ALIANZA MINERALS LTD.

(Formerly Tarsis Resources Ltd.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Alianza Minerals Ltd. (formerly Tarsis Resources Ltd.) ("Alianza" or the "Company") and has been prepared based on information known to management as of January 26, 2018.

The MD&A is intended to complement and supplement the Company's consolidated financial statements, but it does not form part of those consolidated financial statements. The MD&A should be read in conjunction with the audited consolidated financial statements and the related notes for the years ended September 30, 2017, 2016 and 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included in those financial statements and/or this MD&A are quoted in Canadian dollars unless otherwise specified.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future results. Consequently, certain statements contained in this MD&A constitute expressed or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

Forward looking statements that have been made in this MD&A include:

- Plans for exploration of the Company's exploration and evaluation assets;
- Impairment of long-lived assets;
- Plans or activities to be performed by optionee companies on the Company's exploration and evaluation assets;
- The progress, potential and uncertainties of the Company's exploration and evaluation assets in Nevada, Peru and Yukon Canada.
- References to future commodity prices;
- Budgets or estimates with respect to future activities;
- Estimates of how long the Company expects its working capital to last;
- Expectations regarding the ability to raise capital and to continue its exploration and development plans on its properties; and
- Management expectations of future activities and results.

ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.SEDAR.com and/or on the Company's website at www.alianzaminerals.com.

SUMMARY AND OUTLOOK

Alianza is a prospect generator focused on the Americas, particularly the Cordilleran regions that characterize western North and South America. As a prospect generator, the goal of Alianza is to acquire mineral exploration and evaluation assets (Mineral Properties) on attractive terms, add value through early stage exploration and then vend or option some or all of a value-added Mineral Property to a third party explorer for further advancement.

The Company may receive cash or share consideration at the time of the option agreement or during the term of the option agreement. In addition, the Company normally retains an ownership interest in the Mineral Property and a royalty on potential future production.

The environment for junior resource companies has been challenging for many months and it is anticipated that recovery of the sector may take many more months. We evaluate our projects on a regular basis using criteria that include political environment, relative cost of exploration, seasonality and type of mineral. As a result of our review, we may from time to time add or drop the Mineral Properties.

The Company believes that it has positioned itself well as a prospect generator due to the following:

- Broad base of projects in Peru, Nevada and Yukon;
- Flexibility to acquire new projects in the Americas as opportunities arise;
- Management team proficient at leveraging early stage exploration with junior and major company partners; and
- Tight share structure backed by several strategic shareholder groups.

On March 6, 2017, the Company completed a non-brokered private placement by issuing 5,000,000 units ("Unit") at a price of $0.125 per Unit for gross proceeds of $625,000. Each Unit consists of one common share and a half non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share for a 3 year period at a price of $0.20. In connection with the financing, the Company paid $21,700 as a cash finder's fee and issued 173,600 finder's warrants, each of which is exercisable into one Unit at a price of $0.125 for a period of 18 months. Each finder's warrant consists of one common share and one half non-transferable warrant exercisable for a 3 year period at a price of $0.20.

On August 16, 2017, the Company completed a non-brokered private placement by issuing 1,785,715 units ("Unit") at a price of $0.14 per Unit for gross proceeds of $250,000. Each Unit consists of one common share and a half non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share for a 3 year period at a price of $0.20. In connection with the financing, the Company paid $3,654 as a cash finder's fee and issued 26,100 finder's warrants, each of which is exercisable into one common share at a price of $0.14 for a period of 3 years.

During the year ended September 30, 2017, the Company issued common shares pursuant to the exercise of 221,875 finder's warrants for cash proceeds of $22,188.

The gross proceeds of the financings are used for the Company's working capital, general corporate expenses and to undertake further early stage exploration in certain Nevada and Peru properties, and for generating new projects.

For the 2017 fiscal year, the Company has continued to monitor its cash very closely and is focusing on key objectives to improve shareholder value. The Company intends to raise more funds either through exploration partnership agreements or with additional private placements in fiscal 2018.

Additional Mineral Property information, including 2017 activity, can be found in Section 3 and more detailed Mineral Property information can be found on the Company's website at www.alianzaminerals.com.

Management's overall expectations for the Company are positive, due in part to the following factors:

- The Company is focusing its exploration on gold, silver and copper due to management's expectation of increasing gold, silver and copper prices;
- The Company is working towards negotiating additional ventures on its existing portfolio of properties; and
- Management continues its efforts to build the project portfolio through grassroots generative initiatives as well as project acquisitions.

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ALIANZA Minerals Ltd

1. Background

Alianza was incorporated in Alberta, Canada, on October 21, 2005 under the *Business Corporations Act of Alberta*.

On April 29, 2015, the Company completed a court-approved plan of arrangement with Estrella Gold Corporation ("Estrella"), effected a consolidation of its issued share capital on a ten old shares for one new share basis, changed its name to "Alianza Minerals Ltd." and began trading under the symbol "ANZ" on the TSX Venture Exchange ("TSXV"). Historical information on the formation of the Company can be found on the Company's website www.alianzaminerals.com or on SEDAR at www.sedar.com.

2. Overview

2(a) Company Mission and Focus

As a prospect generator, the Company's goal is to identify, acquire and explore properties with gold, silver and copper mineralization. The Company focuses on the Americas, particularly the Cordilleran regions that characterize western North and South America, with properties in Nevada USA, Peru and Yukon Canada.

The goal is to acquire and/or generate good mineral prospects, add value to those prospects through preliminary exploration efforts, and then either vend them to 3rd parties or option them to partners who will fund further exploration in order to earn a partial interest in the prospects. An acquisition of a prospect can be the outright purchase of a property or it can be as a result of generative exploration efforts. Generative exploration consists largely of prospecting, target reconnaissance and the staking of claims that the Company's geological team considers viable targets to meet the Company's prospect generator exploration criteria.

The Company's key indicators of success are: (1) Acquisition of properties with potential merit for exploration, option and partner agreements, (2) Exploration or definition of properties such that they are more attractive to potential exploration partners and (3) Exploration partner/option agreements.

2(b) Qualified Person

Jason Weber, BSc., P.Geo is the Qualified Person as defined under National Instrument 43-101 responsible for the technical disclosure in this document. Mr. Weber is the President and Chief Executive Officer of Alianza.

Mr. Weber prepared the technical information contained in this MD&A.

2(c) Description of Metal Markets

Gold and silver prices have remained above their long term averages, albeit with high levels of volatility. Market interest in gold exploration is currently stronger than for base metals.

Market interest in exploration for copper, zinc and lead is increasing. The Company will continue to monitor its resources relative to its opportunities during the fiscal year.

2(d) Use of the terms "Mineral Resources" and "Mineral Reserves"

Any reference in this MD&A to Mineral Resources does not mean Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

3. Mineral Properties

The Company has properties in Nevada USA, Peru and Yukon Canada. The following is a brief description of the Mineral Properties owned by the Company.

3(a) USA

In January 2015, the Company acquired these properties in Nevada USA from Sandstorm Gold Ltd. ("Sandstorm") and granted a net smelter returns royalty to Sandstorm ranging from 0.5% to 1.0% while the underlying owners retain NSRs ranging from Nil to 3%. The Company also granted Sandstorm a right of first refusal on any future metal streaming agreements on these properties.

- Horsethief
- East Walker
- Bellview
- Ashby

An extensive data set provided to the Company documents the evaluation, geological work, permitting and drilling that has been carried out on these properties by previous owners such as Bridgeport Gold Inc. and Fronteer Development Group Inc. The following section describes each property and summarizes exploration results to date:

i. *Horsethief*

The Horsethief property consists of 30 claims located in Lincoln County, northeast of Pioche. The exploration target on this property is Carlin style gold mineralization.

Work by prior operators included mapping and sampling hematite-rich jasperoid breccia outcrops followed by shallow drilling. Historic drilling, generally 100 metres or less in depth, reportedly returned multiple intervals of gold mineralization including **13.7 metres averaging 1.2 g/t gold and 39.6 metres averaging 0.79 g/t gold** with four holes terminating in mineralization. Gold mineralization was hosted in both silty limestone and jasperoid.

On May 3, 2017, the Company announced that it acquired new ground, by staking an additional 33 BLM lode mining claims at the Horsethief property. The new claims double the size of the property to 525 ha (1,299 acres) in size. In conjunction with the staking, a sampling and prospecting program was conducted resulting in the identification of new jasperoid outcrops and stratigraphy prospective for Carlin-style sediment-hosted gold mineralization on the eastern portion of the property.

On June 5, 2017, the Company announced that prospecting and geochemical sampling on recently added claims at the Horsethief property has identified a third target area, called the Stallion target. A total of 56 panel, chip and grab rock samples were collected property-wide during the program. Twenty-one samples ranged between 0.15 and 0.75 ppm gold. Sampling was conducted at existing targets as well as the new claims where coincident soil geochemical and Induced Polarization (IP)/resistivity geophysical anomalies suggested prospective stratigraphy may also be present at the Stallion target, 1.5 km east of the Horsethief's North target. Jasperoid rocks associated with prominent structures were identified and sampled, returning anomalous concentrations of arsenic, barium, mercury and gold. This new data, in conjunction with structural interpretation and IP/resistivity geophysics, prioritizes near surface targets underneath younger volcanic cover rocks that overlie eastern portions of the property.

On July 10, 2017, the Company reported that preparations are underway for a diamond drilling program at the Horsethief gold property. Plans are for a minimum 1,500 metre (m) reverse circulation (RC) drilling program to test multiple targets on the 525 hectare (1299 acre) property. This includes new targets identified from geophysical and structural interpretation completed in conjunction with recent field programs.

In addition to recently-identified surficial targets, a compilation of IP chargeability and resistivity data in conjunction with an updated structural interpretation has identified several buried targets that warrant drill testing. Drilling will target areas of coincident chargeability and resistivity anomalies, thought to represent potential mineralization (chargeability) in the carbonate stratigraphy (resistivity) at depth. Multiple areas with potential for gold deposition to occur are thought to exist, including at or near the contact between carbonate stratigraphy and overlying volcanic rocks, along favourable horizons within the carbonate stratigraphy and along fault structures. A brief summary of the targets follows and figures illustrating the targets can be found on the Company's website www.alianzaminerals.com.

Horsethief North – A large jasperoid breccia exposure, 900 by 150 metres in size, at the contact of carbonate rocks and overlying volcanic rocks. A surface rock sample assayed 21.94 g/t gold. Three historic holes ended in mineralization at shallow depths and one hole intersected 39.6 m of 0.79 g/t gold. This target may represent an uplifted block of deeper jasperoid mineralization targeted elsewhere on the property.

Thoroughbred – This area is located 250 metres south of the Horsethief North, and may be an extension of that target. It consists of jasperoid on surface overlying a buried 500-metre diameter chargeability high anomaly. This area exhibits a high degree of structural complexity.

Horsethief South/Mustang – Mustang is large chargeability/coincident resistivity anomaly at depth that is the proposed source for gold bearing jasperoid on surface at the Horsethief South area. Historic drilling yielded a 6.1 metre intersection that averaged 1.22 g/t gold. The chargeability anomaly measures 1,000 by 800 metres in size.

Stallion Target – Stallion is a newly defined surficial target identified in 2017. Jasperoid outcrops with anomalous pathfinder element geochemistry are underlain by resistivity and chargeability (500 by 750 m) anomalies. The geophysical anomalies may represent the source for surface jasperoid exposures.

Clydesdale Target – The target consists of a 250 metre-diameter IP chargeability anomaly associated with a northeast structure in the southern portion of the property.

Management will start the drilling permitting process shortly.

The 2017 program was conducted on behalf of Alianza by Big Rock Exploration LLC of Minneapolis, MN. Rock samples were sent to Bureau Veritas Minerals in Reno, NV to be analyzed via 53 element ICPMS with Aqua Regia digestion (AQ252-EXT). All samples over 50 ppb Au where analyzed using a 30 gram sample gold Fire Assay (FA430). QA/QC using blanks, standards and duplicates were included; 10% of the samples will be sent to ALS for check analysis. Maps and figures for the Horsethief Property can be found at Alianza`s website.

