
Consolidated Financial Statements

Plateau Energy Metals Inc.
(formerly Plateau Uranium Inc.)

For the Years Ended September 30, 2018 and 2017

Stated in Canadian Dollars

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements were prepared by the management of Plateau Energy Metals Inc., reviewed by the Audit Committee of the Board of Directors, and approved by the Board of Directors.

Management is responsible for the preparation of the consolidated financial statements and believes that they fairly represent the Company's financial position and the results of operations in accordance with International Financial Reporting Standards. Management has included amounts in the Company's consolidated financial statements based on estimates, judgements, and policies that it believes reasonable in the circumstances.

To discharge its responsibilities for financial reporting and for the safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the assets are maintained and accounted for in accordance with its policies and that transactions are recorded accurately in the Company's books and records.

Signed "A. Holmes"
CEO

Signed "P. Gibbs"
CFO

Toronto, Ontario
December 21, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Plateau Energy Metals Inc.

We have audited the accompanying consolidated financial statements of Plateau Energy Metals Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at September 30, 2018 and September 30, 2017 and the consolidated statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Plateau Energy Metals Inc. and its subsidiaries, as at September 30, 2018 and September 30, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
December 21, 2018

Plateau Energy Metals Inc.

Consolidated Statements of Financial Position

Stated in Canadian dollars

	September 30, 2018 \$	September 30, 2017 \$
Assets		
Current Assets		
Cash	690,033	137,233
HST receivable	55,779	36,969
Prepaid expenses	78,417	101,519
	<u>824,229</u>	<u>275,721</u>
Non-Current Assets		
Property, plant and equipment	9,125	11,264
	<u>833,354</u>	<u>286,985</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 8)	1,461,509	608,184
	<u>1,461,509</u>	<u>608,184</u>
Shareholders' Equity (Deficiency)		
Share Capital (note 5)	54,730,294	48,856,290
Warrants (note 6)	563,805	316,647
Stock Options (note 7)	1,974,274	1,275,644
Contributed Surplus	10,395,673	10,162,810
Cumulative Translation Reserve	(289,063)	22,127
Deficit	(68,003,138)	(60,954,717)
	<u>(628,155)</u>	<u>(321,199)</u>
	<u>833,354</u>	<u>286,985</u>

Note 1 - Nature of Operations and Going Concern

Note 14 - Events after the Reporting Period

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

Plateau Energy Metals Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended September 30, 2018 and 2017

Stated in Canadian Dollars

	2018	2017
Expenses		
Corporate and administrative expenses	\$ 2,295,268	\$ 1,098,864
(Gain)/Loss on foreign exchange	11,412	(12,261)
Share-based compensation (note 7)	996,110	647,652
Exploration and evaluation (note 4)	3,754,689	2,034,355
(Gain)/Loss on asset disposal	(8,948)	83,248
Interest income	(110)	(111)
Loss for the year	(7,048,421)	(3,851,747)
Other Comprehensive (Loss) Income for the year		
Items that may be reclassified to profit and loss:		
Currency translation adjustment	(311,190)	(43,897)
Total Comprehensive Loss for the year	\$ (7,359,611)	\$ (3,895,644)
Loss per Share - basic and diluted	(0.11)	\$ (0.07)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	66,181,402	56,101,410

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

Plateau Energy Metals Inc.

Consolidated Statements of Changes in Equity
For the Years Ended September 30, 2018 and 2017
Stated in Canadian Dollars

