BLACKROCK GOLD CORP.

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended July 31, 2019, and 2018

(Unaudited & expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

BLACKROCK GOLD CORP.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

		July 31, 2019		October 31,2018
Assets				
Current assets				
Cash	**$**	181,876	$	210,029
Amounts receivable		8,124		34,445
Prepaid expenses and deposits		134,761		171,426
		324,761		415,900
Non-current assets				
Exploration and evaluation assets (Note 3)		938,629		711,471
Total assets	**$**	**1,263,390**	$	1,127,371
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	**$**	76,453	$	29,352
Loans payable (Note 6)		-		110,681
Due to related parties (Note 6)		170,732		45,264
		247,185		185,297
Shareholders' Equity				
Share capital (Note 5)		5,027,572		4,401,972
Reserves (Note 5)		702,764		565,505
Deficit		(4,714,131)		(4,025,403)
		1,016,205		942,074
Total Liabilities and shareholders' equity	**$**	**1,263,390**	$	1,127,371

Nature of Operations and Going Concern (Note 1)
Commitments (Note 8)
Subsequent Events (Note 9)

Approved by the Directors:

"Alan Carter"
Alan Carter, Director

"Tony Wood"
Tony Wood, Director

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three-month Period Ended July 31,		Nine-month Period Ended July 31,	
	2019	2018	2019	2018
Operating expenses				
Accounting and audit	$ **150**	$ 2,238	$ **13,562**	2,238
Bank charges	**865**	897	**2,486**	1,554
Consulting fees (Note 6)	**15,400**	100,369	**116,683**	136,077
Foreign exchange loss (gain)	**2,126**	3,784	**1,173**	20,916
Insurance	**194**	8,167	**4,070**	11,667
Interest expense (Note 6)	**-**	2,043	**5,080**	7,898
Management fees (Note 6)	**65,104**	56,103	**123,476**	120,395
Marketing and communications	**23,878**	44,254	**67,792**	136,736
Legal fees	**33,616**	34,120	**80,023**	42,089
Office expense	**3,617**	1,991	**9,171**	9,449
Regulatory and filing fees	**7,836**	5,735	**20,573**	13,475
Rent	**(1,417)**	3,794	**6,766**	3,794
Share-based compensation	**139,839**	216,220	**139,839**	230,640
Travel	**3,223**	22,871	**23,525**	24,640
Wages	**15,055**	33,486	**74,508**	70,527
Net and Comprehensive Loss for the year	$ **309,486**	$ 536,072	$ **688,727**	831,521
Basic and Diluted Loss per share	$ **(0.00)**	$ (0.01)	$ **(0.01)**	(0.03)
Weighted average number of shares outstanding, Basic and diluted	**43,972,738**	36,969,692	**45,901,214**	29,775,961

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Nine Months Ended July 31,	
	2019	2018
Cash provided by (used for):		
Operating activities		
Net loss for the period	**$ (688,727)**	$ (831,521)
Adjustment for items not involving cash:		
Interest accrued on loans payable	**2,181**	-
Share-based payments	**139,839**	230,640
	(546,706)	(600,881)
Changes in non-cash operating capital:		
Amounts receivable	**26,321**	(14,790)
Prepaid expenses	**36,665**	(59,440)
Accounts payable and accrued liabilities	**2,894**	(9,905)
Due to related parties	**78,275**	(40,353)
Cash used in operating activities	**(402,552)**	(725,368)
Investing activity		
Increase to exploration and evaluation assets	**(206,878)**	(482,063)
Financing activities		
Proceeds from loans	**33,298**	21,060
Repayment of loans	**(21,463)**	-
Issuance of common shares, net	**602,740**	1,346,777
	581,277	1,367,837
Increase (decrease) in cash	**(28,153)**	160,406
Cash, beginning of the year	**210,029**	91,814
Cash, end of the year	**$ 181,876**	$ 252,220

The accompanying notes are an integral part of these financial statements

BLACKROCK GOLD CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited - Expressed in Canadian dollars)

