Consolidated Financial Statements

Kilo Goldmines Ltd.

For the Years Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kilo Goldmines Ltd.

Opinion

We have audited the consolidated financial statements of Kilo Goldmines Ltd. and its subsidiaries, (the Company), which comprise the consolidated statements of financial position as at September 30, 2019 and September 30, 2018, and the consolidated statements of comprehensive loss, changes in 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 consolidated financial position of the Company as at September 30, 2019 and September 30, 2018, and its consolidated financial performance and its consolidated cash flows for the years ended September 30, 2019 and September 30, 2018 in accordance with International Financial Reporting Standards.

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 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

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and will 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 discussion and analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is 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 these consolidated financial statements in accordance with International Financial Reporting Standards, 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 Stephen McCourt.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
January 23, 2020
Toronto, Ontario

Kilo Goldmines Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2019	September 30, 2018
	$	$
Assets		
Current Assets		
Cash and cash equivalents	318,645	350,886
Advances and receivables	31,040	32,922
Prepaid expenses	1,746	25,638
	351,431	409,446
Non-Current Assets		
Property, plant and equipment (note 4)	-	412,316
Reclamation bonds (note 5)	-	357,999
	351,431	1,179,761
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	542,919	326,080
Secured loan (note 6)	-	465,369
Unsecured loans (note 7)	130,000	-
	672,919	791,449
Shareholders' Equity (Deficiency)		
Share capital (note 8)	64,797,488	64,797,488
Warrants (note 9)	-	1,746,048
Stock options (note 10)	785,505	936,206
Contributed surplus	21,430,541	19,533,792
Cumulative translation reserve	-	88,061
Deficit	(87,335,022)	(86,713,283)
	(321,488)	388,312
	351,431	1,179,761

Commitments (Note 16)

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

Signed: L Owen, Director

Signed: J Mustard, Director

Kilo Goldmines Ltd.
Consolidated Statements of Comprehensive Loss

For the years ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	Year ended			
		September 30, 2019		September 30, 2018
Expenses				
Corporate and administrative	$	591,846	$	733,759
Exploration and evaluation		937,487		1,604,185
Foreign exchange loss (gain)		(48,117)		(64,677)
Amortization (note 4)		28,354		29,838
Other income				
(Gain) on loss of control of subsidiaries (note 6)		(830,331)		-
Director fees forgiven		(57,500)		-
Loss for the period		(621,739)		(2,303,105)
Other Comprehensive Income (Loss) for the year				
Items that may be reclassified to profit or loss:				
Reclassification of foreign currency translation to net income on disposition of subsidiary		(99,196)		-
Currency Translation Adjustment		11,135		19,674
Total Comprehensive Loss for the year	$	(709,800)	$	(2,283,431)
Loss per Share - basic and diluted	$	(0.00)	$	(0.01)
Weighted Average Number of Common Shares Outstanding - basic and diluted		169,699,855		169,699,855

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

Kilo Goldmines Ltd.
Consolidated Statements of Changes in Equity (Deficiency)
For the Years Ended September 30, 2019 and 2018
(expressed in Canadian dollars)

	Note 8 Common Stock			Note 9		Note 10				Cumulative				
	Shares		**Amount**		**Warrants**		**Stock Options**		**Contributed Surplus**		**Cumulative Translation Reserve**		**Accumulated Deficit**		**Total**

