ALIANZA MINERALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2018

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 24, 2019.

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, 2018, 2017 and 2016 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;
- The progress, potential and uncertainties of the Company's exploration and evaluation assets in Nevada, Peru and 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 Nevada, Canada and Peru;
- 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 April 25, 2018, the Company completed a non-brokered private placement 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 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 the recently-acquired Haldane Silver Property in the Keno Hill District.

During the year ended September 30, 2018, the Company issued common shares pursuant to the exercise of 155,000 finder's warrants for cash proceeds of $15,500.

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 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, Canada and Peru properties, and for generating new projects.

For the 2018 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 2019.

Additional Mineral Property information, including 2018 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.

TABLE OF CONTENTS

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, Yukon and British Columbia Canada and Peru.

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, Yukon and British Columbia Canada, and Peru. The following is a brief description of the Mineral Properties owned by the Company.

3(a) Nevada USA

i. *Horsethief*

The Horsethief property was acquired from Sandstorm Gold Ltd. ("Sandstorm") in January 2015 and consists of 30 claims located in Lincoln County, northeast of Pioche. The exploration target on this property is Carlin style gold mineralization. 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.

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.

ii. *Bellview*

The Bellview property, acquired from Sandstorm in January 2015, 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.

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.

iii. *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.

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.

On February 21, 2018, the Company announced that it contracted Big Rock Exploration, LLC of Minneapolis, MN, to complete exploration on Alianza's Horsethief, Bellview and BP gold projects. Work included additional data compilation, mapping and sampling and claim staking. At Horsethief the property size was doubled, drill targets were identified, and the necessary permits were obtained to test these targets in 2018.

Alianza will continue to focus on the sediment-hosted gold component of the exploration portfolio, marketing the Bellview Gold Project to partners for further exploration work which would lead to a drill program. Further mapping and sampling and geophysical surveys are slated for the BP project in order to define drill targets. At Horsethief, the Company is actively engaged with potential partners and is preparing for a drill program.

iv. *East Walker*

The East Walker property, acquired from Sandstorm in January 2015, 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.

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.

v. *Ashby*

The Ashby property, acquired from Sandstorm in January 2015, 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.

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

3(b) Canada

i. *Haldane, Yukon Territory, Canada*

On March 2, 2018, the Company purchased a 100% interest in the Haldane Property from Equity Exploration Consultants Ltd. ("Equity"). The 7,665 hectare (388 claims) Haldane Property is located 25 km west of Keno City, Yukon Territory, in the western portion of the Keno Hill Silver District.

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

- issuing to Equity, 2 million shares of Alianza upon receipt of TSX-V approval (shares issued);
- making two staged cash payments of $50,000 each to Equity by June 30, 2018 (paid) and June 30, 2019;
- making a final $100,000 payment in cash or by issuing the number of shares of equivalent value at Alianza's election, on June 30, 2019;
- and by making bonus share payments to Equity:
  - issuing Equity 250,000 shares 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 millon oz silver-equivalent at 500 g/t silver-equivalent;
  - issuing Equity 500,000 shares upon the decision to commence construction of a mine or processing plant on any part of the Haldane Property.

Alianza has also agreed to grant Equity the right to manage exploration programs at Haldane through 2023 and to assume all the obligations with respect to the underlying 2% net smelter royalty on the property.

Mineralization consists of structurally-controlled, silver-bearing veins. Silver production began in the Keno district in 1913, with over 200 million ounces of silver produced through 1989. Production statistics from the Yukon government Minfile (2003) state that 4.87 million tonnes were mined at an average grade of 1,389 g/t silver, 5.62% lead and 3.14% zinc in that time.

Mineralization at Haldane consists of galena, sphalerite, tetrahedrite and pyrargyrite, with gangue of manganiferous siderite and quartz in veins, hosted within Keno Hill quartzite in proximity to the Robert Service Thrust. This mineralization and setting bears a strong resemblance to the main Keno Hill deposits.