	Number of shares		Share capital		Reserves		Deficit		Total Equity
Balance at October 31, 2017	22,442,518	$	2,647,428	$	264,769	$	(2,877,362)	$	34,836
Private placement	12,960,000		1,269,800		-		-		1,269,800
Shares for debt settlement	1,600,000		112,000		-		-		112,000
Share issuance costs	-		(47,623)		-		-		(47,623)
Share-based payments	-		12,600		230,640		-		243,240
Net loss for the period	-		-		-		(831,521)		(831,521)
Balance at July 31, 2018	37,002,518	$	3,994,205	$	495,409	$	(3,708,882)	$	780,732
Balance at October 31, 2018	42,992,518	$	4,401,972	$	565,505	$	(4,025,404)	$	942,073
Private placement	6,000,000		600,000		-		-		600,000
Share issuance costs	-		(4,760)		-		-		(4,760)
Shares for property	150,000		16,500		-		-		16,500
Share-based compensation	-		-		139,839		-		139,839
Share options exercised	100,000		13,860		(6,360)		-		7,500
Net loss for the period	-		-		-		(688,727)		(688,727)
Balance at July 31, 2019	49,242,518	$	5,027,572	$	702,764	$	(4,714,131)	$	1,016,205

The accompanying notes are an integral part of these financial statements

1) NATURE OF OPERATIONS AND GOING CONCERN

Blackrock Gold Corp. ("our", "Blackrock" or the "Company") was incorporated on April 16, 1999 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition, exploration and development of mineral properties located in Canada and the United States. Effective July 27, 2016, the Company changed its name from Almo Capital Corp. to Blackrock Gold Corp. The Company's shares began trading on the TSX Venture Exchange ("TSX-V") under the symbol "BRC.V" on July 27, 2016 and also trade on the OTCQB under the symbol "BKRRF".

The head office registered address (principal address) is 1056-409 Granville Street, Vancouver, V6E 1T2. and records office of the Company is located at 7120 144 Street Surrey, BC V3W 5S2.

These condensed consolidated interim financial statements (the "financial statements") have been prepared assuming the Company will continue on a going-concern basis, or that it will continue to realize its assets and meet its obligations in the normal course of business. The Company has incurred losses since inception and has an accumulated operating deficit of $4,714,131 at July 31, 2019 (July 31, 2018 - $ 3,708,882). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate equity and/or debt financing to fund its exploration and administrative expenses. To date, the Company has not earned operating revenue.

The Company is uncertain that it can raise capital to meet its obligations, fund operations, or advance its mineral projects, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the statement of financial position. These conditions indicate the existence of material uncertainties that cast significant doubt that the Company will be able to continue on a going concern basis. Failure to pay creditors and raise capital will cause the Company to curtail operations and the Company's ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time. These financial statements contain no adjustments which would become necessary should the Company become unable to continue as a going concern.

Management plans to continue to pursue equity and debt financing to support operations. These plans may be adversely impacted by factors including uncertain market conditions and commodity prices. There can be no assurance that management's plan will be successful.

The recovery of the amounts comprising exploration and evaluation assets are dependent upon the ability of the Company to obtain necessary financing to successfully complete the development of those assets and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

2) SIGNIFICANT ACCOUNTING POLICIES

These financial statements were authorized for issue on September 30, 2019 by the directors of the Company.

<u>Statement of compliance to International Financial Reporting Standards</u>

These Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2) SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of presentation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale or fair value through profit or loss that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on April 30, 2019, the Company’s interim reporting date.

Certain amounts in the prior period have been reclassified to conform to the current period presentation.

These financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended October 31, 2018. These financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended October 31, 2018.

Accounting estimates and judgments
The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

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

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The critical accounting judgment is the determination that the Company has the ability to continue as a going concern for the next year. Other accounting estimates and judgements include functional currency determination, recoverability of exploration and evaluation costs, impairment of mining interest, valuation of securities-based payments, and future income tax assets or liabilities.