A 2% NSR is payable to Nevada Eagle Resources LLC ("NER") from production from some claims on the property and a 1% NSR is payable to Sandstorm from all the claims on the property.

ii. *East Walker*

The East Walker property is located in Lyon County, west of Hawthorne. The geology is prospective for high-sulphidation epithermal gold mineralization. Outcrop mapping expanded the area of clay-silica alteration, which remains open to the north and south, to at least 900 by 600 metres in size. Geochemical results and visual observations indicate significant leaching, but two areas were chip sampled approximately 70 metres apart, returning 20 metres averaging 1.38 g/t Au and 23.1 metres averaging 0.49g/t Au. The system appears to consist of steeply east-west oriented structures. Limited prior drilling (shallow, vertical holes dating back to the mid 1980's) has not tested these high angle structures.

Management believes that a small drill program to test the steep structures would greatly enhance the value of the project. The system at East Walker is thought to be extensive, as montmorillonite, a hydrothermal clay alteration mineral, has recently been mined from locations near the property.

A 2% NSR is payable to NER from production from some claims on the property and a 1% NSR is payable to Sandstorm from all the claims on the property.

iii. *Bellview*

The Bellview property is located in White Pine County, near the Bald Mountain Gold Mine which is owned and operated by Barrick Gold Corp. ("Barrick"), along the Carlin – Alligator Ridge Trend. Bellview features a geological setting prospective for Carlin style gold mineralization. Drilling by Teck Resources Inc. and others in the 1980's identified a small non-NI43-101 compliant gold resource and later work by Fronteer Development Group Inc. ("Fronteer") identified additional targets, primarily defined by gold-in-soil geochemical anomalies and gold-bearing silicified jasperoid breccias. Prior geophysical surveys indicate that the Saddle Zone, one of these new targets, lies approximately 100 metres above the Secret Canyon Shale and Eldorado Dolomite contact, a stratigraphic position recognized regionally for its potential to host mineralization.

On February 6, 2017, the Company reported results of fieldwork at the Bellview property. At the CS Target, the current program identified new jasperoid occurrences on a significant northwest trending structure where it intersected prospective carbonate stratigraphy. Additionally, the CS Target hosts elevated gold and arsenic geochemistry and a sub-surface Induced Polarization (IP) chargeability anomaly. Gold values in rock samples range from below detection to 1.21 g/t from silicified limestone. The CS Target is considered a high-priority target for drilling.

Upon production from the property, some of the claims on the property have a 2% NSR to Fronteer with a 1% NSR to Sandstorm, while the remaining claims have a 1% NSR to Sandstorm.

iv. *Ashby*

The Ashby property is located in Mineral County, near Hawthorne. The claims cover mesothermal gold-bearing quartz veins within the Jurassic Dunlap Formation.

Historic production of 9,000 ounces is reported from the 1930's and several hundred ounces per year during the 1980's and 1990's. Vein widths range from 15 centimeters to 1.8 meters and gold grades are reported from sub-gram to multi-ounce intervals. The property has had very limited modern exploration.

On August 9, 2017, the Company announced that it has leased the Ashby gold property to Nevada Canyon Gold Corp. ("Nevada Canyon"). Under the terms of the Agreement, Nevada Canyon made a US$1,000 payment on signing, will make annual payments of US$2,000 and will grant a 2% Net Smelter Royalty ("NSR") on future production from the Lazy 1-3 claims comprising the Ashby Property. Nevada Canyon will also be responsible for all claim fees and certain reclamation work to be undertaken on the property. The initial term of the lease is 10 years and can be extended for an additional 20 years.

A 2% NSR is payable to NER and a 1% NSR is payable to Sandstorm on production from the property.

v. *BP*

In June 2013, the Company purchased from Almaden Minerals Ltd. ("Almaden") this property in Nevada, USA and Almaden retains a 2% NSR royalty on future production on this property.

In addition, areas of influence have been outlined in Nevada, where Almaden has provided its proprietary data and concepts to the Company. In return, the Company will issue 20,000 shares (post 10:1 share consolidation) to Almaden for each new property acquired within the area of influence. The Company will issue a further 80,000 shares (post 10:1 share consolidation) to Almaden upon the first time disclosure of a mineral resource on each and any of the new properties.

On February 6, 2017, the Company reported results of fieldwork at the BP property.

The BP property is a Sediment Hosted Gold ("SHG") target located in Elko County, 57 km south of Carlin, Nevada and 41 km northwest of the Bald Mountain Mine. The property has had little previous gold exploration prior to a reconnaissance program in 2010 that identified gold-bearing jasperoid and anomalous gold and pathfinder geochemistry on surface. The current program targeted areas of the property where gaps in geochemical data existed. Mapping identified potential structural conduits for mineralizing fluid flow as evidenced by anomalous pathfinder geochemistry and the presence of barite, clay alteration and limonite staining near the intersections of prominent structures. Additional evidence of favourable structural setting is seen in the eastern portion of the property where repetition of the stratigraphy suggests a series of northeast trending structures. Significantly, new jasperoid occurrences were identified along the aforementioned structures in proximity to the projected intersection with northwest trending graben structures. Jasperoids are elevated in gold and pathfinder geochemistry, including arsenic, barium, mercury, molybdenum and antimony.

Three areas have been identified for follow up in subsequent programs. Additional mapping, prospecting, soil and rock sampling and geophysical surveys are being considered.

On June 23, 2017, the Company announced that it acquired new ground, by staking additional 48 BLM lode mining claims at the Company's BP property. With the addition of the new claims, the property is now 1,149 hectares (2,840 acres) in size.

Maps and photos from the Horsethief, Bellview and BP properties can be found on the Company's website at http://alianzaminerals.com/project/nevada. Alianza contracted Big Rock Exploration LLC of Minneapolis, Minnesota to complete the 2016 field program. Bureau Veritas Minerals of Sparks, Nevada performed the analytical work using Ultra Trace (ICP-AES/MS) 53 element analysis (AQ252-EXT) using a 30-gram sample. Anomalous gold samples were then selected for Fire Assay - AAS analysis (FA430) to check and refine gold values further. Additionally, 10% of all samples was sent to ALS for QA/QC check analysis.

The Company is actively looking for ways to advance all the Nevada properties to joint-venture ready status or option them out.

3(b) Peru

i. *Yanac*

Yanac property is located in Chincha region of the department of Ica, south-central Peru. It was acquired by the Company's wholly-owned subsidiary Estrella through concession applications in April 2011 within the Strategic Exploration Alliance with Cliffs Natural Resources Exploration Inc., a wholly owned subsidiary of Cliffs Natural Resources Inc. ("Cliffs"). The Yanac Property contains 5,200 hectares of mineral lands which host a large zone of outcropping copper mineralization, extending 800 meters (N-S) by 400 meters (E-W).

On February 27, 2013, Cliffs and Estrella entered into a Limited Liability Company Membership Agreement in respect of the Yanac property where each party had a 50:50 interest after Cliffs spending US$750,000. In December 2015, Cliffs' interest in Yanac was acquired by 50 King Capital Exploration Inc. ("50 King"), a private company, which took over all previous obligations of Cliffs. In July 2016, 50 King terminated the agreement, retaining only a 0.5% NSR on the Yanac property based on prior expenditures and transferred the ownership of the property back to the Company.

During the year ended September 30, 2017, the Company reduced the size of the Yanac Property and wrote off $114,319.

ii. *La Estrella*

La Estrella contains 1,200 hectares located 130 km south of Huancayo in the Department of Huancavelica.

During the year ended September 30, 2017, the Company reduced the size of the La Estrella Property and wrote off $181,755.

iii. *Pucarana*

The Pucarana Gold project contains 1,889 hectares of land located in the Orcopampa Silver-Gold District of Peru. The property is located between Buenaventura Mines' Poracota Mine and Chipmo Mine, indicating that the district contains very significant potential for additional mineralization. Pucarana contains gold and silver mineralization hosted in quartz vein zones, and associated with favourable epithermal alteration zones.

The Pucarana property is held by Pucarana S.A.C. ("Pucarana") where the Company owns 36% interest, Alamos Gold Inc. ("Alamos") owns 60% and Gallant Minerals Ltd. owns 4%.

On May 22, 2015, Pucarana signed an Assignment Agreement with Compania de Minas Buenaventura S.A.A. ("Buenaventura") whereby Pucarana assigned to Buenaventura the rights to the Pucarana property. In consideration, Buenaventura granted a 3% NSR royalty to Pucarana that is then distributed as to 60% to Alamos (1.8% NSR), 36% to the Company (1.08% NSR) and 4% to Gallant Minerals Ltd (0.12% NSR).

iv. *Others – Generative*

On February 23, 2017, the Company announced that an application has been made with the Peruvian authorities (INGEMMET - Instituto Geologico Minero y Metalúrgico) for nine concessions comprising six properties in central Peru. These new properties target base metals mineralization in the Peruvian Polymetallic Belt, a prolific region host to deposits such as the Cerro de Pasco Mine, where zinc, lead and copper ore has been mined for over 100 years.

Alianza's target properties were internally generated from a study that examined a range of criteria including metallogeny, regional geology, regional structure, private and public geochemical databases, favourable CSR conditions and local knowledge. Management is planning reconnaissance exploration programs for all six of these properties once the concession grants are completed.

3(c) Canada

i. *White River*

During the 2010 fiscal year, the Company acquired and named the White River Property through staking. Currently, White River consists of 335 claims covering approximately 7,000 hectares. The property is located at the western end of the Nisling Range, within the Tintina Gold Province. It is situated 11 kilometers north of Koidern, a minor settlement on the paved, all weather Alaska Highway. The Alaska Highway can be seen from the property.

During 2013 there was a court decision in the Yukon Territory supporting the White River First Nation's ("WRFN") assertion that the Yukon Government did not properly consult the WRFN on issuing a drilling permit on the Project. The Company will continue to work with the Yukon Government and the WFRN in a limited manner.

The Company believes it has behaved appropriately, responsibly and in accordance with all legal and regulatory requirements in its dealings with both First Nations regarding the White River property. On July 5, 2013, Justice Vale of the Supreme Court of Yukon supported the WRFN which indicates to the Company that there is work to be done between the Yukon Government and the WRFN with respect to defining a mutually acceptable consultation process.

ii. *Others – Goz Creek, MOR, Tim and Prospector Mountain*

On July 23, 2007, the Company purchased from Almaden these properties in Yukon and Almaden has a 2% NSR royalty on future production from these mineral claims:

- Goz Creek – located 180 kilometers north east of Mayo, Yukon.
- MOR – located 35 kilometers east of Teslin, Yukon and is 1.5 kilometers north of the paved Alaska Highway.
- Tim – located 72 kilometers west of Watson Lake, Yukon and 12 kilometers northeast of the Silvertip/Midway deposit.

On June 10, 2008 the Company signed another agreement with Almaden to acquire a 100% interest in the Prospector Mountain gold-silver-copper property, located in central Yukon. Almaden retains a 2% NSR over any minerals produced from the property, however, half of the NSR may be purchased by the Company at any time after the production commences for fair value as determined by an independent valuator. The Company will also issue to Almaden 50,000 fully paid common shares (post 10:1 share consolidation) upon receipt of a positive bankable feasibility study for the property.

All five Yukon projects represent excellent exploration opportunities, with one example being the MOR Property, a VMS target in southern Yukon. Alianza is targeting mineralization similar to BMC Minerals' recent Krakatoa discovery at its Kudz Ze Kayah project. Drilling at MOR in 2007 and 2008 intersected massive and semi-massive sulphides in as many as three horizons, including a 7.80 metre intersection in MOR07-02 averaging 1.18% copper, 1.26 g/t gold, 52.2 g/t silver and 1.52% zinc. A total of 11 holes have intersected mineralization of varying thickness and grade over 600 metres of strike length. Additional geochemical and geophysical targets remain to be tested for their VMS potential. This project and the rest of the Yukon portfolio are available for option.

3(d) Mexico

On February 5, 2016, the Company sold all its remaining Mexican properties, Yago, Mezquites and San Pedro, to Almadex Minerals Limited ("Almadex") for $Nil proceeds. The Company retained a 1% Net Smelter Royalty which is capped at $1,000,000. These properties were written down to $Nil prior to the sale and the Company has no remaining property interest in Mexico.

