



**Allegiant Gold Ltd.  
1090 Hamilton Street  
Vancouver, B.C.  
V6B 2R9  
Canada**

**Consolidated Financial Statements**

**For the Years Ended  
September 30, 2019 and 2018**

**(Stated in Canadian Dollars)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Allegiant Gold Ltd.

### Opinion

We have audited the consolidated financial statements of Allegiant Gold Ltd. (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, cash flows and shareholders’ equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying 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.

### 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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that 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.

Our opinion on the 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 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 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 Financial Statements

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

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 Rakesh Patel.

DMCL

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

January 17, 2020



An independent firm  
associated with Moore  
Global Network Limited

**Allegiant Gold Ltd.**

## Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	September 30, 2019 (\$)	September 30, 2018 (\$)
<b>Assets</b>		
Current assets		
Cash	401,455	3,813,894
Short-term investments (Note 6)	652,153	-
Receivables	2,324	22,291
Prepaid expenses (note 11)	33,031	78,906
	1,088,963	3,915,091
Non-current assets		
Reclamation bonds (note 7)	341,135	589,458
Exploration and evaluation assets (note 8)	24,001,252	22,469,056
	<b>25,431,350</b>	<b>26,973,605</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable (note 11)	11,822	97,762
Accrued liabilities	28,976	165,299
Due to Columbus Gold Corp. (note 11)	-	1,569,167
	40,798	1,832,228
Non-current liabilities		
Due to Columbus Gold Corp. (note 11)	1,331,645	-
	1,372,443	1,832,228
Shareholders' equity		
Share capital (note 10)	25,147,350	24,943,755
Reserves (note 10)	5,161,075	4,062,637
Deficit	(6,249,518)	(3,865,015)
	24,058,907	25,141,377
	<b>25,431,350</b>	<b>26,973,605</b>

Nature of operations and going concern (note 1)

**Approved by the Board of Directors***"Robert Giustra"*

Robert Giustra – Director

*"Shawn Nichols"*

Shawn Nichols - Director

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

**Allegiant Gold Ltd.****Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian Dollars)

	<b>Year ended September 30, 2019 (\$)</b>	<b>Year ended September 30, 2018 (\$)</b>
Operating expenses		
Administration and office (note 11)	371,004	415,116
Directors fees (note 11)	180,000	145,000
General exploration	105,658	104,867
Investor relations	61,739	406,919
Management fees (note 11)	175,250	112,500
Professional fees	100,714	312,465
Share-based payments (note 10(b))	53,700	1,647,277
Transfer agent and filing fees	71,289	149,676
Travel	16,912	23,508
Option payments received (note 8)	(90,664)	(8,301)
Loss before other items	(1,045,602)	(3,309,027)
Other items		
Change in fair value of short-term investments (note 6)	(33,785)	-
Interest income	25,634	27,833
Impairment on exploration and evaluation assets (note 8)	(993,149)	(396,872)
Loss on extinguishment of Grid Note (note 11)	(190,000)	-
Accretion expense (note 11)	(146,143)	(178,401)
Foreign exchange loss	(1,458)	(8,548)
<b>Net loss for the year</b>	<b>(2,384,503)</b>	<b>(3,865,015)</b>
Items that may subsequently be reclassified to net loss:		
Foreign currency translation gain	661,037	685,653
<b>Comprehensive loss for the year</b>	<b>(1,723,466)</b>	<b>(3,179,362)</b>
Basic and diluted loss per share (note 10(d))	(0.04)	(0.11)

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

**Allegiant Gold Ltd.**

## Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year ended September 30, 2019 (\$)	Year ended September 30, 2018 (\$)
<b>Operating activities</b>		
Net loss for the year	(2,384,503)	(3,865,015)
Items not involving cash		
Accretion expense	146,143	178,401
Change in fair value of short-term investments	33,785	-
Impairment on exploration and evaluation assets	993,149	396,872
Loss on extinguishment of Grid Note	190,000	-
Option payments received	(73,994)	-
Share-based payments	53,700	1,647,277
Shares for services	13,595	-
Unrealized foreign exchange loss	24,149	927
	(1,003,976)	(1,641,538)
Changes in non-cash working capital		
Receivables and prepaid expenses	40,208	(124,750)
Accounts payable and accrued liabilities	(222,263)	95,061
Cash used in operating activities	(1,186,031)	(1,671,227)
<b>Investing activities</b>		
Exploration and evaluation assets (note 8)	(2,521,034)	(3,448,630)
Reclamation bonds refunded (paid)	248,323	(128,000)
Cash from acquisition of Allegiant Gold Holding Ltd. (note 5)	-	130,352
Option payments received	16,670	28,962
Interest received	25,634	27,833
Cash used in investing activities	(2,230,407)	(3,389,483)
<b>Financing activities</b>		
Private placement of subscription receipts, net of financing costs (note 10)	-	3,771,163
Private placement of common shares, net of financing costs (note 10)	-	4,581,249
Advances from Columbus Gold Corp.	-	522,192
Cash from financing activities	-	8,874,604
Effect of exchange rate changes on cash denominated in a foreign currency	3,999	-
Change in cash	(3,412,439)	3,813,894
Cash, beginning of year	3,813,894	-
<b>Cash, end of year</b>	<b>401,455</b>	<b>3,813,894</b>