(Expressed in Canadian dollars)

2) SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of consolidation:
The financial statements of the Company include the following subsidiary:

Name of subsidiary	Place of incorporation	Percentage ownership
Blackrock Gold Corp.	*USA*	100%

The Company's subsidiary, Blackrock Gold Corp,. was incorporated on May 9, 2018. The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies.

All intercompany transactions and balances are eliminated on consolidation.

Cash and cash equivalents
Cash and cash equivalents consist of balances on deposit and investments in highly liquid short-term deposits which are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in fair value. The Company had no cash equivalents at April 30, 2019 and April 30, 2018.

Recent Accounting Pronouncements
The Company has reviewed new and revised accounting pronouncements that have been issued. The Company has not adopted any standards that are not in effect and is currently evaluating the impact, if any, that these standards not yet in effect might have on its financial statements. Those that may be applicable to the Company are as follows:

Standard	Title	Applicable for financial years beginning on/after	Effective
IFRS 9	Financial instruments	January 1, 2018	Yes
IFRS 16	Leases	January 1. 2019	No

Under IFRS 9, financial assets are required to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. IFRS 9 provides a three-stage expected credit loss model for calculating impairment for financial assets. Expected credit losses are required to be recognized when financial instruments are initially recognized, and the amount of expected credit losses recognized are required to be updated at each reporting date to reflect changes in the credit risk of the financial instruments. On initial recognition, IFRS 9 requires financial liabilities to be classified as subsequently measured at amortized cost except for when one of the specified exceptions applies. There has been no change in the carrying value of the Company's financial instruments or to previously reported figures as a result of the adoption of IFRS 9.

Under IFRS 16, virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, leased assets ("right-of-use" assets) and the related lease liability will be required to be recognized on the statement of financial position.

(Expressed in Canadian dollars)

3) EXPLORATION AND EVALUATION ASSETS

Title Disclaimer

As at July 31, 2019, all of the Company's exploration and evaluation assets are located in British Columbia, Canada and Nevada, United States. Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to its mineral properties and, to the best of its knowledge; its properties are in good standing.

Silver Cloud Project

On October 27, 2017, the Company entered into a Lease Agreement (the "Lease") with Pescio Exploration, LLC ("Pescio" or the "Lessor") with respect to 552 unpatented lode mining claims situated in Elko County, Nevada, and known as the Silver Cloud Project (the "Property"). The Lease affords Blackrock all rights and privileges incidental to ownership, including rights to explore, develop, and mine the Property. The term of the Lease is 10 years from October 27, 2017, and so long thereafter as: a) exploration and/or development is taking place on the Property; and/or b) the Property is held by Blackrock or its successors and assigns, unless earlier terminated in accordance with the terms of the Lease. In June 2019, the Company completed negotiations to amend the lease terms and conditions with the underlying owner. The new lease provides for lower up-front payments, a reduction of the NSR through a buyout, and a purchase option for the Silver Cloud Project.

According to the original Lease, to acquire and maintain the Lease in good standing, Blackrock:

(a) reimbursed the Lessor US$92,308 for the 2017 Bureau of Land Management ("BLM") fee;
(b) paid US$100,000 and issued 1,000,000 common shares of the Company to the Lessor at a price of $0.13 per share;
(c) paid US$100,000 in lease payments to the Lessor for year 1;
(d) must perform a minimum total of 15,000 feet of drilling on the Property during the first 3 years of the term of the Lease;
(e) must drill an additional 90,000 feet from years four to nine and 20,000 feet each subsequent year;
(f) must pay all BLM permit costs. The Company paid BLM fees of US$92,544 in 2018. The next BLM payment in the amount of US$92,544 is due on or before July 15, 2019; and
(g) must make additional payments to the Lessor of US$100,000 in year 2, US$150,000 in year 3, US$200,000 in year 4, US$250,000 in year 5, US$500,000 in year 6, US$750,000 in year 7 and US$1,500,000 per year starting in year 8. The next lease payment in the amount of US$100,000 is due on or before October 27, 2019.