The north-trending Mt. Haldane Vein System (MHVS) is the main target area on the property, where initial exploration dates back to 1918. Early workers hand sorted ore from underground workings at the Middlecoff Zone in 1918-19, recovering a reported 24.7 tonnes of ore averaging 3,102 g/t silver and 59% lead. Later work at the Johnson Zone recovered 2.1 tonnes of ore averaging 4,602 g/t silver and 57.9% lead in 1927. Little work was done on the property until the 1960s when trenching and further underground development and drilling was conducted. Recent work, including prospecting, mapping, soil geochemistry and limited diamond drilling, has shown that the MHVS veins show excellent potential for strike extension. Additional showings up to three kilometres east of the MHVS shows the potential for other mineralized structures on the property. Maps and figures for the Haldane property can be found on the Company's website www.alianzaminerals.com under the Properties section.

On April 12, 2018, the Company purchased the Nur, Clarkston and Fara claims 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 and issue 125,000 shares to the Estate by April 12, 2019;
- make cash payment of $20,000 and issue 125,000 shares to the Estate by April 12, 2020;
- make cash payment of $25,000 and issue 150,000 shares to the Estate by April 12, 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.

These 44 Nur, Clarkston and Fara claims are contiguous to and grouped with the Company's Haldane property, bringing the total area of the Company's Haldane property position to 8,579 hectares.

On August 2, 2018, the Company announced that the 2018 field program carried out by Equity was completed.

This phase of exploration at Haldane included mapping, prospecting and soil sampling peripheral to known mineralization at the MHVS, covering areas of the property that had not been explored in detail since at least the 1960's. Mapping and prospecting located alteration and mineralization associated with several historical geochemical anomalies in the North Star Creek drainage, including galena-siderite mineralization, an assemblage that is typical in the faults/veins of the Keno Hill Mining district, two kilometres east of the MHVS at the Strebchuk Showing.

Trenching near the Johnson Adit (a component of MHVS) exposed a 15-metre wide fault zone in a lengthened historic trench. Black gouge and breccia with local concentrations of iron oxides and traces of galena were sampled. A second trench on the Ross Ag-Pb-Zn soil anomaly, two kilometres south of the MHVS, did not reach bedrock but did contain abundant quartzite and phyllitic quartzite float, rock units known to host larger vein structures in the Keno Hill District. Soil samples were taken at 5 m intervals along the 65-metre length of the trench and select rock samples of the float material were collected as well.

A total of 1,195 soil samples and 55 rock samples were collected predominantly in areas that had no previous or recent sampling, testing possible mineralized faults and lineaments outside of the relatively well-known Mt Haldane Vein System.

The Bighorn Anomaly is a new target based on anomalous soil geochemistry located approximately 2.8 kilometers (km) west of the Mt Haldane Vein System. The anomaly stretches approximately 750 metres (m) north-south by 150-250 m east-west in a previously unknown area for mineralization. The anomaly contains up to 1,240 ppm Pb in soil, the highest result outside of the Mt Haldane Vein System, supported by greater than 98th percentile Ag results. No significant mapping or prospecting has been done in the area to date. The orientation of the anomaly is consistent with the northerly trend of most of the mineralized structures on the Haldane property. The anomaly straddles the main access road on the property in an area of poor bedrock exposure.

The Ross Pb-Zn-Ag soil anomaly was extended to 600 m in length, doubling the known strike length with anomalous results open to north. Soil results also suggest a second, parallel, mineralized zone 100 to 150 m east. A lack of outcrop in this area hindered evaluation of the Ross Anomaly on surface. A single, 65 m long, east-west oriented trench excavated near the south end of the anomaly failed to reach bedrock (>4 m depth). Nonetheless, soil samples at 5 m intervals along the trench returned highly anomalous results, possibly reflecting proximity to buried mineralization, including >1,000 ppm Zn, for the eastern 25 metres. Results for lead range up to 1,455 ppm in this section, potentially indicating a bedrock source of mineralization at depth. The Ross Anomaly is situated 1.8 kilometres south on strike from the Mt Haldane Vein System and the presence of multiple mineralized structures suggests it could be the extension of the vein system. This would give the Mt Haldane Vein System a strike length of at least 3.5 kilometres.