Supplemental Cash Flow Information – Note 15

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

## Allegiant Gold Ltd.

### Consolidated Statements of Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital		Reserves			Total (\$)
	Number of Shares	Share Capital (\$)	Share Options and Warrants (\$)	Accumulated Other Comprehensive Income (Loss) (\$)	Deficit (\$)	
<b>Balance, October 1, 2017</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Shares issued for acquisition of Allegiant Gold Holding Ltd. (note 5)	51	18,107,406	-	-	-	18,107,406
Shares issued under plan of arrangement (notes 1 and 10)	39,687,315	-	-	-	-	-
Private placement of subscription receipts (note 10)	6,994,114	2,255,100	1,516,063	-	-	3,771,168
Private placement of common shares (note 10)	14,130,001	4,581,249	-	-	-	4,581,249
Share-based payments (note 10(b))	-	-	1,647,277	-	-	1,647,277
Contributions - discount of amounts due to Columbus Gold Corp. (note 11)	-	-	-	213,644	-	213,644
Comprehensive loss	-	-	-	685,653	(3,865,015)	(3,149,362)
<b>Balance, September 30, 2018</b>	<b>60,811,482</b>	<b>24,943,755</b>	<b>3,163,340</b>	<b>899,297</b>	<b>(3,865,015)</b>	<b>25,141,377</b>
Shares for debt (note 10(a))	32,368	13,595	-	-	-	13,595
Shares issued for extension of amounts due to Columbus Gold Corp. (notes 10(a) and 11)	1,000,000	190,000	-	-	-	190,000
Share-based payments (note 10(b))	-	-	53,700	-	-	53,700
Contributions - discount of amounts due to Columbus Gold Corp. (note 10 and 11)	-	-	-	383,701	-	383,701
Comprehensive loss	-	-	-	661,037	(2,384,503)	(1,723,466)
<b>Balance, September 30, 2019</b>	<b>61,843,850</b>	<b>25,147,350</b>	<b>3,217,040</b>	<b>1,944,035</b>	<b>(6,249,518)</b>	<b>24,058,907</b>

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

# **Allegiant Gold Ltd.**

## **Notes to the Consolidated Financial Statements For the Years Ended September 30, 2019 and 2018 (Expressed in Canadian Dollars)**

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### **1. Nature of Operations and Going Concern**

Allegiant Gold Ltd. (the “Company” or “Allegiant”), was incorporated on September 26, 2017 under the laws of the Province of British Columbia, Canada. The Company was a wholly-owned subsidiary of Columbus Gold Corp. (“Columbus Gold”), a Toronto Stock Exchange listed company, until January 25, 2018, when it was spun-out of Columbus Gold by way of a plan of arrangement (the “Arrangement”) as a separate entity. The Company obtained its initial listing on the TSX Venture Exchange (“TSXV”) on January 30, 2018. The common shares of the Company are also listed on the OTCQX effective February 26, 2018.

The Company’s head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

On October 1, 2017, the Company acquired Allegiant Gold Holding Ltd. (“AGHL”) from Columbus Gold (note 5), which indirectly held all of Columbus Gold’s exploration and evaluation assets in the United States of America.

The Company’s principal business activities are the exploration and development of resource properties located in the United States of America. The Company is in the process of exploring and developing its resource properties, but it has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. The Company’s exploration and evaluation activities are not dependent on seasonality and may operate year-round; however, the Company may adjust the level of exploration and evaluation activities to manage its capital structure in light of changes in global economic conditions. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

These consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required. At September 30, 2019, the Company had working capital of \$1,048,165 (September 30, 2018 – \$2,082,863) and deficit of \$6,249,518 (September 30, 2018 - \$3,865,015). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to raise additional debt or equity to fund ongoing costs of operations and/or secure new or additional partners in order to advance its projects. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

### **2. Basis of Presentation**

#### **(a) Statement of compliance**

These 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 Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved by the Board of Directors and authorized for issue on January 17, 2020.

#### **(b) Basis of measurement**

These consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## **Allegiant Gold Ltd.**

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2019 and 2018  
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### **2. Basis of Presentation – continued**

#### (c) Basis of consolidation

These consolidated financial statements include the accounts of Allegiant and its wholly-owned subsidiaries as follows:

<b>Entity</b>	<b>Ownership Interest</b>	<b>Place of Incorporation</b>
Allegiant Gold Holding Ltd.	100%	British Columbia, Canada
Allegiant Gold (U.S.) Ltd.	100%	Arizona, USA

All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

#### (d) Use of estimates and judgments

##### Significant estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions used by management where there is risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, assumptions used in determination of the fair value of share-based payments, the recoverability and measurement of deferred tax assets, decommissioning obligations, restoration and similar liabilities and contingent liabilities.

##### Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing the Company's consolidated financial statements include the assumption that the Company will continue as a going concern, classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

## Allegiant Gold Ltd.

Notes to the Consolidated Financial Statements  
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### 3. Significant Accounting Policies

#### (a) Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currencies are as follows:

<b>Entity</b>	<b>Functional Currency</b>
Allegiant Gold Ltd.	Canadian dollar
Allegiant Gold Holding Ltd.	Canadian dollar
Allegiant Gold (U.S.) Ltd.	United States dollar

At the end of each reporting period, assets and liabilities of the entities whose functional currency is not the Canadian dollar are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the year.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

#### (b) Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

General exploration costs consist of exploration expenditures incurred in the process of evaluating potential property acquisitions. Such expenditures will continue to be expensed until the property is acquired.

The proceeds from royalties granted and operator fees earned are deducted from the costs of the related property and any excess is recorded as income.

## **Allegiant Gold Ltd.**

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2019 and 2018  
(Expressed in Canadian Dollars)

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### **3. Significant Accounting Policies - *continued***

#### (c) Impairment of long-lived assets

At each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). This generally results in the Company evaluating its non-financial assets on an exploration asset by exploration asset basis.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in the statement of comprehensive loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reduced if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

#### (d) Restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

#### (e) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss). Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

#### (f) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

## **Allegiant Gold Ltd.**

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2019 and 2018  
(Expressed in Canadian Dollars)

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### **3. Significant Accounting Policies - *continued***

Deferred income taxes are accounted for using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The effect on deferred taxes for a change in tax rates is generally recognized in income in the period that includes the substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred income tax assets and liabilities are offset 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. Current and deferred taxes relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive loss.

#### **(g) Earnings per share**

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The calculation of diluted loss per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share and is only recognized when the effect is dilutive.

#### **(h) Share-based payments**

The Company grants share-based awards, including options, as an element of compensation to directors, officers, employees and service providers. Details of the Company's share option plan are disclosed in note 10.

The Company uses the Black-Scholes Option Pricing Model to measure the fair value for all share options granted, modified or settled during the period. Compensation expense is recorded based on the fair value of the award at the grant date, amortized over the vesting period. Each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in the statement of comprehensive income or as capitalized mineral resource property cost with a corresponding entry within equity, against share-based payments reserve. No expense is recognised for awards that do not ultimately vest. When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

#### **(i) Financial instruments**

The Company's financial instruments consist of cash, short-term investments, receivables, reclamation bonds, note due to Columbus Gold Corp., and accounts payable. Upon adoption of IFRS 9 – Financial Instruments ("IFRS 9"), the Company's classification of its financial instruments is as follows:

## Allegiant Gold Ltd.

Notes to the Consolidated Financial Statements  
For the Years Ended September 30, 2019 and 2018  
(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies - *continued*

<b>Financial Assets</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash	Loans and receivables	Amortized cost
Short-term investments	Held-for-trading (FVTPL)	FVTPL
Receivables	Loans and receivables	Amortized cost
Reclamation bonds	Loans and receivables	Amortized cost
<b>Financial Liabilities</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Accounts payable	Other financial liabilities	Amortized cost
Due to Columbus Gold Corp.	Other financial liabilities	Amortized cost

#### Classification

On initial recognition, the Company classifies its financial instruments in the following categories: at (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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 investment is measured at FVTOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVTOCI. This election is made on an investment-by-investment basis.

All financial assets not classified or measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

#### Measurement

##### *Financial assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

##### *Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

## **Allegiant Gold Ltd.**

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### **3. Significant Accounting Policies - continued**

#### *Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recognized in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

#### *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

#### *Derecognition*

##### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

##### Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### **4. Changes in Accounting Standards**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2019, and have not been applied in preparing these consolidated financial statements. Those that may have a significant effect on the consolidated financial statements of the Company are as follows:

#### (a) IFRS 16 – *Leases* (“IFRS 16”)

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company does not expect IFRS 16 to have a significant impact on the Company's financial statements. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

#### (b) Other

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## Allegiant Gold Ltd.

### Notes to the Consolidated Financial Statements For the Years Ended September 30, 2019 and 2018 (Expressed in Canadian Dollars)

#### 5. Acquisition of AGHL

On October 1, 2017, the Company issued 49 shares to Columbus Gold in exchange for all of the outstanding common shares of AGHL, which indirectly held all of Columbus Gold's exploration and evaluation assets in Nevada.