In the Original Lease, the Company would pay a royalty of 3.5% of the gross value of production (the "Gross Royalty") on the sale of minerals from the Property. All annual payments made by the Company and described above will be credited cumulatively against the Company's commitments pursuant to the Gross Royalty. Furthermore, the Company has an option to buy down the Gross Royalty by 1.5% to 2.0% by payment to the Lessor of US$3,000,000 at its sole discretion and at any time on or before October 28, 2022.

NEVADA – Silver Cloud		October 31, 2018		Net Additions		July 31, 2019
Acquisition	$	661,898	$	150,981	$	812,879
Geology and Consulting		49,573		76,177		125,750
TOTAL	$	711,471	$	227,158	$	938,629

3) EXPLORATION AND EVALUATION ASSETS - CONTINUED

On June 3, 2019, the Company announced that it negotiated an Amended Lease Agreement with Pescio with respect to the Silver Cloud project. The amendments are as follows:

(i) Blackrock has negotiated a Buyout Option to purchase 100% ownership in the Silver Cloud project subject to a 3.5% production royalty in favor of Pescio. Pescio has granted to Blackrock the sole and exclusive option to purchase and own 100% of the Silver Cloud property for a total purchase price of three million five hundred thousand ($3,500,000.USD) on or before Oct 27, 2023. If Blackrock elects to exercise their option to purchase the Silver Cloud project after October 27, 2023, and while the lease remains in good standing and effect, they can do so at any point thereafter for five million ($5,000,000USD). If the option is exercised, the only future payment obligation to the Owner will be the future royalty payments as per the Agreement, though exploration drilling commitment, or "drilling escape payment" remains in effect for duration of lease term.

(ii) The payment schedule table contained in the original agreement was amended as follows:

   i. 2nd Anniversary of the Effective Date October 27, 2019, decreased from $100,000 to $75,000;
   ii. 3rd Anniversary of the Effective Date October 27, 2020, decreased from $150,000 to $100,000;
   iii. 4th Anniversary of the Effective Date October 27, 2021, decreased from $200,000 to $150,000;
   iv. 5th Anniversary of the Effective Date October 27, 2022, decreased from $250,000 to $200,000;

(iii) The time period to conduct the "Minimum Drilling Commitment" has been modified, where the Company now must perform a total of a minimum 25,000 feet of drilling on the property by October 27, 2022. Minimum drilling threshold must be achieved, otherwise Blackrock is subject to a non-drilling penalty of $50 per foot of undrilled footage.

(iv) The work/drilling commitment is now revised as follows: Sixth year: 10,000'; Seventh: 20,000'; Eighth: 20,000'; and Ninth and each subsequent Lease Year: 20,000'.

(v) Royalty Percentage Subject to Buy-Down. The Royalty Percentage of 3.5% as a whole, is made subject to a buy-down option (the "Royalty Buy-Down") representing one percent (1%) of the gross value in favor of Lessee or any assignee thereof, for a total sum of three million dollars ($3,000,000) cash exercisable by Lessee, in its sole discretion, at any time within 5 years of the Effective Date.

(vi) The cash minimum payments will not be credited cumulatively against Lessee's royalty payment obligations.

<u>DD Property</u>

By an agreement dated April 30, 2003 (amended August 25, 2003 and September 5, 2003) the Company acquired a 50.01% interest (subject to a 3% Net Smelter Returns (“NSR”) royalty) in 17 mineral claims located in the Cariboo Mining Division, for consideration of $1.01 in cash and by incurring exploration expenditures totaling $200,000 (incurred). By an agreement dated July 29, 2015, the Company acquired the remaining 49.99% interest in the DD property claims. Pursuant to this agreement, the pre-existing 3% NSR royalty was terminated. During the year ended October 31, 2017, the Company wrote off costs totalling $115,870 related to this project as management had no plans to complete any additional work on the property. The claims were allowed to lapse in 2018.

