

DUNNEDIN VENTURES INC.
Consolidated Financial Statements

For the years ended September 30, 2019 and 2018

(Audited - Expressed in Canadian Dollars)



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Independent Auditor's Report

To the shareholders of
Dunnedin Ventures Inc.

Opinion

We have audited the consolidated financial statements of Dunnedin Ventures Inc., (the "Group") which comprise the consolidated statement of financial position as at September 30, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2019 and 2018, and its consolidated financial position and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that at September 30, 2019, the Company is in the exploration stage, is dependent upon discovery of economically recoverable reserves and expects to incur future losses in the development of its business. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt upon the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended September 30, 2019.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained the Management's Discussion and Analysis for the year ended September 30, 2019 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jeremy East.

BDO Canada LLP

Chartered Professional Accountants,

Vancouver, British Columbia
January 28, 2020

DUNNEDIN VENTURES INC.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2019	September 30, 2018
Assets		
Current Assets:		
Cash and cash equivalents (Notes 4 & 11)	\$ 812,909	\$ 1,974,071
Amounts receivable (Note 11)	29,621	120,629
Advances and deposits (Notes 8 & 11)	219,082	322,407
Due from Solstice Gold Corp. (Note 11)	33,384	297,246
	1,094,996	2,714,353
Non-Current Assets:		
Equipment	1,646	3,390
Reclamation bonds (Note 4)	169,641	30,284
Exploration and evaluation assets (Notes 5 & 6)	10,428,944	9,025,278
Total Assets	\$ 11,695,227	\$ 11,773,305
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities (Notes 7,8)	\$ 605,039	\$ 1,013,519
Flow through share premium liability (Note 10)	82,504	52,334
	687,543	1,065,853
Deferred tax liability (Note 14)	567,470	399,361
Total Liabilities	1,255,013	1,465,214
Shareholders' Equity:		
Share capital (Note 9)	47,985,412	46,503,207
Reserves (Note 9)	6,546,547	6,400,821
Accumulated other comprehensive loss	(61,090)	(66,196)
Deficit	(44,030,655)	(42,529,741)
	10,440,214	10,308,091
Total Liabilities and Shareholders' Equity	\$ 11,695,227	\$ 11,773,305

Nature of Operations and Ability to Continue as a Going Concern (Note 1)

Commitments (Notes 6 & 10)

Subsequent Events (Note 15)

Approved on Behalf of the Board:

"Steven Krause"
Steven Krause

"Gary Schellenberg"
Gary Schellenberg

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

DUNNEDIN VENTURES INC.

Consolidated Statements of Operations and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

	Years ended September 30,	
	2019	2018
Expenses		
Amortization	\$ 1,744	\$ 991
Consulting fees	295,635	154,370
Insurance	17,877	15,748
Management fees (Note 8)	350,651	385,000
Office and administration	56,303	62,566
Professional fees	103,603	208,011
Rent	24,930	22,815
Stock based compensation (Notes 8 & 9 (d))	128,177	1,016,459
Transfer agent and filing	28,616	33,898
Travel, promotion and investor relations	510,864	225,943
Impairment of exploration and evaluation assets (Note 6)	15,061	21,234
Loss before other expense	(1,533,461)	(2,147,035)
Other income (expenses)		
Foreign currency gain (loss)	669	(13,138)
Gain from plan of arrangement (Note 5)	-	6,891,909
Interest	31,189	35,971
Other income (Note 10)	168,798	49,455
Other income (expenses)	200,656	6,964,197
Net income (loss) before taxes for the year	(1,332,805)	4,817,162
Deferred income tax expense (Note 10)	(168,109)	(239,355)
Net income (loss) for the year	(1,500,914)	4,577,807
Other comprehensive loss		
Foreign currency translation adjustment	5,106	(1,898)
Comprehensive income (loss) for the year	\$ (1,495,808)	\$ 4,575,909
Earnings (loss) per share (Note 9 (e))		
Basic	\$ (0.011)	\$ 0.043
Diluted	\$ N/A	\$ 0.042
Weighted average number of shares outstanding	135,819,509	107,145,203
Diluted weighted average number of shares outstanding	N/A	108,729,870

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

DUNNEDIN VENTURES INC.

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Notes	Share Capital		Reserves	AOCL	Deficit	Total
		Number of Shares	Amount				
Balance at September 30, 2017		103,256,767	\$ 44,001,940	\$ 5,416,209	\$ (64,298)	\$ (40,215,639)	\$ 9,138,212
Net income for the period		-	-	-	-	4,577,807	4,577,807
Distribution as per plan of arrangement	5	-	(1,712,804)	-	-	(6,891,909)	(8,604,713)
Shares issued in private placement	9	10,421,667	2,618,500	-	-	-	2,618,500
Flow-through shares issued in private placement	9	3,669,565	886,500	-	-	-	886,500
Flow-through shares premium	10	-	(127,587)	-	-	-	(127,587)
Share issues costs		-	(196,846)	57,007	-	-	(139,839)
Share-based compensation	8,9	-	-	1,016,459	-	-	1,016,459
Warrant exercise	9	8,855,000	885,500	-	-	-	885,500
Broker warrants exercised	9	539,000	134,669	(80,769)	-	-	53,900
Options Exercised	9	75,000	13,335	(8,085)	-	-	5,250
Foreign currency translation adjustment		-	-	-	(1,898)	-	(1,898)
Change during the year		23,560,232	2,501,267	984,612	(1,898)	(2,314,102)	1,169,879
Balance at September 30, 2018		126,816,999	\$ 46,503,207	\$ 6,400,821	\$ (66,196)	\$ (42,529,741)	\$ 10,308,091