The transaction was between entities under common control as it was a transfer of assets previously owned directly by Columbus Gold to the Company, a wholly owned subsidiary of Columbus Gold at the time. Accordingly, the Company recorded the assets transferred at the historical carrying costs of Columbus Gold at the date of transfer. The carrying amounts of the assets and liabilities transferred from Columbus Gold to the Company included:

	\$
Cash	130,352
Reclamation bonds	446,906
Prepaid expenses	4,280
Exploration and evaluation assets	18,676,046
Accrued liabilities	(68,000)
Due to Columbus Gold – current	(857,500)
Due to Columbus Gold – non-current	(1,082,218)
	<b>17,249,866</b>

On October 29, 2017, AGHL issued 2 additional shares to Columbus Gold to settle debt outstanding of \$857,500. On October 29, 2017, the Company issued 2 additional shares to Columbus Gold in exchange for the additional 2 common shares of AGHL, and consequently retained a 100% interest in AGHL.

#### 6. Short-term Investments

	September 30, 2019 (\$)	September 30, 2018 (\$)
Barrian Mining Corp. (note 8)	635,645	-
Barksdale Metals Corp. (note 8)	16,508	-
	<b>652,153</b>	-

During the year ended September 30, 2019, the Company recorded a change in fair value of short-term investments of \$33,785 (2018-\$Nil).

#### 7. Reclamation Bonds

The drilling permits for the following properties require refundable reclamation bonds, which are held by the USA Forest Service and the US Bureau of Land Management:

	September 30, 2019 (\$)	September 30, 2018 (\$)
Bolo	-	255,063
Browns Canyon	8,373	20,391
Eastside	291,393	261,919
Hughes Canyon	18,179	17,709
Monitor Hills	15,120	14,729
Red Hills	8,070	19,646
	<b>341,135</b>	<b>589,458</b>

## Allegiant Gold Ltd.

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### 8. Exploration and Evaluation Assets

A summary of exploration and evaluation assets by property for the year ended September 30, 2019 is set out below:

Property	Balance at September 30, 2018 (\$)	Additions (\$)	Option Payment(s) Received (\$)	Impairment (\$)	Foreign Exchange (\$)	Balance at September 30, 2019 (\$)
Big Lime	1,383	-	-	(1,415)	32	-
Bolo	4,262,334	6,057	(334,550)	-	116,899	4,050,740
Browns Canyon	156,978	536,467	-	-	2,711	696,156
Clanton Hills	56,933	8,696	-	-	1,489	67,118
Eastside	17,076,272	973,829	-	-	451,302	18,501,403
Four Metals <sup>(1)</sup>	-	-	-	-	-	-
Goldfield West	179,253	225,901	-	-	4,149	409,303
Hughes Canyon	153,925	284,203	-	(453,591)	15,463	-
Mogollon <sup>(2)</sup>	261,469	4,149	(273,303)	-	7,685	-
Monitor Hills	91,753	406,763	-	(505,141)	6,625	-
Overland Pass	64,208	25,563	-	-	1,635	91,406
Silver Dome	30,459	1,804	-	(33,002)	739	-
White Horse Flats	71,948	25,671	-	-	1,843	99,462
White Horse North	62,141	21,931	-	-	1,592	85,664
	<b>22,469,056</b>	<b>2,521,034</b>	<b>(607,853)</b>	<b>(993,149)</b>	<b>612,164</b>	<b>24,001,252</b>

<sup>(1)</sup> Optioned to third party. Proceeds received exceed carrying value of property. Refer to "Four Metals" section for further details.

<sup>(2)</sup> Optioned to third party. Proceeds received exceed carrying value of property. Refer to "Mogollon" section for further details.

A summary of exploration and evaluation assets by property for the year ended September 30, 2018 is set out below:

Property	On Acquisition of AGHL (\$)	Additions (\$)	Option Payment(s) Received (\$)	Impairment (\$)	Foreign Exchange (\$)	Balance at September 30, 2018 (\$)
Big Lime	1,025	316	-	-	42	1,383
Bolo	3,969,458	155,273	-	-	137,603	4,262,334
Browns Canyon	14,289	141,466	-	-	1,223	156,978
Clanton Hills	33,317	22,352	-	-	1,264	56,933
Eastside	14,076,309	2,501,925	-	-	498,038	17,076,272
Four Metals	13,707	-	(16,670)	-	2,963	-
Goldfield West	151,277	22,645	-	-	5,331	179,253
Hughes Canyon	42,916	108,967	-	-	2,042	153,925
Mogollon	194,883	72,391	(12,829)	-	7,024	261,469
Monitor Hills	62,070	27,402	-	-	2,281	91,753
Overland Pass	39,986	22,727	-	-	1,495	64,208
Red Hills	25,428	368,660	-	(396,871)	2,783	-
Silver Dome	18,083	11,692	-	-	684	30,459
White Canyon	1	-	-	(1)	-	-
White Horse Flats	12,380	58,838	-	-	730	71,948
White Horse North	20,917	40,295	-	-	929	62,141
	<b>18,676,046</b>	<b>3,554,949</b>	<b>(29,499)</b>	<b>(396,872)</b>	<b>664,432</b>	<b>22,469,056</b>

## Allegiant Gold Ltd.

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### 8. Evaluation Assets - continued

A summary of the exploration and evaluation assets by cost category is set out below:

	(\$)
On acquisition of AGHL	18,676,046
Drilling	1,384,573
Geology, trenching and geophysics	345,067
Management and administration	1,349,250
Technical studies	260,074
Travel	215,985
Option payment(s) received	(29,499)
Impairment	(396,872)
Foreign exchange	664,432
<b>Balance at September 30, 2018</b>	<b>22,469,056</b>
Acquisition and land costs	554,092
Camp costs	11,227
Drilling	755,417
Geology, trenching and geophysics	328,652
Management and administration	567,754
Technical studies	174,321
Travel	129,571
Option payment(s) received	(607,853)
Impairment	(993,149)
Foreign exchange	612,164
<b>Balance at September 30, 2019</b>	<b>24,001,252</b>

#### *Bolo*

The Bolo project is located approximately 60 km northeast of Tonopah, Nevada. The Company holds a 100% interest in Bolo, subject to underlying royalties.

On June 27, 2018, the Company entered into an agreement with Barrian Mining Corp. (“Barrian”), under which Barrian may acquire up to a 50.01% undivided interest in Bolo by issuing common shares of Barrian to the Company, with an aggregate value of \$1,310,000 (US\$1,000,000) over a three year period, and also incurring certain exploration and evaluation expenditures on Bolo with a minimum aggregate value of \$5,240,000 (US\$4,000,000) by December 31, 2022. On April 24, 2019, the Company received 1,672,750 common shares of Barrian, representing an initial \$334,550 (US\$250,000) option payment.

Barrian may acquire an additional 24.99% interest in Bolo by incurring an additional \$5,240,000 (US\$4,000,000) in certain exploration and evaluation expenditures on Bolo within two years of acquiring the initial 50.01% interest in Bolo. If Barrian does not acquire the additional 24.99% interest, then Barrian will transfer a 0.02% interest in Bolo back to the Company.

#### *Eastside*

The Eastside project is located approximately 32 km west of Tonopah, Nevada. The Company holds a 100% interest in Eastside, subject to underlying royalties.

## **Allegiant Gold Ltd.**

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### **8. Evaluation Assets - continued**

#### *Four Metals*

On April 19, 2018 the Company and MinQuest Ltd. entered into an option agreement with Arizona Standard (US) Corp. (the “Four Metals Optionee”) and Barksdale Metals Corp. (“Barksdale”) granting the Four Metals Optionee an option to acquire a 100% interest in the Four Metals project located in Santa Cruz County, Arizona. The Four Metals Optionee is a wholly-owned subsidiary of Barksdale. The common shares of Barksdale are listed for trading on the TSXV. The Company and MinQuest Ltd. each own a 50% interest in 16 unpatented lode mining claims that, in addition to 24 unpatented lode mining claims that are 100% owned by the Company, comprise the Four Metals project. The option agreement requires the Four Metals Optionee to pay \$294,750 (US\$225,000) in staged payments over a five-year period. In addition, Barksdale will issue common shares with a total value of \$294,750 (US\$225,000) in staged issuances over the same five-year period. The cash payments and share issuances are shared equally with MinQuest Ltd. so that the Company will receive 50% of the cash and share payments.

On April 18, 2019, the Company received cash of \$16,670 (US\$12,500) and 33,016 common shares of Barksdale, with a fair value of \$16,838 (US\$12,500). On April 19, 2018, the Company received cash of \$16,670 (US\$12,500).

#### *Mogollon*

On June 19, 2018, the Company entered into an agreement with Barrian, granting Barrian an option to acquire a 100% interest in Mogollon by issuing common shares of Barrian with an aggregate value of \$1,310,000 (US\$1,000,000) over an approximate three-year period. On April 24, 2019, the Company received 1,672,750 common shares of Barrian, representing an initial \$334,550 (US\$250,000) option payment.

#### *Other*

The Company has additional exploration and evaluation assets located in the USA, comprised of the following properties: Clanton Hills, Browns Canyon, Overland Pass, Goldfield West, White Horse Flats, and White Horse North.

### **9. Restoration Provision**

The Company has restoration obligations in connection with certain properties in Nevada. The Company has in place reclamation bonds with the USA Forest Service and the US Bureau of Land Management (also refer to note 7) to cover these obligations.

### **10. Share Capital**

#### (a) Common shares

Authorized - unlimited common shares without par value.

At September 30, 2019, the Company had 61,843,850 (September 30, 2018 – 60,811,482) common shares issued and outstanding.

On March 5, 2019, the Company issued 1,000,000 common shares (the “Extension Shares”) of Allegiant in exchange for extending the due date of the Grid Note to December 31, 2020 (see note 11). The fair value of the Extension Shares was \$190,000 at the time of issuance.

On October 24, 2018, the Company extinguished an existing debt in the amount of \$13,595 by issuing 32,368 common shares (each a “Settlement Share”) at a fair value price of \$0.42 per Settlement Share to certain of its independent directors.

