NEXCO RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

AUGUST 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Nexco Resources Inc.

Opinion on the financial statements

We have audited the accompanying financial statements of Nexco Resources Inc. which comprise the statements of financial position as at August 31, 2020 and 2019, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and do not and will not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indicators that the other information appears to be materially misstated.

If, based on the work we have performed on this other information, 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 these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
December 15, 2020

NEXCO RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31, 2020 AND 2019
(Expressed in Canadian dollars)

	Note	2020	2019
		$	$
ASSETS			
CURRENT			
Cash		146,205	235,396
Prepaid expenses and deposits		3,715	-
Amounts receivable		4,870	6,772
		154,790	242,168
EXPLORATION AND EVALUATION ASSET	5	174,595	174,595
		329,385	416,763
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	7	37,535	12,576
EQUITY			
SHARE CAPITAL	6	875,394	875,394
CONTRIBUTED SURPLUS	6	315,827	315,827
DEFICIT		(899,371)	(787,034)
		291,850	404,187
		329,385	416,763

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 11)

Approved and authorized for issue on behalf of the Board on December 15, 2020:

/s/ "Geoff Balderson" Director */s/ "Brandon Rook"* Director

The accompanying notes are an integral part of these financial statements

NEXCO RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(Expressed in Canadian dollars)

	Note	**2020**	**2019**
		$	$
EXPENSES			
Consulting fees	7	45,070	71,500
Office and general		1,464	200
Professional fees		19,387	30,283
Rent		25,000	18,000
Transfer agent and filing fees		18,845	17,224
Travel		2,571	-
NET LOSS AND COMPREHENSIVE LOSS		112,337	137,207
LOSS PER SHARE – Basic and diluted		0.01	0.02
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		9,214,000	6,715,370

The accompanying notes are an integral part of these financial statements

NEXCO RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(Expressed in Canadian dollars)

	Common Shares				
	Number of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
		$	$	$	$
Balance, September 1, 2018	5,214,000	540,344	293,821	(649,827)	184,338
Net proceeds from private placement	4,000,000	357,056	-	-	357,056
Fair value of broker warrants issued	-	(22,006)	22,006	-	-
Net loss for the year	-	-	-	(137,207)	(137,207)
Balance, August 31, 2019	9,214,000	875,394	315,827	(787,034)	404,187

	Common Shares				
	Number of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
		$	$	$	$
Balance, September 1, 2019	9,214,000	875,394	315,827	(787,034)	404,187
Net loss for the year	-	-	-	(112,337)	(112,337)
Balance, August 31, 2020	9,214,000	875,394	315,827	(899,371)	291,850

The accompanying notes are an integral part of these financial statements

NEXCO RESOURCES INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(Expressed in Canadian dollars)

	2020	**2019**
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(112,337)	(137,207)
Changes in non-cash working capital balances:		
Amounts receivable	1,902	(2,587)
Prepaid expenses	(3,715)	-
Accounts payable and accrued liabilities	24,959	(39,958)
Cash used in operating activities	(89,191)	(179,752)
FINANCING ACTIVITIES		
Common shares issued for cash	-	400,000
Shares issuance costs	-	(42,944)
Cash provided by financing activities	-	357,056
CHANGE IN CASH	(89,191)	177,304
CASH, BEGINNING OF YEAR	235,396	58,092
CASH, END OF YEAR	146,205	235,396
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid and income tax paid	-	-

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Nexco Resources Inc. ("the Company") was incorporated on December 14, 2012 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is suite 750-1095 W Pender Street, Vancouver, British Columbia, Canada.

Effective August 19, 2020, the Company consolidated all its issued and outstanding share capital on a basis of one post-consolidated share for two pre-consolidated shares. All share and per share amounts in these financial statements have been retroactively adjusted to reflect this share consolidation.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at August 31, 2020, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of $899,371 as at August 31, 2020, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on December 15, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

c) Cash equivalents

Cash equivalents is comprised of cash and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to operations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Commissions paid to agents and other related share issue costs are charged directly to share capital.

g) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

i) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

j) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Financial instruments

On initial recognition financial assets are classified as measured at:

i. Amortized cost;

ii. Fair value through other comprehensive income ("FVOCI"); and

iii. Fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial instruments (continued)

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period in which it arises.

