DIAMOND FIELDS RESOURCES INC.
Condensed Consolidated Interim Financial Statements
For the three month period ended September 30, 2019

(Unaudited, expressed in United States dollars, unless otherwise stated)

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended September 30, 2019.

DIAMOND FIELDS RESOURCES INC.
Consolidated Statement of Financial Position
As at September 30, 2019 and June 30, 2019
(Expressed in U.S. dollars)

	Notes	September 30, 2019	June 30, 2019
		$	$
ASSETS			
CURRENT			
Cash		**1,219,333**	1,575,101
Prepaid expenses and other receivables		**47,364**	32,692
		1,266,697	1,607,793
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		**200,532**	212,695
Derivative financial instruments	**11**	**1,021,638**	754,437
		1,222,170	967,132
SHAREHOLDERS' EQUITY			
Share capital	**10**	**55,633,167**	55,633,167
Contributed surplus	**10**	**4,165,060**	4,139,619
Accumulated other comprehensive income		**8,941**	7,344
Accumulated deficit		**(59,762,641)**	(59,139,469)
		44,527	640,661
		1,266,697	1,607,793
Nature and continuance of operations	**2**		
Subsequent events	**14**		

"Sybrand Van Der Spuy" *"Bertrand Boulle"*

Director **Director**

The accompanying notes form an integral part of these consolidated financial statements.

DIAMOND FIELDS RESOURCES INC.
Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)
For the periods ended September 30, 2019 and 2018
(Expressed in U.S. dollars)

		Three month ended September 30,	
		2019	2018
		$	$
OPERATING EXPENSES			
Exploration expenses	**7**	**61,077**	89,867
Share based compensation	**10,13**	**25,441**	115,674
General and administrative expenses	**8**	**182,605**	68,868
		(269,123)	(274,409)
Fair value movement on derivative instruments	**11**	**(276,396)**	278,619
Interest income		**9,852**	6,996
Foreign exchange loss		**(87,505)**	(12,180)
NET LOSS FOR THE PERIOD		**(623,172)**	(974)
Exchange difference on translation of foreign operations		**1,597**	(4,992)
COMPREHENSIVE LOSS FOR THE PERIOD		**(621,575)**	(5,966)
BASIC LOSS PER SHARE		**(0.01)**	(0.00)
DILUTED LOSS PER SHARE		**(0.01)**	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON			
SHARES OUTSTANDING – Basic		**67,895,662**	67,895,662
SHARES OUTSTANDING – Diluted		**67,895,662**	67,895,662

The accompanying notes form an integral part of these consolidated financial statements.

DIAMOND FIELDS RESOURCES INC.
Consolidated Statement of Changes in Shareholders' Equity
For the periods ended September 30, 2019 and June 30, 2019
(Expressed in U.S. dollars)

	Number of shares	Share capital $	Contributed surplus $	Accumulated deficit $	Accumulated other comprehensive Income $	Total $
Balance at June 30, 2018	67,895,662	55,633,167	4,046,823	(59,027,774)	989	653,205
Share based compensation		-	92,796	-	-	92,796
Translation adjustment	-	-	-	-	6,355	6,355
Loss for the year	-	-	-	(111,695)	-	(111,695)
Balance at June 30, 2019	**67,895,662**	**55,633,167**	**4,139,619**	**(59,139,469)**	**7,344**	**640,661**
Share based compensation		-	25,441	-	-	25,441
Translation adjustment	-	-	-	-	1,597	1,597
Loss for the period	-	-	-	(623,172)	-	(623,172)
Balance at September 30, 2019	**67,895,662**	**55,633,167**	**4,165,060**	**(59,762,641)**	**8,941**	**44,527**

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

DIAMOND FIELDS RESOURCES INC.
Consolidated statement of cash flows
Periods ended September 30, 2019 and 2018
(Expressed in U.S. dollars)

	Three month ended September 30,	
	2019	2018
	$	$
CASH USED IN OPERATING ACTIVITIES		
Net Loss for the period	**(623,172)**	(974)
Items not affecting use of cash		
Foreign exchange gain	**(9,195)**	(123)
Share based compensation	**25,441**	115,674
Interest	**-**	-
Fair value movement on derivative instruments	**276,396**	(278,619)
Net change in non-cash operating working capital items (Note 12)	**(25,238)**	21,983
NET CASH ABSORBED IN OPERATIONS	**(355,768)**	(142,059)
CHANGE IN CASH	**(355,768)**	(142,059)
CASH, BEGINNING OF PERIOD	**1,575,101**	1,425,450
CASH, END OF PERIOD	**1,219,333**	1,283,391

Supplemental cash flow information (Note 12)

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

1. CORPORATE INFORMATION

Diamond Fields Resources Inc's ("DFR" or the "Company") business activity is the exploration and evaluation of mineral properties in Namibia, Madagascar and worldwide. The Company was incorporated under the Canada Business Corporations Act on May 28, 2000, and has continued as a company under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol DFR, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

The Company's ultimate controlling party is Jean-Raymond Boulle through his private investment company, Spirit Resources SARL ("Spirit").

