AARDVARK VENTURES INC.
(formerly Roca Mines Inc.)

FINANCIAL STATEMENTS

For the Years Ended August 31, 2020, 2019 and 2018

(Presented in Canadian dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Aardvark Ventures Inc. (formerly Roca Mines Inc.)

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Aardvark Ventures Inc. (formerly Roca Mines Inc.) (the "Company"), which comprise the statements of financial position as at August 31, 2020, 2019 and 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the financial statements, which indicates that the Company has no source of revenue, has a working capital deficiency of $127,488 and an accumulated deficit of $70,533,680 as at August 31, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist which may cast significant doubt as to the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

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, 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 IFRS, 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 G. Cameron Dong.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
June 7, 2021

Aardvark Ventures Inc.
(formerly Roca Mines Inc.)
Statements of Financial Position
As of August 31,
Presented in Canadian dollars

		2020		2019		2018
ASSETS						
Current						
Cash	**$**	**154**	$	348	$	120
Refundable deposit		**-**		-		3,000
Marketable securities *(Note 4)*		**1,315**		35,680		52,862
		1,469		36,028		55,982
Exploration and Evaluation Assets *(Note 5)*		**-**		-		5,723,106
	$	**1,469**	$	36,028	$	5,779,088
LIABILITIES						
Current						
Accounts payable and accrued liabilities	**$**	**53,957**	$	33,957	$	51,899
Due to related parties *(Note 7)*		**75,000**		75,000		75,000
		128,957		108,957		126,899
SHAREHOLDERS' EQUITY (DEFICIENCY)						
Share Capital *(Note 6)*		**56,862,888**		56,862,888		56,862,888
Contributed Surplus		**13,543,304**		13,543,304		13,543,304
Deficit		**(70,533,680)**		(70,479,121)		(64,754,003)
		(127,488)		(72,929)		5,652,189
	$	**1,469**	$	36,028	$	5,779,088

Nature of Operations and Going Concern *(Note 1)*

ON BEHALF OF THE BOARD:

"Gary Monaghan" Director

"Scott Davis" Director

- See Accompanying Notes -

Aardvark Ventures Inc.
(formerly Roca Mines Inc.)
Statements of Loss and Comprehensive Loss
For the Years Ended August 31,
Presented in Canadian dollars

		2020		2019		2018
Expenses						
Professional fees	**$**	**20,000**	$	435	$	-
Management fees		**750**		57,237		23,060
Office		**6,659**		8,178		30,918
		(27,409)		(65,850)		(53,978)
Other expenses						
Loss on sale of marketable securities *(Note 4)*		**465**		(31,480)		(25,205)
Unrealized loss on marketable securities *(Note 4)*		**(27,615)**		(9,370)		(34,705)
Loss on disposal of exploration and evaluation assets *(Note 5)*		**-**		(5,618,418)		-
Loss and comprehensive loss for the year	**$**	**(54,559)**	$	(5,725,118)	$	(113,888)
Loss per share - basic and diluted	**$**	**(0.00)**	$	(0.05)	$	(0.00)
Weighted average number of common shares outstanding		**123,864,898**		123,864,898		123,864,898

- See Accompanying Notes -

Aardvark Ventures Inc.
(formerly Roca Mines Inc.)
Statements of Changes in Shareholders' Equity (Deficiency)
Presented in Canadian dollars

	Number of Shares	Share Capital $	Contributed Surplus $	Deficit $	Total $
Balance as at August 31, 2017	123,864,898	56,862,888	13,543,304	(64,640,115)	5,766,077
Loss for the year	-	-	-	(113,888)	(113,888)
Balance as at August 31, 2018	123,864,898	56,862,888	13,543,304	(64,754,003)	5,652,189
Loss for the year	-	-	-	(5,725,118)	(5,725,118)
Balance as at August 31, 2019	123,864,898	56,862,888	13,543,304	(70,479,121)	(72,929)
Loss for the year	-	-	-	(54,559)	(54,559)
Balance as at August 31, 2020	**123,864,898**	**56,862,888**	**13,543,304**	**(70,533,680)**	**(127,488)**

- See Accompanying Notes -

Aardvark Ventures Inc.
(formerly Roca Mines Inc.)
Statements of Cash Flows
For the Years Ended August 31,
Presented in Canadian dollars

