ALIANZA MINERALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE SIX MONTHS ENDED MARCH 31, 2019

OVERVIEW AND INTRODUCTORY COMMENT

Alianza Minerals Ltd. ("Alianza" or the "Company") is a growth-oriented junior exploration and development company listed on the TSX Venture Exchange under the trading symbol "ANZ". The Company 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 has properties in Nevada USA, Yukon and British Columbia Canada, and Peru. The Company also has a 1% NSR (capped at $1,000,000) on certain properties in Mexico.

This MD&A is dated May 29, 2019 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes for the six months ended March 31, 2019 and the Company's audited consolidated financial statements for the year ended September 30, 2018 and the related notes thereto.

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.

MAJOR INTERIM PERIOD OPERATING MILESTONES

Haldane, Yukon Territory, Canada

On December 4, 2018, the Company announced that it received a Class 3 Mining Land Use approval for the Haldane Silver Project, located in the historic Keno Mining District, Yukon Territory. This approval is valid until November 25, 2028 and is subject to the standard restrictions and conditions contained in the Yukon Quartz Mining Act and the Quartz Mining Land Use Regulations. This approval allows the Company to move forward without delay at Haldane in 2019.

On May 8, 2019, the Company reports that planning is underway for the 2019 field program at the Haldane Property, a high-grade silver target in the historic Keno Hill Mining District of Yukon Territory. The first phase of the program, consisting of additional soil geochemistry, mapping and trenching, will start in June. Drilling will follow in August. The 8,579 hectare Haldane Silver Property is located 25 km west of Keno City, YT in the western portion of the Keno Hill Silver District.

The first phase program will consist of mapping, prospecting and soil geochemical surveys in the areas of the Bighorn and Ross anomalies. The road-accessible Bighorn anomaly is a new target identified in the 2018 program and is open for expansion. Further work at this target will attempt to expand the soil geochemical footprint of the anomaly and detailed mapping and prospecting will target structure and mineralization for follow up trenching. The same approach will be used at the Ross anomaly, particularly to the west where 2018 soil geochemical data identified a new target area. Trenching may also be undertaken here if warranted. The results of this first phase program will be used to prioritize drilling at the Bighorn, Ross and Mt Haldane Vein System targets planned for August.

KRL, British Columbia, Canada

On November 7, the Company reported that sampling at the recently-optioned the KRL Property had returned high-grade gold values from the KRL showing, including 122 g/t gold from a 50 cm-wide quartz vein. A total of 12 grab samples were collected from two steeply-dipping northwesterly and two northeasterly-oriented quartz veins in the vicinity of the KRL showing. Sampled veins range from 10-50 cm in width. The northeasterly-oriented veins correlate with historic trenches 1 and 7. Four samples of a 40-50 cm-wide vein (historic Trench 1) returned 3.15, 8.24, 122 and 7.94 g/t gold, respectively. These were collected over 18 metres strike length and compare favourably to historically reported results. Three samples were also collected from historic Trench 7 over a strike length of 16 metres, returning 7.43, 22.4 and 0.235 g/t gold from a 30 cm-wide vein, also confirming historic sampling. Veins are variably-banded, white to grey quartz with brown to yellow-orange limonitic weathering. Higher-grade gold mineralization appears to correlate with the presence of sulphides, particularly chalcopyrite. A map with the 2018 results can be found on the company's website at https://alianzaminerals.com/project/krlgold/.

Previous work at KRL dates back to the late 1980's and includes hand trenching of quartz veins 10 – 100 centimetres (cm) in width (generally 10-50 cm wide) and exposed for as much as 60 metres (m) on strike before becoming obscured under talus. Results of this work include a series of five channel samples, collected on one-metre spacings yielding 56.01, 35.93, 122.86, 194.23 and 64.04 g/t gold over 50-70 cm. Another vein, sampled approximately 10 m to the northwest, returned 248.1 g/t gold over its 10 cm width, and another at 229.47 g/t from a nearby 10 cm channel sample. At least 11 veins have been identified over a 400 m by 600 m area. Most veins are steeply-dipping with a north-westerly strike.

Bellview, Nevada, USA

The Bellview property is located in White Pine County, 85 km south of Elko, Nevada and 13 km north of the Bald Mountain Gold Mine on the southern extension of the Carlin Trend. Bellview features a geological setting prospective for sediment-hosted gold mineralization. Work by a previous operator identified stratigraphic targets similar to the geologic setting observed at Bald Mountain. Targets are primarily defined by gold-in-soil geochemical anomalies and gold-bearing silicified jasperoid breccias in stratigraphy recognized regionally and at the Bald Mountain Mine to host gold mineralization.

On February 7, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild Mining (US) Inc. ("Hochschild") whereby Hochschild could earn up to a 70% undivided interest in the Bellview property.

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$3,500,000 in exploration on the property over a 5.5 year period, with a committed minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$100,000
From the end of Agreement Year 1 to 30 months after Effective Date	Agreement Year 2	US$500,000
From the end of Agreement Year 2 to 42 months after Effective Date	Agreement Year 3	US$500,000
From the end of Agreement Year 3 to 54 months after Effective Date	Agreement Year 4	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$3,500,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

On March 11, 2019, Hochschild reimbursed the Company the sum of $9,832 (US$7,358) being the maintenance fees paid by the Company in August 2018.