	Notes	Share Capital		Reserves	AOCI	Deficit	Total
		Number of Shares	Amount				
Balance at September 30, 2018		126,816,999	\$ 46,503,207	\$ 6,400,821	\$ (66,196)	\$ (42,529,741)	\$ 10,308,091
Net loss for the period		-	-	-	-	(1,500,914)	(1,500,914)
Shares for resource properties	9(b)	2,962,790	262,000	-	-	-	262,000
Shares issued in private placement	9(b)	11,458,999	859,425	-	-	-	859,425
Flow-through shares issued in private placement	9(b)	5,534,448	622,625	-	-	-	622,625
Flow-through shares premium	10	-	(207,542)	-	-	-	(207,542)
Share issue costs	9(b)	-	(54,304)	17,549	-	-	(36,754)
Share-based compensation	8,9	-	-	128,177	-	-	128,177
Foreign currency translation adjustment		-	-	-	5,106	-	5,106
Change during the year		19,956,237	1,482,205	145,726	5,106	(1,500,914)	132,123
Balance at September 30, 2019		146,773,236	47,985,412	6,546,547	(61,090)	(44,030,655)	10,440,214

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

DUNNEDIN VENTURES INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Cash provided by / (used in):	<i>Notes</i>	Year Ended September 30, 2019	Year Ended September 30, 2018
Operating Activities:			
Net income / (loss) for the year		\$ (1,500,914)	\$ 4,577,807
Items not affecting cash:			
Amortization		1,744	991
Deferred income tax expense and other		(689)	189,900
Gain from plan of arrangement	5	-	(6,891,909)
Stock based compensation		128,177	1,016,459
Impairment of exploration and evaluation assets		15,061	21,234
Net changes in non-cash working capital items:			
Amounts receivable		91,008	(47,818)
Due from Solstice		263,862	247,534
Advances and deposits		103,325	(195,120)
Accounts payable and accrued liabilities		10,295	(999,767)
		(888,131)	(2,080,689)
Investing Activities:			
Acquisition of fixed assets		-	(3,955)
Reclamation bonds		(139,357)	-
Exploration and evaluation assets		(1,575,502)	(2,970,376)
		(1,714,859)	(2,974,331)
Financing Activities:			
Shares issued for cash, net of share issuance costs		1,436,722	3,339,363
Plan of arrangement		-	(1,300,000)
Cash proceeds from warrants exercised		-	939,400
Cash proceeds from options exercised		-	5,250
		1,436,722	2,984,013
Effect of exchange rate changes on cash and cash equivalents		5,106	(1,898)
Change in cash and cash equivalents for the year		\$ (1,161,162)	\$ (2,072,905)
Cash and cash equivalents, beginning of the year		\$ 1,974,071	\$ 4,046,976
Cash and cash equivalents, end of the year		\$ 812,909	\$ 1,974,071
Supplemental Information:			
Non-cash investing and financing activities:			
Common shares issued for interest in resource properties valued at quoted market prices on the date of issue		\$ 262,000	\$ -
Share issuance costs		17,549	57,007
Change in mineral property costs included in accounts payable		\$ 418,775	\$ 193,790

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

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

The Company was incorporated under the laws of the Province of British Columbia on January 12, 1987. The Company's common shares are trading as a mining issuer on Tier 2 of the TSX Venture Exchange under the trading symbol DVI.

The Company's activities consist of the exploration and development of base metals and diamonds throughout the Americas. The head office and principal address of the Company are located at 1020 – 800 West Pender Street, Vancouver, BC V6C 2V6.

As the Company is in the exploration stage, the recoverability of amounts shown for exploration and evaluation assets and the Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, continuation of the Company's interest in the underlying resource claims, the ability of the Company to obtain necessary financing to complete their development and upon future profitable production or proceeds from the disposition thereof. The amounts shown as exploration and evaluation assets represent net costs to date, less amounts amortized and/or written-off, and do not necessarily represent present or future values.

The Company ended up with net loss of \$1,500,914 during the year ended September 30, 2019 and, as of that date, the accumulated deficit was \$44,030,655. The Company expects to incur future losses in the development of its business. While these consolidated financial statements have been prepared with the assumption that the Company will be able to meet its obligations and continue its operations for its next fiscal year, the aforementioned conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary if the Company were not to continue as a going concern.

Statement of Compliance

These consolidated financial statements for the year ended September 30, 2019 were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations ("IFRIC") in effect at September 30, 2019. The Company has elected to present the statements of operations and comprehensive loss in a single statement.

The consolidated financial statements of the Company for the year ended September 30, 2019 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on January, 23 2020.

2. BASIS OF PREPARATION

Critical judgments in applying accounting policies

The preparation of these consolidated financial statements requires management to make certain estimates, judgments 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 year. Actual results could differ from these estimates.

These 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

other factors, including expectations of future events that are believed to be reasonable under the circumstances. Additional disclosure of these items is contained in the Note 3(p) of the consolidated financial statements for the year ended September 30, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

b. Basis of consolidation

These consolidated financial statements include the financial statements of Dunnedin Ventures Inc. and its wholly owned subsidiaries - Minera Ocean Park, incorporated in Mexico, Mohave Holdings Inc. incorporated in Canada, Four Point Construction Inc., incorporated in United States, and Solstice Gold Corp. which was spun out on January 31, 2018, incorporated pursuant to the laws of British Columbia, Canada. All intercompany transactions and balances have been eliminated upon consolidation. The consolidation of Solstice Gold Corp. ended subsequent to the above-mentioned spin out date, is no longer a controlled entity and its results and balances are not included in the consolidated financial statements.

c. Foreign currencies

The consolidated financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is Canadian dollars. The functional currency of Dunnedin Ventures Inc. is the Canadian dollar, Mohave Holdings Inc. and Four Points Construction Inc is the Canadian dollar, and Minera Ocean Park is the Mexican Peso.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities that are measured at historical cost are translated by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in the statement of operations or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

All gains and losses on translation of foreign currency transactions are charged to the statement of operations. The assets and liabilities of each subsidiary are translated into Canadian dollars using the exchange rate at the reporting date and the operations are translated into Canadian dollars using the average exchange rate for the reporting period. All gains and losses on translation of a

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

subsidiary from its functional currency to the presentation currency are charged to other comprehensive income.

d. Financial instruments

The Company adopted all the requirements of IFRS 9 as of October 1, 2018.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

(i) Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Equity instruments that are held for trading and all equity derivative instruments are classified as FVTPL. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss in the period in which they arise.