On the north side of the property, soil sampling delineated a narrow, 1000 m long Pb-Ag-Sn-Zn anomaly where sampling in mid-1960's had detected scattered anomalous Pb-Zn results. The anomaly is continuous from the north side of the grid before disappearing to the south where it meets glacial and fluvial material near North Star Creek. The extent of the anomaly is dominated by large quartzite boulder float with minimal outcrop and mapping detected minor alteration and mineralization along the anomaly. However, mineralization would likely be recessive and buried by the boulders. Significantly, the anomaly trends towards the Strebchuk Pb-Ag Showing, 700 metres further south, where galena-siderite mineralization occurs in a fracture zone in quartzite.

Another new anomaly, the Firetower Anomaly, consists primarily of arsenic-antimony-zinc-gold with local tin and is not characterized by strong silver geochemistry. It may be indicative of intrusion-related gold mineralization that is known to occur on the property.

ii. *KRL, British Columbia, Canada*

On September 1, 2018, the Company optioned the KRL Property in British Columbia's prolific Golden Triangle from prospector Bernie Kreft ("Kreft"). 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 (subsequently 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.

The KRL Property is located near the junction of McLymont Creek and the Iskut River, adjacent to Aben Resources' Forrest Kerr Gold project and approximately 5 kilometres (km) from the McLymont Creek and Forrest Kerr power generation plants. Road access exists less than 2 km from the property boundary.

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.

iii. *Yukon Territory, Canada - Others*

On February 21, 2018, the Company announced that it has been actively assessing the next stages of work for its five other Yukon projects: Tim Property (high-grade silver, lead, zinc in southern Yukon), Goz Creek (zinc-silver in central Yukon), Mor Property (gold-silver-base metal drill intersections in southern Yukon), White River (high grade gold-silver+copper in southwest Yukon) and Prospector Mountain (porphyry copper-gold in central Yukon). Management is prioritizing these projects for option and where appropriate, programs to upgrade targets to drill-ready status.

3(c) Peru

On February 21, 2018, the Company announced that its focus to market the drill-ready Yanac Copper Project. Several site visits were completed with potential partners who are reviewing the targets generated from work completed by Cliffs Natural Resources Inc. ("Cliffs") under an exploration alliance. Cliffs' work outlined a 900 by 900 metre area of anomalous copper and molybdenum-in-rock geochemistry within a larger area of porphyry-style alteration. Yanac is road accessible and is located 60 km inland from the Pacific coast and within 80 km of port facilities.

Alianza continues to hold its 1.08% NSR royalty on the Pucarana project adjoining the Orcopampa (Chipmo) Gold Mine in Central Peru. Compania de Minas Buenaventura has produced over 4.8 million ounces of gold at this operation since production started in 1967. Current development is trending towards Pucarana, and management believes that mineralization may continue onto the Pucarana property.

During the current period, the Company dropped its La Estrella property and wrote of $263,937 in exploration and evaluation assets.

3(d) Mexico

The Company has a 1% Net Smelter Royalty capped at $1,000,000 on certain Mexican properties that were sold to Almadex Minerals Limited.

ALIANZA Minerals Ltd

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 period										
Acquisition costs:										
Property acquisition	-	-	-	-	242,000	19,000	-	-	-	261,000
	-	-	-	-	242,000	19,000	-	-	-	261,000
Exploration expenditures:										
Aircraft charter	-	-	-	-	13,397	2,545	14,072	-	-	30,014
Camp, travel and meals	3,432	1,203	134	-	35,549	-	4,444	-	2,341	47,103
Community relations	-	-	-	-	2,928	-	-	-	-	2,928
Field equipment rental	514	-	-	-	21,038	-	-	-	-	21,552
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	-	-	-	-	-	-	-	-	2,436	2,436
	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	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**

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, 2018, 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, 2018	*Year Ended September 30, 2017*	*Year Ended September 30, 2016*
General and administrative expenses	$ 581,498	$ 686,377	$ 893,809
Write-off of exploration and evaluation assets / Impairment allowance	263,937	583,776	530,147
Loss for the year	826,840	1,283,440	1,453,316
Basic and diluted loss per share	0.02	0.04	0.07
Total assets	3,323,834	2,941,130	3,511,566
Total long-term financial liabilities	Nil	Nil	130,000
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, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total Revenues	$ -	$ -	$ -	$ -
Loss before other items	$ 115,592	$ 104,788	$ 213,548	$ 147,570
Net loss	$ 95,904	$ 372,492	$ 213,265	$ 145,179
Loss per share	$ -	$ 0.01	$ 0.01	$ -

	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

6(c) Review of Operations and Financial Results

For the three months ended September 30, 2018 compared with the three months ended September 30, 2017:

The Company recorded a net loss for the three months ended September 30, 2018 of $95,904 (loss per share - $0.00) compared to a loss of $169,801 (loss per share - $0.00) for the three months ended September 30, 2017.