(Expressed in Canadian dollars)

3) EXPLORATION AND EVALUATION ASSETS - CONTINUED

Moore Property

By an agreement dated September 10, 2004, the Company had an option to acquire a 100% interest in 34 mineral claims located in the Kamloops Mining Division. In order to earn its 100% interest in this property, the Company paid $5,000 and incurred $50,000 in exploration expenditures. During the year ended October 31, 2017, the Company wrote off costs totalling $877,171 related to this project as management had no plans to complete any additional work on the property. These claims will be allowed to lapse as they come due between 2019 and 2021.

4) LOANS PAYABLE

Loans payable at July 31, 2019 and October 31, 2018 is comprised of the following:

		July 31, 2019		October 31, 2018
Related parties:				
Principal (i, iii, iv, v)	$	114,219	$	105,478
Interest		10,513		10,628
Foreign exchange loss (gain)		697		-
Repayment (vi)		-		(26,888)
		125,429		89,218
Arms-length:				
Principal (ii, iv, v)		19,983		19,983
Interest		2,689		1,480
Repayment		(22,672)		-
		-		21,463
Total	$	-	$	110,681

(i) On November 10 and 14, 2017, the Company entered into loan agreements with two current directors of the Company to borrow a total of $81,364 for a period of one year. Of this amount, $40,308 was a non-interest-bearing advance on October 31, 2017, that was converted into a loan (see Note 7). As further consideration for advancing the loans, the Company issued a total of 1,162,273 bonus warrants to the directors exercisable at a price of $0.07 per share for a period of 12 months (none of those bonus warrants were exercised and these warrants have since expired). These loans were extended for an additional six-month term expiring on May 10 and 14, 2019. The number of bonus warrants to be issued with respect to the extension agreements has not yet been determined.

(ii) On November 27, 2017, the Company entered into a loan agreement with an arms-length party to borrow $19,983 for a period of one year. As further consideration for advancing the loan, the Company issued 285,714 bonus warrants to the lender exercisable at a price of $0.07 per share for a period of 12 months. None of these bonus warrants were exercised and these warrants have since expired. This loan, including principal and all accrued interest, was repaid in full on June 18, 2019.

(iii) On January 31, 2019, the Company entered into a loan agreement with a current director of the Company to borrow USD$25,000 for a period of one year. The number of bonus warrants to be issued with respect to this loan agreement has not yet been determined and the bonus warrants have not been issued.

(iv) These loans are unsecured and bear interest at 8% per annum with interest accruing and payable at maturity. Principal and all accrued and unpaid interest is payable in full on maturity or upon demand after six months and can be prepaid in full or in part at any time without penalty. Overdue principal and accrued interest bear interest at 8% per annum.

4) LOANS PAYABLE - CONTINUED

(v) Loan agreements that include bonus warrants are considered to be a compound financial instrument with the liability and equity component being classified separately in the consolidated statements of financial position on the date of issuance. The fair value of the liability component is determined first, with the residual value, if any, being allocated to the equity component. At the time of issuance, the fair value of the liability component was determined not to be materially different from the loan proceeds. Accordingly, no amount has been allocated to the equity component.

(vi) The principal balance of $24,114 and interest of $2,774 was repaid during the year.

See Notes 6 and 7.

5) SHARE CAPITAL AND RESERVES

a) Authorized

The authorized share capital of the Company consists of unlimited common shares without par value. Refer to the Consolidated Statements of Changes in Shareholders' Equity for a summary of changes in share capital and reserves for the period ended July 31, 2019. Reserves relate to stock options and warrants that have been issued by the Company

b) Issued

(i) On June 17, 2019, the Company closed the non-brokered private placement (the "**Private Placement**") of 6,000,000 units (the "**Units**") at a price of $0.10 per unit, for gross proceeds of $600,000. Each Unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of $0.16 per share, until June 17, 2022. Finder fees of 7% were paid on a portion of the Private Placement to PI Financial Corp. ($ 3,360) and Haywood Securities Inc. ($1,400).

(ii) On July 11, 2019, the Company issued 150,000 common shares as part of its acquisition of 20 mining claims directly adjacent to its Silver Cloud project on the Northern Nevada Rift in Elko County, Nevada.

(iii) On July 25, 2019, the Company issued 100,000 common shares for gross proceeds of $7,500 when 100,000 share options were exercised.