Exploration and Evaluation Assets for the year ended September 30, 2017

	USA				Peru		Canada	
	BP	Bellview	Horsethief	Others	Yanac	Others		Total
Balance at September 30, 2016	**$ 112,750**	**$ 31,411**	**$ 15,149**	**$ 21,193**	**$ 510,781**	**$ 628,492**	**$ 1,174,169**	**$ 2,493,945**
Additions during the year								
Acquisition costs:								
Claim staking	12,960	-	8,867	-	-	-	-	21,827
	12,960	-	8,867	-	-	-	-	21,827
Exploration expenditures:								
Camp, travel and meals	4,527	4,527	12,906	-	1,830	539	-	24,329
Field supplies and maps	109	109	109	-	-	-	-	327
Geological consulting	32,130	32,131	86,552	-	7,437	21,736	-	179,986
Insurance	-	-	-	-	899	-	-	899
Legal and accounting	2,356	730	1,045	249	2,226	7,585	-	14,191
Licence and permits	46,010	9,751	24,982	3,295	5,648	34,294	-	123,980
Office and administrative fees	-	-	-	-	8,497	7,985	-	16,482
Rent	1,335	1,334	1,336	-	346	1,538	-	5,889
Reporting, drafting, sampling and analysis	3,949	3,949	7,074	-	103	-	-	15,075
	90,416	52,531	134,004	3,544	26,986	73,677	-	381,158
Less:								
Recovered exploration expenditures	-	-	-	(1,907)	-	-	-	(1,907)
Write-down of properties	-	-	-	-	(114,319)	(469,457)	-	(583,776)
Net additions / (subtractions)	103,376	52,531	142,871	1,637	(87,333)	(395,780)	-	(182,698)
Foreign currency translation	-	-	-	-	(12,818)	(20,322)	-	(33,140)
Balance at September 30, 2017	**$ 216,126**	**$ 83,942**	**$ 158,020**	**$ 22,830**	**$ 410,630**	**$ 212,390**	**$ 1,174,169**	**$ 2,278,107**

4. Risks and Uncertainties

The Company is engaged in the exploration for mineral deposits. These activities involve significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the mining industry, metal price fluctuations and operating in foreign countries and currencies.

Inherent risks within the mining industry

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral deposit.

Mining activities also involve risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the Company's current mineral properties will be economically viable for development and production.

Prices for gold and other commodities

Metals prices are subject to volatile price fluctuations and have a direct impact on the commercial viability of the Company's exploration properties. Price volatility results from a variety of factors, including global consumption and demand for metals, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation. The Company has not hedged any of its potential future gold or other metal sales. The Company closely monitors gold prices as well as other metal prices to determine the appropriate course of action to be taken by the Company.

Foreign currency risks

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while foreign operations are predominately conducted in Peruvian soles and US dollars. Fluctuations in the exchange rates between the Canadian dollar, US dollar and Peruvian soles may impact the Company's financial condition.

Risks Associated with Foreign Operations

The Company's investments in foreign countries such as Peru and USA carry certain risks associated with different political, business, social and economic environments. The Company is currently evaluating gold and other commodities in Peru and USA, but will undertake new investments only when it is satisfied that the risks and uncertainties of operating in different cultural, economic and political environments are manageable and reasonable relative to the expected benefits.

Title to mineral 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 conveyance and regulatory characteristics of property rights in certain foreign countries. Access to mineral properties also involves certain inherent risks due to the change in local ranchers and land owners.

Future government, political, legal or regulatory changes in the foreign jurisdictions in which the Company currently operates or plans to operate could affect many aspects of the Company's business, including title to properties and assets, environmental protection requirements, labor relations, taxation, currency convertibility, repatriation of profits or capital, the ability to import necessary materials or services, or the ability to export produced materials.

The exploration of mineral resources in Peru and USA is subject to a comprehensive review, approval and permitting process that involves various federal, state and local agencies. There can be no assurance given that the required approvals and permits for a mining project, if technically and economically warranted, on the Company's claims can be obtained in a timely or cost-effective manner. The Peru, Mexican or US government may enact a law requiring royalties on minerals produced from federal lands, including unpatented claims.

Competition

The Company competes with larger and better-financed companies for exploration personnel, contractors and equipment. Increased exploration activity has increased demand for equipment and services. There can be no assurance that the Company can obtain required equipment and services in a timely or cost-effective manner.

Financing

All of the Company's short- to medium-term operating and exploration cash flow have been derived from external financing. Should changes in equity-market conditions prevent the Company from obtaining additional external financing in the future, the Company will review its exploration-property holdings and programs to prioritize project expenditures based on funding availability.

5. Impairment of Long-lived Assets

The Company completed an impairment analysis as at September 30, 2017, which considered the indicators of impairment in accordance with IAS 36, "Impairment of Assets". Management concluded that no further impairment charges were required other than those already taken because:

- there have been no significant changes in the legal factors or climate that affects the value of the properties;
- all property rights remain in good standing;
- there have been no significant changes in the projections for the properties;
- exploration results are generally positive; and
- the Company intends to continue its exploration and development plans on its properties or seek optionees/partners for future exploration of its properties.

6. Material Financial and Operations Information

6(a) Selected Annual Financial Information

The following selected annual financial information has been derived from the last three audited financial statements of the Company, which have been prepared in accordance with IFRS. All dollar amounts are expressed in Canadian dollars.

	Year Ended September 30, 2017	***Year Ended September 30, 2016***	***Year Ended September 30, 2015***
General and administrative expenses	$ 686,377	$ 893,809	$ 898,730
Write-off of exploration and evaluation assets / Impairment allowance	583,776	530,147	2,465,156
Loss for the year	1,283,440	1,453,316	2,830,806
Basic and diluted loss per share	0.04	0.07	0.30
Total assets	2,941,130	3,511,566	3,548,340
Total long-term financial liabilities	Nil	130,000	314,676
Cash dividend declared – per share	N/A	N/A	N/A

6(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Three months ended			
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Total Revenues	$ -	$ -	$ -	$ -
Loss before other items	$ 150,844	$ 159,174	$ 174,511	$ 201,848
Net loss	$ 169,801	$ 739,338	$ 171,377	$ 202,924
Loss per share	$ -	$ 0.02	$ 0.01	$ 0.01

	Three months ended			
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Total Revenues	$ -	$ -	$ -	$ -
Loss before other Items	$ 296,305	$ 254,310	$ 188,347	$ 154,847
Net Loss	$ 335,061	$ 275,436	$ 603,032	$ 239,787
Loss per share	$ 0.01	$ 0.01	$ 0.04	$ 0.02

6(c) Review of Operations and Financial Results

For the three months ended September 30, 2017 compared with the three months ended September 30, 2016:

The Company recorded a net loss for the three months ended September 30, 2017 of $169,801 (loss per share - $0.00) compared to a loss of $335,061 (loss per share - $0.01) for the three months ended September 30, 2016.

Excluding the non-cash depreciation of $719 (2016 - $762) and share-based payments of $Nil (2016 - $149,606), the expenses increased to $150,125 (2016 – $145,937). The change in the expenses was minimal and some of the changes include: (a) accounting and legal fees of $54,828 (2015 - $49,918); (b) investor relations and shareholder information of $16,736 (2015 - $8,083); (c) property investigation costs of $5,423 (2016 - $13,281); and (d) wages, benefits and consulting fees of $45,528 (2016 - $53,267).

The other major item for the three-months ended September 30, 201, compared with September 30, 2016, was:

- Foreign exchange loss of $14,569 (2016 - $33,166).

The Company has been monitoring its use of cash and has been actively seeking ways to reduce its operating expenses.

For the year ended September 30, 2017 compared with the years ended September 30, 2016 and 2015:

The Company recorded a net loss for the year ended September 30, 2017 of $1,283,440 (loss per share - $0.04) compared to a loss of $1,453,316 (loss per share - $0.07) for the year ended September 30, 2016 and a loss of $2,830,806 (loss per share - $0.30) for the year ended September 30, 2015.

Excluding the non-cash depreciation of $2,822 (2016 - $3,518; 2015 - $2,629) and share-based payments of $Nil (2016 - $164,206; 2015 - $246,424), the expenses decreased to $683,555 (2016 – $726,085; 2015 - $649,677). The change in the expenses was mainly due to changes in: (a) accounting and legal fees of $190,180 (2016 - $220,689; 2015 - $231,067); (b) investor relations and shareholder information of $75,297 (2016 - $48,249; 2015 - $61,648); and (c) wages, benefits and consulting fees $220,478 (2016 - $281,944; 2015 - $226,058).

The other major item for the year ended September 30, 2017, compared with September 30, 2016 and 2015, was:

- Write-down of exploration and evaluation assets of $583,776 (2016 - $530,147; 2015 - $2,465,156).

The Company has been monitoring its use of cash and has been actively seeking ways to reduce its operating expenses.

6(d) Liquidity and Capital Resources

As at September 30, 2017, the Company had working capital deficiency of $60,806 (September 30, 2016 – working capital of $331,876). As at September 30, 2017, cash totaled $37,318, a decrease of $384,381 from $421,699 as at September 30, 2016. The decrease is due to (a) operating activities of 837,023; (b) the exploration and evaluation assets expenditures of $390,633; (c) purchase of equipment of $1,702; while being offset by (d) net proceeds from the financing activities of $842,773.

Management estimates that the current cash position, and future cash flows from warrants and options, financings, receivables, and any option agreements the Company may achieve, will be sufficient for the Company to carry out its anticipated exploration and operating plans through fiscal 2018.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

6(e) Disclosure of Outstanding Share Data

<u>Common Shares</u>

Authorized: unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series.

ALIANZA Minerals Ltd

	Issued and Outstanding	
	September 30, 2017	**January 26, 2018**
Common shares	35,286,668	35,441,668

Stock option transactions and the number of stock options for the year ended September 30, 2017 are summarized as follows:

Expiry date	Exercise price	September 30, 2016	Granted	Exercised	Expired / cancelled	September 30, 2017
May 7, 2017	$0.25	4,500	-	-	(4,500)	-
February 25, 2019	$0.25	22,500	-	-	-	22,500
April 29, 2020	$0.25	1,264,500	-	-	-	1,264,500
April 29, 2021	$0.25	100,000	-	-	-	100,000
September 30, 2021	$0.15	1,270,000	-	-	-	1,270,000
Options outstanding		2,661,500	-	-	(4,500)	2,657,000
Options exercisable		2,661,500	-	-	(4,500)	2,657,000
Weighted average exercise price		$0.20	$Nil	$Nil	$0.25	$0.20

The continuity of warrants for the year ended September 30, 2017 is as follows:

Expiry date		Exercise price	September 30, 2016	Issued	Exercised	Expired	September 30, 2017
December 16, 2016		$1.50	483,666	-	-	(483,666)	-
March 17, 2017		$1.50	266,667	-	-	(266,667)	-
May 15, 2017		$1.00	1,200,000	-	-	(1,200,000)	-
September 11, 2017		$1.00	900,000	-	-	(900,000)	-
October 3, 2017	*	$0.40	687,000	-	-	-	687,000
October 9, 2017	*	$0.40	755,500	-	-	-	755,500
December 24, 2017	*	$1.00	300,000	-	-	-	300,000
April 29, 2018		$0.40	3,000,000	-	-	-	3,000,000
March 8, 2020		$0.15	7,000,000	221,875	-	-	7,221,875
April 7, 2020		$0.15	3,100,000	-	-	-	3,100,000
September 28, 2019		$0.20	1,200,000	-	-	-	1,200,000
March 6, 2020		$0.20	-	2,500,000	-	-	2,500,000
August 16, 2020		$0.20	-	892,857	-	-	892,857
Outstanding			18,892,833	3,614,732	-	(2,850,333)	19,657,232
Weighted average exercise price			$0.37	$0.20	$Nil	$1.13	$0.23

*Subsequently, 1,742,500 warrants expired.