	Shares		Amount		Warrants		Stock Options		Contributed Surplus		Cumulative Translation Reserve		Accumulated Deficit		Total
Balance - October 1, 2018	169,699,855	$	64,797,488	$	1,746,048	$	936,206	$	19,533,792	$	88,061	$	(86,713,283)	$	388,312
Warrants expired	-		-		(1,746,048)		-		1,746,048		-		-		-
Stock options expiry	-		-		-		(150,701)		150,701		-		-		-
Foreign currency translation adjustment	-		-		-		-		-		11,135		-		11,135
Foreign currency adjustment	-		-		-		-		-		(99,196)		-		(99,196)
Net loss	-		-		-		-		-		-		(621,739)		(621,739)
Balance - September 30, 2019	169,699,855	$	64,797,488	$	-	$	785,505	$	21,430,541	$	-	$	(87,335,022)	$	(321,488)
Balance - October 1, 2017	169,699,855	$	64,797,488	$	5,680,887	$	1,062,836	$	15,373,503	$	68,387	$	(84,311,358)	$	2,671,743
Warrant extension	-		-		98,820		-		-		-		(98,820)		-
Warrants expired	-		-		(4,033,659)		-		4,033,659		-		-		-
Stock options cancelled	-		-		-		(126,630)		126,630		-		-		-
Foreign currency translation adjustment	-		-		-		-		-		19,674		-		19,674
Net loss	-		-		-		-		-		-		(2,303,105)		(2,303,105)
Balance - September 30, 2018	169,699,855	$	64,797,488	$	1,746,048	$	936,206	$	19,533,792	$	88,061	$	(86,713,283)	$	388,312

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

Kilo Goldmines Ltd.
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	$ (621,739)	$ (2,303,105)
Items not affecting cash:		
Foreign exchange	(34,145)	-
Amortization	28,354	29,838
Deferred lease inducement	-	(3,967)
Gain on loss of control of subsidiaries	(830,331)	-
Loss on disposal of property	-	10,882
	(1,457,861)	(2,266,352)
Net changes in non-cash working capital:		
Receivables	(23,517)	80,302
Prepaid expenses	23,892	5,083
Accounts payable and accrued liabilities	660,718	173,851
	(796,768)	(2,007,116)
Cash Flows from Financing Activities		
Secured loans	240,850	465,369
Unsecured loans	130,000	-
Proceeds loss of control of subsidiaries	130,000	-
	500,850	465,369
Cash Flows from Investing Activities		
Reclamation bonds	275,910	(109,622)
Change in Cash	(20,008)	(1,651,369)
Effect of exchange rate changes on cash	(12,233)	-
Cash and Cash Equivalents - Beginning of the year	350,886	2,002,255
Cash and Cash Equivalents - End of the year	$ 318,645	$ 350,886

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

1. Nature of Operations

Kilo Goldmines Ltd. (the "Company" or "KGL" or "Kilo") is a publicly listed company incorporated pursuant to the provisions of the Business Corporations Act (Ontario). The Company's common shares are listed on the TSX Venture Exchange (TSXV: KGL).

The registered address, principal address and records office of the Company is located at 141 Adelaide Street West, Suite 340, Toronto, Ontario.

The Company has to date been exploring mineral resource properties located in the Democratic Republic of Congo (the "DRC"). As of September 27, 2019 the Company disposed of its subsidiaries and all its mineral properties and currently has no exploration properties. (See Note 7)

The business of mining and exploring for minerals involves a high degree of risk. The Company's continued existence is dependent upon its ability to raise additional financing, to identify and acquire other properties of interest, and then to discover economically recoverable reserves and achieve profitable operations.

2. Basis of Presentation and Going Concern

These consolidated financial statements include the accounts of the Company and of its wholly owned subsidiary Kilo Isiro Atlantic Ltd., as well as the results to date of disposition on September 27, 2019 of its previously held interests in Kilo Goldmines Inc. ("Kilo Inc."), and KGL Somituri SARL and its 49% equity interest in Isiro (Jersey) Limited and KGL Isiro SARL. All intercompany accounts and transactions have been eliminated.

a) Statement of Compliance

The Company's consolidated financial statements 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 Standards Interpretations Committee.