(ii) Financial assets at FVTOCI

Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument bases) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss.

(iii) Amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. The Company's accounts receivable are recorded at amortized cost as they meet the required criteria. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period.

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has opted to measure at FVTPL. The Company's financial liabilities include trade and other payables which are classified at amortized cost.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial instruments (*continued*)

The Company has completed a detailed assessment of its financial instruments as at October 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9.

	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	Loans and receivables measured at amortized cost	Amortized cost
Amounts receivables	Loans and receivables measured at amortized cost	Amortized cost
Advances and deposits	Loans and receivables measured at amortized cost	Amortized cost
Due from Solstice Gold Corp	Loans and receivables measured at amortized cost	Amortized cost
Reclamation deposit	Loans and receivables measured at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost

The adoption of this standard did not have a material impact on the Company's consolidated financial statements but resulted in certain additional disclosures. The carrying value and measurement of all financial instruments remains unchanged as at October 1, 2018 as a result of the adoption of the new standard.

e. 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. As at September 30, 2019, the cash and cash equivalents consist of \$812,909 in cash and cash equivalents (2018 - \$1,974,071).

f. Mineral properties under exploration

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Where the Company has entered into option agreements to acquire interests in mineral properties that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and the share issuances are recorded as

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial instruments (*continued*)

mineral property costs using the fair market value of the Company's common shares at the date the counterparty's performance is complete or the issuance date, whichever is more determinable.

When a project has been established as commercially viable and technically feasible, related development costs are capitalized into Development Costs. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

g. Reclamation bonds

Cash which is subject to contractual restrictions on use for mineral properties is classified separately as reclamation bonds. (Note 4)

h. Equipment

Equipment is recorded at historical cost less accumulated amortization and impairment charges. Equipment is depreciated using a declining balance basis over the estimated useful lives of the individual assets.

For the most significant class of property, furniture and equipment, the Company uses an amortization rate of 20%.

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditures relating to an item of property and equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred. An item of property and 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 the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and recognized in profit or loss.

i. Impairment of non-financial assets

At each date of the statement of financial position, the Company's carrying amounts of its assets are reviewed to determine whether there is any indication that those assets maybe 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements
September 30, 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Financial instruments (*continued*)

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.

j. Provisions, contingent liabilities and assets

General provisions, contingent liabilities and assets

Provisions are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Restoration and environmental rehabilitation provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The Company is required to record the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increase the carrying value of the related assets for that amount. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in the statement of operations.

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 for 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. The Company has no material restoration, rehabilitation and environmental provisions to date.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized in other comprehensive income or directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, no deferred tax asset is recognized.

l. Share Capital

Share capital represents the amount received on the issue of shares, less issuance costs. Deficit includes all current and prior year losses.

Flow-through common shares

Canadian tax legislation permits a company to issue flow-through common shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company.

Upon issuance of flow-through common shares, the fair value of the common shares is recorded as an increase in share capital. Any difference (premium) between the amounts recognized in share capital and the amount paid by the investor is recognized as a flow-through share premium liability and is reversed into earnings at the time the flow-through expenditures have been incurred, net of share issuance costs.

When flow-through expenditures have been incurred and it is the Company's intent to renounce such expenditures, the Company records the tax effect as a charge to profit or loss and an increase to deferred tax liabilities. To the extent that the Company has deferred tax assets that were not recognized in previous periods, a deferred tax recovery is recorded as an offsetting recovery in profit or loss.

m. Earnings/Loss per share

Basic earnings/loss per share is computed by dividing net earnings/loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings/loss per share is computed similar to basic earnings/loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Share-based payments

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 comprehensive loss/income over the vesting period. 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 comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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 comprehensive loss/income, 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 payment 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.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves 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.

o. Comprehensive income (loss)

Comprehensive income/loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as foreign currency gains or losses related to translation of the financial statements of foreign operations. The Company's comprehensive income/loss, components of other comprehensive income/loss and cumulative translation adjustments are presented in the statements of comprehensive income/loss and the statements of changes in equity.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Comprehensive income (loss) *(continued)*

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

p. Significant accounting judgement and estimates

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:

Impairment of Capitalized Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available. Any shares issued in connection with the acquisition of a mineral property will be measured at the fair value of the share at grant date.

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.

q. Application of new and revised standards

New standards, interpretations and amendments adopted by the Company

IFRS 7 Financial instruments: Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which was effective for annual periods commencing on or after January 1, 2018. There was no significant impact on the Company's consolidated financial statements from the adoption of this new standard.

IFRS 9 Financial Instruments

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 was effective for the company's 2019 fiscal year. There was no significant impact on the Company's consolidated financial statements from the adoption of this new standard.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Financial instruments (continued)

New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which have not been applied in these consolidated financial statements, will or may have an effect on the Company's future consolidated financial statements:

IFRS 16 – Leases

This new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting in an accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is aligned in the statement of comprehensive loss with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for the Company's consolidated financial statements beginning on October 1, 2019. Based on current operations, the Company does not expect this standard to have significant financial reporting implications.

4. RECLAMATION BONDS

	September 30, 2019	September 30, 2018
MPD	\$ 50,000	\$ -
Trapper	30,284	30,284
Mohave	49,357	-
Kahuna	40,000	40,000
	\$ 169,641	\$ 70,284

The MPD portion of the reclamation bonds is a \$50,000 security deposit paid to the Ministry of Energy, Mines and Petroleum Resources of British Columbia. The security deposit was paid as a part of the permit application.

The Trapper portion of the reclamation bonds is a guaranteed investment certificate held in a financial institution as security for reclamation obligations pursuant to the Mines Act of the Province of British Columbia and Health, Safety and Reclamation Code for Mines in British Columbia. The reclamation bond amount of \$30,284 is presented as a noncurrent asset. The investment bears the variable interest rate of prime less 2.60% per annum and matures on April 24, 2020.