On May 1, 2019, the Company announced that the field work at Bellview started. A magnetics survey is underway to identify important structural features that may represent goldbearing fluid conduits and determine if any buried intrusive bodies are associated with alteration and mineralization on the property. The survey will assist in targeting future drill programs.

BP, Nevada, USA

The BP property is 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. Alianza conducted a mapping and prospecting program in 2017 that 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.

On March 1, 2019 (“Effective Date”), the Company entered into an option agreement with Hochschild whereby Hochschild could earn up to a 70% undivided interest in the Horsethief property.

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$2,500,000 in exploration on the property over a 4.5 year period, with a committed minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$100,000
12 months from the end of Agreement Year 1	Agreement Year 2	US$500,000
12 months from the end of Agreement Year 2	Agreement Year 3	US$500,000
12 months from the end of Agreement Year 3	Agreement Year 4	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$2,500,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

On March 11, 2019, Hochschild reimbursed the Company the sum of $31,702 (US$23,724) being the maintenance fees paid by the Company in August 2018.

A mapping and sampling program for BP property will start in early summer of 2019.

Horsethief, Nevada, USA

Exploration at Horsethief is targeting sediment-hosted gold mineralization in a window of Cambrian carbonate rocks overlain by volcanic flows and pyroclastics. Work by prior operators included mapping and sampling hematite-rich jasperoid breccia outcrops and shallow drilling. Historic drilling, generally 100 metres or less in depth, 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. Subsequent geophysical surveys (Induced Polarization chargeability and resistivity) indicate that stratigraphy and potentially mineralized targets dip to the east under the volcanic cover and below the extent of prior drilling.

On March 1, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild whereby Hochschild could earn up to a 70% undivided interest in the Horsethief property.

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$5,000,000 in exploration on the property over a 5.5 year period, with a committed minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$500,000
12 months from the end of Agreement Year 1	Agreement Year 2	US$500,000
12 months from the end of Agreement Year 2	Agreement Year 3	US$500,000
12 months from the end of Agreement Year 3	Agreement Year 4	US$500,000
12 months from the end of Agreement Year 4	Agreement Year 5	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$5,000,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

On March 11, 2019, Hochschild reimbursed the Company the sum of $14,073 (US$10,531) being the maintenance fees paid by the Company in August 2018.

On May 1, 2019, the Company announced that the field work at Horsethief started. The current program includes mapping and geochemical sampling to refine targets for subsequent drilling. This work will focus on mapping alteration, structure and stratigraphy to focus drill targeting based on potential fluid conduits in prospective rock units in the stratigraphy. Management is also contemplating reprocessing magnetic, Induced Polarization (IP) and resistivity data collected by a previous operator to aid in drill targeting.

INTERIM PERIOD FINANCIAL CONDITION

Capital Resources

On December 24, 2018, the Company completed a non-brokered private placement by issuing 5,000,000 non-flow-through units ("Unit") at a price of $0.05 per Unit for gross proceeds of $250,000 and 10,203,333 flow-through shares ("FT Share") at a price of $0.06 per FT Share for gross proceeds of $612,200. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a 24 month period at a price of $0.10. In connect with the financing, the Company paid $50,760 as a cash finder's fee and issued 887,250 finder's warrants, each of which is exercisable into one common share at a price of $0.05 for a period of 12 months. The FT Shares are eligible for a tax deduction for Canadian income tax payers for the year 2018 and the proceeds are being spent on qualifying exploration expenditures on Alianza's projects in the Yukon Territory, specifically on Haldane Silver Property in the Keno Hill District and KRL Property in British Columbia's prolific Golden Triangle.

On January 7, 2019, the Company received a grant of $40,000 under the Yukon Mineral Exploration Program which was applied in 2018.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from equity issuances and the potential exercise of warrants, finders' warrants and options, along with the planned developments within the

Company will allow its efforts to continue throughout 2019. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

Liquidity

As at March 31, 2019, the Company had working capital of $220,987 (September 30, 2018 – working capital deficiency of $343,283). As at March 31, 2019, cash totaled $576,690, an increase of $570,091 from $6,599 as at September 30, 2018. The increase was due to: (a) net proceeds from the private placement of $811,379; (b) a net increase of $26,987 in exploration and expenditures assets as a result of Yukon Mining Incentive Refund of $40,000 and reimbursement from an optionee of $55,607 while being reduced by exploration and evaluation assets expenditures of $68,620; and (c) reduction of $258,557 due to the operating activities.

Operations

For the three months ended March 31, 2019 compared with the three months ended March 31, 2018:

Excluding the non-cash depreciation of $103 (2018 - $759) and share-based payments of $Nil (2018 - $70,890), the Company's general and administrative expenses amounted to $82,246 (2018 - $141,899), a decrease of $59,653. The change in the expenses was mainly due to decreases in: (a) Wages, benefits and consulting fees of $27,007 (2018 - $72,532); (b) investor relations and shareholder information of $13,504 (2018 - $20,526) and (c) office expense of $3,365 (2018 - $9,380) as the Company has been monitoring its use of cash and has been actively seeking ways to reduce its operating expenses.

For the six months ended March 31, 2019 compared with the six months ended March 31, 2018:

Excluding the non-cash depreciation of $206 (2018 - $1,526) and share-based payments of $Nil (2018 - $70,890), the Company's general and administrative expenses amounted to $212,722 (2018 - $288,702), a decrease of $75,980. The change in the expenses was mainly due to decreases in: (a) property investigation expenses of $Nil (2018 - $20,100); (b) wages, benefits and consulting fees of $71,032 (2018 - $109,274) and (c) investor relations and shareholder information of $21,593 (2018 - $40,357) as the Company has been monitoring its use of cash and has been actively seeking ways to reduce its operating expenses.