The significant accounting policies (note 3) have been applied consistently to all periods. These policies are based on IFRS effective as of September 30, 2019. The Board of Directors approved the statements on January 23, 2020.

b) Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis.

c) Going concern of operations

These consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business. The Company will have to raise funds to continue operations and there is no assurance it will be able to do so in the future. In addition the Company will have to identify and obtain new projects which in themselves will then require the discovery of economically recoverable reserves, and if successful, will then necessitate that the Company obtain the necessary financing to develop the projects to a stage of future profitable production. These factors create material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

The Company has not generated revenue from operations, and incurred a comprehensive loss of $709,800 during the year ended September 30, 2019 (2018: $2,283,431) and as of that date the Company's accumulated deficit was $87,335,022 (2018: $86,713,283). The Company intends to seek further financing through private placements.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

d) Functional and presentation currency

These consolidated financial statements are presented in Canadian Dollars. The functional currency of the Company and Kilo Inc. is the Canadian Dollar. The functional currency of KGL Somituri SARL and Kilo Isiro Atlantic Ltd. is the United States Dollar.

3. Significant Accounting Policies

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

a) Foreign Currency Transactions

Items included in the financial statements of the Company and its previously held subsidiaries and equity interest are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's consolidated financial statements are presented in Canadian Dollars. Costs of the Company and Kilo Inc. are primarily incurred in Canadian dollars. Costs of KGL Somituri SARL, Isiro (Jersey) Limited, KGL Isiro SARL and Kilo Isiro Atlantic Ltd are primarily incurred in United States Dollars.

At each reporting date the Company translates monetary assets and liabilities at the rate of exchange in effect at the statement of financial position date and non-monetary assets and liabilities at historical exchange rates. Income and expenses are translated at average rates in the month they occur. Gains and losses on translation are recorded in profit and loss.

The Company translates the assets and liabilities of its subsidiaries and equity interest at the rate of exchange in effect at the statement of financial position date. Income and expenses are translated at the rate of exchange prevailing at the date of the transaction. All resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of shareholders' equity called Cumulative Translation Reserve.

b) Cash and Cash Equivalents

Cash includes bank deposits and highly liquid short-term money market investments such as bankers acceptance notes, treasury bills and guaranteed investment certificates with maturities of 90 days or less.

c) Property, Plant and Equipment

On initial recognition, property, plant and equipment are valued 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. Depreciation is provided over the estimated useful lives of the assets on the following basis and rates per annum:

Building	25 years on a straight line basis
Vehicles	5 years on a straight line basis
Furniture and fixtures	5 years on a straight line basis
Equipment	5 years on a straight line basis
Computer equipment	3 years on a straight line basis

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property, plant and equipment and any changes arising from the assessment are applied by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment.

d) Exploration and Evaluation of Mineral Resources

Exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. Once technical feasibility and commercial viability has been established, related development expenditures are capitalized. These include 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 that give rise to a future benefit.

3. Significant Accounting Policies (continued)

e) Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of an asset is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on the differences between the carrying amount of assets and liabilities on the statement of financial position and their corresponding tax value, using the substantively enacted tax rates expected to apply when these temporary differences are reversed. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be realized. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

g) Share-based Payments

Equity-settled share based payments to employees (including directors and senior executives) and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value of the share- based payment is measured by reference to the fair value of the equity instrument granted, which in turn is determined using the Black-Scholes option-pricing model on the date of the grant, with management’s assumptions for the risk- free rate, dividend yield, volatility factors of the expected market price of the Company’s common shares, and the expected life of the options.

The fair value of the equity-settled share based payments is expensed over the period in which the performance and/or service conditions are fulfilled, ending on the date in which the grantee becomes fully entitled to the award, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. Vesting assumptions are reviewed at each reporting date to ensure they reflect current expectations.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

Upon expiry or cancellation of unexercised options, the recorded fair value of the options is transferred to contributed surplus, or when exercised, to share capital.

3. Significant Accounting Policies (continued)

h) Decommissioning Liabilities

The Company's mining exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. The Company has made, and intends to make in the future, expenditures to comply with such laws and regulations or constructive obligations.

Accrued site closure costs are recorded at the time an environmental disturbance occurs, and are measured at the Company's best estimate of the expected value of future cash flows required to reclaim the disturbance upon site closure, discounted to their net present value. The net present value is determined using a pre-tax discount rate that is specific to the liability. The estimated net present value is re-measured on an annual basis or when changes in circumstances occur and/or new material information becomes available. Increases or decreases to the provision arise due to changes in legal or regulatory requirements, the extent of environmental remediation required and cost estimates. The net present value of the estimated costs of these changes is recorded in the period in which the change is identified and quantifiable.