The continuity of finder's warrants for the year ended September 30, 2017 is as follows:

Expiry date		Exercise price	September 30, 2016	Issued	Exercised	Expired	September 30, 2017
September 8, 2017	(1)	$0.10	223,750	-	(221,875)	(1,875)	-
October 7, 2017	(2)	$0.10	155,000	-	-	-	155,000
March 28, 2018	(3)	$0.125	20,000	-	-	-	20,000
September 6, 2018	(4)	$0.125	-	173,600	-	-	173,600
August 16, 2020		$0.14	-	26,100	-	-	26,100
Outstanding			398,750	199,700	(221,875)	(1,875)	374,700
Weighted average exercise price			$0.10	$0.13	$0.10	$0.10	$0.12

(1) The finder's warrants are exercisable into units, with each unit consisting of one common share and

one warrant exercisable at $0.15 until March 8, 2020.

(2) The finder's warrants are exercisable into units, with each unit consisting of one common share and one warrant exercisable at $0.15 until April 7, 2020. Subsequently, 155,000 finder's warrants were exercised resulting in 155,000 common shares and 155,000 warrants issued.

(3) The finder's warrants are exercisable into units, with each unit consisting of one common share and one half warrant exercisable at $0.20 until September 28, 2019.

(4) The finder's warrants are exercisable into units, with each unit consisting of one common share and one half warrant exercisable at $0.20 until March 6, 2020.

The remaining outstanding stock options, warrants and finder's warrants, if all exercised, would increase the Company's cash by $4,274,567. However, the strike prices of the options, warrants and finder's warrants are greater than the current share price, and this may influence whether options, warrants and finder's warrants that expire in the near future will be exercised.

As at the date of this MD&A, there were 35,441,668 common shares issued and outstanding and 56,484,900 common shares outstanding on a diluted basis.

6(f) Off-Balance Sheet Arrangements

None at this time.

6(g) Transactions with Related Parties

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended September 30, 2017

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 120,000	$ Nil	$ Nil	$ Nil	$ Nil	$ 120,000

For the year ended September 30, 2016

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 120,000	$ Nil	$ Nil	$ Nil	$ 23,560	$ 143,560
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ 17,670	$ 17,670
Marc G. Blythe Director (b)	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,780	$ 11,780
Mark T. Brown Director (a)	$ Nil	$ Nil	$ Nil	$ Nil	$ 17,670	$ 17,670
Craig Lindsay Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,780	$ 11,780
John Wilson Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,780	$ 11,780
Geoff Chater Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 26,380	$ 26,380

For the year ended September 30, 2015

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 50,000	$ Nil	$ Nil	$ Nil	$ 28,590	$ 78,590
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ 28,590	$ 28,590
Marc G. Blythe Director [(b)]	$ 127,500	$ Nil	$ Nil	$ Nil	$ 28,590	$ 156,090
Mark T. Brown Director [(a)]	$ Nil	$ Nil	$ Nil	$ Nil	$ 28,590	$ 28,590
Adrian Fleming Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 19,060	$ 19,060
Craig Lindsay Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 19,060	$ 19,060
John Wilson Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 19,060	$ 19,060

Related party transactions and balances

		Years ended		Balance due	
	Services	September 30, 2017	September 30, 2016	As at September 30, 2017	As at September 30, 2016
Amounts due to:					
Jason Weber	Consulting fee and share-based payment	$ 120,000	$ 143,560	$ 80	$ 10,733
Pacific Opportunity Capital Ltd. [(a)]	Accounting, financing, and shareholder communication services	$ 173,025	$ 189,375	$ 75,600	$ 160,738
Marc G. Blythe Director [(b)]	Share-based payment	$ -	$ 11,780	$ -	$ -
TOTAL:				$ 75,680	$ 171,471

(a) The president of Pacific Opportunity Capital Ltd., a private company, is a director of the Company.

(b) Marc Blythe resigned from being the Chief Executive Officer effective April 29, 2015. Mr. Blythe remains as a director of the Company.

6(h) Financial Instruments

The Company's financial instruments consists of cash, receivables, deferred financing costs, accounts payable and accrued liabilities and due to related parties which are all in the normal course of business. Available for sale securities are recognized at fair value due to their ability for prompt liquidation or short term maturity.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, market risk and commodity price risk.

(a) Currency risk

The Company's property interests in Peru and USA make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. The Company's exploration program, some of its general and administrative expenses and financial instruments denoted in a foreign currency are exposed to currency risk. A 10% change in the Peruvian nuevo sol and US dollar over the Canadian dollar would change the results of operations by approximately $116,000.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to the liquidity of its cash. The Company limits exposure to credit risk by maintaining its cash with a large Canadian financial institution.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company does not have sufficient cash to settle its current liabilities, and further funding will be required to meet the Company's short-term and long-term operating needs. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

(d) Market risk

Market risks to which the Company is exposed include unfavorable movements in commodity prices, interest rates, and foreign exchange rates. As at September 30, 2017, the Company has no producing assets and holds the majority of its cash in secure, Canadian dollar-denominated deposits. Consequently, its exposure to these risks has been significantly reduced, but as the Company redeploys its cash, exposure to these risks may increase. The objective of the Company is to mitigate exposure to these risks while maximizing returns.

The Company may from time-to-time own available-for-sale marketable securities, in the mineral resource sector. Changes in the future pricing and demand of these commodities can have a material impact on the market value of the investments. The nature of such investments is normally dependent on the invested company being able to raise additional capital to further develop and to determine the commercial viability of its resource properties. Management mitigates the risk of loss resulting from this concentration by monitoring the trading value of the investments on a regular basis.

i) Interest rate risk

As at September 30, 2017, the Company's exposure to movements in interest rates was limited to potential decreases in interest income from changes to the variable portion of interest rates for its cash. Market interest rates in Canada are at historically low levels, so management does not consider the risk of interest rate declines to be significant, but should such risks increase the Company may mitigate future exposure by entering into fixed-rate deposits. A 1% change in the interest rate, with other variables unchanged, would not significantly affect the Company.

ii) Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company may maintain cash and other financial instruments, or may incur revenues and expenditures in currencies other than the Canadian dollar. Significant changes in the currency exchange rates between the Canadian dollar relative to these foreign currencies, which may include but are not limited to US dollars and Peruvian nuevo sol, could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

(e) Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company are directly related to the market price of minerals such as gold, zinc, lead and copper. The Company's input costs are also affected by the price of fuel. The Company closely monitors mineral and fuel prices to determine the appropriate course of action to be taken by the Company.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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 following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 37,318	$ -	$ -	$ 37,318

6(i) Management of Capital Risk

The Company considers its capital to be its shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets, or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing development efforts, the Company does not pay dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the period and the Company is not subject to any externally imposed capital requirements.

7. Events after the Reporting Period

None other than disclosed already in other sections.

8. Policies and Controls

8(a) Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- the determination that the Company will continue as a going concern for the next year;

- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation asset may not be recoverable;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount investment in associates may not be recoverable; and
- the determination that the functional currency of the parent is the Canadian dollar, the functional currency of its subsidiaries in Peru is the Peruvian neuvo sole and the functional currency of its subsidiary in the USA is the US dollar.

8(b) Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of its mineral claims and crediting all proceeds received against the cost of related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Upon transfer of “Exploration and evaluation costs” into “Mine Development”, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within “Mine development”. After production starts, all assets included in “Mine development” are transferred to “Producing Mines”.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

9. Internal Control Over Financial Reporting

Changes in Internal Control over Financial Reporting (“ICFR”)

In connection with National Instrument 52-109, Certification of Disclosure in Issuer’s Annual and Interim Filings (“NI 52-109”) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

10. Information on the Officers and Board of Directors

Directors:
Mark T. Brown, B.Comm, CPA, CA, Executive Chairman
Jason Weber, BSc, P.Geo
Marc G. Blythe, MBA, P.Eng.
John R. Wilson, BSc, MS, CPG
Craig T. Lindsay, CFA
Geoff Chater, BSc, Geology

Audit Committee members:
Marc G. Blythe, Craig T. Lindsay and Geoff Chater

Management:
Jason Weber, BSc, P. Geo – Chief Executive Officer, President
Winnie Wong, CPA, CA – Chief Financial Officer and Corporate Secretary

ALIANZA MINERALS LTD.

Consolidated Financial Statements

For the years ended September 30, 2017, 2016 and 2015

325 Howe Street, Suite 410, Vancouver B.C. V6C 1Z7, Canada, TSXV: ANZ; Tel: 604-687-3520

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

REPORT OF INDEPENDENT REGISTERED CHARTERED PROFESSIONAL ACCOUNTANTS

To the Shareholders of Alianza Minerals Ltd.,

We have audited the accompanying consolidated financial statements of Alianza Minerals Ltd., which comprise the consolidated statements of financial position as at September 30, 2017 and 2016 and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alianza Minerals Ltd. as at September 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has limited working capital, losses since inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

INDEPENDENT REGISTERED CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
January 26, 2018

CONTENTS

ALIANZA MINERALS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note		September 30, 2017		September 30, 2016
Assets					
Current assets					
Cash		$	37,318	$	421,699
Receivables			44,724		20,853
Prepaid expenses			12,353		5,051
			94,395		447,603
Non-current assets					
Equipment	4		8,945		10,091
Exploration and evaluation assets	5		2,278,107		2,493,945
Investment in associates - royalty interest	6		559,683		559,927
			2,846,735		3,063,963
Total assets		$	2,941,130	$	3,511,566
Current liabilities					
Accounts payable and accrued liabilities		$	79,521	$	74,256
Due to related parties	9		75,680		41,471
			155,201		115,727
Non-current liabilities					
Due to related party	9		-		130,000
			-		130,000
Shareholders' equity					
Share capital	7		15,954,681		15,151,899
Reserves	7, 8		2,614,049		2,582,095
Accumulated other comprehensive loss			(44,645)		(13,439)
Deficit			(15,738,156)		(14,454,716)
			2,785,929		3,265,839
Total shareholders' equity and liabilities		$	2,941,130	$	3,511,566

Nature of operations and going concern (Note 1)

These consolidated financial statements are authorized for issue by the Board of Directors on January 26, 2018.

On behalf of the Board of Directors:

Director "Jason Weber"

Director "Mark T. Brown"

See accompanying notes to the consolidated financial statements

ALIANZA MINERALS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

	Note	Years ended September 30 2017	2016	2015
Expenses				
Accounting and legal fees	9	$ 190,180	$ 220,689	$ 231,067
Depreciation	4	2,822	3,518	2,629
Investor relations and shareholder information	9	75,297	48,249	61,648
Office facilities and administrative services	9	18,462	18,608	13,500
Office expenses		58,078	52,706	38,733
Property investigation expenses		71,179	69,506	29,360
Share-based payments	9	-	164,206	246,424
Transfer agent, listing and filing fees		18,746	18,947	34,954
Travel		31,135	15,436	14,357
Wages, benefits and consulting fees	9	220,478	281,944	226,058
		(686,377)	(893,809)	(898,730)
Interest income and other income		1,048	3,197	21,271
Foreign exchange (loss)		(14,335)	(35,037)	(191)
Gain on disposal of equipment		-	2,480	-
(Loss) on marketable securities		-	-	(1,625)
Realized (loss) on marketable securities transferred from other comprehensive income		-	-	(18,375)
Write-down of exploration and evaluation assets	5	(583,776)	(530,147)	(2,465,156)
Loss before income taxes		(1,283,440)	(1,453,316)	(3,362,806)
Deferred income tax recovery		-	-	532,000
Net loss for the year		$ (1,283,440)	$ (1,453,316)	$ (2,830,806)
Other comprehensive income (loss)				
Realized loss on marketable securities transferred to net loss		-	-	18,375
Exchange difference arising on the translation of foreign subsidiary		(31,206)	(90,656)	60,977
Total comprehensive loss for the year		$ (1,314,646)	$ (1,543,972)	$ (2,751,454)
Basic and diluted loss per common share		$ (0.04)	$ (0.07)	$ (0.30)
Weighted average number of common shares outstanding - basic and diluted		31,365,657	20,381,264	9,297,924