Excluding the non-cash depreciation of $233 (2017 - $719), the expenses decreased to $115,359 (2017 – $150,125). The change in the expenses was minimal and some of the changes include: (a) investor relations and shareholder information of $5,685 (2017 - $16,736); (b) office expense of $1,367 (2017 - $14,173); and (c) wages, benefits and consulting fees of $28,855 (2017 - $45,528).

The other major item for the three-months ended September 30, 2018, compared with September 30, 2017, was:

- Foreign exchange loss of $1,113 (2017 - $14,569).

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, 2018 compared with the years ended September 30, 2017 and 2016:

The Company recorded a net loss for the year ended September 30, 2018 of $826,840 (loss per share - $0.02) compared to a loss of $1,283,440 (loss per share - $0.04) for the year ended September 30, 2017 and a loss of $1,453,316 (loss per share - $0.07) for the year ended September 30, 2016.

Excluding the non-cash depreciation of $2,508 (2017 - $2,822; 2016 - $3,518) and share-based payments of $67,490 (2017 - $Nil; 2016 - $164,206), the expenses decreased to $511,500 (2017 – $683,555; 2016 - $726,085). The change in the expenses was mainly due to changes in: (a) accounting and legal fees of $164,926 (2017 - $190,180; 2016 - $220,689); (b) investor relations and shareholder information of $57,872 (2017 - $75,297; 2016 - $48,249); c) property investigation expenses of $21,519 (2017 - $71,179; 2016 - $69,506) and (d) wages, benefits and consulting fees $168,163 (2017 - $220,478; 2016 - $281,944).

The other major item for the year ended September 30, 2018, compared with September 30, 2017 and 2016, was:

- Foreign exchange loss of $3,269 (2017 - $14,335; 2016 – $35,037);
- Write-down of exploration and evaluation assets of $263,937 (2017 - $583,776; 2016 - $530,147);
- Gain on disposal of equipment of $19,181 (2017 - $Nil; 2016 - $2,480).

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, 2018, the Company had working capital deficiency of $343,283 (September 30, 2017 – $93,618). As at September 30, 2018, cash totaled $6,599, a decrease of $30,719 from $37,318 as at September 30, 2017. The decrease is due to (a) operating activities of $289,751; (b) the exploration and evaluation assets expenditures of $474,387; while being offset by (c) proceeds from sale of equipment of $24,983 and (d) net proceeds from the financing activities of $708,228.

Management estimates that the current cash position, the recently announced private placement 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 2019.

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.

	Issued and Outstanding	
	September 30, 2018	**January 24, 2019**
Common shares	45,141,668	60,345,001

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 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

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

(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 remaining outstanding stock options, warrants and finder's warrants, if all exercised, would increase the Company's cash by $3,890,007. 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 60,345,001 common shares issued and outstanding and 85,075,083 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, 2018

	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	$ 15,880	$ 135,880
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ 7,940	$ 7,940
Marc G. Blythe Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970
Mark T. Brown Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,910	$ 11,910
Craig Lindsay Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970
John Wilson Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970

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	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,780	$ 11,780
Mark T. Brown Director	$ 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

Related party transactions and balances

		Years ended		Balance due	
	Services	September 30, 2018	September 30, 2017	As at September 30, 2018	As at September 30, 2017
Amounts due to:					
Jason Weber	Consulting fee	$ 120,000	$ 120,000	$ 24,093	$ 80
Pacific Opportunity Capital Ltd. (a)	Accounting, financing, and shareholder communication services	$ 176,745	$ 173,025	$ 252,535 (b)	$ 75,600
TOTAL:				$ 276,628	$ 75,680

(a) The president of Pacific Opportunity Capital Ltd., a private company, is a director of the Company.
(b) Includes a $60,000 advance that is non-interest bearing without specific terms of repayment.