5) SHARE CAPITAL AND RESERVES - CONTINUED

During the Nine Months ended July 31, 2018, the Company issued the following common shares:

(i) On February 2, 2018, the Company issued 200,000 share options to an officer of the Company exercisable for a period of five years at an exercise price of $0.08 per common share.

(ii) On November 10, 14 and 27, 2017, the Company entered into loan agreements with two current directors and an unrelated third party to borrow a total of $101,350 for a period of one year at a rate of 8% per annum. In addition, the parties have been issued 1,447,987 share purchase warrants exercisable at a price of $0.07 per common share until the one-year anniversary date of the loans. The Company received regulatory approval on February 8, 2018.

(iii) On March 15, 2018, The Company has issued 12,960,000 (the "Units") at a price of $0.10 per Unit for gross proceeds of $1,296,000. Each Unit is comprised of one common share and one half of one share purchase warrant. Each full warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $0.20 until March 14, 2020. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.40 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice. Finder fees of 7% were paid to PI Financial Corp. ($9,450) and Haywood Securities ($1,750). The following insiders of the Company acquired an aggregate of 5,970,000 Units: Deepak Malhotra (250,000 Units), Alan Carter (250,000 Units), and Gregory Schifrin (190,000 Units).

(iv) On March 22, 2018, the Company received final acceptance from the TSX Venture Exchange for the Silver Cloud project in Elko County, Nevada. Pursuant to the terms of the lease agreement with Pescio Exploration LLC (Pescio), the Company paid US$100,000 to Pescio and issued 1,000,000 shares of common stock of the Company to Pescio. The Company had also agreed to pay a finder's fee to David Sidder of Bermuda 600,000 shares which will be payable over a three-year period, with the first 200,000 shares issued upon Exchange acceptance of the transaction and now issued. The rest of the share issuance has been waived.

(v) On May 7, 2018, the Company announced that it granted 1,900,000 incentive stock options to the Directors, Officers and consultant of the Company. The options, may be exercised at a price of $0.12 per share for a term of 5 years.

(Expressed in Canadian dollars)

5) SHARE CAPITAL AND RESERVES - CONTINUED

c) Share purchase options

The Company adopted an incentive stock option plan ("the Plan") which provides that the number of shares issuable under the plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan may have a maximum term of 10 years. The exercise price of options granted under the Plan may not be less than the discounted market price of the shares on grant date, or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange.

The continuity of share purchase options for the nine-months ended July 31, 2019 and July 31, 2018 is as follows:

	2019		2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Balance, beginning of the period	3,450,000	0.09	990,000	0.09
Granted	2,190,000	0.07	2,100,00	0.12
Exercised	(100,000)	0.075	(140,000)	0.09
Cancelled and Expired	(1,000,000)	0.11	(200,000)	0.08
Outstanding and Exercisable, end of the period	4,640,000	0.08	2,750,000	0.10

The options have a weighted average life of 3.48 years (July 31, 2018 – 4.07 years).

Expiry Date	Number of Options	Exercise Price
		$
November 10, 2019	1,000,000	0.05
August 25, 2021	300,000	0.09
January 31, 2023	200,000	0.08
May 2, 2023	550,000	0.12
October 30, 2023	300,000	0.05
May 14, 2024	750,000	0.05
May 21, 2024	500,000	0.05
May 28, 2024	240,000	0.055
June 19, 2024	700,000	0.10

(i) These options were issued to the former CEO of the Company's subsidiary with an expiry date of October 29, 2023. Due to his unexpected death, the expiry date was accelerated to November 10, 2019.

The fair value of the share-based payments expense for the quarters ended April 30, 2019 and 2018 would have been determined by the Black-Scholes option pricing model, but no stock options were granted in these periods.