On July 16, 2018 and August 14, 2018, the Company closed two tranches of a non-brokered private placement wherein it issued 14,130,001 common shares at a price of \$0.35 per share for aggregate gross proceeds of \$4,945,500. Issuance costs totaling \$364,251 were paid in connection with the private placement.

## Allegiant Gold Ltd.

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### 10. Share Capital

On January 25, 2018, the Company was spun-out of Columbus Gold under the Arrangement through the issuance of 39,687,315 common shares of the Company to Columbus Gold and its shareholders.

On December 8, 2017, the Company closed brokered and non-brokered private placements of subscription receipts (the "Subscription Receipts") for combined gross proceeds of \$4,196,468. Share issuance costs related to this private placement were \$425,301. Each Subscription Receipt entitled the holder to receive, upon closing of the Arrangement, one common share of Allegiant and one common share purchase warrant ("Allegiant Warrant"). On January 29, 2018, 6,994,114 Subscription Receipts were converted to 6,994,114 common shares of the Company and 6,994,114 Allegiant Warrants. The warrants had a fair value of \$1,516,063 (see note 10c). In addition, there was 273,490 finder's warrants that were issued (see note 10c).

During October 2017, the Company issued 51 common shares, with a fair value of \$18,107,406, to Columbus Gold in exchange for all of the outstanding common shares of AGHL, which indirectly held all of Columbus Gold's exploration and evaluation assets in Nevada.

#### (b) Share options

The Company has a share option plan to issue share options whereby the total share options outstanding may be up to 10% of its issued capital at the time of an applicable option grant. The Board of Directors may from time to time, grant options to directors, officers, employees or consultants. The exercise price of an option is not less than the closing price on the TSXV on the last trading day preceding the grant date.

The continuity of the Company's share options is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, October 1, 2017	-	-
Granted	5,415,000	0.58
Cancelled	(125,000)	0.60
Forfeited	(200,000)	0.60
Balance, September 30, 2018	5,090,000	0.58
Granted	1,000,000	0.10
Cancelled	(3,000,000)	0.57
Expired	(405,000)	0.60
<b>Balance, September 30, 2019</b>	<b>2,685,000</b>	<b>0.41</b>

A summary of the Company's options at September 30, 2019 is as follows:

Exercise Price (\$)	Options Outstanding		Options Exercisable	
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (years)
0.60	1,685,000	3.34	1,685,000	3.34
0.10	1,000,000	4.98	1,000,000	4.98
<b>0.10-0.60</b>	<b>2,685,000</b>	<b>3.95</b>	<b>2,685,000</b>	<b>3.95</b>

## Allegiant Gold Ltd.

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### 10. Share Capital - continued

The fair value of share options recognized as an expense during the year ended September 30, 2019 was \$53,700 (2018 – \$1,647,277).

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. Assumptions used for share options granted during the years ended September 30, 2019 and 2018 were as follows:

Grant Date	Number of Share Options	Expected Price Volatility	Risk Free Interest Rate	Expected Life (years)	Expected Dividend Yield	Fair Value Per Option (\$)	Total Fair Value (\$)
January 30, 2018	4,665,000	69.5%	2.0%	2.96	-	0.34	1,588,487
September 13, 2018	750,000	73.7%	2.2%	2.96	-	0.23	169,507
September 20, 2019	1,000,000	114.0%	1.4%	5.00	-	0.05	53,700

#### (c) Warrants

On January 29, 2018, in connection with the conversion of the Subscription Receipts, the Company issued 6,994,114 Allegiant Warrants, exercisable for a period of 24 months to acquire one Allegiant common share at a price of \$1.00 per share. The expiry of the Allegiant Warrants may be accelerated by the Company, at any time in the event that the volume-weighted average closing price of the Allegiant common shares on the TSXV, or such other exchange on which the Allegiant common shares may primarily trade from time to time, is greater than or equal to \$1.20 for a period of 20 consecutive trading days, by giving notice to the holders thereof, and in such case, the Allegiant Warrants will expire on the earlier of: (i) the 30th day after the date on which such notice is given by Allegiant, and (ii) the actual expiry date of the Allegiant Warrants.

On January 29, 2018, 273,490 finders' warrants (the "Finders' Warrants") were issued with an exercise price of \$0.60, expiring on January 29, 2020.

The continuity of the Company's warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, October 1, 2017	-	-
Allegiant Warrants	6,994,114	1.00
Finders' Warrants	273,490	0.60
<b>Balance, September 30, 2019 and 2018</b>	<b>7,267,604</b>	<b>0.98</b>

The fair value of each warrant is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of warrants issued represents the period of time which those warrants are expected to be outstanding. The risk-free rate of periods within the contractual life of the warrants is based on the Canadian government bond rate.