The address of the Company's corporate office and principal place of business is Suite 2900, 550 Burrard Street, Vancouver, British Columbia V6C 2T5, Canada.

2. NATURE AND CONTINUANCE OF OPERATIONS

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

To date, the Company has financed its activities through the issuance of equity securities and debt financing, primarily from significant shareholders of the Company. The Company expects to use similar financing techniques in the future and is pursuing such additional sources of financing as estimated to be required to sufficiently support its operations until such time that its operations become self-sustaining. Although there is no assurance that the Company will be successful in these actions, these consolidated financial statements do not give effect to potentially material adjustments that would be necessary should the Company be unable to continue as a going concern.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

3. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements of the Company for the period ended September 30, 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements do not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

4. BASIS OF MEASUREMENT

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed consolidated financial statements are presented in U.S. dollars ("USD"). The parent company's functional currency is the USD while the functional currency of the subsidiaries is the same as the respective local currencies of the countries in which they are based.

4. BASIS OF MEASUREMENT (CONTINUED)

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements unless otherwise indicated.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by Diamond Fields Resources Inc. (the "Parent"). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Parent. The consolidated financial statements include the accounts of the Parent and its subsidiaries, as shown below:

Name	Country of Incorporation	Class of Shares	Ownershi p Interest
Kimberley Overseas	Cayman Islands	Common	100%
Diamond Fields Sierra Leone Ltd.	Cayman Islands	Common	100%
Diamond Fields Namibia (Pty) Ltd.	Namibia	Common	100%
Diamond Fields Operations Namibia (Pty) Ltd.	Namibia	Common	100%
Diamond Fields South Africa (Pty) Ltd.	South Africa	Common	100%
Action Mining Ltd.	Mauritius	Common	100%
Compagnie Générale des Mines de Madagascar	Madagascar	Common	100%
Namibian Diamond Company (Proprietary) Limited	Namibia	Common	70%

Transactions eliminated on consolidation
Inter-company balances, transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Transactions and balances
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the exchange rate in effect at the statement of financial position date and non-monetary assets and liabilities at the exchange rates in effect at the time of the transactions. Revenues and expenses denominated in foreign currencies are translated at rates approximating the exchange rates in effect at the time of the transactions.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currencies (continued)

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income (loss) and comprehensive income (loss).

Subsidiaries
The results and financial position of all the subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the functional currency of the parent are translated into United States dollars as follows:

a. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
b. income and expenses for each statement of income (loss) and comprehensive income (loss) are translated at exchange rates approximating the exchange rates in effect at the time of the transactions; and
c. all resulting exchange differences are recognized within other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of income (loss) and comprehensive income (loss) as part of the gain or loss on sale.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(d) Financial instruments

Financial Assets
The Company will classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (loss) or fair value through profit or loss based on its business model from managing the financial assets and the financial assets' contractual cash flow characteristics. The three categories are defined as follows:

i) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

ii) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

iii) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.
The Company's financial assets are comprised of cash and receivables, which are all measured at amortized cost.

Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables..

Financial Liabilities
Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company has the following financial liabilities: accounts payable and accrued liabilities. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Compound Financial Instruments
The Company may issue compound financial instruments such as convertible debentures. Upon issuance, the Company determines whether the conversion feature represents an equity component or liability component. When the conversion feature represents an equity component, the proceeds received on issue of the convertible debenture are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortized cost until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option and is recognized within shareholders' equity, net of income tax effects.

If the conversion feature represents a liability, or if the convertible debenture includes any other embedded derivatives, they may be separated from the host contract and accounted for as a derivative when the following three criteria are satisfied:

- When the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The entire instrument is not measured at fair value with changes in fair value recognized in the statement of income (loss) and comprehensive (loss).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Compound Financial Instruments (continued)

The difference between the fair value of the total compound instrument and the fair value of the embedded derivative is assigned to the host contract. The embedded derivative is fair valued at each reporting date using an appropriate fair value valuation model with changes in the fair value being recognized immediately in net income (loss) and comprehensive (loss).

Where it is determined that the embedded derivative is not to be separated from the host instrument, the entire instrument will be carried at fair value through profit and loss, with fair value adjustments occurring subsequent to initial recognition being taken to the statement of income (loss) and comprehensive income (loss).