The Mohave portion of the reclamation bonds is a cost estimate paid by the Company to the Bureau of Land Management Kingman Field Office in the state of Arizona, USA. This cost estimate of US\$37,270 (\$49,357) is for the Company to meet its anticipated reclamation requirements.

The reclamation Letter of Credit relates to the Kahuna resource property, in the territory of Nunavut, and is recorded in reclamation bonds. A \$40,000 "Letter of Credit" was arranged with BMO on August 29, 2017 and amended October 4, 2017. This letter is held by the financial institution as security for possible reclamation obligations pursuant to Land Use License KVL315B01, issued by the Kivalliq Inuit Association and authorizes surface exploration activities on Inuit Owned Land parcel CI-15. The Letter of Credit is a certificate which is extended automatically from year to year, and available to the Kivalliq Inuit Association upon written demand.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

5. PLAN OF ARRANGEMENT

On January 31, 2018, Dunnedin completed its previously announced plan of arrangement (the "Arrangement"), involving the spin-out of Solstice Gold Corp. ("Solstice"). Dunnedin transferred certain mineral claims and rights to all minerals, including metalloids, but excluding diamonds, gemstones and all minerals found within kimberlitic rocks on the Kahuna property and \$1,000,000 in cash to Solstice, in return for shares, which were then distributed to Dunnedin shareholders by way of the Arrangement.

Under the Arrangement, each Dunnedin shareholder received one common share in Solstice for every three Dunnedin shares held.

Holders of outstanding Dunnedin options received one fully vested option of Solstice for every three options held in Dunnedin with the same exercise price as the Dunnedin options. Holders of outstanding Dunnedin warrants also received one fully vested warrant of Solstice for every three warrants held in Dunnedin with the same exercise price of the Dunnedin warrants.

On April 13, 2018 an amendment was made to the Arrangement which increased the cash contribution from Dunnedin to Solstice by \$300,000, for a total contribution of \$1,300,000.

On January 31, 2018, the Company completed the Arrangement and including the amendment of April 13, 2018. The Arrangement was recorded as follows:

Fair value of Solstice common shares received	\$	8,604,713
Less: Net assets transferred		
Exploration and evaluation assets		965,879
Cash		1,300,000
Due from Solstice for expenses paid by the Company		(544,780)
Accounts payable and accrued liabilities		(8,295)
	\$	1,712,804
Net gain on distribution	\$	6,891,909

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Summary of the mineral projects' costs by project for the year ended September 30, 2019:

	Notes	Trapper (BC, Canada)	Kahuna (NU, Canada)	MPD (BC, Canada)	Four Points (USA)	Total
<u>Acquisition costs:</u>						
Beg balance, September 30, 2018		\$ -	\$ 2,862,517	\$ -	\$ -	\$ 2,862,517
Additions /(deductions) during the year:						
Common shares issued	6.a	-	-	162,000	100,000	262,000
Payments to third parties	6.a&b	-	-	200,000	15,158	215,158
Exploration and evaluation assets acquired	6.b	-	-	-	34,842	34,842
Claim fees		-	11,243	18,272	25,875	55,390
Acquisition costs, September 30, 2019		\$ -	\$ 2,873,760	\$ 380,272	\$ 175,875	\$ 3,429,907
<u>Exploration costs:</u>						
Beg balance, September 30, 2018		\$ -	\$ 6,162,761	\$ -	\$ -	\$ 6,162,761
Additions /(deductions) during the year:						
Geological consulting & drilling	8	15,061	228,808	285,510	43,155	572,534
Aircraft charter		-	85,698	-	-	85,698
Assays	8	-	45,708	21,871	-	67,579
Exploration support		-	65,613	12,954	70	78,637
Fuel		-	8,446	1,332	-	9,778
Travel		-	33,373	3,378	360	37,111
Impairment of exploration costs		(15,061)	-	-	-	(15,061)
Exploration costs, September 30, 2019		\$ -	\$ 6,630,407	\$ 325,045	\$ 43,585	\$ 6,999,037
Balance, September 30, 2019		\$ -	\$ 9,504,167	\$ 705,317	\$ 219,460	\$ 10,428,944

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Summary of the mineral projects' costs by project for the year ended September 30, 2018:

	Notes	Trapper (BC, Canada)	Kahuna (NU, Canada)	Total
<u>Acquisition costs:</u>				
Beg balance, September 30, 2017		\$ -	\$ 2,908,791	\$ 2,908,791
Additions / (deductions) during the year:				
Royalty Payment		5,000	-	5,000
Claim fees		500	37,404	37,904
Plan of arrangement	5	-	(83,678)	(83,678)
Total acquisition costs		5,500	2,862,517	2,868,017
Less: impairment of acquisition costs		(5,500)	-	(5,500)
Acquisition costs, September 30, 2018		\$ -	\$ 2,862,517	\$ 2,862,517
<u>Exploration costs:</u>				
Beg balance, September 30, 2017		\$ -	\$ 3,893,353	\$ 3,893,353
Additions / (deductions) during the year:				
Geological consulting & drilling	8	9,519	1,170,500	1,180,019
Aircraft charter		-	335,956	335,956
Assays		6,215	1,235,691	1,241,906
Exploration support		-	118,012	118,012
Fuel		-	44,434	44,434
Travel		-	247,016	247,016
Impairment of exploration costs		(15,734)	-	(15,734)
Plan of arrangement	5	-	(882,201)	(882,201)
Exploration costs, September 30, 2018		\$ -	\$ 6,162,761	\$ 6,162,761
Balance, September 30, 2018		\$ -	\$ 9,025,278	\$ 9,025,278

a. Man, Prime and Dillard Property

On November 29, 2018, the Company announced it has entered into a purchase agreement to acquire 100% ownership of the 78.5 square kilometre consolidated Man, Prime and Dillard properties, the "MPD Project" in south-central British Columbia. The MPD Project is within the Quesnel Trough, British Columbia's primary copper-producing belt, and has characteristics similar to the neighboring alkalic porphyry systems at the Copper Mountain Mine to the south, New Gold's New Afton Mine to the north.

