OPTIMUM VENTURES LTD.

Condensed Interim Consolidated Financial Statements

September 30, 2019

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these interim financial statements.

Optimum Ventures Ltd.
Condensed Interim Consolidated Statements of Financial Position
September 30, 2019 and June 30, 2019
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	September 30, 2019	June 30, 2019
ASSETS			
Current assets			
Cash		$ 156,777	$ 182,779
Deposits		12,000	10,000
Receivables		5,170	2,128
		173,947	194,907
Non-current assets			
Exploration and evaluation assets	5	421,805	417,812
		421,805	417,812
		$ 595,752	$ 612,719
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	$ 120,562	$ 41,456
		120,562	41,456
EQUITY			
Share capital	7	686,500	686,500
Contributed surplus	9	143,000	-
Deficit		(354,310)	(115,237)
		475,190	571,263
		$ 595,752	$ 612,719

Corporate Information – Note 1
Going Concern – Note 2
Commitments – Notes 5 and 7
Initial Public Offering – Note 11

Approved on behalf of the Board on November 12, 2019:

"Andrew Bowering"
Andrew Bowering, CEO and Director

"Edward Kruchkowski"
Edward Kruchkowski, CFO and Director

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

Optimum Ventures Ltd.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended September 30, 2019 and 2018
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	2019	2018
Expenses			
Accounting and audit		$ 2,500	$ -
Listing expenses		90,032	-
Management fees	6	2,500	-
Office and miscellaneous		41	160
Rent	6	1,000	-
Share-based payments	6, 9	143,000	-
Net loss and comprehensive loss		$ (239,073)	$ (160)
Loss per share – basic and diluted		$ (0.01)	$ (0.00)
Weighted average number of shares outstanding		17,650,000	14,500,000

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

Optimum Ventures Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended September 30, 2019 and 2018
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of shares	Amount	Contributed surplus	Subscriptions receivable	Deficit	Total
Balance at June 30, 2019	17,650,000	$ 686,500	$ -	$ -	$ (115,237)	$ 571,263
Share-based payments	-	-	143,000	-	-	143,000
Net loss and comprehensive loss	-	-	-	-	(239,073)	(239,073)
Balance at September 30, 2019	17,650,000	$ 686,500	$ 143,000	$ -	$ (354,310)	$ 475,190

	Number of shares	Amount	Contributed surplus	Subscriptions receivable	Deficit	Total
Balance at June 30, 2018	14,500,000	$ 529,000	$ -	$ (276,000)	$ (24,588)	$ 228,412
Net loss and comprehensive loss	-	-	-	-	(160)	(160)
Balance at September 30, 2018	14,500,000	$ 529,000	$ -	$ (276,000)	$ (24,748)	$ 228,252

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

Optimum Ventures Ltd.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended September 30, 2019 and 2018
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	2019	2018
Operating Activities		
Net loss	$ (239,073)	$ (160)
Adjustment for non-cash item:		
Share-based payments	143,000	-
Changes in non-cash working capital balances:		
Deposits	(2,000)	(10,000)
Receivables	(3,042)	285
Accounts payable and accrued liabilities	79,106	(29,548)
	(22,009)	(39,423)
Investing Activity		
Expenditures on exploration and evaluation assets	(3,993)	(828)
	(3,993)	(828)
Change in cash	(26,002)	(40,251)
Cash, beginning	182,779	44,759
Cash, ending	$ 156,777	$ 4,508

Supplemental Information

Interest paid	$ -	$ -
Income tax paid	$ -	$ -

1. Corporate Information

Optimum Ventures Ltd. (the "Company") was incorporated on November 23, 2017 under the laws of the Province of British Columbia, Canada. The Company's principal business activity is the acquisition, exploration and evaluation of mineral properties. The Company has the option to earn a 100% interest in the Riverside/Mineral Basin property located in the State of Alaska, USA.

On February 8, 2019, the Company incorporated a 100% owned Alaskan subsidiary, Hyder Ventures Ltd., to carry out its business activities in the State of Alaska.