The Company's cash is classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. 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 group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable; and

ii. the inputs used in accounting for share-based payments.

Significant accounting judgments

i. the measurement of deferred income tax assets and liabilities;

ii. the determination of categories of financial assets and financial liabilities; and

iii. the evaluation of the Company’s ability to continue as a going concern.

4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The IASB issued a number of new and revised IASs, International Financial Reporting Standards ("IFRS"), amendments and related IFRICs which are effective for the Company's financial year beginning on September 1, 2019. The Company has adopted the following new standards relevant to the Company for the year ended August 31, 2020:

IFRS 16 – Leases

IFRS 16 replaces IAS 17, "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15, "Revenue from Contracts with Customers".

The adoption of IFRS 16 did not have a material impact on the Company's financial statements.

IFRIC 23, "Uncertainty over Income Tax Treatments"

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The adoption of IFRIC 23 did not have a material effect on the Company's financial statements.

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSET

	Acquisition costs	**Exploration costs**	**Total**
	$	$	$
Balance, August 31, 2018, 2019 and 2020	30,250	144,345	174,595

Berger Property

Pursuant to an initial and amended option agreements (the “Agreement”) dated August 21, 2014 and July 31, 2015, with the Optionor, the Company was granted an option to acquire a 100% undivided interest in the Berger Property (the “Property”) which consists of 2 mining claims located in the Kamloops Mining District of British Columbia.

In accordance with the Agreement, the Company has acquired a 100% undivided interest in the Property by issuing a total of 100,000 common shares and making cash payment of $12,000.

The Optionor will retain a 2% Net Smelter Returns (“NSR”) royalty on the Property. The Company has the right to purchase the NSR at a purchase price of $1,000,000 per percentage point during the 5-year period commencing from the date upon which the Property is put into commercial production.

Copper Mountain West Property

On March 8, 2019 the Company announced it terminated the previously announced agreement to purchase 100% right, title and interest in five mineral claims located in Copper Mountain West, Similkameen Mining Division, south central British Columbia.

(Expressed in Canadian dollars)

6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding:

As at August 31, 2020 – 9,214,000 (2019 – 9,214,000) common shares were issued and outstanding.

Effective August 19, 2020, the Company completed a share consolidation of its issued and outstanding common shares as described in Note 1.

c) Financing:

During the year ended August 31, 2020, the Company did not issue any common shares.

During the year ended August 31, 2019, the Company completed a non-brokered private placement (the "Private Placement") of units. The Company issued an aggregate of 4,000,000 units (each, a "Unit") in the capital of the Company at a purchase price of $0.10 per Unit for gross proceeds of $400,000. Each Unit consists of one common share (a "Common Share") of the Company and one Common Share purchase warrant (a "Warrant").

Each Warrant is exercisable to purchase an additional Common Share (a "Warrant Share") of the Company at an exercise price of $0.20 per Warrant Share and expire three years from the date of issuance. In connection with the Private Placement, the Company paid a certain arm's length finder (the "Finder") a finder's fee of $26,950 in cash, equal to 7% of the gross proceeds raised under the Private Placement from arms' length purchasers that were introduced to the Company by the Finder. Additionally, the Company issued 269,500 non-transferrable Common Share purchase warrants ("Finder's Warrants") exercisable to acquire 269,500 Common Shares (each, a "Finder's Share"), equal to 7% of the number of Units issued in the Private Placement to arms' length purchasers that were introduced to the Company by the Finder. Each Finder's Warrant has an exercise price of $0.20 per Finder's Share and expires 3 years from the date of issuance.

The fair value of the agent warrants was $22,006 and was estimated using the Black-Scholes pricing model with the following assumptions:

	2019
Risk free interest rate	1.62%
Expected life	3 years
Expected volatility	106%
Expected dividends	0%

d) Escrow shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date (May 4, 2017) and 15% on every six months from date of listing. At August 31, 2020, there were nil shares held in escrow.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

e) Stock Option Plan:

The Company has adopted a 10% rolling incentive stock option plan, which provides that the Board of the Director may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options (“Options”) to purchase up to 10% of the issued and outstanding common shares of the Company at the date of grant. In addition, no Options may be granted under the stock option plan if the number of common shares, calculated on a fully diluted basis, issued within 12 months to (i) related persons, exceeds 10% of the outstanding common shares of the Company, or (ii) a related person and the associates of the related person, exceeds 5% of the outstanding common shares of the Company.

