EEE EXPLORATION CORP.

(Formerly Express Capital Corp.)

Financial Statements

Year ended July 31, 2021

Expressed in Canadian dollars

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EEE Exploration Corp.

Opinion

We have audited the financial statements of EEE Exploration Corp. (formerly Express Capital Corp.) (the "Company"), which comprise the statements of financial position as at July 31, 2021 and 2020, and the statements of comprehensive loss, changes in shareholder's equity (deficit) 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 July 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

DMCL

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

November 29, 2021

EEE EXPLORATION CORP.
(Formerly Express Capital Corp.)
Statements of Financial Position
(Expressed in Canadian dollars)

	Note	July 31, 2021	July 31, 2020
		$	$
Assets			
Current assets and total assets			
Cash		444,667	15,940
Prepaids		12,999	-
Receivable		4,629	-
Total current assets		462,295	15,940
Non-current assets			
Exploration and valuation assets	3	177,040	-
Total non-current assets		177,040	-
Total assets		639,335	15,940
Liabilities and shareholders' deficit			
Current liabilities			
Accounts payable		16,493	25,189
Accrued liabilities		7,000	8,390
Loan payable	7	-	2,809
Due to related party	7	-	22,575
Flow through share liability	4,8	71,465	-
Total current liabilities		94,958	58,963
Shareholders' equity (deficit)			
Share capital	4	788,270	121,000
Subscriptions received in advance	4	-	21,000
Reserve	4	223,227	-
Deficit		(467,120)	(185,023)
Total shareholders' equity (deficit)		544,377	(43,023)
Total liabilities and shareholders' equity (deficit)		639,335	15,940

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

"Chris Cooper"

Chris Cooper, Director

The accompanying notes are an integral part of these financial statements

EEE EXPLORATION CORP.
(Formerly Express Capital Corp.)
Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Note	Year ended July 31, 2021	Year ended July 31, 2020
		$	$
Administrative expenses			
General and administrative	7	25,283	1,808
Consulting	7	81,692	12,075
Share-based compensation	4,7	93,727	-
Transfer agent and filing fees		34,562	5,676
Management fees	7	36,000	10,500
Legal and accounting		46,635	25,300
		317,899	55,359
Other			
Reversal of flow-through share liability	8	35,802	-
Net and comprehensive loss		(282,097)	(55,359)
Weighted average number of outstanding shares		15,717,449	5,010,549
Basic and diluted loss per share		(0.02)	(0.01)

The accompanying notes are an integral part of these financial statements

EEE EXPLORATION CORP.
(Formerly Express Capital Corp.)
Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)

	Share capital					
	Number	Amount	Subscriptions received in advance	Reserve	Deficit	Total shareholders' equity (deficit)
		$	$	$	$	$
Balance, July 31, 2019	5,010,549	121,000	-	-	(129,664)	(8,664)
Subscriptions received in advance (Note 4)	-	-	21,000	-	-	21,000
Net and comprehensive loss	-	-	-	-	(55,359)	(55,359)
Balance, July 31, 2020	5,010,549	121,000	21,000	-	(185,023)	(43,023)
Balance, July 31, 2020	5,010,549	121,000	21,000	-	(185,023)	(43,023)
Shares issued (Note 4)	12,750,666	744,800	(21,000)	129,500	-	853,300
Share issuance costs (Note 4)	-	(15,263)	-	-	-	(15,263)
Shares issued for evaluation and exploration asset (Notes 3, 4)	600,000	45,000	-	-	-	45,000
Flow-through share premium (Notes 4,8)	-	(107,267)	-	-	-	(107,267)
Share-based compensation (Note 4)	-	-	-	93,727	-	93,727
Net and comprehensive loss	-	-	-	-	(282,097)	(282,097)
Balance, July 31, 2021	18,361,215	788,270	-	223,227	(467,120)	544,377

The accompanying notes are an integral part of these financial statements

EEE EXPLORATION CORP.
(Formerly Express Capital Corp.)
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended July 31, 2021	Year ended July 31, 2020
	$	$
Cash provided by (used in):		
Operating activities		
Net loss	(282,097)	(55,359)
Adjustment for non-cash item		
Reversal of flow-through share liability	(35,802)	-
Share-based compensation	93,727	-
Changes in non-cash working capital items		
Prepaids	(12,999)	-
Accounts receivable	(4,629)	-
Accounts payable	(8,696)	15,353
Accrued liabilities	(1,390)	3,390
Due to related party	(22,575)	22,575
Cash used in operating activities	(274,461)	(14,041)
Financing activities		
Loans received (repaid)	(2,809)	2,809
Proceeds from issuance of shares, net of costs	838,037	-
Subscriptions received	-	21,000
Cash provided by financing activities	835,228	23,809
Investing activities		
Acquisition of exploration and evaluation assets	(132,040)	-
Cash used in investing activities	(132,040)	-
Increase in cash	428,727	9,768
Cash, beginning	15,940	6,172
Cash, ending	444,667	15,940

Non-cash transactions:		
Shares issued for exploration and evaluation assets	45,000	-

The accompanying notes are an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

EEE Exploration Corp. (formerly Express Capital Corp.) (the "Company") was incorporated on November 11, 2014 under the laws of British Columbia, Canada. On April 15, 2021, the Company changed its name to EEE Exploration Corp. On June 21, 2021, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "EEE". The Company is engaged in the business of mineral exploration. The Company's corporate head office is located at Suite 1910, 1030 West Georgia Street, Vancouver, British Columbia, Canada.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, and its financial success will be dependent upon the extent to which it can successfully develop its exploration and evaluation assets and whether those assets contain ore reserves that are economically recoverable. The development of the Company's business may take many years to be successful and the amount of resulting income, if any, is difficult to determine with any certainty. On July 31, 2021, the Company had not yet achieved profitable operations, incurred a net loss of $282,097 (2020: $55,359) for the years then ended, had a deficit of $467,120 (July 31, 2020: $185,023), and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus ("COVID-19"). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations, cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2022.