Upon initial recognition of site closure costs, there is a corresponding increase to the carrying amounts of related assets and the cost is amortized as an expense on a unit-of-production basis over the life of the related assets. The value of the provision is progressively increased over the life of the operation as the effect of discounting unwinds, such increase is recognized as interest expense.

As at September 30, 2019 and 2018, the Company is not committed to any decommissioning obligations in respect of mineral resource properties.

i) Other Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and 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 the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

j) Leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

k) Other Comprehensive Income (Loss)

Other 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 or loss 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, and cumulative translation adjustments are presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

l) Loss Per Share

Loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. During the years ended September 30, 2019 and 2018, all the outstanding stock options and warrants were anti-dilutive.

3. Significant Accounting Policies (continued)

m) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

n) Financial Instruments

Financial assets are required to be initially measured at fair value and subsequently classified at amortized costs or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Company's financial assets include cash, cash equivalents and reclamation bonds and are classified as amortized cost because the Company's business model is to hold these financial instruments to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Financial liabilities include accounts payable and accrued liabilities, secured loans and unsecured loans and are initially measured at fair value and subsequent classified as amortized cost.

o) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

p) Valuation of Equity Instruments in Private Placements

The Company adopted a relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued using the Black-Scholes option pricing model and the share price at the time of financing. The shares are valued based on quoted market price. The proceeds from the issue of units are allocated between share capital and reserve for warrants, as well as the associating issuance costs. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to share capital. Any consideration paid on the exercise of the warrants is credited to capital stock. For those warrants that expire unexercised on maturity, the recorded value is transferred to contributed surplus. When a warrant expiry date is extended, the incremental fair value of the warrant extension is estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period when the decision is taken to extend the warrants.

q) Critical Accounting Judgments and Estimation Uncertainties

The preparation of the consolidated financial statements in conformity with IFRS requires that the Company's management make critical judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates are accounted for prospectively.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

3. Significant Accounting Policies (continued)

Recoverability of Property, Plant and Equipment

The Company assesses property, plant and equipment at each reporting date to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long term commodity prices, discount rates, foreign exchange rates, future capital requirements, exploration potential and operating performance.

Title to Resource Property Interests

The Company currently has no interests in resource properties. When applicable, the Company takes steps to verify title to resource properties in which it has an interest, though such procedures do not guarantee the Company's title. Properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Property, Plant and Equipment - Estimated Useful Lives

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of property, plant and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property, plant and equipment in the future.

Share-based payment transactions

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

Warrants

Management uses judgement to determine the inputs to the Black-Scholes option pricing model including the expected life of the warrant, volatility, and dividend yield and making assumptions about them.
Determination of control of subsidiaries and joint arrangements

Judgement is required to determine when the Company has control of subsidiaries or joint control of joint arrangements. This requires an assessment of the relevant activities of the investee, being those activities that significantly affect the investee's returns, including operating and capital expenditure decision-making, financing of the investee, and the appointment, remuneration and termination of key management personnel; and when the decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Judgement is also required when determining the classification of a joint arrangement as a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement. Changes to the Company's access to those rights and obligations may change the classification of that joint arrangement.

Management has determined that it controlled KGL Somituri SARL to date of disposition as the Company directed the business of the partnership and no one investee could effect a change in this control. Accordingly the operations of KGL Somituri SARL are consolidated in these financial statements. Management has determined that the Company had significant influence in Isiro (Jersey) Limited and KGL Isiro SARL based on their ownership interest in these entities to date of disposition and their ability to affect the operating and capital decision-making, and have accounted for the operations of these entities using the equity method of accounting. Management has determined that the Company did not have joint control due to the terms of the Joint Venture Agreement with Barrick (previously Randgold Resources Limited), relating to Isiro (Jersey) Limited and KGL Isiro SARL.

