enCore Energy Corp.

TSX.V:EU

enCore Energy Corp.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

ENCORE ENERGY CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Notes	September 30, 2019	December 31, 2018
ASSETS			
Current			
Cash		$ 2,873,439	$ 925,626
Receivables and prepaid expenses		31,833	17,100
		2,905,272	942,726
Intangible assets	4	360,000	360,000
Mineral properties	6	5,060,416	4,932,970
Reclamation deposit	6	113,228	116,639
Total assets		$ 8,438,916	$ 6,352,335
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		$ 49,322	$ 51,544
Due to related parties	8	335,307	251,856
Total liabilities		384,629	303,400
Shareholders' Equity			
Share capital	7	26,887,058	23,903,536
Contributed surplus		1,193,269	1,051,080
Accumulated other comprehensive income		735,230	853,691
Deficit		(20,761,270)	(19,759,372)
Total shareholders' equity		8,054,287	6,048,935
Total liabilities and shareholders' equity		$ 8,438,916	$ 6,352,335

Nature of operations and going concern (Note 1)

Approved by the Board of Directors:

"*William M. Sheriff*"	"*William B. Harris*"
Director	Director

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

ENCORE ENERGY CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Notes	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Expenses					
Consulting		$ 92,842	$ 43,627	$ 158,727	$ 116,791
Office and administration	8	29,069	19,323	79,691	57,754
Professional fees		5,998	7,701	41,086	34,442
Promotion and shareholder communications		4,862	-	7,710	953
Travel		28,896	9	61,718	13,494
Transfer agent and filing		11,759	2,280	51,692	17,480
Staff costs	8	58,509	19,183	353,261	57,648
Stock option expense	7,8	149,923	3,903	243,109	18,373
		(381,858)	(96,026)	(996,994)	(316,935)
Interest income		10,874	5,138	17,075	16,642
Foreign exchange gain (loss)		12,630	(2,138)	(21,979)	66
Loss for the period		(358,354)	(93,026)	(1,001,898)	(300,227)
Other comprehensive income (loss)					
Exchange differences on translating foreign Operations		56,124	(101,671)	(118,461)	103,196
Comprehensive loss for the period		$ (302,230)	$ (194,697)	$ (1,120,359)	$ (197,031)
Basic and diluted loss per share		$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)
Weighted average number of common shares outstanding		141,196,057	114,712,530	130,968,080	113,772,162

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

ENCORE ENERGY CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2019 and 2018
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,001,898)	$ (300,227)
Items not affecting cash:		
Stock option expense	243,109	18,373
Changes in non-cash working capital items:		
Receivables and prepaids	(14,733)	36,019
Accounts payable and accrued liabilities	(1,349)	(117,403)
Due to related parties	90,224	57,943
Net cash used in operating activities	(684,647)	(305,295)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties expenditures	(253,492)	(267,745)
Transaction costs for Metamin	-	(11,631)
Cash acquired upon acquisition of Metamin	-	2,501
Net cash used in investing activities	(253,492)	(276,875)
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placements	2,679,881	-
Share issuance costs	(167,696)	-
Exercise of warrants	255,167	83,333
Exercise of stock options	115,250	-
Net cash provided by financing activities	2,882,602	83,333
Effect of exchange rate changes on cash	3,350	(7,447)
Change in cash during the period	1,947,813	(506,284)
Cash, beginning of period	925,626	1,563,570
Cash, end of period	$ 2,873,439	$ 1,057,286