SIGNIFICANT RELATED PARTY TRANSACTIONS

During the quarter, there was no significant transaction between related parties.

COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

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 totaling approximately $766,000 had been levied. Of this amount, $563,000 relates to properties that were held by Minera Tarsis, S.A. de C.V., which the Company has applied to wind up, and $203,000 relates to properties being acquired. On February 16, 2016, the Company sold all its Mexican properties 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.

As of the date of the MD&A, the Company has no outstanding commitments.

Other than disclosed in this MD&A – Quarterly Highlights, the Company does not have any commitments, expected or unexpected, or uncertainties.

RISK FACTORS

In our MD&A filed on SEDAR January 24, 2019 in connection with our annual financial statements (the "Annual MD&A"), we have set out our discussion of the risk factors *Exploration risks, Market risks* and *Financing risk* which we believe are the most significant risks faced by Alianza. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company's outstanding share data as at March 31, 2019:

	Issued and Outstanding	
	March 31, 2019	May 29, 2019
Common shares outstanding	60,345,001	60,470,001
Stock options	3,484,500	3,484,500
Warrants	25,069,732	25,069,732
Finder's options	1,153,350	1,153,350
Fully diluted common shares outstanding	90,052,583	90,177,583

QUALIFIED PERSON

Jason Weber, BSc., P.Geo is the Qualified Persons 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 and prepared the technical information contained in this MD&A – Quarterly Highlights.

Cautionary Statements

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.

ALIANZA MINERALS LTD.

Condensed Consolidated Interim Financial Statements

For the six months ended March 31, 2019 and 2018

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

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NOTICE OF NO AUDITOR REVIEW OF

INTERIM FINANCIAL STATEMENTS

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

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

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

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

	Note		March 31, 2019		September 30, 2018
Assets					
Current assets					
Cash		$	576,690	$	6,599
Deferred financing costs			10,000		-
Receivables			8,870		17,759
Prepaid expenses			10,864		341
			606,424		24,699
Non-current assets					
Equipment	4		544		750
Exploration and evaluation assets	5		2,686,027		2,700,511
Investment in associates - royalty interest	6		560,642		560,153
VAT receivables			44,500		37,721
			3,291,713		3,299,135
Total assets		$	3,898,137	$	3,323,834
Current liabilities					
Accounts payable and accrued liabilities		$	130,359	$	91,354
Due to related parties	9		255,078		276,628
			385,437		367,982
Shareholders' equity					
Share capital	7		17,609,205		16,863,904
Reserves	7, 8		2,707,122		2,677,044
Accumulated other comprehensive loss			(26,518)		(20,100)
Deficit			(16,777,109)		(16,564,996)
			3,512,700		2,955,852
Total shareholders' equity and liabilities		$	3,898,137	$	3,323,834

Nature of operations and going concern (Note 1)

These consolidated financial statements are authorized for issue by the Board of Directors on May 29, 2019.

On behalf of the Board of Directors:

Director "Jason Weber" *Director "Mark T. Brown"*

See accompanying notes to the condensed consolidated interim financial statements

(Unaudited, presented in Canadian Dollars)

	Note	Three months ended March 31 2019	Three months ended March 31 2018	Six months ended March 31 2019	Six months ended March 31 2018
Expenses					
Accounting and legal fees	9	$ 29,890	$ 23,887	$ 85,998	$ 60,352
Depreciation	4	103	759	206	1,526
Investor relations and shareholder information	9	13,504	20,526	21,593	40,357
Office facilities and administrative services	9	4,500	4,500	9,000	9,167
Office expenses		3,365	9,380	8,793	23,817
Property investigation expenses		-	563	-	20,100
Share-based payments	9	-	70,890	-	70,890
Transfer agent, listing and filing fees		2,476	6,687	12,267	11,669
Travel		1,504	3,824	4,039	13,966
Wages, benefits and consulting fees	9	27,007	72,532	71,032	109,274
		(82,349)	(213,548)	(212,928)	(361,118)
Interest income and other income		2,204	13	2,370	2,254
Foreign exchange gain (loss)		940	270	(1,555)	420
Net loss for the period		$ (79,205)	$ (213,265)	$ (212,113)	$ (358,444)
Other comprehensive income (loss)					
Exchange difference arising on the translation of foreign subsidiary		(10,824)	30,656	(6,418)	41,987
Total comprehensive loss for the period		$ (90,029)	$ (182,609)	$ (218,531)	$ (316,457)
Basic and diluted loss per common share		$ (0.00)	$ (0.01)	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		60,345,001	35,997,224	53,244,543	35,712,987

See accompanying notes to the condensed consolidated interim financial statements

ALIANZA MINERALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited, presented in Canadian Dollars)