		2020		2019		2018
Cash provided by (used in)						
Operating activities						
Loss for the year	**$**	**(54,559)**	$	(5,725,118)	$	(113,888)
Items not affected by cash:						
Loss on sale of marketable securities		**(465)**		31,480		25,205
Unrealized loss on marketable securities		**27,615**		9,370		34,705
Loss on disposal of exploration and evaluation assets		**-**		5,618,418		-
Changes in non-cash working capital:						
Refundable deposit		**-**		3,000		-
Accounts payable and accruals		**20,000**		(17,942)		(10,310)
		(7,409)		(80,792)		(64,288)
Investing activities						
Exploration and evaluation assets – option proceeds		**-**		50,000		45,000
		-		50,000		45,000
Financing activities						
Proceeds from sale of marketable securities		**7,215**		31,020		29,920
Proceeds from related party loans		**-**		-		5,000
Repayment of related party loans		**-**		-		(25,000)
		7,215		31,020		9,920
Net increase (decrease) in cash		**(194)**		228		(9,368)
Cash – beginning of year		**348**		120		9,488
Cash – end of year	**$**	**154**	$	348	$	120

There are no supplemental disclosures with respect to cash flows for the years ended August 31, 2020, 2019 and 2018.

- See Accompanying Notes -

1. Nature of Operations and Going Concern

Aardvark Ventures Inc. (formerly Roca Mines Inc.) (the “Company”) is a Vancouver-based resource company which was listed on the TSX Venture Exchange under the symbol “ROK”. The Company’s head office is located at 580 Hornby St., Suite 510, Vancouver, BC, Canada, V6C 3B6.

On October 11, 2012, trading in the shares of the Company was suspended by the TSX-V for not meeting listing requirements for composition of the board of directors. On November 5, 2013 the Company’s securities were delisted from the TSX-V for failure to pay its Annual Sustaining Fee.

On January 24, 2016, the Company transferred ownership of Mexican subsidiary Minera ROK, S.A. de C.V. to an arm’s-length third party for nil consideration. On October 5, 2015, the Company agreed to sell its interest in the MAX molybdenum mine, located in the Revelstoke Mining Division of B.C. via selling its 65% interest in B.C. subsidiary FortyTwo Metals Inc. to MX Gold Corp. (“MX Gold”) (formerly Discovery Ventures Inc.) for $200,000 cash, 3,000,000 pre-20:1 share consolidation MX Gold common shares (issued with a fair value of $450,000) and 3,000,000 pre-20:1 share consolidation MX Gold share purchase warrants exercisable at $0.15 per share for five years (no fair value recorded).

These annual financial statements have been prepared assuming the Company will continue on a going-concern basis and be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended August 31, 2020, the Company reported a loss of $54,559 and an accumulated deficit of $70,533,680 at that date. The Company had a working capital deficiency of $127,488 and cash of $154 at August 31, 2020. These circumstances lend significant doubt as to the ability of the Company to continue as a going concern.

Continuing operations as a going concern are dependent upon management’s ability to raise adequate financing in the capital markets and to ultimately achieve profitable operations in the future. Although management has been successful in the past; there is no assurance that these initiatives will be successful in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company’s environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company’s operations. The extent of the impact of this outbreak and related containment measures on the Company’s operations cannot be reliably estimated at the date of these financial statements.

2. Basis of Preparation and Significant Accounting Judgments, Estimates and Assumptions

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

These financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

The Board of Directors approved these financial statements on June 7, 2021.

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

a) Significant judgments

The most significant judgments in applying the Company's accounting policies include the assessment of the Company's ability to continue as a going concern and the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses.

b) Significant estimates and assumptions

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

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

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets and provisions for restoration and environmental obligations.

3. Significant Accounting Policies

a) Exploration and Evaluation Assets

The Company's exploration and evaluation assets consist of mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are at the exploration and evaluation stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditures in the relevant area of interest are comprised of costs which are directly attributable to:

- Acquisition;
- Assays, Staking, and Mapping;
- Consulting & Professional;
- Drilling;
- Field Work;
- Geological & Geophysical; and
- Travel & Accommodation

Exploration and evaluation expenditures also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditures are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The following circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditures on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

3. Significant Accounting Policies - *Continued*

b) Financial Instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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 FVOCI 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 FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI 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 FVOCI 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.