	Common Stock		Warrants	Stock Options	Contributed Surplus	Cumulative Translation Reserve	Accumulated Deficit	Total
	Shares	Amount						
Balance - October 1, 2017	58,043,354	\$ 48,856,290	\$ 316,647	\$ 1,275,644	\$ 10,162,810	\$ 22,127	\$ (60,954,717)	\$ (321,199)
Common shares and warrants issued for cash (note 5)	10,169,994	3,628,773	673,224	-	-	-	-	4,301,997
Issued to finders (note 5)	308,900	131,736	11,330	-	-	-	-	143,066
Issuance costs (note 5)	-	(169,721)	(31,909)	-	-	-	-	(201,630)
Warrants exercised (note 5, 6)	2,760,460	2,033,204	(385,592)	-	-	-	-	1,647,612
Warrants expired (note 6)	-	-	(19,895)	-	19,895	-	-	-
Stock options exercised (note 5, 7)	337,500	250,012	-	(84,512)	-	-	-	165,500
Stock options granted (note 7)	-	-	-	996,110	-	-	-	996,110
Stock options expired (note 7)	-	-	-	(212,968)	212,968	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	(311,190)	-	(311,190)
Net loss	-	-	-	-	-	-	(7,048,421)	(7,048,421)
Balance - September 30, 2018	71,620,208	\$ 54,730,294	\$ 563,805	\$ 1,974,274	\$ 10,395,673	\$ (289,063)	\$ (68,003,138)	\$ (628,155)
Balance - October 1, 2016	52,090,974	\$ 47,240,289	\$ 453,886	\$ 969,594	\$ 9,367,322	\$ 66,024	\$ (57,102,970)	\$ 994,145
Common shares issued for debt	2,500,000	600,000	-	-	-	-	-	600,000
Common shares and warrants issued for cash	3,452,380	1,181,042	268,940	-	-	-	-	1,449,982
Issued to finders	-	-	48,090	-	-	-	-	48,090
Issuance costs	-	(165,041)	(383)	-	-	-	-	(165,424)
Stock options granted	-	-	-	647,652	-	-	-	647,652
Stock options expired	-	-	-	(341,602)	341,602	-	-	-
Warrants expired	-	-	(453,886)	-	453,886	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	(43,897)	-	(43,897)
Net loss	-	-	-	-	-	-	(3,851,747)	(3,851,747)
Balance - September 30, 2017	58,043,354	\$ 48,856,290	\$ 316,647	\$ 1,275,644	\$ 10,162,810	\$ 22,127	\$ (60,954,717)	\$ (321,199)

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

Plateau Energy Metals Inc.
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2018, and 2017
Stated in Canadian Dollars

	2018	2017
Cash Flows from Operating Activities		
Net loss for the year	\$ (7,048,421)	\$ (3,851,747)
Items not affecting cash:		
Depreciation expense	2,139	20,892
(Gain)/ Loss on disposal of assets	-	65,823
Share-based compensation	996,110	647,652
	<u>(6,050,172)</u>	<u>(3,117,380)</u>
Net Changes in non-cash working capital:		
HST receivable	(18,810)	11,152
Prepaid expenses	23,102	(41,098)
Accounts payable and accrued liabilities	853,325	(95,129)
	<u>(5,192,555)</u>	<u>(3,242,455)</u>
Cash Flows from Financing Activities		
Issuance of share capital	4,301,997	1,449,982
Warrants exercised	1,647,612	-
Stock options exercised	165,500	-
Share capital issuance costs	(58,564)	(117,333)
	<u>6,056,545</u>	<u>1,332,649</u>
Effects of Foreign Exchange	(311,190)	(26,650)
Change in Cash and Cash Equivalents	552,800	(1,936,456)
Cash and Cash Equivalents - Beginning of year	137,233	2,073,689
Cash and Cash Equivalents - End of year	<u>\$ 690,033</u>	<u>\$ 137,233</u>
Supplemental Cash Flow Information		
Interest received	<u>\$ 110</u>	<u>\$ 111</u>
Shares issued pursuant to settlement of debt	<u>\$ -</u>	<u>600,000</u>

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

Plateau Energy Metals Inc.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2018 and 2017
Stated in Canadian Dollars

1. Nature of Operations and Going Concern

Plateau Energy Metals Inc. (formerly Plateau Uranium Inc.) (the "Company") is a publicly listed company incorporated under the Ontario Business Corporations Act. The Company's common shares are listed on the TSX Venture Exchange (TSX-V: PLU).

The registered address, principal address and records office of the Company is located at 141 Adelaide Street West, Suite 340, Toronto, Ontario, M5H 3L5.

The Company is in the process of exploring and developing its mineral resource properties located in Peru. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The realization of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to develop these properties, and future profitable production or proceeds of disposition from these properties. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. During the year ended September 30, 2018, the Company incurred a comprehensive loss of \$7,359,611 (2017 - \$3,895,644), and as of that date, the Company had a working capital deficit of \$637,280 (2017 - \$332,463). The Company will need to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. Should the Company be unsuccessful in doing so, there is a significant doubt about the Company's ability to continue as a going concern, and therefore, a material uncertainty exists in relation to the going concern assumption.