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 $94,500.

(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, 2018, 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, 2018, 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	$ 6,599	$ -	$ -	$ 6,599

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

Audit Committee members:
Marc G. Blythe, Craig T. Lindsay and Mark T. Brown

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, 2018, 2017 and 2016

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

DeVISSERGRAY 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 PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Alianza Minerals Ltd.,

Opinion on the Consolidated Financial Statements
We have audited the accompanying financial statements of Alianza Minerals Ltd. ('the Company'), which comprise the statements of financial position as at September 30, 2018 and 2017 and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'financial statements').

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alianza Minerals Ltd. as at September 30, 2018 and 2017 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.

Material Uncertainty Related to Going Concern
Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred significant losses since inception and is also dependent upon its ability to secure new sources of financing to fund ongoing operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

Basis for Opinion
Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ('PCAOB'). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement, whether due to fraud or error. In the completion of our audit procedures, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Those standards also require that we comply with ethical requirements. We are a public accounting firm registered with the PCAOB and are required to be independent of the Company in accordance with U.S. Federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. Further, we are required to be independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and to fulfill our other ethical responsibilities in accordance with these requirements.

An audit includes performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
January 24, 2019

We have served as the Company's auditor since 2015**.**

CONTENTS

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

	Note		September 30, 2018		September 30, 2017
Assets					
Current assets					
Cash		$	6,599	$	37,318
Receivables			17,759		11,912
Prepaid expenses			341		12,353
			24,699		61,583
Non-current assets					
Equipment	4		750		8,945
Exploration and evaluation assets	5		2,700,511		2,278,107
Investment in associates - royalty interest	6		560,153		559,683
VAT receivables			37,721		32,812
			3,299,135		2,879,547
Total assets		$	3,323,834	$	2,941,130
Current liabilities					
Accounts payable and accrued liabilities		$	91,354	$	79,521
Due to related parties	9		276,628		75,680
			367,982		155,201
Shareholders' equity					
Share capital	7		16,863,904		15,954,681
Reserves	7, 8		2,677,044		2,614,049
Accumulated other comprehensive loss			(20,100)		(44,645)
Deficit			(16,564,996)		(15,738,156)
			2,955,852		2,785,929
Total shareholders' equity and liabilities		$	3,323,834	$	2,941,130

Nature of operations and going concern (Note 1)
Event subsequent to the reporting period (Note 16)

These consolidated financial statements are authorized for issue by the Board of Directors on January 24, 2019.

On behalf of the Board of Directors:

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

See accompanying notes to the consolidated financial statements

(Presented in Canadian Dollars)

		Years ended September 30		
	Note	2018	2017	2016
Expenses				
Accounting and legal fees	9	$ 164,926	$ 190,180	$ 220,689
Depreciation	4	2,508	2,822	3,518
Investor relations and shareholder information	9	57,872	75,297	48,249
Office facilities and administrative services	9	18,201	18,462	18,608
Office expenses		35,929	58,078	52,706
Property investigation expenses		21,519	71,179	69,506
Share-based payments	9	67,490	-	164,206
Transfer agent, listing and filing fees		28,784	18,746	18,947
Travel		16,106	31,135	15,436
Wages, benefits and consulting fees	9	168,163	220,478	281,944
		(581,498)	(686,377)	(893,809)
Interest income and other income		2,683	1,048	3,197
Foreign exchange (loss)		(3,269)	(14,335)	(35,037)
Gain on disposal of equipment		19,181	-	2,480
Write-down of exploration and evaluation assets	5	(263,937)	(583,776)	(530,147)
Net loss for the year		$ (826,840)	$ (1,283,440)	$ (1,453,316)
Other comprehensive income (loss)				
Exchange difference arising on the translation of foreign subsidiary		24,545	(31,206)	(90,656)
Total comprehensive loss for the year		$ (802,295)	$ (1,314,646)	$ (1,543,972)
Basic and diluted loss per common share		$ (0.02)	$ (0.04)	$ (0.07)
Weighted average number of common shares outstanding - basic and diluted		39,875,312	31,365,657	20,381,264