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### 10. Share Capital - continued

Assumptions used for warrants issued during 2018 are as follows:

Issue Date	Number of Warrants	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value Per Warrant (\$)	Total Fair Value (\$)
January 29, 2018	6,994,114	75%	1.77%	2.00	-	0.20	1,432,234
January 29, 2018	273,490	75%	1.77%	2.00	-	0.31	83,833

#### (d) Loss per share

	Year Ended	
	September 30, 2019 (\$)	September 30, 2018 (\$)
Basic and diluted loss per share	(0.04)	(0.11)
Net loss for the year	(2,384,503)	(3,865,015)

	Year Ended	
	September 30, 2019 (\$)	September 30, 2018 (\$)
Shares outstanding, beginning of period	60,811,482	1
Effect of shares issued to acquire AGHL	-	51
Effect of the Arrangement	-	27,726,754
Effect of common shares issued for cash	-	2,551,337
Effect of common shares issued to settle debt	30,328	-
Effect of common shares issued to extend the Columbus Gold loan	575,342	-
Effect of Subscription Receipts conversion	-	4,694,679
<b>Basic and diluted weighted average number of shares outstanding</b>	<b>61,417,153</b>	<b>34,972,822</b>

As at September 30, 2019, there were 2,685,000 (September 30, 2018 – 5,090,000) share options and 7,267,604 (September 30, 2018 – 7,267,604) warrants that were potentially dilutive but not included in the diluted loss per share calculation as the effect would be anti-dilutive.

#### (e) Reserves

##### *Share options and warrants*

The share options and warrants reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

##### *Accumulated other comprehensive income (loss)*

The accumulated other comprehensive income (loss) reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

## Allegiant Gold Ltd.

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### 10. Share Capital - continued

#### *Other Reserves*

The fair value of the extension of the Grid Note owing to Columbus Gold Corp. was determined to be \$383,665 using a discount rate of 15%. It has been recognized in other reserves as a contribution to equity.

### 11. Related party transactions

Columbus Gold, a company with certain directors and officers in common, provides the Company with administration and management services on a shared cost basis under a corporate services agreement (the "CSA"). The most recent CSA is effective until December 31, 2019.

As at September 30, 2019, the Company had a principal balance of \$1,604,405 (September 30, 2018 - \$1,604,405) owing to Columbus Gold (the "Grid Note") originally due on March 1, 2019. On March 5, 2019, the Company issued 1,000,000 common shares (the "Extension Shares") of Allegiant in exchange for extending the due date to December 31, 2020. The fair value of the Extension Shares was \$190,000 at the time of issuance.

As the Grid Note was initially a non-current liability, the Company discounted the Grid Note with a 20% annual discount rate, resulting in a discount of \$213,639 allocated to the reserves account. Upon issuing the Extension Shares, the Grid Note was recognized as a new financial liability and the fair value of the Extension Shares was recognized as a loss. The Company discounted newly issued Grid Note with a 15% annual discount rate, resulting in a discount of \$383,665 allocated to the reserves account. A continuity table of the Grid Note is as follows:

	(\$)
Principal balance	1,604,405
Fair value discount – 20%	(213,639)
Accretion for the period	178,401
<b>Balance, September 30, 2018</b>	<b>1,569,167</b>
Fair value discount – 15%	(383,665)
Accretion for the period	146,142
<b>Balance, September 30, 2019</b>	<b>1,331,645</b>

The Company engaged the services of Cordilleran Exploration LLC ("Cordex") to generate, evaluate, and explore mineral properties on behalf of the Company, primarily in Nevada. The agreement expired on June 30, 2019. Monthly payments consisted of a management fee which ranged from \$27,155 (US\$21,167) to \$28,865 (US\$22,500) and net smelter return ("NSR") royalty for Cordex on existing and new properties. The principal of Cordex is a former officer and director of a subsidiary of the Company.

## Allegiant Gold Ltd.

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### 11. Related party transactions - *continued*

The following is a summary of related party transactions:

	Year Ended	
	September 30, 2019	September 30, 2018
	(\$)	(\$)
Amounts paid or accrued to Columbus Gold under the CSA	307,311	350,551
Management fees paid to a company controlled by the Chairman of the Company	170,000	112,500
Management fees accrued to the CEO of the Company	5,250	-
Administration fees accrued to the CEO of the Company	750	-
Directors fees paid or accrued	180,000	145,000
Share-based payments for vested stocks options	53,700	-
Consulting fees paid or accrued to a former officer and director of a subsidiary of the Company	2,993	-
Consulting fees paid or accrued to Cordex	254,657	355,364
	<b>974,661</b>	<b>963,415</b>

The following summarizes advances and amounts payable to related parties:

	September 30,	September 30,
	2019	2018
	(\$)	(\$)
Due to Columbus Gold - Grid Note	(1,331,645)	(1,569,167)
Management fees advanced to a Company controlled by the Chairman of the Company	-	25,000
Travel advances to Chairman of the Company	5,000	10,000
Amounts due to directors, included in accounts payable	(5,972)	(33,000)
	<b>(1,332,617)</b>	<b>(1,567,167)</b>

### 12. Segmented information

The Company has one reportable business segment, being mineral exploration and development. Assets by geographical area are as follows:

	September 30,	September 30,
	2019	2018
	(\$)	(\$)
Current assets		
Canada	956,025	3,305,508
USA	132,938	609,583
	<b>1,088,963</b>	<b>3,915,091</b>
Non-current assets		
Canada	-	-
USA	24,342,387	23,058,514
	<b>24,342,387</b>	<b>23,058,514</b>
Total assets		
Canada	956,025	3,305,508
USA	24,475,325	23,668,097
	<b>25,431,350</b>	<b>26,973,605</b>

## **Allegiant Gold Ltd.**

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### **13. Financial Risk and Capital Management**

#### Financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at September 30, 2019 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

#### (a) Credit risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statements of financial position. Cash is held as cash deposits with creditworthy banks in Canada and the USA, and risk is assessed as low.