Supplemental cash flow information – Note 12

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

ENCORE ENERGY CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended September 30, 2019 and 2018
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Cumulative translation adjustment	Deficit	Total
Balance as at December 31, 2017	**111,492,750**	**$23,310,203**	**$ 1,012,750**	**$ 512,279**	**$(19,356,592)**	**$ 5,478,640**
Shares issued for exercise of warrants	833,334	83,333	-	-	-	83,333
Shares issued for share purchase agreement	3,000,000	150,000	-	-	-	150,000
Stock option expense	-	-	18,373	-	-	18,373
Loss and comprehensive loss for the period	-	-	-	103,196	(300,227)	(197,031)
Balance as at September 30, 2018	**115,326,084**	**$23,543,536**	**$ 1,031,123**	**$ 615,475**	**$(19,656,819)**	**$ 5,533,315**
Balance as at December 31, 2018	**118,326,084**	**$23,903,536**	**$ 1,051,080**	**$ 853,691**	**$(19,759,372)**	**$ 6,048,935**
Private placements	17,865,878	2,679,881	-	-	-	2,679,881
Share issuance costs	-	(167,696)	-	-	-	(167,696)
Finder's warrants issued	-	(103,210)	103,210	-	-	-
Shares issued for exercise of warrants	3,158,334	422,839	(167,672)	-	-	255,167
Shares issued for exercise of stock options	2,267,500	151,708	(36,458)	-	-	115,250
Stock option expense	-	-	243,109	-	-	243,109
Loss and comprehensive loss for the period	-	-	-	(118,461)	(1,001,898)	(1,120,359)
Balance as at September 30, 2019	**141,617,796**	**$26,887,058**	**$ 1,193,269**	**$ 735,230**	**$(20,761,270)**	**$ 8,054,287**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

enCore Energy Corp. was incorporated on October 30, 2009 under the Laws of British Columbia, Canada. enCore Energy Corp., together with its subsidiaries (collectively referred to as the "Company" or "enCore"), is principally engaged in the acquisition and exploration of resource properties in the United States. The Company's common shares trade on the TSX Venture Exchange under the symbol "EU" and on the OTCQB Venture Market under the symbol "ENCUF".

The Company's head office is located at #250 – 200 Burrard Street, Vancouver, BC.

The condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company has no source of operating cash flow and operations to date have been funded primarily from the issue of share capital. For the nine months ended September 30, 2019, the Company reported a loss of $1,001,898 (2018 - $300,227), had working capital of $2,520,643 (December 31, 2018 - $639,326) and an accumulated deficit of $20,761,270 (December 31, 2018 - $19,759,372). These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

Management estimates that it has adequate working capital to fund all of its planned activities for the next year. However, the Company's long-term continued operations are dependent on its abilities to monetize assets or raise additional funding from loans or equity financings, or through other arrangements. There is no assurance that future financing activities will be successful.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These condensed interim consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and effective as of September 30, 2019.

Except as set out below, the Company uses the same accounting policies and methods of computation as in the annual audited consolidated financial statements for the year ended December 31, 2018. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements.

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements were approved for issuance by the board of directors on November 25, 2019.

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. 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 an investor 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 significant intercompany transactions and balances have been eliminated.

The condensed interim consolidated financial statements include the financial statements of the Company and its significant subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity	Functional Currency
Tigris Uranium US Corp.	Nevada, USA	100%	Mineral	USD
Metamin Enterprises US Inc.	Utah, USA	100%	Mineral	USD

New Accounting Standards adopted during the period

The Company has adopted IFRS 16 Leases ("IFRS 16") which is effective for annual periods beginning on or after January 1, 2019.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets.

The adoption of IFRS 16 did not have an impact on the Company's condensed interim consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Although management uses historical experience and its best knowledge of the expected amounts, events or actions to form the basis for estimates, actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those disclosed in annual audited consolidated financial statements for the year ended December 31, 2018.

(Expressed in Canadian dollars)

4. INTANGIBLE ASSETS

During the year ended December 31, 2018, the Company entered into an agreement with VANE Minerals (US) LLC ("VANE") which grants the Company exclusive access to certain VANE uranium exploration data and information as well as a first right of refusal covering seven of Vane's current uranium projects in Arizona and Utah. In exchange for this exclusive access and rights, the Company issued 3,000,000 common shares at a fair value of $360,000 and has granted VANE certain back-in rights for any projects developed from the use of the data. The primary term of the agreement is five years and may be renewed by the Company by written notice for three successive renewal periods of three years each. Thus, the Company's access to this data may extend for 14 years. The intangible assets have been determined to have an indefinite life.