(Expressed in Canadian dollars)

5) SHARE CAPITAL - CONTINUED

d) Warrants

The continuity of warrants for the nine months ended July 31, 2019 and July 31, 2018 is as follows:

	2019		2018	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
		$		$
Balance, beginning of the period	9,405,000	0.15	16,363,664	0.15
Issued	50,000	0.20	7,927,987	0.18
Issued	3,000,000	0.16		
			(4,412,000)	0.15
Outstanding, end of the period	12,455,000	0.17	19,879,651	0.16

The warrants have a weighted average life of 0.81 (2018 – 0.76) years.

Expiry Date	Number of Warrants	Exercise Price
		$
June 17, 2022	3,000,000	0.16
March 14, 2020 (ii)	6,405,000	0.20
October 23, 2020 (iii)	3,000,000	0.10
July 11, 2022	50,000	0.20

(i) If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of $0.30 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the warrants by giving written notice to warrant holders that the warrants will expire 30 days from the date of providing such notice.

(ii) As for (i) except $0.40 per share.

(iii) As for (i) except $0.20 per share.

6) RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and management represents that they have occurred on a basis consistent with those involving unrelated parties, and accordingly that they are measured at fair value. As at April 30, 2019, the Company owed $82,213 (October 31, 2018 - $41,732) to related parties as follows (excluding loans payable – see Note 5):

(i) $10,179 (2018 - $nil) to the former President of a subsidiary of the Company for salary;
(ii) $45,303 (2018 - $nil) to the Former CEO of the Company for management fees;
(iii) $nil (2018 - $20,866) to a former consultant of the Company for management fees;
(iv) $nil (2018 - $20,866) to a company controlled by a former CFO of the Company;
(v) $3,000 (2018 - $nil) to a company that controls more than 10% of the shares of the Company for the services of the CFO;
(vi) $1,837 (2018 - $nil) to a company controlled by a director of the Company for expense reimbursement.
(vii) $38,087 (2018 - $nil) to a company controlled by a director for management fees; and
(viii) $25,000 (2018 - $nil) to a company controlled by the CEO for management fees.

During the nine months ended April 30, 2019, the Company incurred interest expense of $4,213 (July 31, 2018 – $5,848) on loans payable to directors of the Company. The Company issued 1,162,273 bonus warrants in respect of these loans during the year ended October 31, 2018 (see Note 5).

Key Management Compensation

During the nine months ended July 31, 2019, the Company paid or accrued compensation to key management, or companies controlled by them, totalling $124,318 (Nine months ended July 31, 2018 - $120,395). Of this amount $45,303 (Nine months ended July 31, 2018 - $61,301) was for consulting fees to the former CEO of the Company, $25,000 (Nine months ended July 31, 2018 - $Nil) was for management fees to the CEO of the Company, $38,087 (Nine months ended July 31, 2018 - $Nil) to a company controlled by a director for management fees, $10,719 (Nine months ended July 31, 2018 - $Nil) to a former President of the Company's subsidiary, $3,000 (Nine months ended July 31, 2018 - $nil) was for paid for the services of the CFO and $2,750 (Nine months ended July 31, 2018 - $Nil) to the current CFO.

During the nine months ended July 31, 2019, $25,023 (Nine months ended July 31, 2018 - $nil) was paid for project related exploration (a soil sampling program) to a company controlled by the CEO of the Company.

During the nine months ended July 31, 2019, $139,839 (Nine months ended April 30, 2018 - $230,640) in share-based compensation was issued in respect of officers and directors of the Company

(Expressed in Canadian dollars)

6) RELATED PARTY TRANSACTIONS

Loans Payable

Loans payable at July 31, 2019, and October 31, 2018, is comprised of the following:

		July 31, 2019		October 31, 2018
Related parties:				
Principal (i, iii, iv, v)	$	114,219	$	105,478
Interest		10,513		10,628
Foreign exchange loss		697		
Repayment (vi)		-		(26,888)
		125,429		89,218
Arms-length:				
Principal (ii, iv, v)		19,983		19,983
Interest		2,689		1,480
Repayment		(22,672)		-
		-		21,463
Total	$	125,429	$	110,681

(i) On November 10 and 14, 2017, the Company entered into loan agreements with two current directors of the Company to borrow a total of $81,364 for a period of one year. Of this amount, $40,308 was a non-interest-bearing advance at October 31, 2017 that was converted into a loan (see Note 7). As further consideration for advancing the loans, the Company issued a total of 1,162,273 bonus warrants to the directors exercisable at a price of $0.07 per share for a period of 12 months (none of those bonus warrants were exercised and these warrants have since expired). These loans were extended for an additional six-month term expiring on May 10 and 14, 2019. The number of bonus warrants to be issued with respect to the extension agreements has not yet been determined.