2. Basis of Presentation

These consolidated financial statements include the accounts of the Company and its subsidiaries; Macusani Yellowcake S.A.C. ("Macusani Peru"), Exploraciones Macusani SAC ("Exploraciones Macusani") and Minergia SAC ("Minergia"). 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 IFRS Interpretations Committee.

On December 21, 2018, the Board of Directors approved the statements.

b) Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian Dollars. The functional currency of the Company is the Canadian Dollar. The functional currency of Macusani Peru, Exploraciones Macusani and Minergia is the United States Dollar.

d) Segmental Reporting

The Company is organized into business units based on its mineral properties and has one reportable operating segment, the acquisition, and exploration and evaluation of mineral properties in Peru. As a result of all of the Company's assets being devoted to the acquisition, and exploration and evaluation of its mineral properties, the assets of the Company form a single cash generating unit.

Plateau Energy Metals Inc.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2018 and 2017
Stated in Canadian Dollars

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

Items included in the consolidated financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The Company translates monetary assets and liabilities at the rate of exchange in effect at the balance sheet date and non-monetary assets and liabilities at historical exchange rates. Income and expenses are translated at average rates when they occur. Gains and losses on translation are recorded in the statement of loss and comprehensive loss.

Foreign Operation Translation

On consolidation, the Company translates the assets and liabilities of Macusani Peru, Exploraciones Macusani and Minergia at the rate of exchange in effect at the balance sheet 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.

Any monetary items represented by amounts receivable or payable between the Company and any of its foreign subsidiaries are considered part of the Company's net investment in the subsidiary. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash at banks. The majority of the funds are held in Canada.

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:

Furniture and equipment	20% declining balance
Leasehold improvements	18 months on a straight-line basis
Exploration equipment	20% declining balance

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the consolidated statement of loss and comprehensive loss as incurred.

Plateau Energy Metals Inc.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2018 and 2017
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

c) Property, Plant and Equipment (continued)

An item of property, plant and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of loss and comprehensive loss for the period.

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 property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

d) Exploration and Evaluation Expenditures

Acquisition costs and 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 a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit. Currently, all acquisition costs and exploration and evaluation expenditures are expensed as incurred.

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 have suffered an impairment loss. 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 to sell 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 the consolidated statement of loss and comprehensive 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 balance sheet 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.

Plateau Energy Metals Inc.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2018 and 2017
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

f) Income Taxes (continued)

Deferred tax liabilities are recognized for all temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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, the expected volatility of the price of the Company's shares based on the historical volatility of the 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. The Company considers the likely forfeiture rate in considering the fair value and uses the accelerated vesting methodology to expense the fair value of the share based payments.

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.

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, 2018 and 2017, the Company has not incurred and is not committed to any decommissioning obligations in respect of its mineral exploration properties.

Plateau Energy Metals Inc.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2018 and 2017
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognized as a finance lease obligation within long-term debt.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

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

Other comprehensive income 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, components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statements of loss and comprehensive income and the consolidated statements of changes in equity, net of tax.

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. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants.

During the years ended September 30, 2018 and 2017, all the outstanding stock options and warrants were anti-dilutive.

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.

Plateau Energy Metals Inc.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2018 and 2017
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

n) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are

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

Financial Assets

The Company recognizes all financial assets initially at fair value and classifies them into one of the following specified categories: fair value through profit or loss (“FVTPL”), held-to-maturity (“HTM”), available-for-sale (“AFS”) and loans and receivables. HTM instruments and loans and receivables are measured at amortized cost. AFS instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss for the period.

The fair value of financial instruments traded in active markets (such as FVTPL and AFS securities) is based on quoted market prices at the date of the statements of financial position.

Financial Liabilities and Equity Instruments

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss for the period. Other financial liabilities including borrowings are initially measured at fair value net of transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

The Company’s financial assets and liabilities are classified and subsequently measured as follows:

Asset/Liability	Classification	Subsequent Measurement
Cash	FVTPL	Fair value through profit or loss
Accounts payable and accrued liabilities	Other financial liabilities	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.