The Joint Venture Agreement set out that the decision-making rights was based on voting interest; as a result no joint arrangement existed.

3. Significant Accounting Policies (continued)

Determination of tax assets

Management applies judgement in the determination of tax assets relating to resource properties and tax losses in the DRC.

r) Significant new standards and interpretations not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after January 1, 2019. Those pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine the resultant impact on the Company.

IFRS 16 *Leases* was issued in January 2016 and replaces IAS 17 Leases. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

The adoption of this standard will have no impact on the Company's reporting.

s) Standards and amendments adopted this year

IFRS 9 Financial Instruments

This standard replaced IAS 39, Financial Instruments: Recognition and Measurements. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are measured at amortized cost unless the fair value option is applied

On October 1, 2018, the Company adopted IFRS 9 using a modified retrospective basis and the financial statements on that date were as follows, with any reclassifications from September 30, 2018 noted.

	Classification category		**Measurement category**		**Carrying amount at October 1, 2018**		
	Original	**New**	**Original**	**New**	**Original**	**New**	**Difference**
Financial instruments	**(IAS 39)**	**(IFRS 9)**	**(IAS 39)**	**(IFRS 9)**	**(IAS 39)**	**(IFRS 9)**	
Assets							
Cash and cash equivalents	FVTPL	Amortised cost	FVTPL	Amortised cos	350,886	350,886	-
Liabilities							
Accounts payable and accrued liabilities	Other financial liabilities	Amortised cost	Amortised cost	Amortised cos	326,080	326,080	-
Secured loan	Other financial liabilities	Amortised cost	Amortised cost	Amortised cos	465,369	465,369	-

4. Property, Plant and Equipment

As at September 30, 2019	Land	Buildings	Vehicles	Furniture and Fixtures	Equipment	Computer Equipment	Total
Cost							
Balance, October 1, 2018	$ 157,001	$ 375,300	$ 567,569	$ -	$ 466,265	$ -	$ 1,566,135
Additions	-	-	-	-	-	-	-
Disposals	(161,311)	(385,602)	(567,569)	-	(477,932)	-	(1,592,414)
Effects of Movements in Exchange Rates	4,310	10,302	-	-	11,667		26,279
Balance, September 30, 2019	-	-	-	-	-	-	-
Accumulated amortization							
Balance, October 1, 2018	-	(136,087)	(567,569)	-	(450,163)	-	(1,153,819)
Disposals	-	151,578	567,569	-	477,810	-	1,196,957
Depreciation	-	(11,938)	-	-	(16,416)	-	(28,354)
Effects of Movements in Exchange Rates	-	(3,553)	-	-	(11,231)	-	(14,784)
Balance, September 30, 2019	-	-	-	-	-	-	-
Net carrying amount as at September 30, 2019	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cost							
Balance, October 1, 2017	$ 165,063	$ 362,797	$ 958,329	$ 23,746	$ 452,105	$ 27,151	$ 1,989,191
Additions	-	-	-	-	-	-	-
Disposals	(10,882)	-	(421,051)	(23,746)	-	(27,151)	(482,830)
Effects of Movements in Exchange Rates	2,820	12,503	30,291	-	14,160	-	59,774
Balance, September 30, 2018	157,001	375,300	567,569	-	466,265	-	1,566,135
Accumulated amortization							
Balance, October 1, 2017	-	(120,168)	(965,567)	(23,746)	(419,195)	(27,151)	(1,555,827)
Disposals	-	-	421,051	23,746	-	27,151	471,948
Depreciation	-	(11,938)	-	-	(17,900)	-	(29,838)
Effects of Movements in Exchange Rates	-	(3,981)	(23,053)	-	(13,068)	-	(40,102)
Balance, September 30, 2018	-	(136,087)	(567,569)	-	(450,163)	-	(1,153,819)

5. Reclamation Bonds

Amounts recorded as reclamation bonds represent deposits on possible restoration costs to be incurred in the future to restore the resource properties to a specified state. As of September 30, 2018 the Company had an amount of $357,999 in reclamation bonds pertaining to the KGL Somituri properties. During the year ended September 30, 2019 the Company recouped USD$207,000 and the remaining reclamation bond was transferred on loss of control of subsidiaries on September 27, 2019.