The credit risk exposure on reclamation bonds is limited to its carrying amount at the date of the statements of financial position. Reclamation bonds are held by the USA Forest Service and the US Bureau of Land Management, and risk is assessed as low.

#### (b) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at September 30, 2019, the Company had a working capital of \$1,048,165 (September 30, 2018 – \$2,082,863).

Liquidity risk is assessed as high.

#### (c) Market risks

##### (i) Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its US subsidiary, Allegiant Gold (U.S.) Ltd. The Company also has certain assets and liabilities denoted in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

##### (ii) Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

##### (iii) Interest rate risk

The Company does not have any variable interest-bearing debt and is therefore not exposed to interest rate risk.

#### Sensitivity analysis

A 1% change in interest rates does not have a material effect on the Company's profit or loss.

The Company has certain assets and liabilities in US Dollars, a currency other than the functional currency of Company. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to the US dollar does not have a material effect on the Company's profit or loss.

## **Allegiant Gold Ltd.**

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### **13. Financial Risk and Capital Management - *continued***

#### Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from equity financings and debt from Columbus Gold.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

#### Fair value

The fair value of the Company's financial instruments, including cash, short-term investments, receivables and accounts payable, approximates their carrying value due to the immediate or short-term maturity of these financial instruments. The fair value of the reclamation bonds approximates their fair value based on current interest rates and high liquidity.

The fair value of the short-term investments are measured using level 1 of the fair value hierarchy.

The fair value of non-current amounts due to Columbus Gold are based on the fair value of the common shares issued as consideration for an extension.

IFRS 9, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) 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., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At September 30, 2019, amounts due to Columbus Gold are categorized as Level 2 in the fair value hierarchy above.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

## Allegiant Gold Ltd.

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### 14. Income taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items:

	Year ended	
	September 30, 2019	September 30, 2018
	(\$)	(\$)
Loss before taxes	(2,384,503)	(3,865,015)
Canadian federal and provincial income tax rates	27%	27%
Expected income tax expense (recovery)	(643,800)	(1,043,600)
Foreign tax differences, rate changes and foreign exchange	1,311,900	(171,000)
Non-taxable items	139,800	494,800
Share issue costs	-	(213,200)
Change in valuation of deferred tax assets	(807,900)	933,000
<b>Income tax (recovery) expense</b>	<b>-</b>	<b>-</b>

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	September 30, 2019	September 30, 2018
	(\$)	(\$)
Net operating losses carried forward	5,728,400	8,161,200
Share issuance costs	75,800	170,500
Investments	4,600	-
Resource properties costs	(3,377,200)	(5,092,300)
Valuation allowance	(2,431,600)	(3,239,400)
	-	-

As of September 30, 2019, the Company has Canadian tax loss carry-forwards of approximately \$1,920,200 (2018 - \$1,165,800) available to reduce future years' taxable income. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in the relevant jurisdictions. The Company's tax loss carry-forwards will expire, if not utilized as follows:

	Canada (CDN\$)
September 30, 2034	4,100
September 30, 2035	3,600
September 30, 2036	3,500
September 30, 2037	111,100
September 30, 2038	982,200
September 30, 2039	815,700
	<b>1,920,200</b>

In addition, the Company has non-capital losses in its United States subsidiary which will expire over various terms. The amount of those non-capital losses carried forward is \$24,809,300 (US\$18,741,000).

As at September 30, 2019, there is no material taxable temporary differences associated with the Company's investment in subsidiaries.

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### **15. Supplemental Cash Flow Information**

On April 24, 2019, the Company received 1,672,750 common shares of Barrian, representing an initial \$334,550 (US\$250,000) option payment for the Bolo property (note 8).

On April 24, 2019, the Company received 1,672,750 common shares of Barrian, representing an initial \$334,550 (US\$250,000) option payment for the Mogollon property (note 8).

On April 18, 2019, the Company received 33,016 common shares of Barksdale with a fair value of \$16,838, in connection with the Four Metals property (note 8).

On March 5, 2019, the Company issued 1,000,000 common shares of Allegiant in exchange for extending the maturity date of a promissory note payable to Columbus Gold (note 11).

On October 24, 2018, the Company issued 32,368 common shares (note 10) to Directors of the Company to settle directors' fees accrued at a fair value of \$13,595.