ATEX Resources Inc.

(Formerly – Colombia Crest Gold Corp.)

Consolidated Financial Statements

For the Years Ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of ATEX Resources Inc. (formerly Colombia Crest Gold Corp.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ATEX Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 2(d) in the consolidated financial statements, which indicates that the Company incurred operating losses since inception, expects to incur further losses in the development of its business and is dependent on its ability to obtain additional debt or equity financing, under acceptable terms, sufficient to provide cash resources to meet its current financial obligations and plans. As stated in Note 2(d), these events or conditions, along with other matters as set forth in Note 2(d), indicate that a material uncertainty exists that may cast significant doubt on 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 information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

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, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities 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 IFRS, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 Company'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 Company'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 Company 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.

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 James D. Gray.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
January 27, 2020

ATEX Resources Inc.
(Formerly Colombia Crest Gold Corp.)
Consolidated Statements of Financial Position
For The Years Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	2019 $	2018 $
Assets		
Current		
Cash	313,167	209,188
Tax recoverable and other receivables	6,384	3,825
Prepaid expenses	10,249	6,667
	329,800	219,680
Non-Current		
Property, plant and equipment	-	1,765
Restricted cash	20,000	-
Exploration and evaluation assets (Note 5)	981,352	-
Total assets	1,331,152	221,445
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	64,922	17,128
Total liabilities	64,922	17,128
Shareholders' Equity		
Share capital (Note 7 (b))	81,432,514	79,932,514
Share subscriptions (Note 7 (e))	-	1,156,000
Contributed surplus (Note 7 (f))	7,451,681	6,030,315
Accumulated deficit	(87,617,965)	(86,914,512)
Total shareholders' equity	1,266,230	204,317
Total liabilities and shareholders' equity	1,331,152	221,445

Nature of operations (Note 1)
Going concern of operations (Note 2 (d))
Subsequent event (Note 11)

Signed on behalf of the Board of Directors by:

"Hans Rasmussen"	Director	*"Carl Hansen"*	Director
Hans Rasmussen		Carl Hansen	

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

ATEX Resources Inc.
(Formerly Colombia Crest Gold Corp.)
Consolidated Statements of Loss and Comprehensive Loss
For The Years Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	2019	**2018**
	$	**$**
Expenses:		
Consulting	41,667	-
Depreciation	132	1,080
Filing and transfer agent	36,136	24,410
Foreign exchange loss/(gain)	320	(10,168)
Management and administration - Note 6	164,612	56,452
General and office	75,178	46,448
Professional fees	114,404	22,125
Stock-based compensation	265,366	-
Travel and shareholder relations	4,005	6,659
Loss and comprehensive loss before other item	(701,820)	(147,006)
Other item:		
Write-off of property, plant and equipment	(1,633)	-
Write-off of accounts payable	-	49,606
Net loss and comprehensive loss for the year	(703,453)	(97,400)
Basic loss per share	($0.09)	($0.03)
Weighted number of common shares outstanding	7,421,773	3,202,595

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

ATEX Resources Inc.
(Formerly Colombia Crest Gold Corp.)
Consolidated Statements of Changes in Shareholders' Equity
For The Years Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	Share Capital		**Shares**	**Contributed**		
	Number of Shares	**Amount $**	**Subscribed $**	**Surplus $**	**Deficit $**	**Total $**
Balance - September 30, 2017	96,088,289	79,932,514	1,156,000	6,030,315	(86,817,112)	301,717
Share consolidation 10:1	(86,479,435)	-	-	-	-	-
Net loss for the year	-	-	-	-	(97,400)	(97,400)
Balance - September 30, 2018	9,608,854	79,932,514	1,156,000	6,030,315	(86,914,512)	204,317
Share consolidation 3:1	(6,406,259)	-	-	-	-	-
Shares issued for cash	10,000,000	1,500,000	-	-	-	1,500,000
Stock-based compensation	-	-	-	265,366	-	265,366
Shares subscribed	-	-	(1,156,000)	1,156,000	-	-
Net loss for the year	-	-	-	-	(703,453)	(703,453)
Balance - September 30, 2019	13,202,595	81,432,514	-	7,451,681	(87,617,965)	1,266,230