In relation to the offer, the Company paid \$100,000 in cash and 1.8 million Dunnedin shares valued at \$162,000, being the fair value of the shares at issuance date, which were paid on the closing of the transaction. A further \$100,000 was paid in March, 2019. The agreement is subject to a 1.25% to 2% net smelter return royalty, which is payable on only three of a total of 28 mineral claims. No royalties are payable on the remaining 25 claims.

A mining permit was obtained for the MPD property. In connection with the permit a refundable \$50,000 security deposit was posted with the British Columbia Minister of Finance (see Note 4).

As part of the MPD permit, the Company has also agreed to assume the clean up obligation of a previous operator, estimated by management to be \$100,000. This is recorded in Exploration and Evaluation assets, Geological consulting and drilling, and the liability is recorded in Accounts Payable and Accrued Liabilities.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

b. Mohave Property

On March 4, 2019 the Company announced that it had entered into a letter of intent to acquire 100% of the Mohave copper-molybdenum-silver porphyry ("Mohave") option agreement in Yavapai County, Arizona, USA, from Bluestone Resources Inc. ("Bluestone").

In relation to the acquisition, the Company paid \$50,000 in cash and issued 1,162,790 common shares at a fair value of \$100,000 in Dunnedin shares upon closing of the transaction, which occurred on May 22, 2019. The Company has committed to issue 500,000 shares upon the public disclosure of a 43-101 resource of the project, 500,000 shares upon the public disclosure of a preliminary economic analysis for the project, 500,000 shares upon the public disclosure of a pre-feasibility or more advanced study for the project, and a 0.5% NSR royalty on the Mohave claims and on a 2km area of interest around the Mohave claims.

In addition to the above commitments to Bluestone Resources Inc., the Company is committed to pay USD \$1,000,000 to the original optionor of the Mohave property no later than 30 days after the Company announces a production decision or has secured financing to implement such a decision.

In addition to the 0.5% NSR royalty to Bluestone, Mohave property is subject to a 3.5% NSR royalty to the original optionor of which 1% can be bought back for US \$1,000,000.

The measurement of the commitments and NSRs have not been reflected in the asset acquisition transaction and will recognize such liabilities as the related activities that give rise to the variability of the liability occurs.

The breakdown of the transaction is below:

Assets acquired:	
Acquisition costs	\$ 115,158
Exploration and evaluation assets	34,842
	<u>\$ 150,000</u>
Consideration:	
Cash	\$ 50,000
Shares issued and measured at issuance date	100,000
	<u>\$ 150,000</u>

c. Trapper Property

By agreement dated November 29, 2010 the Company entered into an option agreement (the "Option"), with Constantine Metal Resources Ltd. ("CMR") to acquire a 70% interest in CMR's Trapper Gold Project in British Columbia, Canada. On June 28, 2013, the Option was terminated and, upon termination, CMR assigned its underlying agreement with the property owner for the Trapper property to the Company, resulting in the Company owning 100% of the property.

CMR has retained the right to participate in any future financing of the Company of up to 5% of the proposed issuance of shares, provided CMR has ownership of at least 5% of the outstanding issued shares of Dunnedin at the time of financing.

The project is subject to a 2.5% net smelter return royalty ("NSR") to the property vendor and a 0.5% NSR to CMR. The Company has the option to purchase 1% of the NSR from the property vendor for \$500,000 and, if it exercises this option, CMR has a right to acquire an additional 0.5% NSR against payment of \$250,000.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

d. Kahuna Property

On November 4, 2014, the Company signed an option agreement to acquire a 100% interest in the Kahuna Diamond project located in Nunavut, Canada. Under the terms of the agreement, the Company had to make cumulative exploration expenditures on the project totaling \$5,000,000, issue 11,000,000 common shares, and pay \$700,000 over four years. On April 30, 2017, the Company entered into a Letter Agreement where it accelerated its option agreement to acquire a 100% undivided interest in the Kahuna project by paying the remaining cash (\$100,000 upon signing – paid, and \$250,000 upon completion of its financing – paid, and issuing the remaining 4,400,000 common shares – issued). The Company is no longer required to meet the remainder of its previously disclosed \$5 million cumulative exploration expenditures commitment.

The option agreement contained a Royalty Agreement clause which stated the following; In accordance with the terms of the Royalty Agreement, the Kahuna Property is currently subject to two separate two percent (2%) gross overriding royalties on diamonds (each, a “GOR” and together, the “GORs”), and two separate two percent (2%) net smelter return royalties (each, an “NSR” and together, the “NSRs”) on all other minerals derived from the Property. Pursuant to the Royalty Agreement, one percent (1%) of each GOR may be purchased by either of the parties for \$2 million, and one percent (1%) of each NSR may be purchased by either of the parties for \$2 million.

On December 11, 2015, the Company entered into an agreement with Kel-ex Development (“Kel-ex”), a private company controlled by an advisor to the Company, whereby Kel-ex will provide equity financing equal to one-third of the Company’s diamond processing and other laboratory costs incurred through a laboratory controlled by the advisor. Kel-ex has continued to maintain its interest as per the agreement. The advisor has also agreed to provide certain professional and technical advisory services to the Company, in exchange the Company has granted a right-of-first-refusal to Kel-ex on the sale of its interests in the Kahuna diamond project.

On May 11, 2017, the Company proceeded with its intention to spin out its rights to gold mineralization at the Kahuna Property. On July 20, 2017, Dunnedin released details of the transaction to spin out a company, Solstice, that would independently explore the Kahuna Property for gold.

During the period ended December 31, 2017, Dunnedin and Solstice entered into the Kahuna Property Land Transfer and Rights Agreement, which set out the terms to which the Company will transfer mineral claims located in Nunavut to Solstice. The transferred claims are free and clear of any and all mortgages, charges, pledges, liens, licences, privileges, security interests, royalties, encumbrances, claims or rights or interest attaching to or affecting property, whether recorded or unrecorded, and whether arising by agreement, statute or otherwise under applicable laws, apart from the gross overriding royalties and the net smelter return royalties (see Note 5).