6. Secured Loan and Deconsolidation of Subsidiary

The Company entered into an AUD$750,000 secured credit facility agreement with Resolute Treasury Pty Ltd., ("Resolute"), a subsidiary of Resolute Mining Limited. The credit facility was secured against all assets of the Company, including a pledge of the shares in Kilo Goldmines Inc. Draws under the credit facility bore interest at the rate of 10% per annum, subject to reduction at the discretion of Resolute. The initial repayment date was December 14, 2018. The Company had the right to extend repayment for a period of 30 days for a fee of AUD$10,000. On December 13, 2018 the terms of the loan agreement were extended for a period of three months to March 14, 2019, with the Company's right to extend for 30 days to April 14, 2019.The Company made an initial draw of AUD$500,000. A further draw of the remaining AUD$250,000 was approved by Resolute in December 2018.

The loan entered into default on March 14, 2019, and in September 2019, the Company entered into an agreement with Resolute and Loncor Resources Inc. ("Loncor") whereby all amounts owing under the delinquent credit facility would be extinguished. Under the agreement, the Company consented to the assignment of the credit facility and related security from Resolute to Loncor, following which Loncor would realize its security against the shares of Kilo Goldmines Inc.

On September 27, 2019 Loncor exercised its security and acquired all of the shares of Kilo Goldmines Inc. In consideration for its cooperation, the Company received a payment of $130,000 from Loncor. The following information summarizes the deconsolidation of Kilo Goldmines Inc. as at September 27, 2019, which is the date of deconsolidation.

Net assets of Kilo Goldmines Inc		
Cash	$	(94,323)
Receivables		(25,399)
Property, plant and equipment		(395,097)
Accounts payable and accrued liabilities		375,541
Net assets of subsidiary	$	(139,278)
Derecognition of foreign exchange amount in other comprehensive income		99,196
Secured loan and accrued interest forgiven		740,413
Cash proceeds on disposition of Kilo Inc.		130,000
Gain on loss of control of subsidiary	$	830,331

7. Unsecured loans

Kilo has also received unsecured loans for working capital purposes from Loncor and an arm's length third party in the amount of C$65,000 each (C$130,000 in the aggregate) bearing interest at 8% per annum and repayable 12 months from the date of the loan. Kilo will have the option on maturity to convert all or any part of the outstanding principal amount and accrued and unpaid interest thereon into common shares of Kilo based on the then current market price.

8. Share Capital

The Company is authorized to issue an unlimited number of common shares.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets. There were no changes in common share capital from October 1, 2017 to September 30, 2019 and as at September 30, 2018 and September 30, 2019 there were 169,699,855 shares issued and outstanding.

9. Warrants

During the year ended September 30, 2019 all outstanding warrants expired unexercised.

The following table reflects the movement in warrants from September 30, 2017 to September 30 2019.

	Number of Warrants	Weighted Average Exercise Price
Balance - September 30, 2017	**139,095,726**	**$ 0.197**
Expired - December 2017	(354,090)	$ 0.07
Expired - July 2018	(9,300,000)	$ 0.14
Expired - August 2018	(90,700,000)	$ 0.14
Balance - September 30, 2018	**38,741,636**	**$ 0.358**
Expired - December 2018	(12,993,386)	$ 0.10
Expired - May 2019	(25,748,250)	$ 0.49
Balance - September 30, 2019	-	**$** -

10. Stock Options

a. The Company has adopted a stock option plan for the Company (the "Plan"). Pursuant to the Plan, the board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company, and its subsidiary. Under the Plan, the aggregate number of shares to be issued upon the exercise of outstanding options granted thereunder may not exceed 16,900,000. Expiry dates and exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the market price.