During the years ended August 31, 2020 and August 31, 2019, the Company did not grant any stock options.

The following table summarizes stock option transactions:

	Number of options	**Weighted average exercise price**
		$
Outstanding, August 31, 2018	200,000	0.30
Cancelled	(100,000)	(0.30)
Outstanding, August 31, 2019	100,000	0.30
Cancelled	-	-
Outstanding, August 31, 2020	100,000	0.30

The following table summarizes the stock options outstanding and exercisable as at August 31, 2020 is:

Exercise price	**Number of options**	**Exercisable**	**Expiry date**
$ 0.30	100,000	100,000	May 4, 2022

The weighted average remaining useful life of outstanding options is 1.68 years as at August 31, 2020.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

f) Warrants:

During the year ended August 31, 2020, the Company did not issue any warrants and no warrants expired.

The following table summarizes warrant transactions:

	Number of warrants	**Weighted average exercise price**
		$
Outstanding, August 31, 2018	128,000	0.30
Issued	4,269,500	0.20
Expired	(128,000)	(0.30)
Outstanding, August 31, 2019	4,269,500	0.20
Issued	-	-
Expired	-	-
Outstanding, August 31, 2020	4,269,500	0.20

The following table summarizes the warrants outstanding and exercisable as at August 31, 2020:

Exercise price	**Number of warrants**	**Exercisable**	**Expiry date**
$ 0.20	4,269,500	4,269,500	April 16, 2022

The weighted average remaining useful life of outstanding options is 1.62 years as at August 31, 2020.

7. RELATED PARTY BALANCES AND 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.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

The Company had the following related party transactions:

	2020	**2019**
	$	$
Consulting fees	10,000	-

During the year ended August 31, 2020, the Company paid $10,000 (2019 - $nil) in consulting fees to a director and a company controlled by the CFO of the Company. Accounts payable includes $5,250 payable to the director of the Company.

(Expressed in Canadian dollars)

8. INCOME TAXES

The Company has losses carried forward of $812,000 available to reduce income taxes in future years which expire in 2040.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2020	**2019**
Canadian statutory income tax rate	27%	27%
	$	$
Income tax recovery at statutory rate	(30,316)	(37,029)
Effect of income taxes of:		
Permanent difference and other items	46,560	(33,655)
Change in tax rate	(16)	(22)
Change in deferred tax assets not recognized	(16,228)	70,706
Deferred income tax recovery	-	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	2020	**2019**
	$	$
Non-capital loss carry forwards	219,416	180,983
Share issuance costs	12,740	20,841
Mineral properties	(46,560)	-
Deferred tax assets not recognized	(185,596)	(201,824)
	-	-

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at August 31, 2020 are as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$	$	$	$
Cash	146,205	-	-	146,205

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. SUBSEQUENT EVENTS

a) On October 16, 2020, the Company issued 3,399,000 units for net proceeds of $254,925 pursuant to the closing of its unit offering where each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share at $0.15 for a term of three years ending October 16, 2023.

b) On November 30, 2020, the Company entered into a Letter of Intent ("LOI") with SymptomSense, LLC ("SymptomSense"). Pursuant to the LOI, the Company proposes to purchase all of the issued and outstanding securities of SymptomSense (the "Transaction"). Upon completion of the Transaction, SymptomSense will become a wholly owned subsidiary of the Company and the Company will carry on the business of SymptomSense. The Transaction will constitute a Fundamental Change of the Company in accordance with the policies of the Canadian Securities Exchange. As a consideration, the Company will issue 13,000,000 common shares on the closing and 40,000,000 common shares based on certain revenue earn-out milestones to the shareholders of SymptomSense. Prior to the closing of the transaction, the Company will complete a concurrent financing to raise $3,000,000 gross proceeds at a price of $0.15 per share.

11. SUBSEQUENT EVENTS (continued)

In addition, the Company intends to provide a secured bridge loan of US$2,000,000 to SymptomSense which will be secured against all present and after acquired property of SymptomSense. On December 8, 2020, the Company advanced US$200,000 to SymptomSense.

c) On December 7, 2020, the Company entered into an unsecured promissory note in the amount of $200,000, bearing interest at 2% per month and due within thirty days.