See accompanying notes to the consolidated financial statements

ALIANZA MINERALS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

		Share Capital		Reserves			Accumulated Other Comprehensive Income (Loss)			
	Note	Number of shares	Amount	Equity settled employee benefits	Warrants	Finders' warrants	Available-for-sale securities	Foreign exchange reserve	Deficit	Total equity
Balance, September 30, 2014		**5,964,046**	**$ 11,693,260**	**$ 1,310,285**	**$ 597,205**	**$ 223,072**	**$ (18,375)**	**$ 16,240**	**$ (10,170,594)**	**$ 3,651,093**
Purchase of exploration and evaluation assets	7(c)(i)	150,000	60,000	-	-	-	-	-	-	60,000
Shares issued for the acquisition of Estrella	7(c)(ii)	4,665,032	1,166,258	-	-	-	-	-	-	1,166,258
Private placement	7(c)(iii)	3,000,000	750,000	-	-	-	-	-	-	750,000
Share issue costs		-	(15,917)	-	-	955	-	-	-	(14,962)
Share-based payments		-	-	246,424	-	-	-	-	-	246,424
Net loss		-	-	-	-	-	18,375	60,977	(2,830,806)	(2,751,454)
Balance, September 30, 2015		**13,779,078**	**13,653,601**	**1,556,709**	**597,205**	**224,027**	**-**	**77,217**	**(13,001,400)**	**3,107,359**
Private placements	7(c)(v)(vi)(vii)	12,500,000	1,310,000	-	-	-	-	-	-	1,310,000
Shares for debt settlement	7(c)(iv)	2,000,000	300,000	-	-	-	-	-	-	300,000
Share issue costs		-	(111,702)	-	-	39,948	-	-	-	(71,754)
Share-based payments		-	-	164,206	-	-		-	-	164,206
Net loss		-	-	-	-	-		(90,656)	(1,453,316)	(1,543,972)
Balance, September 30, 2016		**28,279,078**	**15,151,899**	**1,720,915**	**597,205**	**263,975**	**-**	**(13,439)**	**(14,454,716)**	**3,265,839**
Private placements	7(c)(viii)(ix)	6,785,715	830,357	-	44,643	-	-	-	-	875,000
Share issue costs		-	(72,549)	-	-	10,097	-	-	-	(62,452)
Exercise of finder's warrants	7(c)(x)	221,875	44,974	-	-	(22,786)		-	-	22,188
Net loss		-	-	-	-	-	-	(31,206)	(1,283,440)	(1,314,646)
Balance, September 30, 2017		**35,286,668**	**$ 15,954,681**	**$ 1,720,915**	**$ 641,848**	**$ 251,286**	**$ -**	**$ (44,645)**	**$ (15,738,156)**	**$ 2,785,929**

See accompanying notes to the consolidated financial statements

ALIANZA MINERALS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	Years ended September 30 2017	2016	2015
Cash flows from (used in) operating activities			
Net loss for the year	$ (1,283,440)	$ (1,453,316)	$ (2,830,806)
Items not affecting cash:			
Depreciation	2,822	3,518	2,629
(Gain) on disposal of equipment	-	(2,480)	-
Loss on marketable securities	-	-	1,625
Realized loss on marketable securities transferred from other comprehensive income	-	-	18,375
Share-based payments	-	164,206	246,424
Write-down of exploration and evaluation assets	583,776	530,147	2,465,156
Deferred income tax (recovery)	-	-	(532,000)
Changes in non-cash working capital items:			
Receivables	(23,871)	(3,901)	(12,753)
Prepaid expenses	(7,302)	4	(687)
Accounts payable and accrued liabilities	7,283	64,806	(229,396)
Due to related parties	(116,291)	146,295	286,718
Net cash (used in) operating activities	(837,023)	(550,721)	(584,715)
Cash flows from (used in) investing activities			
Sale / (purchase) of equipment	(1,702)	3,350	-
Exploration and evaluation assets	(390,633)	(315,710)	(420,065)
Net cash (used in) investing activities	(392,335)	(312,360)	(420,065)
Cash flows from (used in) financing activities			
Proceeds from issuance of common shares	875,000	1,310,000	750,000
Proceeds from exercise of finder's warrants	22,188	-	-
Share issue costs	(54,415)	(67,291)	(22,962)
Net cash provided by financing activities	842,773	1,242,709	727,038
Effect of exchange rate changes on cash	2,204	25,071	66,163
Change in cash for the year	(384,381)	404,699	(211,579)
Cash, beginning of the year	421,699	17,000	228,579
Cash, end of the year	$ 37,318	$ 421,699	$ 17,000

Supplemental disclosure with respect to cash flows (Note 10)

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Alianza Minerals Ltd. (the “Company” or “Alianza”) was incorporated in Alberta on October 21, 2005 under the Business Corporations Act of Alberta and its registered office is Suite 410, 325 Howe Street, Vancouver, BC, Canada, V6C 1Z7. On April 25, 2008 the Company filed for a certificate of continuance and is continuing as a BC Company under the Business Corporations Act (British Columbia).

The Company is an exploration stage company and is engaged principally in the acquisition and exploration of mineral properties. The recovery of the Company’s investment in its exploration and evaluation assets is dependent upon the future discovery, development and sale of minerals, upon the ability to raise sufficient capital to finance these activities, and/or upon the sale of these properties.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, 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 ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issuance of common shares or obtaining joint venture or property sale agreements for one or more properties.

There can be no assurance that the Company will be able to continue to raise funds 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 on the consolidated statement of financial position. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Adverse financial market conditions and volatility increase the uncertainty of the Company’s ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. Accordingly, these material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

As at September 30, 2017, the Company had working capital deficiency of $60,806 (September 30, 2016: working capital of $331,876) and shareholders’ equity of $2,785,929 (September 30, 2016: $3,265,839).

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

(Presented in Canadian Dollars)

2. BASIS OF PREPARATION - continued

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for marketable securities classified as available-for-sale, which are stated at fair value through other comprehensive income (loss). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2017 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)
- IFRS 16 Leases (effective January 1, 2019)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the Company include the accounts of Alianza Minerals Ltd. and the following entities:

Name of Subsidiaries	% of ownership	Jurisdiction	Principal Activity
Alianza Holdings Ltd.	100%	Canada	Holding Company
Canadian Shield Explorations (Int'l) Ltd.	100%	Canada	Holding Company
Canadian Shield Explorations Ltd.	100%	Canada	Holding Company
Estrella Gold Peru S.A.C.	100%	Peru	Exploration Company
Estrella Gold DR, S.R.L. (1)	100%	Dominican Republic	Holding Company
Tarsis Resources US Inc.	100%	Nevada, USA	Holding Company
Yanac Peru Exploration LLC	100%	Delaware, USA	Holding Company
Yanac Minera Peru S.A.C.	100%	Peru	Exploration Company

(1) Estrella Gold DR. S.R.L. is in the process of being wound up.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Presentation – continued

All subsidiaries are entities that we control, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All of the intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full. For subsidiaries that the Company controls, but does not own 100% of, the net assets and net profit attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the consolidated statements of financial position and consolidated statements of comprehensive loss.

Certain of our business activities are conducted through associates (see below).

Interests in Joint Arrangements

A joint arrangement can take the form of a joint venture or joint operation. All joint arrangements involve a contractual arrangement that establishes joint control, which exists only when decisions about the activities that significantly affect the returns of the investee require unanimous consent of the parties sharing control. A joint operation is a joint arrangement in which the Company has rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which the Company has rights to only the net assets of the arrangement.

Joint ventures are accounted for in accordance with the policy "Investments in Associates and Joint Ventures." Joint operations are accounted for by recognizing the Company's share of the assets, liabilities, revenue, expenses and cash flows of the joint operation in the consolidated financial statements.

Investments in Associates and Joint Ventures

Investments over which the Company exercises significant influence and which it does not control or jointly control are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale. Investments in joint ventures as determined in accordance with the policy "Interests in Joint Arrangements" are also accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's or joint venture's net assets such as dividends.

The Company's proportionate share of the associate's or joint venture's profit or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between the Company's accounting policies and the associate's or joint venture's policies before applying the equity method. Adjustments are also made to account for depreciable assets based on their fair values at the acquisition date of the investment and for any impairment losses recognized by the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Investments in Associates and Joint Ventures – continued

If the Company's share of the associate's or joint venture's losses equals or exceeds the investment in the associate or joint venture, recognition of further losses is discontinued. After the Company's interest is reduced to zero, additional losses will be provided for and a liability recognized only to the extent that the Company has incurred legal or constructive obligations to provide additional funding or make payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

At each statement of financial position date, management considers whether there is objective evidence of impairment in associates and joint ventures. If there is such evidence, management determines if there is a need to record an impairment in relation to the associate or joint venture.

Foreign currencies

The functional and presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rate of the exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company has determined that the functional currency of its subsidiaries in Peru is the Peruvian nuevo sole and the functional currency of its subsidiary in USA is the US dollar. Exchange differences arising from the translation of the subsidiaries' functional currencies into the Company's presentation currency are taken directly to the foreign exchange reserve.

Exploration and evaluation

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of its mineral claims and crediting all proceeds received against the cost of related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Exploration and evaluation – continued

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Upon transfer of “Exploration and evaluation costs” into “Mine Development”, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within “Mine development”. After production starts, all assets included in “Mine development” are transferred to “Producing Mines”.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the declining balance method at rates ranging from 10% to 55% per year.

The cost of an item of equipment consists of the purchase price, plus any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

Decommissioning, restoration, and similar obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when an environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Decommissioning, restoration, and similar obligations – continued

As at September 30, 2017, the Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive loss. The Company's cash has been classified as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company's receivables have been classified as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statement of comprehensive loss. No financial assets have been classified as held-to-maturity.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the consolidated statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive loss. No financial liabilities have been classified as fair value through profit or loss.

Other financial liabilities - This category includes amounts due to related parties and accounts payable and accrued liabilities, which are recognized at amortized cost.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- the determination that the Company will continue as a going concern for the next year;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation asset may not be recoverable;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount investment in associates may not be recoverable; and
- the determination that the functional currency of the parent is the Canadian dollar, the functional currency of its subsidiaries in Peru is the Peruvian neuvo sole and the functional currency of its subsidiary in the USA is the US dollar.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment

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

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

Share-based payment transactions

The Company's stock option plan allows the Company's employees and consultants to acquire shares of the Company through the exercise of granted stock options. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to reserves and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Common shares, which by agreement are designated as flow-through shares, are usually issued at a premium to non-flow-through common shares. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability. Upon expenses being incurred, the Company derecognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income on settlement of flow-through share premium liability.

Loss per share

The Company presents basic and diluted loss per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company.

Income taxes

Income tax on the loss for the periods presented comprises current and deferred tax. Income tax is recognized in the loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Income tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

(Presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Income taxes – continued

Deferred tax assets or liabilities arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

4. EQUIPMENT

		Office equipment and furniture		Vehicles and other field equipment		Total
Cost						
As at September 30, 2015	$	7,827	$	22,706	$	30,533
Disposal during the year		-		(5,500)		(5,500)
Foreign exchange movement		(1,593)		(6,308)		(7,901)
As at September 30, 2016		6,234		10,898		17,132
Assets acquired		1,702		-		1,702
Foreign exchange movement		(294)		(1,163)		(1,457)
As at September 30, 2017	$	7,642	$	9,735	$	17,377
Accumulated depreciation						
As at September 30, 2015	$	4,210	$	10,962	$	15,172
Depreciation for the year		1,249		2,269		3,518
Depreciation for the year related to disposal		-		(4,630)		(4,630)
Foreign exchange movement		(1,394)		(5,625)		(7,019)
As at September 30, 2016		4,065		2,976		7,041
Depreciation for the year		1,037		1,785		2,822
Foreign exchange movement		(301)		(1,130)		(1,431)
As at September 30, 2017	$	4,801	$	3,631	$	8,432
Net book value						
As at September 30, 2016	$	2,169	$	7,922	$	10,091
As at September 30, 2017	**$**	**2,841**	**$**	**6,104**	**$**	**8,945**

5. EXPLORATION AND EVALUATION ASSETS

The Company follows the prospect generator model whereby it acquires projects on attractive terms, adds value through preliminary exploration efforts and then vends or options the project for further advancement.