The following table summarizes the continuity of the Company's intangible assets:

Balance, December 31, 2017	$	-
Additions:		
Access and rights to the exploration data		360,000
Balance, December 31, 2018 and September 30, 2019	$	360,000

5. PURCHASE OF MINERAL PROPERTIES

On March 14, 2018, the Company completed the acquisition of Metamin Enterprises US Inc. ("MEUS"). The acquisition of MEUS was treated as an asset acquisition. The fair value of the assets acquired and liabilities assumed as at the date of acquisition were as follows:

Consideration		
Cash	$	280,123
Value of 3,000,000 common shares issued		150,000
Transaction costs		11,631
	$	441,754

The cash payment was comprised of:

i) $55,000 cash payment;
ii) $110,185 payment to the vendor for reclamation bond repayment and;
iii) $114,938 of property holding costs (incurred as deferred acquisition costs in fiscal year 2017).

Net assets acquired		
Cash	$	2,501
Reclamation bond		110,185
Exploration and evaluation assets		336,994
Accounts payable and accrued liabilities		(7,926)
	$	441,754

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES

	McKinley, Crownpoint & Hosta Butte, New Mexico	Marquez & Nose Rock, New Mexico	Moonshine Springs, Arizona	Metamin Properties	Other Properties	Total
Balance, December 31, 2017	$ 2,779,986	$ 683,532	$ 209,299	$ -	$ 262,008	$ 3,934,825
Acquisition costs (Note 5)	-	-	-	336,994	-	336,994
Maintenance and lease fees	-	115,070	8,819	141,501	42,205	307,595
Currency translation adjustment	241,744	61,468	18,531	7,481	24,332	353,556
Balance, December 31, 2018	3,021,730	860,070	236,649	485,976	328,545	4,932,970
Maintenance and lease fees	-	9,211	8,746	151,861	83,674	253,492
Currency translation adjustment	(88,379)	(25,189)	(6,954)	4,392	(9,916)	(126,046)
Balance, September 30, 2019	$ 2,933,351	$ 844,092	$ 238,441	$ 642,229	$ 402,303	$ 5,060,416

McKinley, Crownpoint and Hosta Butte Properties

The Company owns a 100% interest in the approximately 113,000-acre McKinley property and the 1,920-acre Hosta Butte property. At the 1,100-acre Crownpoint property, the Company holds a 60% interest in 140 acres and 100% interest in the rest of the property. These three adjacent properties are all located in McKinley County, New Mexico. The McKinley, Crownpoint and Hosta Butte properties are subject to a 3% gross profit royalty on uranium produced.

Marquez and Nose Rock Properties

The Company controls a 100% interest in the 14,582-acre Marquez property, which consists of private mineral leases located in McKinley and Sandoval Counties of New Mexico. The Marquez property is located on the eastern end of the Grants Uranium District and is subject to an 8% net proceeds royalty on uranium produced.

The Company owns a 100% interest in the 840-acre Nose Rock property, which consists of 42 owned unpatented lode mining claims and is located in McKinley County, New Mexico. The Nose Rock property is located on the northern edge of the Grants Uranium District.

Moonshine Springs Property

The Company owns or controls a 100% interest in the 920-acre Moonshine Springs property located in Mohave County, Arizona. The project comprises 23 owned unpatented lode mining claims along with 7 unpatented lode mining claims under lease. Moonshine Springs is subject to a royalty of 5% of the market value of the uranium produced.

Metamin Properties

The Company owns or controls a 100% interest in the Metamin properties that were acquired in 2018 (see Note 5). They include 13,605 acres of prospective uranium properties located in the States of Arizona, Utah and Wyoming, and are subject to various underlying royalties. As at September 30, 2019, the Company holds a reclamation bond of $113,228 ($85,500 USD) related to the properties.

Other Properties

The Company also owns or controls a 100% interest in approximately 14,000 acres of additional prospective uranium ground in the states of Wyoming, Arizona and New Mexico that are subject to various underlying royalties.

(Expressed in Canadian dollars)

7. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common and preferred shares without par value.

In May 2019, the Company completed a private placement and issued 17,865,878 units at a price of $0.15 per unit, for gross proceeds of $2,679,881. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase one additional share at a price of $0.225 for a period of three years. The warrants may be accelerated under certain terms if the stock closes for 15 trading days at $0.45 or more. The Company paid commissions totaling $147,471, other cash costs of $20,225 and issued 938,272 finders' warrants valued at $103,210. The finder's warrants are exercisable into one common share of the Company at a price of $0.15 for three years from closing.