3. Significant Accounting Policies - *Continued*

The Company classifies its financial instruments as follows:

Financial Instrument	IFRS 9 Classification
Cash	Amortized cost
Refundable deposit	Amortized cost
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost
These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost the Company applies the expected credit loss impairment model.

c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3. Significant Accounting Policies - *Continued*

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

d) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. 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 year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the date of share issuance. Costs incurred to issue common shares are deducted from share capital.

f) Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

3. Significant Accounting Policies - *Continued*

g) 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. 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.

h) Adoption of New Accounting Pronouncements and Recent Developments

<u>IFRS 16 – Leases</u>

The IASB issued IFRS 16, Leases ("IFRS 16"), which eliminates the classification of leases as either operating or finance leases for a lessee. Under IFRS 16, all leases will be recorded on the statement of financial position. The only exemptions to this will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases on the statement of financial position under IFRS 16 will increase "right-of-use" assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for right-of-use assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about right-of-use assets and expenses and cash flows related to leases, (b) a maturity analysis of lease liabilities and (c) any additional company-specific information that is relevant to satisfying the disclosure objective.

The Company adopted this standard effective September 1, 2019, and it did not result in any significant differences in the financial statements.

<u>IFRS 3 – Business Combinations</u>

Narrow-scope amendments to IFRS 3 were issued in October 2018 and apply to annual reporting periods beginning on or after January 1, 2020. The amendments clarify the definition of a business, provide guidance in determining whether an acquisition is a business combination or a combination of a group of assets, emphasize that the output of a business is to provide goods and services to customers and provide supplementary guidance.

<u>IAS 1 – Presentation of Financial Statements</u>

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2022. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

4. Marketable Securities

Marketable securities consist of equity securities of an entity or entities over which the Company does not have control or significant influence.

		August 31, 2020		August 31, 2019		August 31, 2018
Fair value, beginning of the year	$	35,680	$	52,862	$	35,505
Receipt of marketable securities		-		54,688		107,187
Proceeds from sales		(7,215)		(31,020)		(29,920)
Gain (loss) on sale of marketable securities		465		(31,480)		(25,205)
Unrealized loss on marketable securities		(27,615)		(9,370)		(34,705)
Fair value, end of the year	$	1,315	$	35,680	$	52,862

See Notes 1 and 5.

5. Exploration and Evaluation Assets

Details are as follows:

		Foremore VMS-Gold Project
Acquisition costs:		
Balance, August 31, 2017 and 2018	$	937,511
Disposal		(937,511)
Balance, August 31, 2019 and 2020	$	-
Deferred exploration costs:		
Balance, August 31, 2017	$	4,937,782
Recoveries		(152,187)
Balance, August 31, 2018	$	4,785,595
Recoveries		(104,688)
Disposal		(4,680,907)
Balance, August 31, 2019 and 2020	$	-
Total exploration and evaluation costs:		
Balance, August 31, 2018	$	5,723,106
Balance, August 31, 2019 and 2020	$	-

5. Exploration and Evaluation Assets - *Continued*

a) FOREMORE VMS-Gold Project, Liard Mining Division, B.C., Canada

The Company held a 100% interest in certain properties, known as the Foremore Project (“Foremore”) located in the Liard Mining Division, B.C. The Foremore was subject to a 2.5% NSR, which could have been reduced to 1% for payments totalling $2,000,000. The Company was required to make annual advance royalty payments of $50,000, ceasing in the year in which commercial production commences.

During the year ended August 31, 2016, the Company agreed to return certain claims within the Foremore area of interest (the “Wishbone” claims) to the original property vendor in exchange for (i) forgiveness of $150,000 of past-due advance royalties, and (ii) a reduction of future advance royalties from $50,000 to $10,000 per annum.

On August 16, 2017, the Company entered into an option agreement, whereby Jaxon Mining Inc. (“Jaxon”) can earn a 100% interest in Foremore. The terms of the agreement for Jaxon to acquire its 100% interest are as follows:

- $5,000 on signing (paid);
- $45,000 (paid) and 437,500 common shares (issued with a fair value of $107,187);
- $50,000 (paid) and 437,500 common shares on 1st anniversary (issued with a fair value of $54,688);
- $75,000 and 500,000 common shares on 2nd anniversary (2019);
- $125,000 and 562,500 common shares on 3rd anniversary (2020);
- $200,000 and 625,000 common shares on 4th anniversary (2021); and
- $200,000 and 625,000 common shares on 5th anniversary (2022).