Although the Company has taken steps to verify title to its unproven mineral right interests, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The Company has properties in Peru (the "Peru Properties"), in Nevada, USA (the "USA Properties") and in the Yukon Territory of Canada (the "Canada Properties"). Following are summary tables of exploration and evaluation assets and brief summary descriptions of each of the exploration and evaluation assets:

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

Exploration and Evaluation Assets for the year ended September 30, 2017

	USA				Peru		Canada	
	BP	Bellview	Horsethief	Others	Yanac	Others		**Total**
Balance at September 30, 2016	**$ 112,750**	**$ 31,411**	**$ 15,149**	**$ 21,193**	**$ 510,781**	**$ 628,492**	**$ 1,174,169**	**$ 2,493,945**
Additions during the year								
Acquisition costs:								
Claim staking	12,960	-	8,867	-	-	-	-	21,827
	12,960	-	8,867	-	-	-	-	21,827
Exploration expenditures:								
Camp, travel and meals	4,527	4,527	12,906	-	1,830	539	-	24,329
Field supplies and maps	109	109	109	-	-	-	-	327
Geological consulting	32,130	32,131	86,552	-	7,437	21,736	-	179,986
Insurance	-	-	-	-	899	-	-	899
Legal and accounting	2,356	730	1,045	249	2,226	7,585	-	14,191
Licence and permits	46,010	9,751	24,982	3,295	5,648	34,294	-	123,980
Office and administrative fees	-	-	-	-	8,497	7,985	-	16,482
Rent	1,335	1,334	1,336	-	346	1,538	-	5,889
Reporting, drafting, sampling and analysis	3,949	3,949	7,074	-	103	-	-	15,075
	90,416	52,531	134,004	3,544	26,986	73,677	-	381,158
Less:								
Recovered exploration expenditures	-	-	-	(1,907)	-	-	-	(1,907)
Write-down of properties	-	-	-	-	(114,319)	(469,457)	-	(583,776)
Net additions / (subtractions)	103,376	52,531	142,871	1,637	(87,333)	(395,780)	-	(182,698)
Foreign currency translation	-	-	-	-	(12,818)	(20,322)	-	(33,140)
Balance at September 30, 2017	**$ 216,126**	**$ 83,942**	**$ 158,020**	**$ 22,830**	**$ 410,630**	**$ 212,390**	**$ 1,174,169**	**$ 2,278,107**

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

Exploration and Evaluation Assets for the year ended September 30, 2016

	USA		**Peru**		**Canada**	**Mexico**		
	East Walker	Others	Yanac	Others		Yago	Others	**Total**
Balance at September 30, 2015	**$ 3,981**	**$ 145,053**	**$ 493,572**	**$ 617,459**	**$ 1,174,169**	**$ 480,084**	**$ 18,400**	**$ 2,932,718**
Additions during the year								
Exploration expenditures:								
Camp, travel and meals	-	-	77	4,722	-	-	-	4,799
Geological consulting	4,936	16,990	10,235	34,790	-	-	-	66,951
Legal and accounting	-	-	1,877	716	-	-	-	2,593
Licence and permits	5,231	35,976	12,413	58,211	-	-	-	111,831
Office and administrative fees	-	-	4,075	8,218		-	-	12,293
Rent	-	-	-	1,985	-	-	-	1,985
Reporting, drafting, sampling and analysis	-	-	70	4,371	-	-	-	4,441
	10,167	52,966	28,747	113,013	-	-	-	204,893
Less:								
Write-down of properties	-	(31,664)	-	-	-	(480,084)	(18,400)	(530,148)
Net additions / (subtractions)	10,167	21,302	28,747	113,013	-	(480,084)	(18,400)	(325,255)
Foreign currency translation	-	-	(11,538)	(101,980)	-	-	-	(113,518)
Balance at September 30, 2016	**$ 14,148**	**$ 166,355**	**$ 510,781**	**$ 628,492**	**$ 1,174,169**	**$ -**	**$ -**	**$ 2,493,945**

5. EXPLORATION AND EVALUATION ASSETS – continued

USA

a) *BP*

On June 10, 2013, the Company purchased from Almaden Minerals Ltd. ("Almaden") the BP property in Nevada, USA. A 2% NSR is payable to Almadex Minerals Limited ("Almadex") on future production on the property after Almaden transferred the NSR right to Almadex.

In 2017, the Company acquired new ground by staking an additional 48 BLM lode mining claims at the BP property.

As of September 30, 2017, the Company had spent $216,126 on advancing this property.

On January 27, 2015, the Company signed a binding agreement to acquire eight gold properties in Nevada, USA from Sandstorm Gold Ltd. ("Sandstorm") by issuing 150,000 shares to Sandstorm and granting a net smelter returns royalty ranging from 0.5% to 1.0%. The Company also granted Sandstorm a right of first refusal on any future metal streaming agreements on these properties.

- Ashby
- Bellview
- Columbia (dropped in 2016)
- East Walker
- Fri Gold (dropped in 2016)
- Horsethief
- Hot Pot (dropped in 2015)
- Kobeh (dropped in 2016)

In March 2016, the Company reduced the size of the Bellview property and wrote off $3,133. During the year ended September 30, 2016, the Company also dropped the Columbia, Fri Gold and Kobeh properties and wrote off $28,531.

b) *Bellview*

The Bellview property is located in White Pine County, near the Bald Mountain Gold Mine. A 2% NSR is payable to a previous owner of the property and a 1% NSR is payable to Sandstorm from production from all the claims on the property.

As of September 30, 2017, the Company had spent $83,942 on advancing this property.

c) *Horsethief*

The Horsethief property is located in Lincoln County, northeast of Pioche. A 2% NSR is payable to a previous owner of the property from production from some claims on the property while a 1% NSR is payable to Sandstorm on all the claims on the property.

In 2017, the Company acquired new ground by staking an additional 33 BLM lode mining claims at the Horsethief property.

As of September 30, 2017, the Company had spent $158,020 on advancing this property.

5. EXPLORATION AND EVALUATION ASSETS – continued

USA – continued

d) *Others - Ashby*

On August 2, 2017, the Company signed an exploration lease agreement to lease the Ashby gold property to Nevada Canyon Gold Corp. ("Nevada Canyon"). Under the terms of the agreement, Nevada Canyon made a US$1,000 payment on signing, will make annual payments of US$2,000 and will grant a 2% Net Smelter Royalty ("NSR") on future production from the Lazy 1-3 claims comprising the Ashby property. Nevada Canyon will also be responsible for all claim fees and certain reclamation work to be undertaken on the property. The initial term of the lease is 10 years and can be extended for an additional 20 years.

e) *Others – East Walker*

The East Walker property is located in Lyon County, west of Hawthorne. A 2% NSR is payable to a previous owner of the property from production from some claims on the property.

As of September 30, 2017, the Company had spent $17,010 on advancing this property.

Peru

On April 29, 2015, the Company acquired the Yanac, Isy and La Estrella properties in Peru.

- Yanac – located in Chincha region of the Department of Ica, south-central Peru.
- Isy – located in the Department of Ayucucho, Peru (dropped in June 2017).
- La Estrella – located 130 kilometers south of Huancayo in the Department of Huancavelica, Peru.

a) *Yanac*

On February 27, 2013, Cliffs Natural Resources Exploration Inc., a wholly owned subsidiary of Cliffs Natural Resources Inc. ("Cliffs") and the Company's wholly-owned subsidiary entered into a Limited Liability Company Membership Agreement ("agreement") in respect of the Yanac property. In December 2015, Cliffs' interest in Yanac was acquired by 50 King Capital Exploration Inc. ("50 King"), a private company, which took over all previous obligations of Cliffs.

On July 6, 2016, 50 King terminated the agreement, retaining only a 0.5% net smelter royalty ("NSR") on the Yanac property based on prior expenditures and transferred the ownership of the property back to the Company.

During the year ended September 30, 2017, the Company reduced the size of the Yanac property and La Estrella property and dropped the Isy property and wrote off $583,776.

5. EXPLORATION AND EVALUATION ASSETS – continued

Canada

In 2010, the Company acquired the White River property through staking. The White River property is located in the Yukon, northwest of Whitehorse.

On July 23, 2007, the Company purchased from Almaden certain properties in the Yukon and Almaden assigned the 2% NSR royalty on future production from these mineral claims to Almadex:

- Goz Creek – located 180 kilometers north east of Mayo, Yukon.
- MOR – located 35 kilometers east of Teslin, Yukon and is 1.5 kilometers north of the paved Alaska Highway.
- Tim – located 72 kilometers west of Watson Lake, Yukon and 12 kilometers northeast of the Silvertip/Midway deposit.

On June 10, 2008, the Company signed another agreement with Almaden to acquire a 100% interest in the Prospector Mountain gold-silver-copper property, located in central Yukon. Almaden assigned the 2% NSR over any minerals produced from the property to Almadex. Half of the NSR may be purchased by the Company at any time after the production commences for fair value as determined by an independent valuator. The Company will also issue to Almadex 50,000 fully paid common shares upon receipt of a positive bankable feasibility study for the property.

Mexico

On February 16, 2016, the Company sold its Mexican properties to Almadex for $Nil proceeds. The Company retained a 1% Net Smelter Royalty which is capped at $1,000,000. These properties were written down to $Nil prior to the sale and the Company has no remaining property interest in Mexico.

6. INVESTMENT IN ASSOCIATES – ROYALTY INTEREST

On April 29, 2015, the Company acquired a 36% interest in Pucarana S.A.C. (“Pucarana”), an exploration company in Peru holding the Pucarana property.

On May 22, 2015, Pucarana signed an Assignment Agreement with Compania de Minas Buenaventura S.A.A. (“Buenaventura”) whereby Pucarana assigned to Buenaventura the rights to the Pucarana property. In consideration, Buenaventura granted a 3% NSR royalty to Pucarana that is then distributed as to 60% to Alamos Gold Inc. (1.8% NSR), 36% to the Company (1.08% NSR) and 4% to Gallant Minerals Ltd (0.12% NSR).

Prior to the Company’s investment in Pucarana, the Company had capitalized, as exploration and evaluation assets, $566,782 in exploration and evaluation expenditures incurred on its Pucarana property. This amount, with minor adjustments, has been carried forward as the cost of the Company’s 36% investment. The investment is accounted for using the equity method. To date, no dividends have been received from the associate. As at September 30, 2017, summarized financial information for the associate is as follows:

- Current assets - $1,760 (2016 - $2,728)
- Non-current assets - $52,212 (2016 - $52,785)
- Current liabilities - $326 (2016 - $199)
- Non-current liabilities - $76,109 (2016 - $70,992)

To date, there is no profit or loss from continuing operations.

7. SHARE CAPITAL

a) Authorized:

As at September 30, 2017, the authorized share capital is comprised of an unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series. All issued shares are fully paid.

b) Share consolidation

On April 29, 2015, the Company consolidated its share capital on the basis of one new share for every 10 old shares. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

c) Issued:

During the year ended September 30, 2015, the Company:

i) Issued 150,000 common shares to Sandstorm at a price of $0.40 per share for a total consideration of $60,000 to pay for eight exploration and evaluation asset properties in Nevada, USA (Note 5 USA).

ii) Completed the acquisition of all of the outstanding common shares of Estrella on April 29, 2015. As part of the consideration, the Company issued 4,665,032 common shares (post 10:1 share consolidation) with a fair value of $1,166,258.

iii) Completed a non-brokered private placement on April 29, 2015 by issuing 3,000,000 units (“Unit”) at a price of $0.25 per Unit for gross proceeds of $750,000. Each Unit consists of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share for a 36 month period at a price of $0.40. In connection with the financing, the Company paid $1,500 as a cash finder’s fee and issued 6,000 finder’s warrants, each of which is exercisable into one common share at a price of $0.25 for a period of 12 months. The value of the finder’s warrants was determined to be $955 and was calculated using the Black-Scholes option pricing model. Insiders participated in the offering for a total of 172,000 Units for gross proceeds of $43,000. Under the residual value approach, no value was assigned to the warrant component of the Units. The Company incurred additional share issue costs of $12,662 in connection with this financing.