b. No stock options have been issued in the period September 30, 2017 to September 30, 2019. A summary of changes to stock options is as follows:

	Number of Options	Amount	Weighted Average Exercise Price
Balance - September 30, 2017	11,750,000	1,062,836	0.10
Expiry	(1,350,000)	(126,630)	0.10
Balance - September 30, 2018	10,400,000	936,206	0.10
Expiry	(1,800,000)	(150,701)	0.09
Balance - September 30, 2019	8,600,000	$ 785,505	$ 0.10

As at September 30, 2019, the following stock options were fully vested and outstanding:

Expiry date	Number of Options	Exercise price
December 17, 2019	570,000	$ 0.10
June 3, 2020	200,000	$ 0.08
March 16, 2026	1,680,000	$ 0.09
January 30, 2027	6,150,000	$ 0.10
	8,600,000	

11. Income Taxes

a. Income tax expense

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax recovery in the consolidated financial statements:

		2019	2018
Loss before income taxes	$	(621,739)	(2,303,105)
Statutory tax rate		26.50%	26.50%
Expected income tax recovery		(164,761)	(610,323)
Non-deductible expenses		-	146
Share issuance costs and other		-	921
Change in loss carry forwards		(112,580)	(67,176)
Loss of control of subsidiaries		26,164,744	-
Change in rates		-	(56,146)
		25,887,403	(732,578)
Change in deferred taxes not recognized		(25,887,403)	732,578
Net expected deferred income tax recove	$	-	-

b. Deferred Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

		2019	2018
Deferred Tax Assets			
Resource Properties	$	-	18,819,213
Amounts related to tax loss and credit carry forwards		5,820,020	8,502,631
Capital assets		-	77,935
Share issuance costs		112,939	59,858
		5,932,960	27,459,637
Deferred taxes not recognized		(5,932,960)	(27,459,637)
Net deferred tax assets	$	-	-
Net deferred tax liabilities	$	-	-

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax liabilities result primarily from amounts not deductible for accounting purposes until future periods. Deferred income tax assets result primarily from operating tax loss carry forwards and have been offset against deferred income tax liabilities.

11. Income Taxes (continued)

c. Loss Carry Forwards

The Company has non-capital losses of approximately $5,797,933 available for carry forward. Potential income tax benefits of the losses have not been recorded in the financial statements. These losses expire as follows:

Loss carry forwards		
	2027	126,400
	2028	189,021
	2029	187,306
	2030	183,350
	2031	613,871
	2032	603,953
	2033	760,435
	2034	708,358
	2035	723,881
	2036	390,826
	2037	389,164
	2038	186,690
	2039	734,678
		$ 5,797,933

12. Related Party Transactions

The Company considers key management to be its directors and officers.

During the year ended September 30, 2019 the Company entered into the following related party transactions:

	2019	2018
Directors fees paid or accrued*	$ 172,500	$ 190,000
Management and consulting fees paid or accrued to CEO and CFO	$ 144,000	$ 144,000
	$ 316,500	334,000

* Since January 1, 2018 directors' fees have been accrued but not paid. During the year ended September 30, 2019 directors' fees in the amount of $57,500 were forgiven. As at September 30, 2019, accounts payable and accrued liabilities included $374,920 (September 30, 2018 - $165,000) due to various related parties disclosed above.

No stock options were granted during the years ended September 30, 2019 and September 30, 2018 to management and directors.

During the year ended September 30, 2018 the Company entered into an interest-bearing secured credit facility with a significant shareholder, Resolute Treasury Pty Ltd. As at September 26, 2019, AUD$750,000 was due to Resolute, and interest amounting to AUD$76,263 had been accrued. The full amount of the loan and interest was extinguished on September 27, 2019. Refer note 6. The managing director and CEO of Resolute served as a director of the Company until March 2019.

