINANCIAL INSTRUMENTS

The Corporation is exposed to financial risks from normal course business exposures, as well as from the Corporation's use of financial instruments. These risk factors include market risk, liquidity risk, and credit risk.

(a) **Market risk**
Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The market price movements that could adversely affect the value of the Corporation's financial assets, liabilities and expected future cash flows include commodity price risk, interest rate risk and foreign exchange risk.

11. FINANCIAL INSTRUMENTS (continued)

(i) Commodity price risk
The Corporation may employ the use of various financial instruments in the future to manage price exposure; the Corporation is not currently using any such instruments. The Corporation currently has not obtained any hedging instruments.

(ii) Interest rate risk
Interest rate risk is the risk of exposure to changes in market interest rates affecting future cash flows. The Corporation is not exposed to significant interest rate risk as the Corporation's note payable had a fixed rate of interest and was settled during the year.

(iii) Foreign exchange risk
Foreign currency risk arises from fluctuations in foreign exchanges rates and the degree of volatility of these rates relative to the Canadian dollar. The Corporation is not exposed to significant foreign exchange risk given it has no financial instruments denominated in a foreign currency.

(b) **Liquidity risk**
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation may need to obtain additional sources of cash resources to execute future exploration programs and believes that it has access to sufficient capital through potential external equity sources to meet projected expenditures.

(c) **Credit risk**
Credit risk is the risk that a customer or counter party will fail to perform an obligation or fail to pay amounts due causing a financial loss. The Corporation's credit risk is primarily attributable to cash and is subject to normal credit risks. Credit risk associated with cash is minimal as the Corporation deposits its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency.

12. GENERAL AND ADMINISTRATIVE

General and administrative details for the year ended September 30:

		2020		2019
Consulting	**$**	**910,303**	$	655,067
Travel and Meals		**52,745**		54,958
Office and Administrative		**32,952**		25,445
Marketing		**339,583**		149,961
Professional Fees		**222,233**		201,207
Total	**$**	**1,557,816**	$	1,086,638

13. RELATED PARTY TRANSACTIONS

All related party transactions are in the normal course of operations and initially recorded at fair value.

As at September 30, 2020, the Corporation had an amount of $92,861 (2019 - $nil) due to directors and officers included in trade and other payables.

During the year ended September 30, 2020, the Corporation received $250,000 from a director of the Corporation through the issuance of a note payable. The note carried interest of 6% per annum calculated monthly. During the year ended, September 30, 2020, the note plus accrued interest of $3,200 was repaid.

During the year ended September 30, 2020, the Corporation paid $124,350 (2019 - $142,500) to an officer for compensation as Vice President Exploration of the Corporation. Costs associated with exploration costs of $25,673 (2019 - $8,236) was paid to an officer of the Corporation. The total amounts have been capitalized to the mineral property as exploration cost.

An aggregate of $157,500 (2019 - $82,500) in consulting fees was paid to a company owned by an officer of the Corporation for compensation as CFO.

13. RELATED PARTY TRANSACTIONS (continued)

An aggregate of $297,500 (2019 - $242,500) in consulting fees were paid to a company owned by an officer of the Corporation for compensation as CEO and President from October 1, 2019 to June 30, 2020 and President from July 1, 2020 to September 30, 2020 of the Corporation. Costs associated with various administrative support costs of $2,401 (2019 - $1,049) was also reimbursed to an officer of the Corporation and was recorded in general and administrative expenses on the statement of net loss and comprehensive loss.

An aggregate of $54,000 (2019 – nil) in consulting fees were paid to a company owned by a director and officer of the Corporation for compensation as CEO from July 1, 2020 to September 30, 2020 of the Corporation. Costs associated with various administrative support costs of $5,111 (2019 - $nil) was also reimbursed to a director and officer of the Corporation and was recorded in general and administrative expenses on the statement of net loss and comprehensive loss.

Compensation of key management personnel
The remuneration of directors and other members of key management personnel during the year were as follows:

	September 30, 2020	September 30, 2019
	$	$
Consulting	**633,350**	467,500
Share-based payments	**377,433**	288,069
Capitalized share-based payments	**12,747**	14,196
Total	**1,023,530**	769,765

14. INCOME TAXES

The actual income tax provision for 2020 and 2019 differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates of 25.25% (2019 – 26.25%) to the loss before income taxes as show below. The statutory tax rate decreased from 26% to 25% effective January 1, 2020 due to a decrease in the Alberta provincial tax rate.

	September 30,	
	2020	2019
Computed "expected" tax	**(618,561)**	(432,441)
Increase (decrease) resulting from:		
Share-based payments	**95,310**	75,624
Non-deductible expenses	**35,906**	69,802
Flow-through share renunciation	**354,430**	196,181
Rate change	**43,463**	652,680
Share issuance costs	**(73,622)**	(17,486)
Change in deferred tax asset not being recognized	**163,074**	(544,360)
	$ -	$ -

Details of the unrecognized deductible temporary differences are as follows:

	September 30,	
	2020	2019
Exploration and evaluation assets	**4,662,383**	5,785,922
Share issue costs	**455,640**	355,907
Non-capital losses	**12,154,970**	10,422,145
Unrecognized deductible temporary differences	**$17,272,993**	$16,563,974

At this stage of the Corporation's development, it cannot be reasonably estimated that there will be future taxable profits, accordingly there were no deferred income tax assets recognized.

14. INCOME TAXES (continued)

As at September 30, 2020, the Corporation has Canadian federal and provincial non-capital losses carried forward of $12,154,970 (2019 - $10,437,726). These Canadian losses expire between 2031 and 2041:

2031	$7,723
2032	$504,260
2033	$1,320,335
2034	$727,704
2035	$949,445
2036	$858,210
2037	$1,220,464
2038	$2,766,595
2039	$1,005,280
2040	$1,062,130
2041	$1,732,824

15. SUBSEQUENT EVENTS

On October 1, 2020, the Corporation issued an aggregate of 4,656,000 common shares Corporation valued at a market close price of $0.70 per share of the Corporation satisfying the fourth and last tranche issuable under the Cassiar Option Agreement.

On October 9, 2020, the Corporation fully acquired 100% interest of the Cassiar Gold Project pursuant to the Cassiar Option Agreement. An aggregate total of 11,640,000 Common Shares were issued to Wildsky as per the Cassiar Option Agreement.

On October 30, 2020, the Corporation closed on a non-brokered private placement of 3,252,867 units of the Corporation at a purchase price of $0.60 per unit, 3,775,715 flow-through units at a purchase price of $0.70 per unit, and 2,508,333 charitable flow-through units a purchase price of $0.82 per unit, for total proceeds of $6,650,000. Each unit consists of one common share of the Corporation and one-half of one common share purchase warrant of the Corporation. Each flow-through unit and charitable flow-through unit consists of one Common Share issued on a "CEE flow-through" basis and one-half of one flow-through purchase warrant. Each whole warrant will entitle the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of $0.90 per Warrant Share for a period of two years from October 30, 2020.

On November 2, 2020, the Corporation also changed its ticker on the OTCQB to CGLCF.

On January 1, 2021, Tyler Rice resigned as President of the Corporation and Marco Roque took over as CEO and President.