		Share Capital		Reserves			Accumulated Other Comprehensive Income (Loss)		
	Note	Number of shares	Amount	Equity settled employee benefits	Warrants	Finders' warrants	Foreign exchange reserve	Deficit	Total equity
Balance, September 30, 2017 (Audited)		**35,286,668**	**$ 15,954,681**	**$ 1,720,915**	**$ 641,848**	**$ 251,286**	**$ (44,645)**	**$ (15,738,156)**	**$ 2,785,929**
Purchase of explration and evaluation assets	7(b)(i)	2,000,000	170,000	-	-	-	-	-	170,000
Share issue costs		-	(2,372)	-	-	-	-	-	(2,372)
Share-based payments		-	-	70,890	-	-	-	-	70,890
Exercise of finder's warrants	7(b)(ii)	155,000	31,419	-	-	(15,919)	-	-	15,500
Net loss		-	-	-	-	-	41,987	(358,444)	(316,457)
Balance, March 31, 2018 (Unaudited)		**37,441,668**	**16,153,728**	**1,791,805**	**641,848**	**235,367**	**(2,658)**	**(16,096,600)**	**2,723,490**
Private placement	7(b)(iv)	7,500,000	750,000	-	-	-	-	-	750,000
Acquisition of exploration and evaluation assets	7(b)(iii)(v)	200,000	21,000	-	-	-	-	-	21,000
Share issue costs		-	(60,824)	-	-	11,424	-	-	(49,400)
Share-based payments		-	-	(3,400)	-	-	-	-	(3,400)
Net loss		-	-	-	-	-	(17,442)	(468,396)	(485,838)
Balance, September 30, 2018 (Audited)		**45,141,668**	**16,863,904**	**1,788,405**	**641,848**	**246,791**	**(20,100)**	**(16,564,996)**	**2,955,852**
Private placements	7(b)(vi)	15,203,333	862,200	-	-	-	-	-	862,200
Share issue costs		-	(116,899)	-	-	30,078	-	-	(86,821)
Net loss		-	-	-	-	-	(6,418)	(212,113)	(218,531)
Balance, March 31, 2019 (Unaudited)		**60,345,001**	**$ 17,609,205**	**$ 1,788,405**	**$ 641,848**	**$ 276,869**	**$ (26,518)**	**$ (16,777,109)**	**$ 3,512,700**

See accompanying notes to the condensed consolidated interim financial statements

ALIANZA MINERALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31
(Unaudited, presented in Canadian Dollars)

	Six months ended March 31 2019	2018
Cash flows from (used in) operating activities		
Net loss for the period	$ (212,113)	$ (358,444)
Items not affecting cash:		
Depreciation	206	1,526
Share-based payments	-	70,890
Changes in non-cash working capital items:		
Receivables	7,894	(1,290)
VAT Receivables	(5,784)	(6,204)
Prepaid expenses	(10,523)	11,500
Accounts payable and accrued liabilities	29,313	45,970
Due to related parties	(67,550)	220,981
Net cash (used in) operating activities	(258,557)	(15,071)
Cash flows from (used in) investing activities		
Exploration and evaluation assets	26,987	(29,817)
Net cash provided by (used in) investing activities	26,987	(29,817)
Cash flows from (used in) financing activities		
Proceeds from issuance of common shares	862,200	-
Proceeds from exercise of finder's warrants	-	15,500
Share issue costs	(50,821)	(2,100)
Net cash provided by financing activities	811,379	13,400
Effect of exchange rate changes on cash	(9,718)	(467)
Change in cash for the period	570,091	(31,955)
Cash, beginning of the period	6,599	37,318
Cash, end of the period	$ 576,690	$ 5,363

Supplemental disclosure with respect to cash flows (Note 10)

Cash consists of $572,955 (2018 - $nil) held for flow-through expenditures.

See accompanying notes to the condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim statement of financial position. The condensed consolidated interim 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 March 31, 2019, the Company had working capital of $220,987 (September 30, 2018: working capital deficiency of $343,283) and shareholders' equity of $3,512,700 (September 30, 2018: $2,955,852).

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PREPARATION - continued

Basis of preparation

These condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim 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 March 31, 2019 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 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

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended September 30, 2018.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended September 30, 2018. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six-month period ended March 31, 2019 are not necessarily indicative of the results that may be expected for the current fiscal year ending September 30, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Adoption of IFRS 9 – Financial Instruments

On October 1, 2018, the Company adopted IFRS 9 in accordance with the transitional provisions of the standard. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, the Company made an irrevocable election upon initial recognition for equity instruments existing at October 1, 2018 and previously classified as available-for-sale, to satisfy the conditions for classification as fair value through profit or loss ("FVPL"). The change did not impact the carrying value of any of the Company's financial assets on the transition date.

The impact on the balance sheet from the change relating to IFRS 9 has been summarized below.

We have assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 as follows:

	IAS 39	**IFRS 9**
Financial Assets		
Cash	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Marketable securities	Available-for-Sale	Fair value though profit or loss
Financial Liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

The classification of financial assets is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Transaction costs with respect to financial instruments classified as fair value through profit or loss are recognized in the consolidated statements of comprehensive income or loss.

Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

(Unaudited, presented in Canadian Dollars)

4. EQUIPMENT

		Office equipment and furniture		Vehicles and other field equipment		Total
Cost						
As at September 30, 2017	$	7,642	$	9,735	$	17,377
Disposal during the year		(2,887)		(10,886)		(13,773)
Foreign exchange movement		358		1,377		1,735
As at September 30, 2018		5,113		226		5,339
Foreign exchange movement		18		6		24
As at March 31, 2019	$	5,131	$	232	$	5,363
Accumulated depreciation						
As at September 30, 2017	$	4,801	$	3,631	$	8,432
Depreciation for the year		1,206		1,302		2,508
Depreciation for the year related to disposal		(1,979)		(5,944)		(7,923)
Foreign exchange movement		335		1,237		1,572
As at September 30, 2018		4,363		226		4,589
Depreciation for the period		206		-		206
Foreign exchange movement		18		6		24
As at March 31, 2019	$	4,587	$	232	$	4,819
Net book value						
As at September 30, 2018	$	750	$	-	$	750
As at March 31, 2019	**$**	**544**	**$**	**-**	**$**	**544**

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 Nevada, USA (the “USA Properties”), in British Columbia and Yukon Territory of Canada (the “Canada Properties”) and in Peru (the “Peru Properties”). Following are summary tables of exploration and evaluation assets and brief summary descriptions of each of the exploration and evaluation assets:

(Unaudited, presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

Exploration and Evaluation Assets for the period ended March 31, 2019

	USA				Canada			Peru	
	Horsethief	Bellview	BP	Others	Haldane	KRL	Others	Yanac	**Total**
Balance at September 30, 2018	**$ 223,045**	**$ 95,291**	**$ 248,975**	**$ 23,038**	**$ 471,424**	**$ 21,545**	**$ 1,197,974**	**$ 419,219**	**$ 2,700,511**
Additions during the period									
Acquisition costs:									
Property acquisition	-	-	-	-	-	15,000	-	-	15,000
	-	-	-	-	-	15,000	-	-	15,000
Exploration expenditures:									
Camp, travel and meals	1,422	1,422	1,422	-	7,608	-	37	-	11,911
Community relations	-	-	-	-	1,704	-	-	-	1,704
Field equipment rental	790	790	790	-	1,500	229	513		4,612
Field supplies and maps	66	66	66	-	104	-	-	-	302
Geochemical	-	-	-	-	(804)	-	-	-	(804)
Geological consulting	4,428	4,428	4,428	-	29,734	290	66	-	43,374
Legal and accounting	-	-	-	-	54	-	-	-	54
Licence and permits	-	-	-	-	1,048	-	-	-	1,048
Reporting, drafting, sampling and analysis	-	-	-	-	434.95	676	-	-	1,111
	6,706	6,706	6,706	-	41,383	1,195	616	-	63,312
Less:									
Yukon Mining Incentive Refund	-	-	-	-	(40,000)	-	-	-	(40,000)
Recovered exploration expenditures	(14,073)	(9,832)	(31,702)	-	-	-	-	-	(55,607)
Net additions	(7,367)	(3,126)	(24,996)	-	1,383	16,195	616	-	(17,295)
Foreign currency translation	-	-	-	-	-	-	-	2,811	2,811
Balance at March 31, 2019	**$ 215,678**	**$ 92,165**	**$ 223,979**	**$ 23,038**	**$ 472,807**	**$ 37,740**	**$ 1,198,590**	**$ 422,030**	**$ 2,686,027**

(Unaudited, presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

Exploration and Evaluation Assets for the year ended September 30, 2018

	USA				Canada			Peru		
	Horsethief	Bellview	BP	Others	Haldane	KRL	Others	Yanac	Others	**Total**
Balance at September 30, 2017	**$ 158,020**	**$ 83,942**	**$ 216,126**	**$ 22,830**	**$ -**	**$ -**	**$ 1,174,169**	**$ 410,630**	**$ 212,390**	**$ 2,278,107**
Additions during the year										
Acquisition costs:										
Property acquisition	-	-	-	-	242,000	19,000	-	-	-	261,000
	-	-	-	-	242,000	19,000	-	-	-	261,000
Exploration expenditures:										
Camp, travel and meals	3,432	1,203	134	-	35,549	-	4,444	-	2,341	47,103
Community relations	-	-	-	-	2,928	-	-	-	-	2,928
Field supplies and maps	282	-	-	-	8,187	-	32	-	-	8,501
Geochemical	-	-	-	-	31,248	-	-	-	-	31,248
Geological consulting	11,063	-	-	-	112,659	-	5,257	-	15,652	144,631
Legal and accounting	763	533	1,720	181	4,418	-	-	-	4,206	11,821
Licence and permits	48,971	9,613	30,995	3,304	-	-	-	5,833	-	98,716
Office and administrative fees	-	-	-	-	-	-	-	207	5,708	5,915
Rent	514	-	-	-	34,435	2,545	14,072	-	2,436	54,002
	65,025	11,349	32,849	3,485	229,424	2,545	23,805	6,040	30,343	404,865
Less:										
Recovered exploration expenditures	-	-	-	(3,277)	-	-	-	-	-	(3,277)
Write-down of properties	-	-	-	-	-	-	-	-	(263,937)	(263,937)
Net additions / (subtractions)	65,025	11,349	32,849	208	471,424	21,545	23,805	6,040	(233,594)	398,651
Foreign currency translation	-	-	-	-	-	-	-	2,549	21,204	23,753
Balance at September 30, 2018	**$ 223,045**	**$ 95,291**	**$ 248,975**	**$ 23,038**	**$ 471,424**	**$ 21,545**	**$ 1,197,974**	**$ 419,219**	**$ -**	**$ 2,700,511**

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

USA

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. In 2015 and 2016, the Company dropped four of the gold properties. The properties retained are:

- Horsethief
- Bellview
- East Walker
- Ashby

a) *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.

On March 1, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild Mining (US) Inc. ("Hochschild") whereby Hochschild could earn up to a 70% undivided interest in the Horsethief property.