13. Financial Instruments and Other Risks

IFRS 7 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1	quoted prices in active markets for identical assets or liabilities;
Level 2	inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices) and;
Level 3	inputs for the asset or liability that are not based upon observable market data

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Fair Values

Except as disclosed elsewhere in these financial statements, the carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items. Reclamation bonds, which are long term, are valued at amortized cost which approximates their fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is not exposed to any significant credit risk as at September 30, 2019. The Company’s cash and cash equivalents are on deposit with highly rated banking groups.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company has current assets of $351,432 (2018 - $409,446) and current liabilities of $672,920 (2018 - $791,449). All of the Company's current financial liabilities and receivables have contractual maturities of less than 120 days and are subject to normal trade terms. The working capital deficiency of the Company is $321,488 as at September 30, 2019 (2018 - $388,312).

Market risk

Interest rate risk

The Company has cash and cash equivalents balances. The Company's current policy is to invest its excess cash in highly liquid money market investments such as banker’s acceptance notes, treasury bills and guaranteed investment certificates. These short term money market investments are subject to interest rate fluctuations.

Foreign currency risk

The Company's functional currency is primarily the Canadian Dollar. The majority of the Company's operating expenses are transacted in Canadian Dollars and the majority of the Company's exploration and evaluation expenses are transacted in United States Dollars. As at September 30, 2019, the Company had cash of $45,823 (2018 - $229,096), and accounts payable and accrued liabilities of $Nil (2018 - $12,168) denominated in United States Dollars. As at September 30, 2019 the Company had secured loans payable of $Nil (2018 – $500,000) denominated in Australian dollars. As at September 30, 2019, the Company also had accrued liabilities of 35,786 (2018 – 35,786) denominated in United Kingdom Pounds Sterling. The Company also conducts transactions in Congolese Francs (‘CDF’), however the impact of currency fluctuations against the CDF is minimal.

Sensitivity analysis

Based on management's knowledge and experiences of the financial markets, the Company's management believes the following movements are "reasonably possible" over a three month period.

As at September 30, 2019, approximately 1.6% of the Company's cash and cash equivalents is at fixed interest rates beyond the next three months and is not subject to interest rate fluctuations within the next three months. The balance of the Company's cash and cash equivalents is subject to interest rate fluctuations. Sensitivity to a plus or minus 25 basis points change in rates would increase (or decrease) the Company's net loss by approximately $196 over a three month period.

As at September 30, 2019, cash and cash equivalents include $45,823 (2018 - $229,096) United States Dollars, and accounts payable and accrued liabilities include $Nil (2018 - $12,168) United States Dollars, and 35,786 (2018 – 35,786) United Kingdom Pounds Sterling.

If the Canadian Dollar weakens (or strengthens) 10% against the United States Dollar with other variables held constant, the Company's expenses would decrease (or increase) by approximately $6,068 (2018 - $65,894).

If the Canadian Dollar weakens (or strengthens) 10% against the United Kingdom Pound Sterling with other variables held constant, the Company's expenses would increase (or decrease) by approximately $5,830 (2018 - $6,263).

14. Capital Disclosures

The company’s objective when managing capital is to raise sufficient funds to execute its exploration plan. At September 30, 2019, the company’s capital consists of shareholder’s equity (deficit) in the amount of ($321,488). (2018 - $388,312).

The Company is dependent on external financing to fund its activities. In order to embark on new projects and pay for administrative costs, the Company need to raise additional capital.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management team to sustain future development of the business. The Company does not have any externally imposed capital requirements.

There were no changes in the Company’s approach to capital management during the year ended September 30, 2019.

15. Commitments

a) The Company has monthly commitments of $12,000 pursuant to a consulting agreement with the Interim CEO and CFO. The agreement is subject to automatic annual renewal unless terminated. The minimum commitment under this agreement as at September 30, 2019 is $60,000.

b) Change of control provisions entered into in agreements with various directors and officers provide for payments totaling $506,000 upon termination of the parties following a change of control.

16. Segmental Reporting

The Company is organized into business units based on mineral resource properties and up to the date of loss of control of its subsidiaries, had one reportable operating segment, being that of acquisition and exploration and evaluation activities relating to the DRC.