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

ATEX Resources Inc.
(Formerly Colombia Crest Gold Corp.)
Consolidated Statements of Cash Flows
For The Years Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	2019	**2018**
	$	**$**
Cash flows from operating activities		
Net loss for the year	(703,453)	(97,400)
Items not involving cash:		
Depreciation	132	11,089
Stock-based compensation	265,366	-
Write-off of property, plant and equipment	1,633	-
Write-off of accounts payable	-	(49,606)
	(436,322)	(135,917)
Net change in non-cash working capital items:		
Tax recoverable and other receivables	(2,559)	7,045
Prepaid expenses	(3,582)	(10,000)
Accounts payable and accrued liabilities	29,814	(40,166)
Cash used in operating activities	(412,649)	(179,038)
Investing activities		
Mineral property expenditures	(963,372)	-
Cash used in investing activities	(963,372)	-
Financing activities		
Shares issued for cash	1,500,000	-
Cash from investing activities	1,500,000	-
Change in cash during the year	123,979	(179,038)
Cash - beginning of year	209,188	388,226
Cash - end of year	333,167	209,188
Cash comprised of:		
Cash	313,167	209,188
Restricted cash	20,000	-
	333,167	209,188

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

1. Corporate Information

The business activity of ATEX Resources Inc. (the "Company") (formerly Colombia Crest Gold Corp.) is the exploration and evaluation of mineral properties. As described in Note 4, in 2013 the Company ceased its operations in Colombia but still holds a 50% earned interest in the Fredonia property and the Company is now focused on newly acquired projects in Chile.

The Company was incorporated under the laws of the Province of British Columbia on January 20, 1981 and its common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "ATX". On February 8, 2019, the Company effected a name change from Colombia Crest Gold Corp. to ATEX Resources Inc.

These consolidated financial statements include the results of the Company's 100% owned subsidiaries, ATEX Chile SpA ("ATEX Chile") and ATEX Valeriano SpA ("ATEX Valeriano"), both companies incorporated in Chile. The address of the Company's corporate office and principal place of business is Suite 300, 1055 West Hastings Street, Vancouver, BC Canada.

2. Basis of Preparation

a) Statement of compliance

These financial statements of the Company for the year ended September 30, 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These statements were authorized for issue by the Board of Directors on January 27, 2020.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as available for sale which are at fair value, and have been prepared using the accrual basis of accounting.

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 Company'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 4.

c) Basis of Consolidation

The consolidated financial statements include all subsidiaries of the Company. Subsidiaries are entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases. All significant inter-company transactions and balances are eliminated.

The financial statements for the fiscal year ended September 30, 2018 contain transactions pertaining only to the Company as the Company had no subsidiaries during the year.

The consolidated financial statements for the fiscal year ended September 30, 2019, include the accounts of the Company, ATEX Chile and ATEX Valeriano. All significant inter-company transactions and balances have been eliminated.

2. Basis of Preparation – (cont'd)

d) Going Concern of Operations

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. As at September 30, 2019, the Company had not yet achieved profitable operations, has an accumulated deficit of $87,617,965, and expects to incur further losses in the development of its business. These conditions indicate the existence of material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company's ability to raise adequate equity financing for continuing operations. Realization values may be substantially different from carrying values as shown and accordingly these consolidated financial statements do not give effect to adjustments, if any, which would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

3. Summary of Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to holds assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

The Company's financial instruments are classified and subsequently measured as follows:

Account	Classification
Cash	FVTPL
Receivables (excluding tax receivable)	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

3. Summary of Significant Accounting Policies – (cont'd)

a) Financial Instruments – (cont'd)

Impairment

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss. Refer also to (j) below.

b) Mineral Exploration and Evaluation Expenditures

Pre-exploration costs

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

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur. The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

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.

3. Summary of Significant Accounting Policies – (cont'd)

c) Property, Plant and Equipment

Property, plant and equipment are recorded at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation is calculated on a declining balance basis at the following annual rates: furniture – 20%; office and field equipment – 30%; and vehicles – 30%. Property, plant and equipment acquired in a fiscal year are depreciated at one-half of the annual rate.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

d) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial 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, share subscriptions and warrants denominated in the functional currency 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.