The Kahuna property is subject to an Annual Assessment Expenditure Commitment on active claims ranging from \$165,000 to \$454,000 over the next five years. The 2019 commitment was \$3,000.00.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable include primarily amounts owing for Company’s exploration programs, and general corporate expenditures. Included in this balance is \$40,124 (2018 - \$505,907) payable to C.F. Mineral Research Limited, a company controlled by a former insider of the Company, (see Note 8).

The Company is disputing \$287,154 of accounts payable arising in 2011 and the Company believes these amounts will be settled without payment. This disputed amount is included in the 2019 and 2018 year end balance.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements
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(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

The Company's transactions with related parties during the year ended September 30, 2019 and 2018 consist of transactions with directors, officers, and shareholders of the Company.

Amounts paid and accrued to key management personnel, officers and companies controlled by directors and officers:

	Year ended September 30, 2019	Year ended September 30, 2018
Geological and assay fees capitalized to exploration & evaluation ⁽¹⁾	\$ 515,143	\$ 1,193,959
Management fees ⁽²⁾	350,651	385,000
Share-based compensation	81,045	433,155
Total	\$ 946,839	\$ 2,012,114

- (1) Geological fees were paid to a company owned by a former insider of the company and to the Company's VP Exploration, and the VP Operations.
- (2) Management fees includes salaries and compensation to the Company's CEO & President, Chairman, VP Exploration, VP Operations, and the CFO.

As at September 30, 2019, \$89,377 (2018 – \$505,907) was payable to CF Mineral Research Limited, a company controlled by a former insider of the company without terms of interest or repayment, the Company's VP Exploration, and the VP Operations.

As at September 30, 2019, \$18,879 (2018 - \$18,879) had been advanced to a company with common directors as a security deposit.

9. SHARE CAPITAL

a. Authorized

Share capital consists of an unlimited number of common shares and preferred shares without par value. The Company has not issued any preferred shares.

b. Share Issuances

Issued during the year ended September 30, 2019

During the twelve months ended September 30, 2019, 1,800,000 shares were valued at \$0.09 per share, being the value of shares on the date of issuance and issued as part of the purchase agreement to acquire 100% ownership of the MPD property (see Note 6a).

On April 29, 2019 the Company announced that it had closed a non-brokered private placement of non-flow through units and flow through units for gross proceeds of \$1,482,050.

The Company issued 11,458,999 non-flow through units ("NFT Unit") at a price of \$0.075 per share and 5,534,448 flow through units ("FT Unit") at a price of \$0.1125 per share. Each Unit consists of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.15 for a period of twenty-four months. The common share purchase warrants issued as part of the Units are subject to accelerated expiry in the event the common shares of the Company trade on the TSX Venture Exchange at a closing price of \$0.25 or more for twenty consecutive trading days.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements
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9. SHARE CAPITAL *(continued)*

In connection with the closing of the placement, the Company incurred \$62,878 of share issuance costs, including \$45,329 paid in cash and \$17,549 recorded as the fair value of warrants issued to finders. Of this total, \$8,574 was allocated to share issuance costs related to flow through share premium (Note 10). These finders' warrants are subject to accelerated expiry on the same terms as the warrants comprising in the FT Units and the NFT Units. All securities issued in connection with the private placement are subject to a four month-and-one-day statutory hold period from the date of issue, expiring on August 30, 2019.

On May 22, 2019, the Company closed its acquisition of the Mohave project by issuing 1,162,790 common shares valued at \$0.086 per share, being the value of shares on the date of issuance, paying \$50,000 in cash, and receiving TSX Venture Exchange approval of the transaction.

(See Note 15 for subsequent share issuances)

Issued during the year ended September 30, 2018

During the three months period ended December 31, 2017, Dunnedin received share subscriptions on behalf of Solstice in the amount of \$3,209,015, which were later transferred to Solstice upon the completion of the Arrangement.

On April 18, 2018, the Company completed a non-brokered private placement of flow-through and non-flow through units for total gross proceeds of \$1,702,500. The Company issued 250,000 flow-through units ("FT Unit") at a price of \$0.40 and 5,341,667 non-flow through units ("NFT Unit") at a price of \$0.30 per share. Each FT Unit consists of one common share and one-half-of-one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.47 for a period of twenty-four months. Each NFT Unit consists of one common share and one-half-of-one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.35 for a period of twenty-four months.

The share purchase warrants issued as part of the FT Units and the NFT Units are subject to accelerated expiry in the event the closing price of the common shares of the Company on the TSX Venture Exchange is \$0.65 or greater for twenty consecutive trading days.

In connection with the private placements, the Company paid finders' fees of \$45,642, issued 136,140 broker warrants exercisable to acquire a common share of the Company at a price of \$0.35 for a period of twenty-four months and issued 12,000 broker warrants exercisable to acquire a common share of the Company at a price of \$0.47 for a period of twenty-four months. The fair value of the warrants was \$23,718. These finders' warrants are subject to accelerated expiry on the same terms as the warrants comprising in the FT Units and the NFT Units.

On August 14, 2018 the Company announced that it has closed a non-brokered private placement of non-flow-through units and flow-through shares for gross proceeds of \$1,802,500. The Company has issued 5,080,000 NFT Units at a price of \$0.20 per unit and 3,419,565 FT Shares at a price of \$0.23 per share through the offering.

Each NFT Unit consists of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.28 for a period of twenty-four months.

The common share purchase warrants issued as part of the NFT Units are subject to accelerated expiry in the event the common shares of the Company trade on the TSX Venture Exchange at a volume weighted average price (VWAP) of \$0.45 or more for twenty consecutive trading days.

DUNNEDIN VENTURES INC.

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9. SHARE CAPITAL (continued)

In connection with the closing of the placement the Company paid finders' fees of \$71,490 and issued 367,761 common share purchase warrants exercisable to acquire common shares of the Company. The fair value of the warrants was \$33,289.