Additionally, on commencement of commercial production from Foremore, Jaxon agreed to pay $2,500,000 in cash and issue 3,125,000 common shares.

During the year ended August 31, 2019, Jaxon terminated the option agreement and the Company agreed to return all remaining Foremore claims to the original property vendor in exchange for a 1% NSR. Thus, a loss on disposal of $5,618,418 was recorded.

b) SEAGOLD Project, Liard Mining Division, B.C., Canada

The Company held a joint venture interest in certain properties, known as the SeaGold Project in the Liard Mining Division, B.C., the balance being held by Enduro Metals Corporation (“Enduro”), subject to Enduro issuing 200,000 common shares to the original property vendor upon the commencement of commercial production. The SeaGold Project was subject to a 2.5% NSR, reducible to 1% for payments totalling $2,000,000. Advance annual royalty payments of $15,000 (paid) were payable by the joint venture, ceasing in the year in which commercial production commences. Advance royalty payments paid to commercial production may be applied as a reduction of future royalty payments.

During the year ended August 31, 2017, the Company determined the carrying value of the SeaGold Project was impaired and the remaining $42,251 carrying value was written off.

6. Shareholders' Equity

The authorized share capital of the Company consists of an unlimited number of common shares without par value. At August 31, 2020, 2019 and 2018 there were 123,864,898 common shares outstanding.

There were no share issuances during the years ended August 31, 2020, 2019 and 2018.

No stock options or warrants were outstanding as at or during the years ended August 31, 2020, 2019 and 2018.

7. Related Party Transactions

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

As at August 31, 2020, current liabilities include a total of $75,000 (2019 and 2018 - $75,000) payable to former officers of the Company.

Key management includes the Company's former Chief Executive Officer and Chief Financial Officer. Other than as disclosed above, compensation paid or accrued to key management for services during the years ended August 31, 2020, 2019 and 2018 is as follows:

	2020	2019	2018
Management fees	**$ 750**	$ 57,237	$ 23,060
	$ 750	$ 57,237	$ 23,060

8. Financial Instruments and Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote.

b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accounts payable and accrued liabilities are due within the current operating period.

c) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

d) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions.

e) *Commodity price risk*

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

9. Capital Risk Management

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the year.

10. Income Taxes

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

For the years ended:		**August 31, 2020**		August 31, 2019		August 31, 2018
Loss before income taxes	**$**	**(54,559)**	$	(5,725,118)	$	(113,888)
Canadian federal and provincial income tax rates		**27.00%**		27.00%		26.67%
Income tax expense		**(14,731)**		(1,545,782)		(30,370)
Deductible and non-deductible amounts		**7,331**		1,528,002		15,976
Unrecognized tax benefits arising from temporary differences		**7,400**		17,780		14,394
Income tax expense (recovery)	**$**	**-**	$	-	$	-

b) Deferred income tax assets for which no tax benefit has been recognized are as follows:

		August 31, 2020		August 31, 2019		August 31, 2018
Non-capital losses	**$**	**1,175,850**	$	1,168,560	$	1,150,740
Exploration and evaluation asset costs		**1,094,397**		1,094,397		1,122,663
Equipment		**51,079**		51,079		51,079
Total	**$**	**2,321,326**	$	2,314,036	$	2,324,482

10. Income Taxes - *Continued*

c) The Company has non-capital losses for Canadian tax purposes of $4,355,000 (2019 - $4,328,000, 2018 - $4,262,000) that are available for deduction against future income and that begin to expire in 2026.

Year		Total
2026	$	48,000
2027		648,000
2028		702,000
2029		763,000
2030		804,000
2031		678,000
2032		72,000
2033		250,000
2035		148,000
2036		95,000
2038		54,000
2039		66,000
2040		27,000
	$	4,355,000

The Company also has tax pools with no expiry date totalling approximately $4,053,000 (2019 - $4,053,000, 2018 - $4,158,000) in respect of exploration and evaluation costs incurred by the Company. In addition, the Company has tax pools with no expiry date totalling approximately $189,000 (2019 - $189,000, 2018 - $189,000) in respect of property, plant and equipment.