Common shares issued for non-monetary consideration are recorded at their market value based upon the trading price of the Company's common shares on the TSXV on the date of share issuance.

e) 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 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 over the remaining vesting period.

3. Summary of Significant Accounting Policies – (cont'd)

e) Share-based Payments – (cont'd)

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 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, 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 contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, in addition to 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) Loss Per Share

Basic loss per common share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. 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.

g) Income Taxes

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

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 year, the Company reassesses

3. Summary of Significant Accounting Policies – (cont'd)

g) Income Taxes – (cont'd)

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.

h) Rehabilitation Provision

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 includes 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 environmental 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. As of September 30, 2018 and 2017, the Company does not have any rehabilitation or restoration obligations.

i) Assets Held for Sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

j) Standards, Amendments and Interpretations Adopted or Expected to be Adopted

- The following revised standard is effective for annual periods beginning on or after January 1, 2018 and has been adopted by the Company:

  IFRS 9, Financial Instruments (January 1, 2018)

  This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and de-recognition of financial instruments and to include guidance on hedge accounting and allowing entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive income.

  Effective October 1, 2018, the Company adopted IFRS 9 retrospectively without restatement.

3. Summary of Significant Accounting Policies – (cont'd)

j) Standards, Amendments and Interpretations Adopted or Expected to be Adopted – (cont'd)

The Company also completed an assessment of its financial instruments as at October 1, 2018 and has not changed the classification of any financial instruments.

- The following standard will impact the Company's financial statements in the fiscal 2020 year:

IFRS 16, Leases (January 1, 2019)

On January 13, 2016, the IASB issued IFRS 16, according to which all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The impact of adopting this standard is anticipated to be that rent expense will be removed and replaced by the recording of depreciation and finance expense.

There are no other changes to IFRS or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

Judgments:

Ability to Continue as a Going Concern

Management has made the determination that the Company will continue as a going concern for the next year.

Impairment of Exploration and Evaluation Assets

Management has made the determination that the carrying value of the Company's exploration and evaluation assets is not impaired as at September 30, 2019.

5. Exploration and Evaluation Assets

The Company's exploration properties are located Chile and Colombia in South America, and its interest in these resource properties was maintained pursuant to agreements with the titleholders.

Chile

Apolo Concessions:

In July 2019, the Company, through its wholly-owned Chilean subsidiary, ATEX Chile, entered into an option agreement to acquire a 100% interest in the Alicia, Roma and Condor gold properties, referred to collectively as the Apolo Concessions, covering a total area of 14,900 hectares located in Region III, Chile.

5. Exploration and Evaluation Assets – (cont'd)

Chile - (cont'd)

Apolo Concessions: - (cont'd)

Pursuant to the option agreement, to acquire the 100% property interest, the Company is required to do the following:

- Pay US$7.5 million, including:
  - US$45,000 upon signing (paid);
  - US$85,000 by May 31, 2020;
  - US$85,000 by May 31, 2021;
  - US$85,000 by May 31, 2022; and
  - US$7.2 million by December 31, 2022.

- Complete the following work commitments:
  - 3,000 meters of test boring/exploration drilling by May 31, 2020;
  - 5,000 meters of test boring/exploration drilling by May 31, 2021; and
  - 5,000 meters of test boring/exploration drilling by May 31, 2022.

Upon acquisition of a 100% ownership interest in the Apolo concessions, ATEX Chile shall grant a 1.5% Net Smelter Returns ("NSR") royalty to the optionor, 0.75% of which may be repurchased for US$6.0 million at any time until one year after the first feasibility study is completed on the property.

The option was originally granted by the property owner to a third party, SBX Asesorías e Inversiones Limitada ("SBX"). Under a transfer and assignment agreement with SBX, the Company paid US$100,000 and shall grant SBX a 0.50% NSR.

Valeriano Property:

In August 2019, the Company, through its wholly-owned Chilean subsidiary, ATEX Valeriano, entered into an option agreement to acquire up to a 100% interest in the 3,705-hectare Valeriano Copper/Gold Property located in Region III, Chile.