The Company is planning an initial public offering of its common shares and intends to list its common shares for trading on the TSX Venture Exchange.

The Company's head office and principal business address is 611 8th Street, PO Box 211, Stewart, British Columbia, V0T 1W0.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") IAS 34 "Interim Financial Reporting".

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2019 and for the period from November 23, 2017 (date of incorporation) to June 30, 2018.

These condensed interim consolidated financial statements were authorized for issue on November 12, 2019 by the directors of the Company.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared using the historical cost basis except for financial instruments that have been measured at fair value.

The condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency and presentation currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. Basis of Preparation (cont'd)

Going Concern

At September 30, 2019, the Company has not generated revenue from operations, has an accumulated deficit of $354,310 and expects to incur further losses in the exploration and development of its mineral properties. These condensed interim consolidated financial statements have been prepared 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. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company's ability to obtain adequate financing to develop the reserves, and its ability to generate revenues and cash flows from profitable operations in the future. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The Company is planning an Initial Public Offering ("IPO") of its common shares as disclosed in Note 13, which it believes will provide sufficient funds to sustain planned operations for the next twelve months. The junior mining industry is considered speculative in nature which could make the Company more difficult to fund. There is no assurance that the Company will be able complete the IPO.

These condensed interim 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 as a going concern.

Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its controlled entity. All inter-company balances and transactions have been eliminated on consolidation. Details of its controlled entity are as follows:

Name of subsidiary	Country of Incorporation	Percentage ownership	Functional Currency
Hyder Ventures Ltd.	USA	100%	CAD

3. Significant Accounting Policies

These condensed interim consolidated financial statements have, in management's opinion, been properly and consistently prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or at a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

3. Significant Accounting Policies (cont'd)

Exploration and Evaluation Assets

Pre-exploration Costs

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

Exploration and Evaluation Expenditures

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

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

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

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

3. Significant Accounting Policies (cont'd)

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At September 30, 2019 and June 30, 2019, the Company did not have any rehabilitation provisions.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

3. Significant Accounting Policies (cont'd)

Financial Instruments

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment of Financial Assets

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

3. Significant Accounting Policies (cont'd)

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

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

Share Capital

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

Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

Loss per Share

Basic loss per share is computed by dividing the net loss applicable to the common shares by the weighted average number of common shares outstanding for the period.

Diluted loss per share is computed by dividing the net loss applicable to the common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. When losses are incurred, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

3. Significant Accounting Policies (cont'd)

Share-Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. Significant Accounting Policies (cont'd)

Recent Accounting Pronouncements

There was no impact on the Company's consolidated financial statements from the following new standards adopted effective July 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued and replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC-31 –Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five–step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

There was no impact on the Company's consolidated financial statements from the following new standards adopted effective July 1, 2019:

IFRS 2 – Shared-Based Payments

In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

IFRS 16 – Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

4. Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Rehabilitation Provisions

Rehabilitation provisions have been determined to be $Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Share-Based Payments

The Company uses the Black Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Valuation of Deferred Tax Assets

The Company makes a determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

5. Exploration and Evaluation Assets

Riverside

By an option assignment agreement dated December 8, 2017, the Company has the right to acquire a 100% interest in the Riverside claims which consist of 8 patented mineral claims located in the Hyder Mining District, in the State of Alaska, USA. Consideration to acquire the 100% interest is as follows:

Cash Payments:

- US$10,000 on execution of the agreement (paid);
- a further US$20,000 on or before September 22, 2018 (paid);
- a further US$30,000 on or before September 22, 2019 (paid);
- a further US$40,000 on or before September 22, 2020; and
- a further US$50,000 on or before September 22, 2021.

Cumulative Exploration Expenditures:

- US$10,000 on or before September 22, 2018 (incurred);
- a further US$30,000 on or before September 22, 2019 (incurred);
- a further US$40,000 on or before September 22, 2020; and
- a further US$50,000 on or before September 22, 2021.