During the period ended September 30, 2019, the Company issued:

i) 3,158,334 common shares on the exercise of warrants for proceeds of $255,167; and
ii) 2,267,500 common shares on the exercise of stock options for proceeds of $115,250.

During the year ended December 31, 2018, the Company issued:

i) 3,000,000 common shares valued at $150,000 for the purchase of mineral properties (Note 5);
ii) 3,000,000 common shares valued at $360,000 for the acquisition of intangible assets (Note 4); and
iii) 833,334 common shares on the exercise of warrants for proceeds of $83,333.

Stock options

The Company has adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire common shares of the Company. The number of shares reserved for issuance under the plan cannot exceed 10% of the outstanding common shares at the time of the grant. The options can be granted for a maximum of five years and vest as determined by the Board of Directors.

The Company's stock options outstanding as at September 30, 2019 and the changes for the periods then ended, are as follows:

	Outstanding Options	Weighted Average Exercise Price
Balance, December 31, 2017	4,725,000	$ 0.06
Granted	815,000	0.06
Forfeited/expired	(30,000)	0.08
Balance, December 31, 2018	5,510,000	0.06
Granted	4,765,000	0.15
Exercised	(2,267,500)	0.05
Forfeited/expired	(47,500)	0.07
Balance, September 30, 2019	7,960,000	$ 0.11
Exercisable, September 30, 2019	2,987,500	$ 0.06

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd)

Stock options (cont'd)

As at September 30, 2019, incentive stock options outstanding were as follows:

Expiry Date	Outstanding Options	Exercise Price ($)
December 19, 2019	1,345,000	0.05
December 31, 2019	275,000	0.05
January 6, 2021	400,000	0.05
May 11, 2022	450,000	0.10
May 15, 2023	725,000	0.06
January 8, 2024	420,000	0.125
March 27, 2024	200,000	0.135
June 3, 2024	4,145,000	0.15
	7,960,000	**0.11**

As at December 31, 2018, incentive stock options outstanding were as follows:

Expiry Date	Outstanding Options	Exercise Price ($)
December 19, 2019	2,795,000	0.05
December 31, 2019	475,000	0.05
January 6, 2021	950,000	0.05
May 11, 2022	490,000	0.10
May 15, 2023	800,000	0.06
	5,510,000	**0.06**

During the period ended September 30, 2019, the Company recognized stock option expense of $243,109 (2018 - $18,373) for the vested portion of the stock options.

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	September 30, 2019	December 31, 2018
Risk-free interest rate	1.35%	2.31%
Expected life of option	5 years	5 years
Expected dividend yield	0%	0%
Expected stock price volatility	158.4%	189.5%
Fair value per option	$0.12	$0.06

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd)

Share purchase warrants

The Company's share purchase warrants outstanding as at September 30, 2019 and the changes for the period then ended, are as follows:

	Outstanding Warrants	Weighted Average Exercise Price
Balance, December 31, 2017	21,516,669	$ 0.10
Exercised	(833,334)	0.10
Balance, December 31, 2018	20,683,335	0.10
Granted	10,629,545	0.21
Exercised	(3,158,334)	0.08
Balance, September 30, 2019	28,154,546	$ 0.14

As at September 30, 2019, share purchase warrants outstanding were as follows:

Expiry Date	Outstanding Options	Exercise Price ($)
February 15, 2020	18,283,334	0.10
May 10, 2022	8,932,940	0.23
May 10, 2022	938,272	0.15
	28,154,546	**0.14**

As at December 31, 2018, share purchase warrants outstanding were as follows:

Expiry Date	Outstanding Options	Exercise Price ($)
February 15, 2020	19,166,668	0.10
February 15, 2020*	1,516,667	0.06
	20,683,335	**0.14**

* These finders' warrants were exercisable into units comprised of a common share and one-half of a share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share at a price of $0.10 per share until February 15, 2020. These finders' warrants were exercised in the period ended September 30, 2019, resulting in the issue of 758,333 new warrants exercisable at $0.10 until February 15, 2020.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd)