During the year ended September 30, 2018, the Company issued 9,394,000 common shares in exchange for \$939,400 in cash proceeds from warrants exercised. \$80,769 was reallocated to share capital from reserves. In this same period, 75,000 common shares were issued in exchange for \$5,250 in cash proceeds from options exercised. \$8,085 was reallocated to share capital from reserves.

During the year ended September 30, 2018, share issuance costs totaled \$222,643, which consisted of finders' warrants valued at \$57,007 and cash issuance costs of \$165,636. \$25,797 were allocated to flow-through share issuance costs. See Note 10.

c. Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance as at September 30, 2017	19,609,180	\$0.25
Exercised	(9,394,000)	\$0.10
Issued with units in private placement	2,670,833	\$0.35
Issued with units in private placement	125,000	\$0.47
Issued with units in private placement	2,540,000	\$0.28
Issued to finders	136,140	\$0.35
Issued to finders	12,000	\$0.47
Issued to finders	182,609	\$0.23
Issued to finders	185,152	\$0.28
Balance as at September 30, 2018	16,066,914	\$0.26
Issued	8,968,964	\$0.15
Expired	(1,118,180)	\$0.17
Balance as at September 30, 2019	23,917,698	\$0.22

As at September 30, 2019, the outstanding warrants are summarized as follows:

Expiry date (mm/dd/yyyy)	Number of Warrants	Weighted Average Remaining Life in Years	Weighted Average Exercise Price
12/30/2019	140,000	0.25	\$0.15
4/18/2020	2,806,973	0.55	\$0.35
4/18/2020	137,000	0.55	\$0.47
8/14/2020	2,725,152	0.87	\$0.28
8/14/2020	182,609	0.87	\$0.23
4/29/2021	8,968,964	1.58	\$0.15
07/17/2021	8,294,500 ²	1.80	\$0.23
07/17/2021	662,500 ²	1.80	\$0.27
	23,917,698¹	1.44	\$0.22

¹ All outstanding warrants were exercisable as at September 30, 2019. 140,000 warrants expired, unexercised on December 30, 2019.

² On June 26, 2019 the Company announced that it will extend the expiry dates of 8,957,000 outstanding warrants by two years. The original expiry date was July 17, 2019. TSX approval was received on July 2, 2019.

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9. SHARE CAPITAL (continued)

The fair value of the finders' warrants was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

	April 2019	April 2018	August 2018
Expected dividend yield	0%	0%	0%
Weighted average risk-free interest rate	1.56%	1.88%	2.12%
Weighted average expected life	2 year	2 year	2 year
Weighted average expected volatility	117%	110%	103%
Weighted average fair value of warrants granted	\$0.03716	\$0.1499 - \$0.1617	\$0.0861 - \$0.0949

d. Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated February 27, 2009 which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors and unless otherwise stated fully vest when granted.

The Company granted 1,750,000 stock options during the year ended September 30, 2019 resulting in share-based compensation of \$128,177 for the year ended September 30, 2019 (2018 – \$463,967).

In the prior year the Company recorded, in addition to the \$463,967, stock-based compensation in the amount of \$552,492 from the modification of exercise price of existing options, as well as the issuance of additional options granted to the option holders pursuant to the plan of arrangement referenced in Note 5.

During the year ended September 30, 2019, 150,000 stock options expired, unexercised.

The fair value of the options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

	2019	2018
Expected dividend yield	0%	0%
Weighted average risk-free interest rate	1.55%-1.76%	1.84% - 2.08%
Weighted average expected life	5 year	5 year
Weighted average expected volatility	144%	94% - 211%
Weighted average fair value of options granted	\$0.0720	\$0.0988 - \$0.2366

DUNNEDIN VENTURES INC.

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9. SHARE CAPITAL (continued)

The following is a summary of the Company's stock option activity:

	Number of Options	Weighted Average Exercise Price
Balance as at September 30, 2017	7,085,000	\$ 0.16
Granted	2,240,000	\$ 0.24
Exercised	(75,000)	\$ 0.07
Forfeited	(180,000)	\$ 0.15
Balance as at September 30, 2018	9,070,000	\$ 0.15
Granted	1,750,000	\$0.075
Exercised	-	-
Expired	(150,000)	\$ 0.13
Balance as at September 30, 2019	10,670,000¹	\$ 0.134

¹ All outstanding options were exercisable as at September 30, 2019. 1,225,000 options expired unexercised on November 12, 2019. 50,000 options ceased to be exercisable on December 24, 2019.

As at September 30, 2019, the Company has outstanding stock options as follows:

Expiry date (mm/dd/yyyy)	Number of Options	Weighted Average Remaining life in years	Weighted Average Exercise Price
11/12/2019	1,225,000	0.12	\$0.07
05/07/2020	525,000	0.60	\$0.07
08/04/2021	200,000	1.85	\$0.10
09/06/2021	3,500,000	1.94	\$0.13
10/04/2021	150,000	2.01	\$0.13
01/18/2022	1,170,000	2.30	\$0.14
01/31/2023	2,150,000	3.34	\$0.24
03/04/2024	1,700,000	4.43	\$0.075
04/29/2024	50,000	4.58	\$0.075
	10,670,000	2.40	\$0.134

e. Earnings Per Share

The following table reconciles our basic and diluted earnings per share:

	2019	2018
Net basic and diluted net income (loss)	\$(1,500,914)	\$ 4,577,807
Weighted average shares outstanding	135,819,509	107,145,203
Dilutive effect of share options	-	1,584,667
Weighted average diluted shares outstanding	135,819,509	108,729,870
Basic earnings per share	\$ (0.011)	\$ 0.43
Diluted earnings per share	\$ N/A	\$ 0.42

At September 30, 2019, 34,587,698 (2018 – 23,552,247) potential dilutive shares were not included in the diluted earnings per share calculation because their effect was anti-dilutive.

DUNNEDIN VENTURES INC.

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10. FLOW THROUGH SHARE PREMIUM LIABILITY

Flow through share premium liabilities include the liability portion of the flow through shares issued. The following is a continuity schedule of the liability portion of the flow through shares issuances.