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	Foreign exchange reserve	Deficit	Total equity
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(b)(ii)(iii)(iv)	12,500,000	1,310,000	-	-	-	-	-	1,310,000
Shares for debt settlement	7(b)(i)	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(b)(v)(vi)	6,785,715	830,357	-	44,643	-	-	-	875,000
Share issue costs		-	(72,549)	-	-	10,097	-	-	(62,452)
Share-based payments		-	-	-	-	-	-	-	-
Exercise of finder's warrants	7(b)(vii)	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**
Private placements	7(b)(xi)	7,500,000	750,000	-		-	-	-	750,000
Acquisition of exploration and evaluation assets	7(b)(vii)(x)(xii)	2,200,000	191,000	-	-	-	-	-	191,000
Share issue costs		-	(63,196)	-	-	11,424	-	-	(51,772)
Exercise of finder's warrants	7(b)(ix)	155,000	31,419	-	-	(15,919)	-	-	15,500
Share-based payments		-	-	67,490	-	-	-	-	67,490
Net loss		-	-	-	-	-	24,545	(826,840)	(802,295)
Balance, September 30, 2018		**45,141,668**	**$ 16,863,904**	**$ 1,788,405**	**$ 641,848**	**$ 246,791**	**$ (20,100)**	**$ (16,564,996)**	**$ 2,955,852**

See accompanying notes to the consolidated financial statements

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

	Years ended September 30		
	2018	2017	2016
Cash flows from (used in) operating activities			
Net loss for the period	$ (826,840)	$ (1,283,440)	$ (1,453,316)
Items not affecting cash:			
Depreciation	2,508	2,822	3,518
(Gain) on disposal of equipment	(19,181)	-	(2,480)
Share-based payments	67,490	-	164,206
Write-down of exploration and evaluation assets	263,937	583,776	530,147
Changes in non-cash working capital items:			
Receivables	(5,847)	1,577	3,463
VAT Receivables	(4,909)	(25,448)	(7,364)
Prepaid expenses	12,012	(7,302)	4
Accounts payable and accrued liabilities	14,631	7,283	64,806
Due to related parties	206,448	(116,291)	146,295
Net cash (used in) operating activities	(289,751)	(837,023)	(550,721)
Cash flows from (used in) investing activities			
Sale / (purchase) of equipment	24,983	(1,702)	3,350
Exploration and evaluation assets	(474,387)	(390,633)	(315,710)
Net cash (used in) investing activities	(449,404)	(392,335)	(312,360)
Cash flows from (used in) financing activities			
Proceeds from issuance of common shares	750,000	875,000	1,310,000
Proceeds from exercise of finder's warrants	15,500	22,188	-
Share issue costs	(57,272)	(54,415)	(67,291)
Net cash provided by financing activities	708,228	842,773	1,242,709
Effect of exchange rate changes on cash	208	2,204	25,071
Change in cash for the year	(30,719)	(384,381)	404,699
Cash, beginning of the year	37,318	421,699	17,000
Cash, end of the year	$ 6,599	$ 37,318	$ 421,699

Supplemental disclosure with respect to cash flows (Note 10)

Cash consists of $4,056 (2017 - $ nil; 2016 - $ nil) held for flow-through expenditures.

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, 2018, the Company had working capital deficiency of $343,283 (September 30, 2017: $93,618) and shareholders’ equity of $2,955,852 (September 30, 2017: $2,785,929).

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”).

2. BASIS OF PREPARATION - continued

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis. 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, 2018 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)

Under IFRS 9, financial assets are required to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

IFRS 9 provides a three-stage expected credit loss model for calculating impairment for financial assets. Expected credit losses are required to be recognized when financial instruments are initially recognized and the amount of expected credit losses recognized are required to be updated at each reporting date to reflect changes in the credit risk of the financial instruments.

On initial recognition, IFRS 9 requires financial liabilities to be classified as subsequently measured at amortized cost except for when one of the specified exceptions applies.

- IFRS 16 Leases (effective January 1, 2019)

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

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.