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the following year's commitment.

At any time after September 22, 2018 but before September 22, 2022, the Company may purchase the Riverside claims outright for US$500,000 provided that all the cash payments and exploration expenditures set out above have been made to the latest anniversary date.

The Riverside claims are subject to a 2% net smelter returns royalty. The Company has the right, at any time, to purchase one-half of the royalty for US$500,000.

5. Exploration and Evaluation Assets (cont'd)

Mineral Basin

By an option assignment agreement dated December 8, 2017, the Company has the right to acquire up to a 100% interest in the Mineral Basin claims which consist of 4 federally located mineral claims located in the Hyder Mining District, in the State of Alaska, USA. Consideration to acquire an initial 51% the interest is as follows:

Cash Payments:

- US$10,000 on execution of the agreement (paid);
- a further US$20,000 on or before September 25, 2018 (paid);
- a further US$20,000 on or before September 25, 2019 (paid);
- a further US$20,000 on or before September 25, 2020;
- a further US$20,000 on or before September 25, 2021; and
- a further US$200,000 on or before September 25, 2022.

Cumulative Exploration Expenditures:

- US$30,000 on or before September 25, 2018 (incurred);
- a further US$50,000 on or before September 25, 2019 (incurred);
- a further US$70,000 on or before September 25, 2020;
- a further US$100,000 on or before September 25, 2021; and
- a further US$200,000 on or before September 25, 2022.

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the following year's commitment.

Upon earning a 51% interest in the Mineral Basin claims, the Company has the right to purchase the remaining 49% interest for US$500,000 at any time on or before September 25, 2023.

The Mineral Basin claims are subject to a 2% net smelter returns royalty. The Company has the right, at any time, to purchase one-half of the royalty for US$500,000.

(Stated in Canadian Dollars)

5. Exploration and Evaluation Assets (cont'd)

Acquisition, exploration and evaluation costs incurred on the Riverside and Mineral Basin claims were as follows:

	Riverside	Mineral Basin	Total
As at June 30, 2018	$ 173,903	$ 53,454	$ 227,357
Property acquisition costs	40,671	27,995	68,666
Deferred exploration costs - assays	2,425	2,425	4,850
Deferred exploration costs - equipment rental	16,500	16,500	33,000
Deferred exploration costs - geological	28,400	28,400	56,800
Deferred exploration costs - labour	5,102	5,103	10,205
Deferred exploration costs - supervision	5,750	5,750	11,500
Deferred exploration costs - travel and field	2,717	2,717	5,434
	101,565	88,890	190,455
As at June 30, 2019	$ 275,468	$ 142,344	$ 417,812
Deferred exploration costs - geological	975	975	1,950
Deferred exploration costs - travel and field	1,021	1,022	2,043
	1,996	1,997	3,993
As at September 30, 2019	$ 277,464	$ 144,341	$ 421,805

(Stated in Canadian Dollars)

6. Related Party Transactions

The Company incurred the following charges by directors of the Company and by companies with directors in common with the Company during the three months ended September 30, 2019 and 2018:

	2019	2018
Management fees	$ 2,500	$ -
Rent	1,000	-
Share-based payments	130,000	-
	$ 133,500	$ -

Key management personnel consist of the officers and directors of the Company. During the three months ended September 30, 2019 and 2018, the Company incurred the following key management compensation charges:

	2019	2018
Management fees	$ 2,500	$ -
Share-based payments	130,000	-
	$ 132,500	$ -

At September 30, 2019, accounts payable and accrued liabilities include $3,675 (June 30, 2019: $Nil) due to companies with directors in common with the Company for management fees and office rent.

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

7. Share Capital

Authorized:

Unlimited common shares without par value

Issued:

At September 30, 2019 and June 30, 2019, there were 17,650,000 issued and outstanding common shares.