Pursuant to the option agreement, as amended January 15, 2020, to acquire an initial 49% property interest, the Company is required to do the following:

- Pay US$4.25 million, including:
  - US$200,000 upon signing (paid);
  - US$300,000 by the earlier of the commencement of drilling or August 29, 2021;
  - US$250,000 by August 30, 2021; and
  - US$3.5 million by August 29, 2022 (50% of which may be paid via the issuance of Company common shares, at the Company's discretion).

- Complete the following work commitments:
  - Incur US$10.0 million in exploration expenditures on the property, including completing at least 8,000 metres of diamond drilling by August 29, 2022.

Upon the Company acquiring the initial 49% interest, ATEX Valeriano and the optionor shall incorporate a joint stock company owned by both parties proportionate to each party's respective property ownership interest.

5. Exploration and Evaluation Assets – (cont'd)

Chile - (cont'd)

Valeriano Property: - (cont'd)

After earning the initial 49% property interest, to acquire a further 51% property interest, increasing the Company's interest to 100%, the Company is required to do the following:

- Pay US$8.0 million by August 29, 2024 (50% of which may be paid via the issuance of Company common shares, at the optionor's discretion); and

- Incur a further US$5.0 million in exploration expenditures on the property.

Upon the Company earning a full 100% property interest, the optionor shall also transfer its ownership interest in the incorporated joint stock company, resulting in the Company owning 100% of this company. ATEX Valeriano shall also grant a 2.0% NSR to the optionor.

The option was originally granted by the optionor to SBX. Under a transfer and assignment agreement with SBX, the Company paid US$150,000, shall issue 2.0 million units and shall grant a 0.25% NSR to SBX. Each unit is to consist of one Company common share and one share purchase warrant exercisable at $0.40 per Company common share for four years. 1.0 million of the units vest and are issuable upon the Company making the US$300,000 payment due on the option upon the commencement of drilling and a further 1.0 million units issuable and vesting upon the Company making the US$3.5 million option payment due by August 29, 2021).

On January 15, 2020, the Company entered into an agreement with the optionor of the Valeriano Property to amend the terms of Valeriano Property option agreement as follows:

- US$3.5 million originally required to be paid by August 29, 2021 (50% of which may be paid via the issuance of Company common shares, at the Company's discretion) toward earning an initial 49% property interest is now due by August 29, 2022;

- US$10.0 million in exploration expenditures, including the completion of at least 8,000 metres of diamond drilling, originally required to be incurred on the property toward earning an initial 49% property by August 29, 2021, are now to be incurred by August 29, 2022;

- An additional US$250,000 is to be paid by August 30, 2021 toward earning an initial 49% property interest;

- US$8.0 million originally required to be paid by August 29, 2023 toward increasing the Company's property interest to 100% after earning an initial 49% interest (50% of which may be paid via the issuance of Company common shares, at the optionor's discretion) is now due by August 29, 2024; and

- A further US$5.0 million in exploration expenditures originally required to be incurred on the property toward increasing the Company's property interest to 100% after earning an initial 49% interest by August 29, 2023 are now to be incurred by August 29, 2024.

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets – (cont'd)

The Company's exploration and evaluation assets are as follows:

		Expenditures During the Year			
Mineral Properties:	**Balance Sept. 30, 2018 $**	**Acquisition $**	**Field Exploration $**	**General Exploration $**	**Balance Sept.30, 2019 $**
ATEX Chile:					
Apolo - Alicia	-	64,085	20,925	39,057	124,067
Apolo - Roma	-	64,085	20,734	39,057	123,876
Apolo - Condor	-	64,085	16,191	39,057	119,333
	-	192,255	57,850	117,171	367,276
ATEX Valeriano:					
Valeriano	-	464,065	38,239	111,772	614,076
Total	-	656,320	96,089	228,943	981,352

<u>Colombia</u>

Pursuant to an agreement dated August 13, 2010, the Company had an option to acquire up to a 75% interest in the mineral title of the 15,000-hectare Fredonia Property located in Antioquia, Colombia. In November 2013, notice was provided to the optionor that the Company had earned a 50% interest in the Fredonia property, however the Company had no intention at that time to incur any further exploration or concession expenditures. The Company ceased its exploration operation in Colombia during fiscal 2013 and its entire investment of $6,600,686 in Colombia was written off. Any future expenditures incurred by the optionor and/or other third parties may have the effect of diluting the Company's earned interest in the Fredonia Property.