Plateau Energy Metals Inc.

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2018 and 2017
Stated in Canadian Dollars

3. Significant Accounting Policies (continued)

q) Critical Accounting Judgments and Estimation Uncertainties

The preparation of the consolidated financial statements in conformity with IFRS requires the Company's management to 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.

Critical accounting estimates relate to the following:

Exploration and Evaluation Expenditures

The Company charges all exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources to operations as incurred. Determination of technical feasibility and commercial viability require the use of judgements, estimates and assumptions which may differ under varying conditions.

Share-based Payments

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 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 notes 6 and 7.

Bifurcation of unit proceeds

The Company adopts a relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The amounts used to estimate fair values of warrants issued are based on estimates of future volatility of the Company's share price, expected lives of the warrants, expected dividends to be paid by the Company and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the consolidated financial statements of future periods could be significant. The assumptions and models used for estimating fair value for warrants are disclosed in note 6.

r) Future Accounting Changes

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB and will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

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3. Significant Accounting Policies (continued)

r) Future Accounting Changes (continued)

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 Company has not yet completed its evaluations of the effect of adopting the above standards and amendment and the impact it may have on its consolidated financial statements.

4. Mineral Properties and Exploration Expenditures

The Company is principally engaged in exploration for uranium on its properties located in the Macusani plateau region of Peru. As at September 30, 2018, the Company, through its Peruvian subsidiaries, held a total of 149 mining concessions covering an aggregate area of approximately 91,000 hectares. The Company has allocated the various concessions to different property groups based on their geographic location for purposes of allocating annual property expenditures. Property expenditures including depreciation of exploration equipment for the years ended September 30, 2018 and 2017 are as follows:

Exploration spend by property 2018

	2018	2017
Macusani - East	\$ 1,713,467	\$ 757,743
Macusani - West	167,691	342,103
Corachapi	150,267	158,739
Kihitian	29,263	564,767
Minergia	9,872	37,726
Queleaya	30,318	-
Chacaconiza	1,653,811	173,277
	<u>\$ 3,754,689</u>	<u>\$ 2,034,355</u>

5. 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.

During the year ended September 30, 2018, the Company:

Issued 1,782,544 shares upon the exercise of share purchase warrants at an exercise price of \$0.65 per share and 977,916 shares upon the exercise of share purchase warrants at an exercise price of \$0.50.

Issued 5,999,997 units pursuant to a private placement for cash proceeds of \$1,799,999. Each unit comprised one common share and one half warrant, each full warrant exercisable at \$0.50 for one common share for a period of 18 months. An amount of \$295,564 was allocated to warrants.

In connection with the offering, the Company, incurred professional and regulatory fees of \$43,194, and issued 183,800 finders shares with a fair value of \$68,006. Issuance costs of \$18,259 were allocated to warrants.

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5. Share Capital (continued)

During the year ended September 30, 2018, the Company: (continued)

Issued 4,169,997 units pursuant to a private placement for cash proceeds of \$2,501,998. Each unit comprised one common share and one half warrant, each full warrant exercisable at \$0.90 for one common share for a period of 36 months. An amount of \$377,660 was allocated to warrants.

In connection with the offering, the Company, incurred professional and regulatory fees of \$15,370, and issued 125,100 finders shares and 62,550 finders' warrants with a fair value of \$75,060 of which \$11,030 was allocated to warrants. Issuance costs of \$2,620 were allocated to warrants.

During the year ended September 30, 2017, the Company:

Issued 2,500,000 common shares of the Company at a price of \$0.27 pursuant to a debt settlement agreement.

Issued 3,452,380 units pursuant to a private placement for cash proceeds of \$1,449,982. Each unit comprised one common share and one half warrant, each full warrant exercisable at \$0.65 for one common share for a period of 18 months. An amount of \$268,940 was allocated to warrants.

In connection with the offering, the Company, incurred professional and regulatory fees of \$117,333, and issued 175,854 finders warrants with a fair value of \$48,095. Each warrant entitles the holder to purchase one common share at a price of \$0.65 at any time until September 1, 2018. Issuance costs of \$21,762 were allocated to warrants.