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$5,000,000 in exploration on the property over a 5.5 year period, with a committed minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$500,000
12 months from the end of Agreement Year 1	Agreement Year 2	US$500,000
12 months from the end of Agreement Year 2	Agreement Year 3	US$500,000
12 months from the end of Agreement Year 3	Agreement Year 4	US$500,000
12 months from the end of Agreement Year 4	Agreement Year 5	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$5,000,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

Since inception of the agreement and to March 31, 2019, Hochschild had reimbursed the Company the sum of $14,073 (US$10,531) being the maintenance fees paid by the Company in August 2018.

As of March 31, 2019, the Company had spent $215,678 on advancing this property.

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

USA – continued

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.

On February 7, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild whereby Hochschild could earn up to a 70% undivided interest in the Bellview property.

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$3,500,000 in exploration on the property over a 5.5 year period, with a committed minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$100,000
From the end of Agreement Year 1 to 30 months after Effective Date	Agreement Year 2	US$500,000
From the end of Agreement Year 2 to 42 months after Effective Date	Agreement Year 3	US$500,000
From the end of Agreement Year 3 to 54 months after Effective Date	Agreement Year 4	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$3,500,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

Since inception of the agreement and to March 31, 2019, Hochschild had reimbursed the Company the sum of $9,832 (US$7,358) being the maintenance fees paid by the Company in August 2018.

As of March 31, 2019, the Company had spent $92,165 on advancing this property.

c) *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.

On March 1, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild whereby Hochschild could earn up to a 70% undivided interest in the Horsethief property.

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

USA – continued

c) BP - continued

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$2,500,000 in exploration on the property over a 4.5 year period, with a committed minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$100,000
12 months from the end of Agreement Year 1	Agreement Year 2	US$500,000
12 months from the end of Agreement Year 2	Agreement Year 3	US$500,000
12 months from the end of Agreement Year 3	Agreement Year 4	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$2,500,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

Since inception of the agreement and to March 31, 2019, Hochschild had reimbursed the Company the sum of $31,702 (US$23,724) being the maintenance fees paid by the Company in August 2018.

As of March 31, 2019, the Company had spent $223,979 on advancing this property.

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 March 31, 2019, the Company had spent $21,221 on advancing this property.

5. EXPLORATION AND EVALUATION ASSETS – continued

Canada

a) Haldane

On March 2, 2018, the Haldane property was purchased from Equity Exploration Consultants Ltd. (“Equity”), and is located in Yukon Territory, Canada. Equity has a 2% NSR royalty on the Haldane property.

The Company purchased the Haldane property from Equity for the following consideration:

- issue 2 million shares to Equity upon receipt of TSX-Venture approval (shares issued);
- make two staged cash payments of $50,000 each to Equity by June 30, 2018 (paid) and June 30, 2019;
- make a final $100,000 cash payment or issue the number of shares of equivalent value at the Company’s election, on June 30, 2019; and
- make bonus share payments to Equity:
  - issue 250,000 shares to Equity upon the public disclosure of a Measured Mineral Resource (as such term is defined in National Instrument 43-101- Standards of Disclosure for Mineral Projects) of 5 million oz silver-equivalent at 500g/t silver-equivalent;
  - 500,000 shares to be issued upon the decision to commence construction of a mine or processing plant.

On April 12, 2018, the Company purchased the Nur, Clarkston and Fara claims which are contiguous to and grouped with the Haldane property from the estate of Yukon prospector John Peter Ross (the “Estate”) for the following consideration:

- issue 100,000 shares to the Estate upon receipt of TSX-Venture approval (shares issued);
- make cash payment of $10,000 to the Estate by June 30, 2018 (paid);
- make cash payment of $20,000(subsequently paid) and issue 125,000 shares (subsequently issued) to the Estate by April 20, 2019
- make cash payment of $20,000 and issue 125,000 shares to the Estate by April 20, 2020;
- make cash payment of $25,000 and issue 150,000 shares to the Estate by April 20, 2021; and
- make bonus share payments to the Estate as follows:
  - issue 250,000 shares to the Estate upon the public disclosure of a Measured Mineral Resource (as such term is defined in National Instrument 43-101- Standards of Disclosure for Mineral Projects) of 5 million oz silver-equivalent at 500g/t silver-equivalent;
  - 500,000 shares to be issued upon the decision to commence construction of a mine or processing plant.

As of March 31, 2019, the Company had spent $472,807 on advancing this property.

5. EXPLORATION AND EVALUATION ASSETS – continued

Canada – continued

b) KRL

On September 1, 2018, the Company optioned the KRL property from prospector Bernie Kreft ("Kreft"), and is located in British Columbia's prolific Golden Triangle, Canada. Kreft has a 1% NSR royalty on the KRL property.

The Company optioned the KRL property from Kreft for the following consideration:

- make cash payments of $10,000 (paid) and issue 100,000 shares to Kreft upon receipt of TSX-Venture approval (issued);
- make cash payments of $15,000 to Kreft by October 15, 2018 (paid);
- make cash payments of $25,000 and issue 100,000 shares to Kreft by September 30, 2019;
- make cash payments of $50,000 and issue 200,000 shares to Kreft by September 30,2020;
- make cash payments of $50,000 and issue 200,000 shares to Kreft by September 30,2021;
- make cash payments of $100,000 and issue 200,000 shares to Kreft by September 30,2022;
- make bonus share payments to Kreft as follows:
  - issue additional shares upon the disclosure of an NI43-101 inferred resource estimate equal to 1 share per ounce of inferred resource, to a maximum of 350,000 shares;
  - 500,000 shares to be issued on the commencement of commercial production.