7. SHARE CAPITAL – continued

c) Issued – continued

During the year ended September 30, 2016, the Company:

iv) On March 2, 2016, the Company settled a debt owing to its largest shareholder, Pacific Opportunity Capital Ltd. ("Pacific") in the amount of $300,000 for 2,000,000 common shares at a price of $0.15 per common share. Pacific has arranged for 500,000 of these issued debt settlement shares to be set aside in a Bonus Pool to be granted to management based on the successful completion of certain milestones relating to the execution of the Company's joint venture business model.

v) Completed a non-brokered private placement on March 8, 2016 by issuing 7,000,000 units ("Unit") at a price of $0.10 per Unit for gross proceeds of $700,000. Each Unit consists of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share for a 4 year period at a price of $0.15. In connection with the financing, the Company paid $22,375 as a cash finder's fee and issued 223,750 finder's warrants, each of which is exercisable into one Unit at a price of $0.10 for a period of 18 months. Each Unit consists of one common share and one non-transferable warrant exercisable for a 4 year period at a price of $0.15. The value of the finder's warrants was determined to be $22,979 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, no value was assigned to the warrant component of the Units. The Company incurred additional share issue costs of $29,629 in connection with this financing.

vi) Completed a non-brokered private placement on April 7, 2016 by issuing 3,100,000 units ("Unit") at a price of $0.10 per Unit for gross proceeds of $310,000. Each Unit consists of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share for a 4 year period at a price of $0.15. In connection with the financing, the Company issued 155,000 finder's warrants, each of which is exercisable into one Unit at a price of $0.10 for a period of 18 months. Each Unit consists of one common share and one non-transferable warrant exercisable for a 4 year period at a price of $0.15. The value of the finder's warrants was determined to be $15,919 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, no value was assigned to the warrant component of the Units. The Company incurred additional share issue costs of $7,400 in connection with this financing.

vii) Completed a non-brokered private placement on September 28, 2016 by issuing 2,400,000 units ("Unit") at a price of $0.125 per Unit for gross proceeds of $300,000. Each Unit consists of one common share and a half non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share for a 3 year period at a price of $0.20. In connection with the financing, the Company paid $2,500 as a cash finder's fee and issued 20,000 finder's warrants, each of which is exercisable into one Unit at a price of $0.125 for a period of 18 months. Each finder's warrant consists of one common share and one half non-transferable warrant exercisable for a 3 year period at a price of $0.20. The value of the finder's warrants was determined to be $1,050 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, no value was assigned to the warrant component of the Units. The Company incurred additional share issue costs of $9,850 in connection with this financing.

7. SHARE CAPITAL – continued

c) Issued – continued

During the year ended September 30, 2017, the Company:

viii) Completed a non-brokered private placement on March 6, 2017 by issuing 5,000,000 units ("Unit") at a price of $0.125 per Unit for gross proceeds of $625,000. Each Unit consists of one common share and a half non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share for a 3 year period at a price of $0.20. In connection with the financing, the Company paid $21,700 as a cash finder's fee and issued 173,600 finder's warrants, each of which is exercisable into one Unit at a price of $0.125 for a period of 18 months. Each finder's warrant consists of one common share and one half non-transferable warrant exercisable for a 3 year period at a price of $0.20. The value of the finder's warrants was determined to be $8,072 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, no value was assigned to the warrant component of the Units. The Company incurred additional share issue costs of $19,272 in connection with this financing.

ix) Completed a non-brokered private placement on August 16, 2017 by issuing 1,785,715 units ("Unit") at a price of $0.14 per Unit for gross proceeds of $250,000. Each Unit consists of one common share and a half non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share for a 3 year period at a price of $0.20. In connection with the financing, the Company paid $3,654 as a cash finder's fee and issued 26,100 finder's warrants, each of which is exercisable into one common share at a price of $0.14 for a period of 3 years. The value of the finder's warrants was determined to be $2,025 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, $44,643 was assigned to the warrant component of the Units. The Company incurred additional share issue costs of $17,826 in connection with this financing.

x) During the year ended September 30, 2017, the Company issued common shares pursuant to the exercise of 221,875 finder's warrants for cash proceeds of $22,188.

8. STOCK OPTIONS AND WARRANTS

a) Stock option compensation plan

The Company grants stock options to directors, officers, employees and consultants pursuant to the Company's Stock Option Plan (the "Plan"). The number of options that may be issued pursuant to the Plan are limited to 10% of the Company's issued and outstanding common shares and to other restrictions with respect to any single participant (not greater than 5% of the issued common shares) or any one consultant (not greater than 2% of the issued common shares).

Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than one quarter of the options vesting in any 3 month period.

Vesting provisions may also be applied to other option grants, at the discretion of the directors. Options issued pursuant to the Plan will have an exercise price as determined by the directors, and permitted by the TSX-V, at the time of the grant. Options have a maximum expiry date of 5 years from the grant date.

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

a) Stock option compensation plan – continued

Stock option transactions and the number of stock options for the year ended September 30, 2017 are summarized as follows:

Expiry date	Exercise price	September 30, 2016	Granted	Exercised	Expired / cancelled	September 30, 2017
May 7, 2017	$0.25	4,500	-	-	(4,500)	-
February 25, 2019	$0.25	22,500	-	-	-	22,500
April 29, 2020	$0.25	1,264,500	-	-	-	1,264,500
April 29, 2021	$0.25	100,000	-	-	-	100,000
September 30, 2021	$0.15	1,270,000	-	-	-	1,270,000
Options outstanding		2,661,500	-	-	(4,500)	2,657,000
Options exercisable		2,661,500	-	-	(4,500)	2,657,000
Weighted average exercise price		$0.20	$Nil	$Nil	$0.25	$0.20

As at September 30, 2017, the weighted average contractual remaining life of options is 3.29 years (September 30, 2016 – 4.28 years; September 30, 2015 – 4.53 years). The weighted average fair value of stock options granted during the year ended September 30, 2017 was $Nil (2016 - $0.12; 2015 - $0.22).

Stock option transactions and the number of stock options for the year ended September 30, 2016 are summarized as follows:

Expiry date	Exercise price	September 30, 2015	Granted	Exercised	Expired / cancelled	September 30, 2016
October 1, 2015	$0.25	6,000	-	-	(6,000)	-
May 7, 2017	$0.25	4,500	-	-	-	4,500
February 25, 2019	$0.25	22,500	-	-	-	22,500
April 29, 2020	$0.25	1,265,500	-	-	(1,000)	1,264,500
April 29, 2021	$0.25	-	100,000	-	-	100,000
September 30, 2021	$0.15	-	1,270,000	-	-	1,270,000
Options outstanding		1,298,500	1,370,000	-	(7,000)	2,661,500
Options exercisable		1,298,500	1,370,000	-	(7,000)	2,661,500
Weighted average exercise price		$0.25	$0.16	$Nil	$0.25	$0.20

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

a) Stock option compensation plan – continued

Stock option transactions and the number of stock options for the year ended September 30, 2015 are summarized as follows:

Expiry date	Exercise price	September 30, 2014	Granted	Exercised	Expired / cancelled	September 30, 2015
October 5, 2014	$3.00	10,000	-	-	(10,000)	-
June 23, 2015	$2.00	10,000	-	-	(10,000)	-
October 1, 2015	$5.90	86,500	-	-	(86,500)	-
May 4, 2016	$6.10	42,500	-	-	(42,500)	-
May 7, 2017	$2.60	63,500	-	-	(63,500)	-
February 25, 2019	$1.00	212,500	-	-	(212,500)	-
October 1, 2015	$0.25	-	6,000	-	-	6,000
May 7, 2017	$0.25	-	4,500	-	-	4,500
February 25, 2019	$0.25	-	22,500	-	-	22,500
April 29, 2020	$0.25	-	1,265,500	-	-	1,265,500
Options outstanding		425,000	1,298,500	-	(425,000)	1,298,500
Options exercisable		425,000	1,298,500	-	(425,000)	1,298,500
Weighted average exercise price		$2.80	$0.25	$Nil	$2.80	$0.25

The weighted average assumptions used to estimate the fair value of options for the years ended September 30, 2017, 2016 and 2015 were as follows:

	2017	2016	2015
Risk-free interest rate	n/a	1.27%	1.18%
Expected life	n/a	5 years	5 years
Expected volatility	n/a	137.37%	143.00%
Expected dividend yield	n/a	nil	nil

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

b) Warrants

On April 29, 2015, the Company's warrants were consolidated on a 10 for 1 basis and the exercise prices were reflected as such (Note 7(b)).

The continuity of warrants for the year ended September 30, 2017 is as follows:

Expiry date		Exercise price	September 30, 2016	Issued	Exercised	Expired	September 30, 2017
December 16, 2016		$1.50	483,666	-	-	(483,666)	-
March 17, 2017		$1.50	266,667	-	-	(266,667)	-
May 15, 2017		$1.00	1,200,000	-	-	(1,200,000)	-
September 11, 2017		$1.00	900,000	-	-	(900,000)	-
October 3, 2017	*	$0.40	687,000	-	-	-	687,000
October 9, 2017	*	$0.40	755,500	-	-	-	755,500
December 24, 2017	*	$1.00	300,000	-	-	-	300,000
April 29, 2018		$0.40	3,000,000	-	-	-	3,000,000
March 8, 2020		$0.15	7,000,000	221,875	-	-	7,221,875
April 7, 2020		$0.15	3,100,000	-	-	-	3,100,000
September 28, 2019		$0.20	1,200,000	-	-	-	1,200,000
March 6, 2020		$0.20	-	2,500,000	-	-	2,500,000
August 16, 2020		$0.20	-	892,857	-	-	892,857
Outstanding			18,892,833	3,614,732	-	(2,850,333)	19,657,232
Weighted average exercise price			$0.37	$0.20	$Nil	$1.13	$0.23

*Subsequently, 1,742,500 warrants expired.

As at September 30, 2017, the weighted average contractual remaining life of warrants is 1.95 years (September 30, 2016 – 2.49 years; September 30, 2015 – 2.11 years).

The continuity of warrants for the year ended September 30, 2016 is as follows:

Expiry date	Exercise price	September 30, 2015	Issued	Exercised	Expired	September 30, 2016
December 16, 2016	$1.50	483,666	-	-	-	483,666
March 17, 2017	$1.50	266,667	-	-	-	266,667
May 15, 2017	$1.00	1,200,000	-	-	-	1,200,000
September 11, 2017	$1.00	900,000	-	-	-	900,000
October 3, 2017	$0.40	687,000	-	-	-	687,000
October 9, 2017	$0.40	755,500	-	-	-	755,500
December 24, 2017	$1.00	300,000	-	-	-	300,000
April 29, 2018	$0.40	3,000,000	-	-	-	3,000,000
March 8, 2020	$0.15	-	7,000,000	-	-	7,000,000
April 7, 2020	$0.15	-	3,100,000	-	-	3,100,000
September 28, 2019	$0.20	-	1,200,000	-	-	1,200,000
Outstanding		7,592,833	11,300,000	-	-	18,892,833
Weighted average exercise price		$0.70	$0.16	$Nil	$Nil	$0.37

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

b) Warrants – continued

The continuity of warrants for the year ended September 30, 2015 is as follows:

Expiry date	Exercise price	September 30, 2014	Issued per Plan of Arrangement	Issued	Exercised	Expired	September 30, 2015
December 16, 2016	$1.50	483,666	-	-	-	-	483,666
March 17, 2017	$1.50	266,667	-	-	-	-	266,667
May 15, 2017	$1.00	-	1,200,000	-	-	-	1,200,000
September 11, 2017	$1.00	900,000	-	-	-	-	900,000
October 3, 2017	$0.40	687,000	-	-	-	-	687,000
October 9, 2017	$0.40	-	755,500	-	-	-	755,500
December 24, 2017	$1.00	-	300,000	-	-	-	300,000
April 29, 2018	$0.40	-	-	3,000,000	-	-	3,000,000
Outstanding		2,337,333	2,255,500	3,000,000	-	-	7,592,833
Weighted average exercise price		$0.98	$0.80	$0.40	$Nil	$Nil	$0.70

c) Finder's warrants

On April 29, 2015, the Company's finder's warrants were consolidated on a 10 for 1 basis and the exercise prices were reflected as such (Note 7(b)).