6. Warrants

	Number of Warrants	Amount	Weighted Average Exercise Price
Balance - September 30, 2016	3,750,359	453,886	0.60
Expired	(3,750,359)	(453,886)	(0.60)
Issued for cash	1,726,190	268,940	0.65
Issued to finders	175,854	48,090	0.65
Issuance costs	-	(383)	
Balance - September 30, 2017	1,902,044	316,647	0.65
Exercised	(2,760,460)	(385,592)	0.60
Issued for cash	2,999,995	295,564	0.50
Issued for cash	2,084,998	377,660	0.90
Issued to finders	62,550	11,330	0.90
Expired	(119,500)	(19,895)	0.65
Issuance costs	-	(31,909)	
Balance - September 30, 2018	4,169,627	563,805	0.71

During the year ended September 30, 2018, the Company:

Issued 2,999,995 warrants in connection with a private placement. Each warrant entitles the holder to purchase one common share at a price of \$0.50 per share at any time until May 8, 2019. The relative fair value of the warrants was estimated to be \$295,564 using the Black-Scholes pricing model using the following assumptions:

Share price	\$0.37
Expected life	18 months
Risk-free interest rate	1.41%
Expected dividend yield	Nil
Expected volatility based on the Historical volatility of the Company's shares	102%

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6. Warrants (continued)

During the year ended September 30, 2018, the Company: (continued)

Issued 2,084,998 warrants and 62,250 finders' warrants in connection with a private placement. Each warrant entitles the holder to purchase one common share at a price of \$0.90 per share at any time until May 25, 2021. The warrants may be subject to early acceleration, at the option of the company, in the event that the price of the common shares exceeds \$1.20 after four months and one day from the original date of issuance. The relative fair value of the warrants was estimated to be \$377,660 using the Monte Carlo pricing model using the following assumptions:

Share price	\$0.90
Expected life	36 months
Risk-free interest rate	2.57%
Expected dividend yield	Nil
Expected volatility based on the Historical volatility of the Company's shares	90%

During the year ended September 30, 2017, the Company:

Issued 1,726,190 warrants in connection with a private placement. Each warrant entitles the holder to purchase one common share at a price of \$0.65 per share at any time until September 1, 2018. The fair value of finder warrants and relative fair value of the warrants was estimated to be \$268,940 using the Black-Scholes pricing model using the following assumptions:

Share price	\$0.60
Expected life	18 months
Risk-free interest rate	0.25%
Expected dividend yield	Nil
Expected volatility based on the Historical volatility of the Company's shares	104%

7. Stock Options

- a) Pursuant to the stock option plan (the "Plan") adopted by the Company, 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 subsidiaries. Under the Plan, the aggregate number of shares to be issued upon the exercise of outstanding options granted thereunder may not exceed 10% of the number of issued and outstanding common shares. 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) During year ended September 30, 2018 the Company:
- i) Issued 970,000 stock options to directors, officers, consultants and employees. The options vest as to one-third immediately and one third on each of the six and twelve month anniversaries of the grant date. Each option entitles the holder to purchase one common share at a price of \$0.96 per share at any time prior to January 9, 2023 (the "expiry date"). The fair value of the options was estimated at \$0.8905 per option, for a total value of \$863,760 of which \$784,089 was expensed.

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

Share price	\$0.90
Expected dividend yield	Nil
Risk-free interest rate	1.79%
Expected life	5 years
Expected volatility based on the historical volatility of the Company's shares	228%
Forfeiture	0%

Plateau Energy Metals Inc.

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7. Stock Options (continued)

b) During year ended September 30, 2018 the Company: (continued)

- ii) Issued 500,000 stock options to a director and officer. The options vest as to 50% on the one year anniversary and 50% on the two year anniversary of the grant date. Each option entitles the holder to purchase one common share at a price of \$1.14 per share at any time prior to August 17, 2023 (the "expiry date"). The fair value of the options was estimated at \$1.1667 per option, for a total value of \$583,350 of which \$52,715 was expensed.