As of March 31, 2019, the Company had spent $37,740 on advancing this property.

c) *Others*

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.

As of March 31, 2019, the Company had spent $1,198,590 on advancing these properties.

5. EXPLORATION AND EVALUATION ASSETS – continued

Peru

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

- Yanac – located in Chincha region of the Department of Ica, south-central Peru.
- La Estrella – located 130 kilometers south of Huancayo in the Department of Huancavelica, Peru (dropped in June 2018).

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.

As of March 31, 2019, the Company had spent $422,030 on advancing this property.

Mexico

The Company holds a 1% Net Smelter Royalty on certain Mexican properties which is capped at $1,000,000.

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 March 31, 2019, summarized financial information for the associate is as follows:

- Current assets - $854 (September 30, 2018 - $Nil)
- Non-current assets - $55,181 (September 30, 2018 - $53,580)
- Current liabilities - $114 (September 30, 2018 - $445)
- Non-current liabilities - $85,736 (September 30, 2018 - $79,359)

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

7. SHARE CAPITAL

a) Authorized:

As at March 31, 2019, 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) Issued:

During the year ended September 30, 2018, the Company:

i) Issued 2,000,000 common shares to Equity at a price of $0.085 per share for a total consideration of $170,000 to pay for the Haldane property (see Note 5).

ii) Issued common shares pursuant to the exercise of 155,000 finder's warrants for cash proceeds of $15,500.

iii) Issued 100,000 common shares to the Estate at a price of $0.12 per share for a total consideration of $12,000 to pay for the Haldane property (see Note 5).

iv) Completed a non-brokered private placement on April 25, 2018 by issuing 5,000,000 units ("Unit") at a price of $0.10 per Unit for gross proceeds of $500,000 and 2,500,000 flow-through shares ("FT Share") at a price of $0.10 per FT Share for gross proceeds of $250,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a 24 month period at a price of $0.15. In connect with the financing, the Company paid $24,000 as a cash finder's fee and issued 240,000 finder's warrants, each of which is exercisable into one common share at a price of $0.10 for a period of 24 months. The value of the finder's warrants was determined to be $11,424 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 $27,772 in connection with this financing.

v) Issued 100,000 common shares to Kreft at a price of $0.09 per share for a total consideration of $9,000 to pay for the KRL property (see Note 5).

During the six months ended March 31, 2019, the Company:

vi) Completed a non-brokered private placement on December 24, 2018 by issuing 5,000,000 non-flow-through units ("Unit") at a price of $0.05 per Unit for gross proceeds of $250,000 and 10,203,333 flow-through shares ("FT Share") at a price of $0.06 per FT Share for gross proceeds of $612,200. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a 24 month period at a price of $0.10. In connect with the financing, the Company paid $50,760 as a cash finder's fee and issued 887,250 finder's warrants, each of which is exercisable into one common share at a price of $0.05 for a period of 12 months. The value of the finder's warrants was determined to be $30,078 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 $26,061 in connection with this financing.

(Presented in Canadian Dollars)

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.

Stock option transactions and the number of stock options for the six months ended March 31, 2019 are summarized as follows:

Expiry date	Exercise price	September 30, 2018	Granted	Exercised	Expired / cancelled	March 31, 2019
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
March 14, 2023	$0.10	850,000	-	-	-	850,000
Options outstanding		3,507,000	-	-	(22,500)	3,484,500
Options exercisable		3,507,000	-	-	(22,500)	3,484,500
Weighted average exercise price		$0.18	$Nil	$Nil	$0.25	$0.18

As at March 31, 2019, the weighted average contractual remaining life of options is 2.32 years (September 30, 2018 – 2.81 years). The weighted average fair value of stock options granted during the six months ended March 31, 2019 was $Nil (2018 - $Nil).

(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, 2018 are summarized as follows:

Expiry date	Exercise price	September 30, 2017	Granted	Exercised	Expired / cancelled	September 30, 2018
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
March 14, 2023	$0.10	-	850,000	-	-	850,000
Options outstanding		2,657,000	850,000	-	-	3,507,000
Options exercisable		2,657,000	850,000	-	-	3,507,000
Weighted average exercise price		$0.20	$0.10	$Nil	$Nil	$0.18

The weighted average assumptions used to estimate the fair value of options for the six months ended March 31, 2019 and 2018 were as follows:

	March 31, 2019	March 31, 2018
Risk-free interest rate	n/a	1.25%
Expected life	n/a	5 years
Expected volatility	n/a	166.63%
Expected dividend yield	n/a	nil

b) Warrants

The continuity of warrants for the six months ended March 31, 2019 is as follows:

Expiry date	Exercise price	September 30, 2018	Issued	Exercised	Expired	March 31, 2019
September 28, 2019	$0.20	1,200,000	-	-	-	1,200,000
March 6, 2020	$0.20	2,500,000	-	-	-	2,500,000
March 8, 2020	$0.15	7,221,875	-	-	-	7,221,875
April 7, 2020	$0.15	3,255,000	-	-	-	3,255,000
April 25, 2020	$0.15	5,000,000	-	-	-	5,000,000
August 16, 2020	$0.20	892,857	-	-	-	892,857
December 24, 2020	$0.10	-	5,000,000	-	-	5,000,000
Outstanding		20,069,732	5,000,000	-	-	25,069,732
Weighted average exercise price		$0.16	$0.10	$Nil	$Nil	$0.15

As at March 31, 2019, the weighted average contractual remaining life of warrants is 1.13 years (September 30, 2018 – 1.48 years).