(ii) On November 27, 2017, the Company entered into a loan agreement with an arms-length party to borrow $19,983 for a period of one year. As further consideration for advancing the loan, the Company issued 285,714 bonus warrants to the lender exercisable at a price of $0.07 per share for a period of 12 months. None of these bonus warrants were exercised and these warrants have since expired. The loan, including the principal and accrued interest, was repaid in full on June 18, 2019.

(iii) On January 31, 2019, the Company entered into a loan agreement with a current director of the Company to borrow USD$25,000 for a period of one year. The number of bonus warrants to be issued with respect to this loan agreement has not yet been determined and the bonus warrants have not been issued.

(iv) These loans are unsecured and bear interest at 8% per annum with interest accruing and payable at maturity. Principal and all accrued and unpaid interest is payable in full on maturity or upon demand after six months and can be prepaid in full or in part at any time without penalty. Overdue principal and accrued interest bear interest at 8% per annum.

(v) Loan agreements that include bonus warrants are considered to be a compound financial instrument with the liability and equity component being classified separately in the consolidated statements of financial position on the date of issuance. The fair value of the liability component is determined first, with the residual value, if any, being allocated to the equity component. At the time of issuance, the fair value of the liability component was determined not to be materially different from the loan proceeds. Accordingly, no amount has been allocated to the equity component.

(vi) The principal balance of $24,114 and interest of $2,774 was repaid during the year.

7) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Financial Instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

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.

Cash is measured using Level 1. The Company does not have any financial instruments that are measured using Level 2 or Level 3 inputs. During the year, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

The Company's financial instruments are exposed to certain financial risks, including the following:

Financial Risk Factors

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada. As most of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit, quality financial institutions as determined by rating agencies.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. Liquidity requirements are managed based on expected cash flows to try to ensure that there is sufficient capital in order to meet short-term obligations. As at April 30, 2019, the Company had cash of $17,880 to settle current liabilities of $287,204. The Company does not have enough cash or working capital to satisfy its current liabilities and is subject to significant liquidity risk. Additional capital must be raised to fund the operations and overhead of the Company.

Foreign currency risk

The Company's functional currency is the Canadian dollar; however, there are expenses, assets, and liabilities in US dollars. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. Management believes that interest rate risk is remote as cash deposits are payable on demand and the Company currently does not carry interest bearing debt at floating rates

8) COMMITMENTS

Commitments related to the Silver Cloud project are disclosed in Note 3. The Company has no other commitments that extend more than 12 months into the future.

9) SUBSEQUENT EVENTS

The following transactions occurred subsequent to the quarter-end:

i. On September 6, 2019, the Company closed a non-brokered private placement previously announced on August 13, 2019. The Company increased the maximum size of its previously announced non-brokered private placement and issued a total of 6,380,125 units of the Company (“Units”) at a price of $0.16 per Unit for gross proceeds of $1,020,820 (the “Private Placement”). Each Unit consisted of one common share of the Company (“Common Share”) and one-half of one Common Share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder to acquire one Common Share at an exercise price of $0.25 until September 6, 2022. The Company has agreed to pay a commission of up to 6% in cash, in respect of a portion of the Private Placement. Subject to regulatory approval, the Company paid finder’s fees of $6,355 in cash.

ii. On September 10, 2019, the Company received $85,000 from the exercise of 562,500 previously issued warrants. The Company also announces the grant of stock options under its Stock Option Plan to purchase an aggregate of 1,575,000 common shares of the Company at an exercise price of C$0.31 per share for a five-year term expiring September 9, 2024. The stock options were granted to directors and officers of the Company.