The continuity of finder's warrants for the year ended September 30, 2017 is as follows:

Expiry date		Exercise price	September 30, 2016	Issued	Exercised	Expired	September 30, 2017
September 8, 2017	(1)	$0.10	223,750	-	(221,875)	(1,875)	-
October 7, 2017	(2)	$0.10	155,000	-	-	-	155,000
March 28, 2018	(3)	$0.125	20,000	-	-	-	20,000
September 6, 2018	(4)	$0.125	-	173,600	-	-	173,600
August 16, 2020		$0.14	-	26,100	-	-	26,100
Outstanding			398,750	199,700	(221,875)	(1,875)	374,700
Weighted average exercise price			$0.10	$0.13	$0.10	$0.10	$0.12

(1) The finder's warrants are exercisable into units, with each unit consisting of one common share and one warrant exercisable at $0.15 until March 8, 2020.
(2) The finder's warrants are exercisable into units, with each unit consisting of one common share and one warrant exercisable at $0.15 until April 7, 2020. Subsequently, 155,000 finder's warrants were exercised resulting in 155,000 common shares and 155,000 warrants issued.
(3) The finder's warrants are exercisable into units, with each unit consisting of one common share and one half warrant exercisable at $0.20 until September 28, 2019.
(4) The finder's warrants are exercisable into units, with each unit consisting of one common share and one half warrant exercisable at $0.20 until March 6, 2020.

As at September 30, 2017, the weighted average contractual remaining life of finder's warrants is 0.67 years (September 30, 2016 – 1.00 years; September 30, 2015 – 0.05 years).

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

c) Finder's warrants – continued

The continuity of finder's warrants for the year ended September 30, 2016 is as follows:

Expiry date	Exercise price	September 30, 2015	Issued	Exercised	Expired	September 30, 2016
October 3, 2015	$1.50	47,150	-	-	(47,150)	-
October 9, 2015	$1.50	56,500	-	-	(56,500)	-
April 29, 2016	$0.25	6,000	-	-	(6,000)	-
September 8, 2017	$0.10	-	223,750	-	-	223,750
October 7, 2017	$0.10	-	155,000	-	-	155,000
March 28, 2018	$0.125	-	20,000	-	-	20,000
Outstanding		109,650	398,750	-	(109,650)	398,750
Weighted average exercise price		$1.43	$0.10	$Nil	$1.43	$0.10

The continuity of finder's warrants for the year ended September 30, 2015 is as follows:

Expiry date	Exercise price	September 30, 2014	Issued per Plan of Arrangement	Issued	Exercised	Expired	September 30, 2015
September 11, 2015	$0.50	26,880	-	-	-	(26,880)	-
October 3, 2015	$1.50	47,150	-	-	-	-	47,150
October 9, 2015	$1.50	-	56,500	-	-	-	56,500
April 29, 2016	$0.25	-	-	6,000	-	-	6,000
Outstanding		74,030	56,500	6,000	-	(26,880)	109,650
Weighted average exercise price		$1.10	$1.50	$0.25	$Nil	$0.50	$1.43

The weighted average assumptions used to estimate the fair value of finder's warrants for the years ended September 30, 2017, 2016 and 2015 were as follows:

	2017	2016	2015
Risk-free interest rate	0.60%	0.62%	0.90%
Expected life	1.7 years	1.5 years	1 year
Expected volatility	83.78%	146.22%	181.06%
Expected dividend yield	nil	nil	nil

(Presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended September 30, 2017

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 120,000	$ Nil	$ Nil	$ Nil	$ Nil	$ 120,000

For the year ended September 30, 2016

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 120,000	$ Nil	$ Nil	$ Nil	$ 23,560	$ 143,560
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ 17,670	$ 17,670
Marc G. Blythe Director [(b)]	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,780	$ 11,780
Mark T. Brown Director [(a)]	$ Nil	$ Nil	$ Nil	$ Nil	$ 17,670	$ 17,670
Craig Lindsay Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,780	$ 11,780
John Wilson Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,780	$ 11,780
Geoff Chater Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 26,380	$ 26,380

For the year ended September 30, 2015

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 50,000	$ Nil	$ Nil	$ Nil	$ 28,590	$ 78,590
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ 28,590	$ 28,590
Marc G. Blythe Director [(b)]	$ 127,500	$ Nil	$ Nil	$ Nil	$ 28,590	$ 156,090
Mark T. Brown Director [(a)]	$ Nil	$ Nil	$ Nil	$ Nil	$ 28,590	$ 28,590
Adrian Fleming Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 19,060	$ 19,060
Craig Lindsay Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 19,060	$ 19,060
John Wilson Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 19,060	$ 19,060

(Presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS – continued

Related party transactions and balances

		Years ended		Balance due	
	Services	September 30, 2017	September 30, 2016	As at September 30, 2017	As at September 30, 2016
Amounts due to:					
Jason Weber	Consulting fee and share-based payment	$ 120,000	$ 143,560	$ 80	$ 10,733
Pacific Opportunity Capital Ltd. [(a)]	Accounting, financing, and shareholder communication services	$ 173,025	$ 189,375	$ 75,600	$ 160,738
Marc G. Blythe Director [(b)]	Share-based payment	$ -	$ 11,780	$ -	$ -
TOTAL:				$ 75,680	$ 171,471

(a) The president of Pacific Opportunity Capital Ltd., a private company, is a director of the Company.
(b) Marc Blythe resigned from being the Chief Executive Officer effective April 29, 2015. Mr. Blythe remains as a director of the Company.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the year ended September 30, 2017 were as follows:

- As at September 30, 2017, a total of $22,761 in exploration and evaluation asset costs was included in accounts payable and accrued liabilities;
- As at September 30, 2017, a total of $20,500 in share issue costs was included in due to related parties;
- The Company recorded $10,097 in share issue costs related to the issue of finder's warrants pursuant to the private placement financing completed.

The significant non-cash investing and financing transactions during the year ended September 30, 2016 were as follows:

- As at September 30, 2016, a total of $12,316 in exploration and evaluation asset costs and a total of $12,463 in share issue costs were included in accounts payable and accrued liabilities;
- The Company recorded $300,000 in share capital related to the issue of common shares pursuant to the shares for debt settlement; and
- The Company recorded $39,948 in share issue costs related to the issue of finder's warrants pursuant to the private placement financing completed.

The significant non-cash investing and financing transactions during the year ended September 30, 2015 were as follows:

- The Company recorded $60,000 in share capital related to the issue of common shares pursuant to the acquisition of exploration and evaluation assets (Note 5 USA);
- The Company recorded $1,166,258 in share capital, $14,522 in equipment, $567,416 in investment in associate, working capital deficiency of $194,867, and $952,795 in exploration and evaluation assets related to the completion of the Plan of Arrangement with Estrella; and
- As at September 30, 2015, a total of $123,134 in exploration and evaluation assets and a total of 8,000 in share issue costs were included in accounts payable and accrued liabilities.

(Presented in Canadian Dollars)

11. SEGMENTED INFORMATION

The Company has one reportable operating segment, that being the acquisition and exploration of mineral properties. Geographical information is as follows:

	September 30, 2017	September 30, 2016
Non-current assets		
USA	480,918	180,503
Peru	1,189,982	1,709,112
Canada	1,175,835	1,174,348
	$ 2,846,735	$ 3,063,963

12. INCOME TAXES

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

		2017	2016
Loss before income taxes	$	(1,283,440)	$ (1,453,316)
Expected income tax recovery	$	(306,000)	$ (382,000)
Permanent differences		-	43,000
Share issue costs		(16,000)	(13,000)
Change in unrecognized deductible temporary differences		322,000	352,000
Total deferred income tax (recovery) expense	**$**	**-**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2017	Expiry Date Range	2016	Expiry Date Range
Temporary Differences	$		$	
Exploration and evaluation assets	3,916,000	No expiry date	3,873,000	No expiry date
Property and equipment	117,000	No expiry date	119,000	No expiry date
Share issue costs	112,000	2038 to 2041	102,000	2037 to 2040
Allowable capital losses	1,591,000	No expiry date	1,591,000	No expiry date
Non-capital losses available for future periods	14,448,000	2018 to 2037	13,712,000	2017 to 2036

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, market risk and commodity price risk.

(a) Currency risk

The Company's property interests in Peru and USA make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. The Company's exploration program, some of its general and administrative expenses and financial instruments denoted in a foreign currency are exposed to currency risk. A 10% change in the Peruvian nuevo sol and US dollar over the Canadian dollar would change the results of operations by approximately $116,000.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to the liquidity of its cash. The Company limits exposure to credit risk by maintaining its cash with a large Canadian financial institution.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company does not have sufficient cash to settle its current liabilities, and further funding will be required to meet the Company's short-term and long-term operating needs. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

(d) Market risk

Market risks to which the Company is exposed include unfavorable movements in commodity prices, interest rates, and foreign exchange rates. As at September 30, 2017, the Company has no producing assets and holds the majority of its cash in secure, Canadian dollar-denominated deposits. Consequently, its exposure to these risks has been significantly reduced, but as the Company redeploys its cash, exposure to these risks may increase. The objective of the Company is to mitigate exposure to these risks while maximizing returns.

The Company may from time-to-time own available-for-sale marketable securities, in the mineral resource sector. Changes in the future pricing and demand of commodities can have a material impact on the market value of the investments. The nature of such investments is normally dependent on the invested company being able to raise additional capital to further develop and to determine the commercial viability of its resource properties. Management mitigates the risk of loss resulting from this concentration by monitoring the trading value of the investments on a regular basis.

(Presented in Canadian Dollars)

13. FINANCIAL INSTRUMENTS – continued

(d) Market risk – continued

i) Interest rate risk

As at September 30, 2017, the Company's exposure to movements in interest rates was limited to potential decreases in interest income from changes to the variable portion of interest rates for its cash. Market interest rates in Canada are at historically low levels, so management does not consider the risk of interest rate declines to be significant, but should such risks increase the Company may mitigate future exposure by entering into fixed-rate deposits. A 1% change in the interest rate, with other variables unchanged, would not significantly affect the Company.

ii) Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company may maintain cash and other financial instruments, or may incur revenues and expenditures in currencies other than the Canadian dollar. Significant changes in the currency exchange rates between the Canadian dollar relative to these foreign currencies, which may include but are not limited to US dollars and Peruvian nuevo sol, could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

(e) Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company are directly related to the market price of minerals such as gold, zinc, lead and copper. The Company's input costs are also affected by the price of fuel. The Company closely monitors mineral and fuel prices to determine the appropriate course of action to be taken by the Company.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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 following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

As at September 30, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 37,318	$ -	$ -	$ 37,318

As at September 30, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 421,699	$ -	$ -	$ 421,699

14. MANAGEMENT OF CAPITAL RISK

The Company considers items included in shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations. The Company's approach to managing capital remains unchanged from the year ended September 30, 2016.

15. CONTINGENT LIABILITIES

As a result of the administrative practices with respect to mining taxation in Mexico, there can be significant uncertainty, in regards to when, or if, taxes are payable and the amount that may ultimately be payable. As at September 30, 2015, Mexican claim taxes totalling approximately $766,000 had been levied. Of this amount, $563,000 ($193,000 for 2014 and $370,000 for 2015) related to properties that were held by Minera Tarsis, S.A. de C.V., which the Company had applied to wind up, and $203,000 ($63,000 for 2014 and $140,000 for 2015) related to properties being acquired. On February 16, 2016, the Company sold all its Mexican properties, Yago, Mezquites and San Pedro, to Almadex, and reduced the claim taxes to $173,783. These taxes will never be paid in full and any amount that will, or might, be payable cannot realistically be determined at this time. Accordingly, these taxes have been disclosed as a contingent liability, and not recognized as a liability or provision.

16. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

155,000 finder's warrants were exercised for gross proceeds of $15,500, resulting in 155,000 common shares and 155,000 warrants being issued.