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

b) Warrants – continued

The continuity of warrants for the year ended September 30, 2018 is as follows:

Expiry date	Exercise price	September 30, 2017	Issued	Exercised	Expired	September 30, 2018
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)	-
September 28, 2019	$0.20	1,200,000	-	-	-	1,200,000
March 6, 2020	$0.20	2,500,000	-	-	-	2,500,000
March 8, 2020	$0.15	7,221,875	-	-	-	7,221,875
April 7, 2020	$0.15	3,100,000	155,000	-	-	3,255,000
April 25, 2020	$0.15	-	5,000,000	-	-	5,000,000
August 16, 2020	$0.20	892,857	-	-	-	892,857
Outstanding		19,657,232	5,155,000	-	(4,742,500)	20,069,732
Weighted average exercise price		$0.23	$0.15	$Nil	$0.44	$0.16

c) Finder's warrants

The continuity of finder's warrants for the six months ended March 31, 2019 is as follows:

Expiry date	Exercise price	September 30, 2018	Issued	Exercised	Expired	March 31, 2019
December 24, 2019	$0.05	-	887,250	-	-	887,250
April 25, 2020	$0.10	240,000	-	-	-	240,000
August 16, 2020	$0.14	26,100	-	-	-	26,100
Outstanding		266,100	887,250	-	-	1,153,350
Weighted average exercise price		$0.10	$0.05	$Nil	$Nil	$0.06

As at March 31, 2019, the weighted average contractual remaining life of finder's warrants is 0.82 years (September 30, 2018 – 1.60 years).

The continuity of finder's warrants for the year ended September 30, 2018 is as follows:

Expiry date		Exercise price	September 30, 2017	Issued	Exercised	Expired	September 30, 2018
October 7, 2017	(1)	$0.10	155,000	-	(155,000)	-	-
March 28, 2018	(2)	$0.125	20,000	-	-	(20,000)	-
September 6, 2018	(3)	$0.125	173,600	-	-	(173,600)	-
April 25, 2020		$0.10	-	240,000	-	-	240,000
August 16, 2020		$0.14	26,100	-	-	-	26,100
Outstanding			374,700	240,000	(155,000)	(193,600)	266,100
Weighted average exercise price			$0.12	$0.10	$0.10	$0.125	$0.10

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

c) Finder's Warrants – continued

(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 April 7, 2020. On October 4, 2017, 155,000 finder's warrants were exercised resulting in 155,000 common shares and 155,000 warrants issued.
(2) 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.
(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 March 6, 2020.

The weighted average assumptions used to estimate the fair value of finder's warrants for the six months ended March 31, 2019 and 2018 were as follows:

	March 31, 2019	March 31, 2018
Risk-free interest rate	n/a	n/a
Expected life	n/a	n/a
Expected volatility	n/a	n/a
Expected dividend yield	n/a	n/a

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 six months ended March 31, 2019

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 60,000	$ Nil	$ Nil	$ Nil	$ Nil	$ 60,000

For the six months ended March 31, 2018

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 60,000	$ Nil	$ Nil	$ Nil	$ Nil	$ 60,000

(Presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS – continued

Related party transactions and balances

		Six months ended		Balance due	
	Services	March 31, 2019	March 31, 2018	As at March 31, 2019	As at March 30, 2018
Amounts due to:					
Jason Weber	Consulting fee and share-based payment	$ 60,000	$ 76,680	$ 10,101	$ 22,818
Pacific Opportunity Capital Ltd. [(a)]	Accounting, financing, and shareholder communication services	$ 97,860	$ 83,385	$ 244,977 [(b)]	$ 289,115
TOTAL:				$ 255,078	$ 311,933

(a) The president of Pacific Opportunity Capital Ltd., a private company, is a director of the Company.
(b) Includes a $4,476 advance that is non-interest bearing without specific terms of repayment.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the six months ended March 31, 2019 were as follows:

- As at March 31, 2019, a total of $29,655 in exploration and evaluation asset costs was included in accounts payable and accrued liabilities;
- As at March 31, 2019, a total of $10,000 in deferred financing costs and a total of $51,000 in share issue costs was included in due to related parties;
- The Company recorded $30,078 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 six months ended March 31, 2018 were as follows:

- As at March 31, 2018, a total of $42,550 in exploration and evaluation asset costs was included in accounts payable and accrued liabilities;
- As at March 31, 2018, a total of $15,000 in deferred financing costs and a total of $20,772 in share issue costs were included in due to related parties; and
- The Company recorded $170,000 in share capital related to the issue of common shares pursuant to the acquisition of exploration and evaluation costs.

(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:

	March 31, 2019	September 30, 2018
Non-current assets		
USA	554,860	590,349
Peru	1,027,172	1,017,093
Canada	1,709,681	1,691,693
	$ 3,291,713	$ 3,299,135

12. 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 $5,300.

(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.

12. FINANCIAL INSTRUMENTS – continued

(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 March 31, 2019, 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.

i) Interest rate risk

As at March 31, 2019, 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

(Presented in Canadian Dollars)

12. FINANCIAL INSTRUMENTS – continued

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 March 31, 2019	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 576,690	$ -	$ -	$ 576,690

As at September 30, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 6,599	$ -	$ -	$ 6,599

13. 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, 2018.

14. 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.