Share purchase warrants (cont'd)

During the period ended September 30, 2019, the Company issued 938,272 finders' warrants with a fair market value of $103,210 or $0.11 per warrant which was recorded as share issue costs. The following weighted average assumptions were used for the Black-Scholes valuation of the finders' warrants for the period ended September 30, 2019:

	September 30, 2019
Risk-free interest rate	1.62%
Expected life of warrant	3 years
Expected dividend yield	0%
Expected stock price volatility	151.0%
Fair value per warrant	0.11

No finders' warrants were granted during the year ended December 31, 2018.

8. RELATED PARTY TRANSACTIONS

Related parties include the Directors and Officers of the Company (key management) and any entities controlled by these individuals. Related parties also include other entities providing key management services to the Company.

The amounts paid or payable to key management or entities providing similar services during the nine months ended September 30, 2019 and 2018 is as follows:

		2019		2018
Staff costs	$	353,261	$	57,734
Office and administration		21,000		26,000
Stock option expense		166,243		14,319
Total key management compensation	$	540,504	$	98,053

During the nine months ended September 30, 2019, staff costs include $242,784 in Directors' bonuses declared in recognition of past services provided to the Company (2018 – $nil).

There was $335,307 owing to related parties at September 30, 2019 (December 31, 2018 - $251,856). This total includes $19,865 related to outstanding Directors' bonuses (December 31, 2018 - $nil) and $297,968 owing to a company controlled by the Chief Executive Officer for key management services rendered (December 31, 2018 - $245,556).

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to support the exploration and evaluation of its mineral properties and to maintain a flexible capital structure that optimizes the cost of capital within a framework of 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 its capital structure, the Company may issue new shares, issue debt, and acquire or dispose of assets.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

There were no changes in the Company's approach to capital management during the period ended September 30, 2019, and the Company is not subject to any externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS

Financial instruments include cash and any contract that gives rise to a financial asset to one party and a financial liability or equity instrument to another party. Financial assets and liabilities measured at fair value are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs based on prices or valuation techniques that are not based on observable market data.

Cash is measured at Level 1 of the fair value hierarchy. The Company classifies its receivables as financial assets measured at amortized cost. Accounts payable and accrued liabilities and due to related parties are classified as financial liabilities measured at amortized cost. The carrying amounts of receivables, accounts payable and accrued liabilities, and amounts due to related parties approximate their fair values due to the short-term nature of the financial instruments.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign Exchange Risk

A portion of the Company's financial assets and liabilities are denominated in US dollars. The Company monitors this exposure but has no hedge positions. The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities, and due to related parties that are denominated in US dollars. At September 30, 2019, a 10% change in the value to the US dollar as compared to the Canadian dollar would affect net loss and shareholders' equity by approximately $51,000.

Credit Risk

Credit risk arises from cash held with banks and financial institutions and receivables. The maximum exposure to credit risk is equal to the carrying value of these financial assets. The Company's cash is primarily held with a major Canadian bank.

10. FINANCIAL INSTRUMENTS (cont'd)

Market Risk

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company's ability to raise capital to fund exploration.

Interest Rate Risk

Interest rate risk mainly arises from the Company's cash, which receives interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are not significant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The majority of the Company's accounts payable and accrued liabilities are payable in less than 90 days. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing.

11. SEGMENTED INFORMATION

The Company operates in a single segment: the acquisition and exploration of mineral properties in the United States.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the period ended September 30, 2019 include the following:

a) Transferred $167,672 from contributed surplus to share capital on exercise of 1,516,667 finders' warrants.
b) Transferred $36,458 from contributed surplus to share capital on exercise of 2,267,500 stock options
c) Issued 938,272 finders' warrants valued at $103,210 in connection with the private placement.
d) Recorded $243,109 in stock option expense.

Significant non-cash transactions for the period ended September 30, 2018 include the following:

a) Issued 3,000,000 shares valued at $150,000 in connection with the acquisition of Metamin
b) Recorded $18,373 in stock option expense.