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

Share price	\$1.18
Expected dividend yield	Nil
Risk-free interest rate	1.54%
Expected life	5 years
Expected volatility based on the historical volatility of the Company's shares	225%
Forfeiture	0%

c) During the year ended September 30, 2017, the Company:

- i) Issued 1,380,000 stock options to directors and officers. The options vest as to one-third immediately and one third on each of the six and twelve month anniversaries of the grant date. Each option entitles the holder to purchase one common share at a price of \$0.72 per share at any time prior to April 26, 2022 (the "expiry date"). The fair value of the options was estimated at \$0.447 per option, for a total value of \$616,860 of which \$451,936 was expensed during the year.

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

Share price	\$0.56
Expected dividend yield	Nil
Risk-free interest rate	0.75%
Expected life	5 years
Expected volatility based on the historical volatility of the Company's shares	119%
Forfeiture	4%

Stock option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

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7. Stock Options (continued)

d) A summary of changes to stock options is as follows:

	Number of Options	Amount	Weighted Average Exercise Price
Balance - September 30, 2016	4,444,375	\$ 969,594	\$ 0.54
Granted prior years	-	195,716	0.38
Granted during year ended September 30, 2017	1,380,000	451,936	0.70
Expired	(405,000)	(341,602)	(0.84)
Balance - September 30, 2017	5,419,375	1,275,644	0.55
Granted prior years	-	212,021	0.57
Granted during current year	1,470,000	784,089	0.96
Exercised	(337,500)	(84,512)	(0.49)
Expired	(238,125)	(212,968)	(1.20)
Balance - September 30, 2018	6,313,750	\$ 1,974,274	\$ 0.56

As at September 30, 2018, the following stock options were issued and outstanding:

Exercise Price	Number of Options			Expiry date
	Unvested	Vested	Total	
0.56	-	875,000	875,000	November 6, 2019
0.56	-	248,750	248,750	November 30, 2020
0.35	-	2,340,000	2,340,000	July 28, 2021
0.72	-	1,380,000	1,380,000	April 27, 2022
0.96	323,000	647,000	970,000	January 9, 2023
1.14	500,000	-	500,000	August 17, 2023
	823,000	5,490,750	6,313,750	

The weighted average exercise price of all options that had vested as at September 30, 2018 is \$0.56.

8. Related Party Disclosures

During the year ended September 30, 2018, the Company carried out the following transactions with related parties:

	2018	2017
Directors fees accrued	\$ 48,000	\$ 42,000
Consulting and management fees paid to directors and officers	420,035	459,252
Rent paid to a company in which an Officer of the Company is an officer	30,000	30,000
Storage rental paid to a company controlled by a director (USD)	22,008	20,941

During the year ended September 30, 2018 the Company granted 945,000 (2017 – 810,000) stock options to management and directors. Included in share-based compensation for the year ended September 30, 2018 is \$512,845 (2017 - \$296,712) related to stock options granted to management and directors. As at September 30, 2018, accounts payable and accrued liabilities included \$836,979 (2017 - \$242,383) related to various related parties disclosed above, of which \$675,000 related to accrued bonuses.

Total compensation of \$1,553,246 (2017 - \$671,601) comprising bonuses \$675,000 (2017 – Nil), salaries \$25,000 (2017 – Nil), consulting fees \$420,033 (2017 - \$459,252) and share-based payments of \$433,213 (2017 - \$212,349) were paid to the Company's key members of management during the year ended September 30, 2018.

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9. Income Taxes

(i) 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:

	2018	2017
Loss before income taxes	\$ (7,048,421)	\$ (3,851,749)
Statutory tax rate	26.50%	26.50%
Expected income tax recovery	(1,867,832)	(1,020,713)
Effect of tax rates in foreign jurisdictions	(102,142)	(62,993)
Expected recovery at statutory rate	(1,969,974)	(1,083,706)
Non-deductible expenses	262,080	194,290
Share issuance costs and other	(12,416)	(34,538)
Change in tax rate	-	(604,725)
Change in deferred taxes not recognized	1,720,310	1,528,679
Net expected deferred income tax recovery	\$ -	\$ -

(ii) Deferred Taxes

Deferred tax assets have not been recognized in respect of the following items because it is not probable the future taxable profit will be available against which the Company can use the tax benefits therefrom:

	2018	2017
Deferred Tax Assets		
Resource Properties	\$ 10,333,663	\$ 9,303,658
Transaction costs	155,791	167,517
Amounts related to tax loss and credit carry forwards	13,249,200	12,306,903
Share issuance costs	67,602	93,006
	23,806,256	21,871,084
Deferred taxes not recognized	(23,806,256)	(21,871,084)
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.