(Presented in Canadian Dollars)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Investments in Associates and Joint Ventures – continued

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.

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 subsidiaries 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.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Equipment – continued

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.

As at September 30, 2018, 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 (excluding commodity taxes) have been classified as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

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.

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:

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Significant accounting judgments and estimates – continued

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 subsidiaries in the USA is the US dollar.

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.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Share-based payment transactions – continued

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.

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.

Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

Loss per common 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.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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.

Comparative figures

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

(Presented in Canadian Dollars)

4. EQUIPMENT

	Office equipment and furniture	Vehicles and other field equipment	Total
Cost			
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
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
Accumulated depreciation			
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
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
Net book value			
As at September 30, 2017	$ 2,841	$ 6,104	$ 8,945
As at September 30, 2018	**$ 750**	**$ -**	**$ 750**

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 British Columbia and 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, 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 period										
Acquisition costs:										
Property acquisition	-	-	-	-	242,000	19,000	-	-	-	261,000
	-	-	-	-	242,000	19,000	-	-	-	261,000
Exploration expenditures:										
Aircraft charter	-	-	-	-	13,397	2,545	14,072	-	-	30,014
Camp, travel and meals	3,432	1,203	134	-	35,549	-	4,444	-	2,341	47,103
Community relations	-	-	-	-	2,928	-	-	-	-	2,928
Field equipment rental	514	-	-	-	21,038	-	-	-	-	21,552
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	-	-	-	-	-	-	-	-	2,436	2,436
	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	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

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

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

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 Iode mining claims at the Horsethief property.

As of September 30, 2018, the Company had spent $223,045 on advancing this property.

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, 2018, the Company had spent $95,291 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 Iode mining claims at the BP property.

As of September 30, 2018, the Company had spent $248,975 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.

5. EXPLORATION AND EVALUATION ASSETS – continued

USA – continued

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, 2018, the Company had spent $21,221 on advancing this property.

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 and issue 125,000 shares to the Estate by April 12, 2019;
- make cash payment of $20,000 and issue 125,000 shares to the Estate by April 12, 2020;
- make cash payment of $25,000 and issue 150,000 shares to the Estate by April 12, 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 September 30, 2018, the Company had spent $471,424 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 (subsequently 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 September 30, 2018, the Company had spent $21,545 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 September 30, 2018, the Company had spent $1,197,974 on advancing these properties.

5. EXPLORATION AND EVALUATION ASSETS – continued

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 (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 September 30, 2018, the Company had spent $419,219 on advancing this property.

During the year ended September 30, 2018, the Company dropped La Estrella property and wrote off $263,937. (2017 – wrote off $583,776 as a result of reducing the size of Yanac property and La Estrella property and dropping Isy 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, 2018, summarized financial information for the associate is as follows:

6. INVESTMENT IN ASSOCIATES – ROYALTY INTEREST - continued

- Current assets - $Nil (2017 - $1,760)
- Non-current assets - $53,580 (2017 - $52,212)
- Current liabilities - $445 (2017 - $326)
- Non-current liabilities - $79,359 (2017 - $76,109)

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

7. SHARE CAPITAL

a) Authorized:

As at September 30, 2018, 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, 2016, the Company:

i) 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.

ii) 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.

iii) 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.

7. SHARE CAPITAL – continued

b) Issued – continued

iv) 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.

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

v) 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.

vi) 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.

vii) 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.

7. SHARE CAPITAL – continued

b) Issued – continued

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

viii) 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).

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

x) 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).

xi) 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.

xii) 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).

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, 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

As at September 30, 2018, the weighted average contractual remaining life of options is 2.81 years (September 30, 2017 – 3.29 years; September 30, 2016 – 4.28 years). The weighted average fair value of stock options granted during the year ended September 30, 2018 was $0.08 (2017 - $Nil; 2016 - $0.12).

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

(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, 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

The weighted average assumptions used to estimate the fair value of options for the years ended September 30, 2018, 2017 and 2016 were as follows:

	2018	2017	2016
Risk-free interest rate	1.25%	n/a	1.27%
Expected life	5 years	n/a	5 years
Expected volatility	166.63%	n/a	137.37%
Expected dividend yield	nil	n/a	nil

b) Warrants

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

As at September 30, 2018, the weighted average contractual remaining life of warrants is 1.48 years (September 30, 2017 – 1.95 years; September 30, 2016 – 2.49 years).