Derivative Financial Instruments

The Company may issue share purchase warrants and conversion options on convertible debentures or as part of units that have an exercise price denominated in a currency that is different to the functional currency of the Company, thus causing them to be classified as derivative liabilities, which are measured at fair value through profit or loss. These instruments are measured at fair value through the application of an appropriate valuation model.

(e) Mineral properties

The Company's properties are all currently in the Exploration and Evaluation ("E&E") stage.

Acquisition and E&E expenditures incurred prior to the date of a positive economic analysis on the property are expensed as incurred. Direct costs incurred for the development of mineral properties, net of cost recoveries, are capitalized once the technical feasibility and commercial viability of extracting the mineral resource has been determined.

On the commencement of commercial production, the net capitalized costs are charged to operations on a unit-of-production basis, by property, using the estimated proven and probable reserves as the depletion base.

Impairment of Non-Financial Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If 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 profit or loss for the period. For an asset that does not generate largely independent cash flows, 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 to an amount that 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 profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Share based compensation

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of income (loss) and comprehensive income (loss) over the vesting period described as the period during which all the vesting conditions are to be satisfied. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied.

The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of income (loss) and comprehensive income (loss) over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of income (loss) and comprehensive income (loss), unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Equity-settled share based compensation are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(f) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income taxes (continued)

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(g) Loss per share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

(h) Provisions

Rehabilitation Provisions

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities may include restoration, reclamation and re-vegetation of the affected exploration sites

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur. The Company does not have any rehabilitation provisions for the years presented.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and stock options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Revenue

Sales of diamonds are recognized when the risks and rewards of ownership pass to the customer, the price can be measured reliably and collectability is reasonably assured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. Revenue from diamond sales is credited against mineral property costs when generated from pre-commercial production; and to operations when generated from commercial production or if there are no capitalized mineral property costs.

(k) New accounting policies adopted during the year

IFRS 16 *Leases*

The Company adopted IFRS 16, *Leases* standard on July 1, 2019. This standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It has superseded the following lease Standard and Interpretations upon its adoption:

- IAS 17 *Leases*
- IFRIC 4 *Determining whether an arrangement contains a lease*
- SIC 15 *Operating Lease – Incentives*; and
- SIC 27 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*

The application of IFRS 16 did not have a material impact on the amounts reported and disclosures made in the Company's consolidated financial statements as compared to prior periods.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of income and expenses during the period. Actual results could differ from those estimates.

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

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Expressed in U.S. dollars

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Share Based Compensation Transactions

The Company measures the cost of equity-settled transactions with employees and other parties by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.

Derivative Financial Instruments

The Company has determined that its functional currency is the US dollar and had issued non-broker warrants in a currency other than its functional currency. The Company measures the cost of the derivative financial instruments by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date. Estimating fair value for non-broker warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield

and making assumptions about them. The assumptions and models used for estimating fair value derivative financial instrument transactions are disclosed in Note 11.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, 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.

7. EXPLORATION EXPENSES

	Quarters ended September 30,	
	2019	2018
	$	$
Namibian Diamond project	**12,364**	7,135
Beravina project	**4,417**	16,486
Evaluation of new prospects & other projects	**44,296**	66,246
	61,077	89,867

8. GENERAL AND ADMINISTRATIVE EXPENSES

	Quarter ended September 30,	
	2019	2018
	$	$
Directors and secretary fees	**65,625**	27,750
Consultancy and professional fees	**80,444**	20,468
Audit and tax fees	**143**	2,259
Regulatory and investor relations	**16,926**	11,192
Office and other expenses	**19,467**	6,599
	182,605	68,868

Expressed in U.S. dollars

9. INCOME TAXES

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the interim period.

The Company has not recognized deferred tax assets in relation to prior year losses as there is no certainty that there will be sufficient taxable income in future periods to utilize these losses.

10. SHARE CAPITAL

Authorized share capital

The authorized capital stock of the Company comprises an unlimited number of common shares without par value.

Issued and outstanding share capital

As at September 30, 2019, and June 30, 2019, the Company had 67,895,662 issued and outstanding shares.

Stock Options

The Company has adopted a fixed, less than 10% stock option plan (the "Plan"), under which the maximum number of stock options issued cannot exceed 6,789,000 of the Company's common shares. The stock options issued to directors and officers vest in stages as to one third immediately, one third one year upon grant and the balance two years upon grant, Any stock options granted to consultants performing investor relations activities vest in stages over twelve months. The exercise period for any options granted under the Plan cannot exceed ten years. The exercise price of options granted under the Plan cannot be less than the "discounted market price" of the common shares (the market price less the maximum discount permitted by the TSX-V).