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9. Income Taxes (continued)

(iii) Loss Carry Forwards

The Company has non-capital losses of approximately \$48,039,379 available for carry forward. Potential income tax benefits of the losses have not been recorded in the financial statements. These losses expire as follows:

2026	\$ 11,448,413
2027	2,875,150
2028	2,601,330
2029	3,060,285
2030	1,567,145
2031	1,966,602
2032	1,844,968
2033	1,143,333
2034	1,737,586
2035	2,502,415
Indefinite	<u>17,292,152</u>
	<u>\$ 48,039,379</u>

10. Financial Instruments

IFRS 7, Financial Instruments Disclosures, 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)
Level 3	inputs for the asset or liability that are not based upon observable market data

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As at September 30, 2018, the Company's cash and cash equivalents are categorized as Level 1 measurement.

Fair Values

The carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

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

Credit risk

The Company is not exposed to any significant credit risk as at September 30, 2018. The Company's cash are on deposit with a highly rated banking group in Canada.

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 and mitigating liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due through management's use of financial forecasts and budgets. As at September 30, 2018, the Company has current assets of \$824,229 and current liabilities of \$1,461,509. All of the Company's current financial liabilities and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. The Company's working capital is a deficit of \$637,280 as at September 30, 2018. The Company intends to address its working capital needs through private placements – refer note 14 for details of financing raised subsequent September 30, 2018.

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10. Financial Instruments (continued)

Market risk

(i) Interest rate risk

The Company has cash and cash equivalents balances and does not have any interest-bearing debt.

(ii) Foreign currency risk

The Company and its subsidiaries incur significant purchases denominated in currencies other than the presentation currency, the Canadian dollar, and are subject to foreign currency risk on assets and liabilities denominated in currencies other than the Canadian dollar. As at September 30, 2018, the Company had cash of 245,348 United States Dollars and accounts payable and accrued liabilities of 104,513 United States Dollars. As at September 30, 2017, the Company had cash of 1,179 Peruvian New Sols and accounts payable and accrued liabilities of 290,635 Peruvian New Sols. The Company does not hedge the foreign currency balances.

Sensitivity analysis

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

If the Canadian Dollar weakens (or strengthens) 10% against the United States Dollar with other variables held constant, the Company's net loss would decrease (or increase) by approximately \$18,219. If the Canadian Dollar weakens (or strengthens) 10% against the Peruvian New Sol with other variables held constant, the Company's net loss would increase (or decrease) by approximately \$11,352.

11. Capital Disclosures

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan. At September 30, 2018, the Company's capital consists of shareholders' deficit of \$628,155 (2017 – deficit of \$321,199).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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 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, 2018.

12. Segment Reporting

The Company is organized into business units based on its mineral properties and has one reportable operating segment, the acquisition, and exploration and evaluation of mineral properties in Peru.

	Canada	Peru
Property, plant and equipment	\$ -	\$ 9,125
Accounts payable and accrued liabilities	\$ 1,239,896	\$ 221,613
Loss for the year	\$ 3,643,658	\$ 3,404,763

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13. Environmental and Constructive Obligations

The Company's mining and exploration activities are governed by Peruvian Legislative Decree No. 613. The Company is required to present environmental studies on the impact of its exploration and mining operations to the Ministry of Energy and Mines. The Company may also provide financial assistance to local communities to facilitate relationships.

To date, the Company has not incurred any significant environmental or constructive liabilities.

14. Events After the Reporting Date

Subsequent to September 30, 2018

- The Company issued 5,272,106 units pursuant to a private placement for cash proceeds of \$5,008,500. Each unit comprised one common share and one half warrant, each full warrant exercisable at \$1.25 for one common share for a period of 18 months. The Company issued 185,574 finders' shares and paid finders' fees of \$264,444 and incurred issuance costs of approximately \$127,500 in connection with the offering.