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

b) Warrants – continued

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
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	7,000,000	221,875	-	-	7,221,875
April 7, 2020	$0.15	3,100,000	-	-	-	3,100,000
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

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

c) Finder's warrants

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

(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.

As at September 30, 2018, the weighted average contractual remaining life of finder's warrants is 1.60 years (September 30, 2017 – 0.67 years; September 30, 2016 – 1.00 years).

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	$0.10	223,750	-	(221,875)	(1,875)	-
October 7, 2017	$0.10	155,000	-	-	-	155,000
March 28, 2018	$0.125	20,000	-	-	-	20,000
September 6, 2018	$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

(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 weighted average assumptions used to estimate the fair value of finder's warrants for the years ended September 30, 2018, 2017 and 2016 were as follows:

	2018	2017	2016
Risk-free interest rate	1.03%	0.60%	0.62%
Expected life	2 years	1.7 years	1.5 years
Expected volatility	88.91%	83.78%	146.22%
Expected dividend yield	nil	nil	nil

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, 2018

	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	$ 15,880	$ 135,880
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ 7,940	$ 7,940
Marc G. Blythe Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970
Mark T. Brown Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,910	$ 11,910
Craig Lindsay Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970
John Wilson Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970

(Presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS – continued

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	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,780	$ 11,780
Mark T. Brown Director	$ 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

Related party transactions and balances

		Years ended		Balance due	
	Services	September 30, 2018	September 30, 2017	As at September 30, 2018	As at September 30, 2017
Amounts due to:					
Jason Weber	Consulting fee	$ 120,000	$ 120,000	$ 24,093	$ 80
Pacific Opportunity Capital Ltd. (a)	Accounting, financing, and shareholder communication services	$ 176,745	$ 173,025	$ 252,535 (b)	$ 75,600
TOTAL:				$ 276,628	$ 75,680

(a) The president of Pacific Opportunity Capital Ltd., a private company, is a director of the Company.
(b) Includes a $60,000 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 year ended September 30, 2018 were as follows:

- As at September 30, 2018, a total of $19,963 in exploration and evaluation asset costs was included in accounts payable and accrued liabilities;
- As at September 30, 2018, a total of $15,000 in share issue costs was included in due to related parties;
- The Company recorded $191,000 in share capital related to the issue of common shares pursuant to the acquisition of exploration and evaluation assets; and
- The Company recorded $11,424 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, 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; and
- 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.

(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, 2018	September 30, 2017
Non-current assets		
USA	590,349	480,918
Peru	1,017,093	1,222,794
Canada	1,691,693	1,175,835
	$ 3,299,135	$ 2,879,547

12. INCOME TAXES

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

	2018	2017
Loss before income taxes	$ (826,840)	$ (1,283,440)
Expected income tax recovery	$ (247,000)	$ (306,000)
Permanent differences	19,000	-
Share issue costs	(14,000)	(16,000)
Change in unrecognized deductible temporary differences	242,000	322,000
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:

	2018	Expiry Date Range	2017	Expiry Date Range
Temporary Differences	$		$	
Exploration and evaluation assets	2,962,000	No expiry date	3,916,000	No expiry date
Property and equipment	53,000	No expiry date	117,000	No expiry date
Share issue costs	111,000	2039 to 2042	112,000	2038 to 2041
Allowable capital losses	3,221,000	No expiry date	1,591,000	No expiry date
Non-capital losses available for future periods	15,614,000	2019 to 2038	14,448,000	2018 to 2037

Expenditures related to the use of flow-through share proceeds are included in exploration costs but are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors. At September 30, 2018, the Company has an obligation for future flow-through expenditures of $2,239 (2017: $Nil).

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 $94,500.

(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, 2018, 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, 2018, 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, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 6,599	$ -	$ -	$ 6,599

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

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, 2017.

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. EVENT SUBSEQUENT TO THE REPORTING PERIOD

The Company 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 connection 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.