Outstanding and exercisable share options

The following is a summary of changes in options from June 30, 2018 to September 30, 2019:

			During the year			
Grant Date	Expiry Date	Opening balance	Granted	Exercised	Forfeited/ Expired	Closing balance
Balance at June 30, 2018		3,452,800	400,000	-	-	3,852,800
07/19/13	07/19/18	-	-	-	(490,000)	(490,000)
08/28/18	08/27/23	-	1,837,200	-	-	1,837,200
Balance at June 30, 2019		**3,852,800**	**1,837,200**	**-**	**(490,000)**	**5,200,000**
08/28/18	08/14/19	-	-	-	(50,000)	(50,000)
Balance at September 30, 2019		**5,200,000**	**-**	**-**	**(50,000)**	**5,150,000**

Expressed in U.S. dollars

10. SHARE CAPITAL (CONTINUED)

The following is a summary of options outstanding and exercisable at September 30, 2019:

Grant Date	Expiry Date	Exercise price (CAD)	Exercisable at September 30, 2019	Outstanding at September 30, 2019
12/12/16	12/11/21	$0.145	2,962,800	2,962,800
02/05/18	02/04/23	$0.145	266,667	400,000
08/28/18	08/27/23	$0.145	1,191,467	1,787,200
Balance at September 30, 2019			**4,420,934**	**5,150,000**

The fair value of options granted was determined using the Black-Scholes valuation model using the weighted average assumptions outlined in the following table.

	September 30, 2019	June 30, 2019
Expected volatility	-	203%
Risk-free interest rate	-	2.21%
Expected life (years)	-	5
Dividend yield	-	-
Forfeiture	-	-

Share purchase warrants

A summary of share purchase warrant activity and information concerning currently outstanding and exercisable warrants from June 30, 2018 to September 30, 2019 is as follows:

Grant date	Opening balance	During the year			Closing balance	Exercisable
		Granted	Exercised	Forfeited / expired		
Balance at June 30, 2018 and 2019	10,666,667				10,666,667	10,666,667
Movement during the year	-	-	-	-	-	-
Balance at September 30, 2019	**10,666,667**	**-**	**-**	**-**	**10,666,667**	**10,666,667**
Weighted average price CAD	$0.125				$0.125	$0.125

Nature and purpose of equity

The reserves recorded in equity on the Company's consolidated statement of financial position include "Contributed Surplus," "Accumulated Deficit" and "Accumulated Other Comprehensive Loss."

"Contributed Surplus" is used to recognize the value of share option grants prior to exercise.

"Accumulated Deficit" is used to record the Company's change in deficit from year to year.

"Accumulated Other Comprehensive Loss" includes foreign exchange losses (gains) on translating subsidiaries with a functional currency different from that of the US dollar.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Company had issued warrants for financing purposes at various prices. As the warrants have an exercise price denominated in Canadian dollars, which is different to the functional currency of the Company (U.S. dollar), the share purchase warrants are treated as a derivative financial liability and the fair value movement during the year was recognized in the statement of income (loss) and comprehensive income (loss).

The change in fair values of the derivative financial liabilities measured using the Binomial valuation model is as follows:

	Warrants **$**
Balance, June 30, 2018	665,732
Movement in fair value	86,932
Movement in foreign exchange rates	1,773
Balance, June 30, 2019	754,437
Movement in fair value	276,396
Movement in foreign exchange rates	(9,195)
Balance, September 30, 2019	1,021,638

The fair value of the derivative financial instruments was determined using the Binomial valuation model using the weighted average assumptions outlined in the following table.

	September 30, 2019	June 30, 2019
Expected volatility	**107%**	106%
Risk-free interest rate	**1.44%**	1.41%
Expected life	**1.98 years**	2.23 years

12. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital items:

	September 30, 2019	September 30, 2018
	$	$
Increase in:		
Prepaid expenses and other receivables	**(14,673)**	(463)
Decrease in:		
Accounts payable and accrued liabilities	**(10,565)**	22,446
	(25,238)	21,983

Expressed in U.S. dollars

13. RELATED PARTY TRANSACTIONS

The Company incurred the following charges as compensation to key management personnel of the Company for the periods ended September 30, 2019 and 2018, which are recorded in the following accounts in these condensed consolidated interim financial statements:

	September 30, 2019	September 30, 2018
	$	$
General and administrative expenses - fees	**133,647**	27,750
Exploration and evaluation expenses	**-**	-
Share based compensation	**24,769**	115,674

All related party transactions are recorded at the exchange amount, being the amounts established and agreed to between the related parties.

14. SUBSEQUENT EVENTS

There have been no material disclosable events following the date of reporting until the date of publication of these Condensed Financial Statements.