Issued During the Period from November 23, 2017 (date of incorporation) to June 30, 2018:

On December 1, 2017, the Company issued 4,000,000 common shares at $0.001 per share pursuant to share subscription agreements received. At June 30, 2018, $4,000 was included in share subscriptions receivable and was subsequently received.

On June 25, 2018, the Company issued 10,500,000 common shares at $0.05 per share pursuant to share subscription agreements received. At June 30, 2018, the Company had received $253,000 with respect to these subscriptions and $272,000 was included in share subscriptions receivable and was subsequently received.

Issued During the Year Ended June 30, 2019:

On March 29, 2019, the Company issued 3,150,000 common shares at $0.05 per share pursuant to share subscription agreements received for proceeds of $157,500.

No finders' fees were paid or share issue costs incurred with respect to these share issuances.

Escrow:

Pursuant to an escrow agreement dated September 27, 2019, the principals of the Company have agreed to deposit 11,000,000 common shares in escrow. Under the terms of the escrow agreement, 10% of the escrowed securities will be released from escrow on listing of the Company's common shares for trading on the TSX Venture Exchange and an additional 15% will be released from escrow on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the listing date.

8. Financial Instruments and Risk Management

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

The Company's financial instruments consist of cash and accounts payable. Cash is classified as FVTPL and accounts payable are classified as financial liabilities at amortized cost.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable are all current and due within 90 days of the balance sheet date.

Currency Risk

The Company's functional currency is the Canadian dollar. The exploration of the Company's mineral properties is partially conducted in United States dollars, which may impact operating results and cash flows by changes in the Canadian dollar vis-à-vis the United States dollar. The Company does not engage in any hedging activities to reduce its foreign currency risk.

(Stated in Canadian Dollars)

9. Share-based Payments

Stock Options:

The Company's stock option plan was approved by the Company's board of directors on June 1, 2019. Pursuant to the stock option plan, the board of directors may grant to directors, officers, employees and consultants incentive stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Stock options will be exercisable for a period of up to 10 years from the date of grant. Under the stock option plan, options are required to have an exercise price not less than the closing market price of the Company's common shares prevailing on the day that the option is granted less any applicable discount permitted by the policies of the TSX Venture Exchange.

Stock Options Granted During the Three Months Ended September 30, 2019:

On July 15, 2019, the Company granted 1,100,000 stock options to directors and consultants of the Company entitling the holders thereof the right to purchase one common share for each option held at $0.15 for a period of ten years from the date of listing of the Company's common shares on the TSX Venture Exchange.

The weighted average grant date fair value of options granted during the three months ended September 30, 2019 was $143,000. Fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Share price	$ 0.15
Expected life of options	10 years
Annualized volatility	100%
Risk-free interest rate	2.50%
Dividend rate	0%
Forfeiture rate	0%

At September 30, 2019, the weighted average remaining contractual life of the outstanding options is 10 years.

10. Segmented Information

The Company operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral properties in the State of Alaska, USA.

11. Initial Public Offering

On July 24, 2018, the Company entered into an agreement with Mackie Research Capital Corporation (the "agent") to complete an initial public offering ("IPO") for the issuance of 4,000,000 common shares at $0.15 per share for gross proceeds of $600,000. The Company granted the agent an over-allotment option to increase the size of the IPO by up to 15% for 30 days from the closing of the IPO.

The Company will pay the agent a cash commission of 10% of the gross proceeds of the IPO and will issue the agent that number of broker warrants which is equal to 10% of the number of common shares sold in the IPO. The broker warrants are exercisable into common shares at $0.15 per share for up to 24 months from the date of closing of the IPO.

The Company will pay the agent a corporate finance fee of $30,000 (of which $15,000 has been paid and is non-refundable). The Company will also pay the agent's administration fees related to the offering and reimburse the agent for legal expenses. The Company paid the agent $10,000 as a deposit against these administrative costs.

On October 1, 2019, the Company received a receipt of its IPO prospectus dated September 27, 2019 from the British Columbia, Alberta and Ontario Securities Commissions. The Company has 90 days from October 1, 2019 to close the IPO.