	Issued on April 18, 2018	Issued on August 14, 2018	Issued on April 29, 2019	Total
Balance at October 1, 2017	\$ -	\$ -	\$ -	\$ -
Liability incurred on flow through shares issued	25,000	102,587		127,587
Flow-through issuance costs (Note 9b)	(14,391)	(11,407)	-	(25,798)
Settlement of flow through share liability on incurring expenditures	(10,609)	(38,846)	-	(49,455)
Balance at September 30, 2018	\$ -	\$ 52,334	\$ -	\$ 52,334
Liability incurred on flow through shares issued			207,542	207,542
Flow-through issuance costs (Note 9b)			(8,574)	(8,574)
Settlement of flow through share liability on incurring expenditures	-	(52,334)	(116,464)	(168,798)
Balance at September 30, 2019	\$ -	\$ -	\$ 82,504	\$ 82,504

As at September 30, 2019, the Company has fulfilled 100% of its commitment to incur expenditures in relation to flow through share financings from April and August 2018.

In relation to the flow through share financings, the Company recorded \$168,109 as deferred income tax expense (2018 - \$239,355), a net flow through premium liability of \$177,372 was reversed during the year (2018 - \$75,253), and \$567,470 was recorded as a deferred tax liability (2018 - \$399,361).

11. FINANCIAL INSTRUMENTS

The Company examines the various financial instrument risks to which it is exposed and assesses any impact and likelihood of those risks. The Company's risk exposures and their corresponding impact on the Company's consolidated financial instruments are summarized below.

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at September 30, 2019, the Company had cash and cash equivalents balance of \$812,909 (September 30, 2018 - \$1,974,071) to settle current liabilities of \$605,039 that are due within one year (September 30, 2018 - \$1,013,519).

The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations, thus this risk is primarily attributable to cash and cash equivalents. As at September 30, 2019, the Company had a receivable balance of \$29,621 (September 30, 2018 - \$120,629), which primarily relates to GST receivable from the Federal Government of Canada. In addition to this receivable balance, \$33,384 (2018 - \$297,246) is due from Solstice Gold Corp. for reimbursement of shared costs, which was received subsequent to year end.

There was \$219,082 in Advances and Deposits as at September 30, 2019 (September 30, 2018 - \$322,407) this was made up predominately of prepayments to vendors.

DUNNEDIN VENTURES INC.

Notes to the Consolidated Financial Statements

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11. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2019, the Company does not have any interest-bearing loans or liabilities outstanding. All receivable and payable balances are current and as such, are not subject to interest.

Currency risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign currency. As at September 30, 2019, the Company has in US dollars US\$17,819 or C\$23,598 in equivalent (September 30, 2018 – US\$110,995 or C\$143,682 in equivalent).

12. CAPITAL DISCLOSURES

The Company's objective, when managing capital, is to ensure sufficient resources are available to meet day to day operating and exploration requirements and to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company has no debt and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents.

13. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector in Canada and the USA (Note 6). No material assets and revenue exist in the USA for separate presentation, other than what is included in Note 6.

14. INCOME TAXES

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	2019	2018
Income/ Loss before income taxes	\$ (1,332,805)	\$ 4,817,162
Statutory tax rates	27.00%	27.00%
Expense/ (Recovery) based on the statutory rates	<u>(360,000)</u>	1,301,000
Change in tax rates	-	(84,000)
Non-deductible expenses	39,000	276,000
Tax impact of flow through shares	175,229	232,000
Financing costs	(10,000)	(38,000)
Other	(7,120)	4,355
Tax impact of acquisition	(193,000)	-
Change in unrecognized deferred tax assets	524,000	(1,452,000)
Income tax expense / (recovery)	<u>\$ 168,109</u>	<u>\$ 239,355</u>

DUNNEDIN VENTURES INC.

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14. INCOME TAXES (continued)

Effective September 30, 2019, the both the Federal and British Columbia Provincial corporate tax rate remain the same at 15.00% and 12.00%, and the tax rate for Mexico IS 30.00% and US is 21.00%.

The nature and tax effect of the taxable temporary differences giving rise to deferred tax liabilities are summarized as follows:

	September 30, 2019	September 30, 2018
Non-capital loss carry-forwards	\$ 1,533,000	\$ 991,000
Exploration assets	284,000	288,000
Financing costs	76,000	106,000
	<u>1,893,000</u>	<u>1,385,000</u>
Offset against deferred tax liabilities:		
Exploration assets	(1,289,000)	(1,072,000)
Unrecognized deferred tax asset	(604,000)	(313,000)
Deferred tax assets	<u>-</u>	<u>-</u>
Deferred tax liabilities	567,470	399,361
Offset against deferred tax assets	-	-
Deferred tax liabilities	<u>567,470</u>	<u>399,361</u>
Net deferred tax liability balance	<u>\$ 567,470</u>	<u>\$ 399,361</u>

The Company has Canadian accumulated non-capital losses of \$4,864,000 the year ended September 30, 2019 (2018 - \$3,549,000) for income tax purposes, which may be deducted in the calculation of taxable income in future years. These losses will be expiring between 2023 to 2039. For Mexican tax purposes, the Company has losses of \$87,000 to carry forward. For US tax purposes, the company has losses of \$920,000 to carry forward.

The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

15. SUBSEQUENT EVENTS

On December 12, 2019, the Company announced that it has closed a previously announced non-brokered private placement of non flow-through units (each, a "NFT Unit") and flow-through units (each, a "FT Unit") for gross proceeds of \$605,850 (the "Offering"). The Company has issued 3,608,000 NFT Units at a price of \$0.075 per share and 2,980,000 FT Units at a price of \$0.1125 per share through the Offering. Each Unit consists of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.15 for a period of twenty-four months. The warrants are subject to accelerated expiry in the event the common shares of the Company trade at a closing price of at least \$0.25 for 20 consecutive trading days.

Proceeds of the Offering will be used to fund the Company's exploration programs on its wholly owned, advanced-stage copper porphyry exploration projects in British Columbia and Arizona, and for general corporate purposes.