6. Related Party Transactions

Key management personnel are persons responsible for the planning, directing and controlling activities of the entity. The Company's key management personnel are the CEO, CFO and a senior director and their compensations are included in the following:

	For the Years Ended September 30	
	2019 $	2018 $
Management fees	73,678	32,453
Administration fees	72,417	24,000
Accounting fees	18,517	-
Short-term benefits	7,600	6,419
Stock-based compensation	143,642	-
Total	315,854	62,872

In May 2019, 645,000 stock options were granted to directors and officers of the Company with each stock option exercisable to purchase one common share at $0.25 until May 8, 2024 (Note 7 (d)).

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

(Expressed in Canadian Dollars)

6. Related Party Transactions – (cont'd)

Related party liabilities included in trade and other payable are as follows:

	September 30,	
	2019	2018
Amounts due to management	$	$
Management fees	6,831	-
Administration fees	10,417	-
Expenses and other	1,354	-
Total	18,602	-

7. Share Capital

a) Authorized

Authorized share capital consists of an unlimited number of common shares without par value.

b) Issued

In April 2018, the Company completed a ten for one (10:1) share consolidation. As at September 30, 2018 and December 31, 2018 there were 9,608,854 common shares outstanding.

On February 8, 2019, the Company completed a three for one (3:1) share consolidation and as at March 31, 2019 there were 3,202,595 common shares outstanding.

In April 2019, the Company closed a non-brokered private placement by issuing 10,000,000 units at a price of $0.15 per unit for gross proceeds of $1,500,000. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.20 per share until April 29, 2024.

c) Share Purchase Warrants

The continuity of common share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance - September 30, 2017 and 2018	-	-
Issued pursuant to private placement	10,000,000	$0.20
Balance - September 30, 2019	10,000,000	$0.20

Details of common share purchase warrants outstanding at September 30, 2019:

Number of Warrants	Exercise Price	Expiry Date	Remaining Life (Years)
10,000,000	$0.20	April 29, 2024	4.58

(Expressed in Canadian Dollars)

7. Share Capital – (cont'd)

d) Stock Options

The Company has a stock option plan whereby the maximum number of common shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the outstanding number of common shares at the date of the grant. Options vest at the date of grant, unless otherwise noted. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as Director or officer of the Company and, in the case of death, expire within one year thereafter.

The continuity of stock options outstanding is as follows:

	Number of Options	Weighted Average Exercise Price $
Balance - September 30, 2017 and 2018	-	-
Granted	1,230,000	0.25
Cancelled	(35,000)	0.25
Balance - September 30, 2019	1,195,000	0.25

During the year ended September 30, 2019:

- The Company granted 1,195,000 stock options to directors, officers and consultants in May 2019, with each option exercisable to purchase one common share at $0.25 per share until May 8, 2024. 35,000 of these stock options granted to a consultant were subsequently cancelled due to the termination of services.

- The Company granted 35,000 stock options to a consultant in July 2019, with each option exercisable to purchase one common share at $0.30 per share until July 8, 2024.

Details of stock options outstanding at September 30, 2019:

Date Granted	Number of Options	Exercise Price	Expiry Date	Remaining Life (years)	Unit Fair Value
May 8, 2019	1,160,000	$0.25	May 8, 2024	4.60	$0.22
July 8, 2019	35,000	$0.30	July 8, 2024	4.77	$0.20

The fair values were estimated using the Black-Scholes option pricing model with the following pricing parameters with no dividend yield expected:

- Risk-free interest rate: 1.57%
- Expected life: 5 years
- Volatility: 140.80% - 141.41%

(Expressed in Canadian Dollars)

7. Share Capital – (cont'd)

e) Share Subscriptions

During the year ended September 30, 2019, share subscriptions received during the year ended September 30, 2001 were reclassified from share subscriptions to contributed surplus, as it is unlikely the common shares relating to these subscriptions will ever be issued.

8. Income Taxes

Taxation in the Company and its subsidiaries' operational jurisdictions is calculated at the rate prevailing in its respective jurisdiction.

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

	September 30 2019 $	September 30 2018 $
Loss before income taxes	(703,453)	(97,400)
Tax charge / (recovery) based on statutory rate of 27.00% (2018 – 26.75%)	(190,000)	(26,000)
Deductible and non-deductible expenses	72,000	1,000
Expiry of loss carry forward	-	-
Use of deferred tax assets	118,000	25,000
Income tax expense (recovery)	-	-

Deferred Tax Assets and Liabilities

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered.

	September 30 2019 $	September 30 2018 $
Non-capital losses	3,431,000	3,314,000
Capital losses	6,847,000	6,847,000
Capital assets	2,000	2,000
Exploration and evaluation assets	1,173,000	1,173,000
Unrecognized deferred tax asset	(11,453,000)	(11,336,000)
Deferred tax assets	-	-

(Expressed in Canadian Dollars)

8. Income Taxes – (cont'd)

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets/(liabilities) have been recognized are attributable to the following:

	September 30 2019 $	September 30 2018 $
Deferred income tax assets:		
Non-capital loss carryforwards	12,709,717	12,276,164
Capital losses	25,360,057	25,360,057
PP&E	8,309	6,544
Exploration and evaluation assets	4,343,220	4,343,220
	42,421,303	41,985,985

As at September 30, 2019, the Company has estimated non-capital losses for Canadian tax purposes of $12,710,000 that may be carried forward to reduce taxable income derived in future years.

These losses expire as follows:

Year of Expiry	Taxable Losses $
2026	1,231,000
2027	1,699,000
2028	1,826,000
2029	1,118,000
2030	1,478,000
2031	1,485,000
2032	1,453,000
2033	877,000
2034	463,000
2035	552,000
2038	94,000
2039	434,000
Total	12,710,000

9. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold excess cash in interest bearing bank accounts.

9. Capital Management – (cont'd)

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended September 30, 2019.

10. Financial Instruments and Risk Management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out below.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are subject to credit risk for the Company consist primarily of cash and long-term receivable. The Company manages credit risk by investing its cash with high credit-worthy financial institutions and completing due diligence on significant counterparties that the Company has entered into contracts.

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at September 30, 2019, the Company's cash on hand exceeds the financial liabilities comprising of accounts payable and accrued liabilities. However, the Company will need to raise additional funds to continue meeting its obligations in the future.

c) Market Risk

Market risk consists of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rate between the Canadian and US dollar or other foreign currencies will affect the Company's operations and financial results. As such the Company has exposure to foreign currency exchange rate fluctuations. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign currency risks.

(Expressed in Canadian Dollars)

10. Financial Instruments and Risk Management – (cont'd)

The following table reflects the Company's foreign currency exposure from US dollars as of September 30, 2019 and 2018:

	September 30, 2019 US$	September 30, 2018 US$
Financial assets:		
Cash	31,128	124,175
Financial liabilities:		
Accounts payable and accrued liabilities	-	-

As at September 30, 2019, with other variables unchanged, a 10% increase in the value of the Canadian dollar against the US dollar would result in an approximate $4,100 decrease of loss and comprehensive loss (2018 - $16,000 decrease) while a 10% decrease in the value of the Canadian dollar against the US dollar would result in an approximate $3,700 increase of loss and comprehensive loss (2018 - $14,600 increase).

The following table reflects the Company's foreign currency exposure from Chilean Pesos as of September 30, 2019 and 2018:

	September 30, 2019 Chilean Pesos	September 30, 2018 Chilean Pesos
Financial assets:		
Cash	7,182,753	-
Financial liabilities:		
Accounts payable and accrued liabilities	(9,826,565)	-

As at September 30, 2019, with other variables unchanged, a 10% increase in the value of the Canadian dollar against the Chilean peso would result in an approximate $400 decrease of loss and comprehensive loss (2018 - $nil) while a 10% decrease in the value of the Canadian dollar against the US dollar would result in an approximate $500 increase of loss and comprehensive loss (2018 - $nil).

ii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

11. Subsequent Event

On January 15, 2020, the Company entered into an agreement with the optionor of the Valeriano Property to amend the terms of Valeriano Property option agreement. See Note 5.