The financial statements were approved by the Board of Directors on November 29, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

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

These financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss or fair value through other comprehensive income, if applicable, which are stated at their fair value. These financial statements are presented in Canadian dollars, which is also the Company's functional currency. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

a) Significant accounting judgements and estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the year. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and 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 the revision affects both current and future periods.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

a) Significant accounting judgements and estimates (cont'd)

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Deferred income tax

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant nontaxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Going concern

The assumption that the Company is a going concern and will continue into the foreseeable future. The factors considered by management are disclosed in Note 1.

b) Cash and cash equivalents

Cash comprises of cash held at a bank and in trust by lawyer and is highly liquid in nature.

c) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

d) Shared-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of 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 corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

e) Income taxes

Income tax on the income or loss for the years presented comprises current and deferred tax. Income tax is recognized in income 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 period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

On the issuance of flow-through shares, any premium received in excess of the market price of the Company's common shares is initially recorded as a liability ("flow-through share liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

f) Financial instruments

The following table shows the classification under IFRS 9:

Financial asset/ liability	Classification
Cash	Fair value through profit and loss
Loan payable	Amortized cost
Due to related party	Amortized cost
Accounts payable	Amortized cost

(i) Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. 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 if the Company has opted to measure them at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

f) Financial instruments (cont'd)

(ii) Measurement

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

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income (loss) ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company recognizes in the statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iii) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

f) Financial instruments (cont'd)

Gains and losses on derecognition are generally recognized in profit or loss.

(iv) Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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.

Cash is measured using level 1 inputs.

g) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

h) Leases

The following is the Company's accounting policy for leases under IFRS 16:

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. 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.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

h) Leases (continued)

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

i) Exploration and evaluation assets

Exploration and evaluation expenditures incurred before the Company has obtained legal rights to explore an area of interest are expensed as incurred. All costs related to the acquisition, exploration and evaluation of mineral properties incurred subsequent to the acquisition of legal rights to explore are capitalized by property. Mineral properties acquired from entities under common control are recorded at the same carrying value which the common control entity carried the mineral properties at. If economically recoverable ore reserves are determined to exist, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that asset is written down to its estimated net realizable value. An exploration and evaluation asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permitting to explore and complete the development of the properties, and future profitable production from the disposition of the metals produced from the properties or by sale.

Once technical feasibility and commercial viability of a mineral property has been established, the property is considered to be a development property and is classified as mine development assets in property, plant and equipment. The carrying value of the mineral property is tested for impairment before the expenditures are transferred.

j) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimate of the expenditure required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

k) Impairment of long-lived assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

Assets that have an indefinite useful life are not subject to amortization and are tested at each reporting period for impairment.

l) Future changes in accounting policies

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

3. EXPLORATION AND EVALUATION ASSETS

Golden Moon Property

On August 31, 2020, the Company entered into a property option agreement ("Option Agreement") where it can acquire up to an 80% interest in the Golden Moon Property (the "Property"), comprised of 10 claims located in the Province of Quebec, by spending $450,000 on the Property on or before December 31, 2023 or cash payments in lieu thereof and issuing 1,500,000 common shares.

Under the Option Agreement, the Company can earn a 60% interest in 7 claims and an 80% interest in 3 claims by making the following payments: (i) issuance of 500,000 common shares on or before September 10, 2020 (issued)(Note 4); (ii) issuance of an additional 500,000 common shares and commitment expenditure of $205,000 on or before December 31, 2021; (iii) issuance of an additional 500,000 common shares and cumulative commitment expenditure of $350,000 on or before December 31, 2022; and (iv) cumulative commitment expenditure of $450,000 on or before December 31, 2023.

If the Company is unable to purchase an additional 20% interest in the 7 claims from the holders of the 7 claims on or before December 31, 2023, then under the Option Agreement the Company shall have the right to earn an additional 20% interest in the 7 Claims from the Optionor, for a total interest of 80%, by incurring additional exploration expenditures in the amount of $500,000 on the Property and making a cash payment of $100,000 to the Optionor on or before December 31, 2024.

(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (cont'd)

Upon successful exercise of the option by the Company, the parties shall negotiate and execute a joint venture agreement whereby the Optionor's remaining interest in the Property shall be converted to a non-contributory carried interest until commencement of commercial production after which, (i) the Optionor's interest shall become participating; and (ii) the Optionor shall pay its attributed portion of the total development and construction costs to commercial production, using 4/5ths of its share of the payments derived from the joint venture.

During the year ended July 31, 2021, the Company incurred acquisition costs of $4,635 (2020 - $Nil) related to the Golden Moon Property.

NW Abitibi Project

On February 22, 2021, the Company entered into a property option agreement where it can acquire a 100% interest in the NW Abitibi Project, comprised of sixty-three mineral claims located in the Province of Ontario, by spending $250,000 on the property on or before February 21, 2024 (or cash payments in lieu thereof), issuing 2,000,000 common shares, and making cash payments totaling $40,000. The Company can earn a 100% interest by making the following payments: (i) issuance of 100,000 common shares and payment of $20,000 cash on or before March 4, 2021 (issued and paid)(Note 4); (ii) issuance of 300,000 common shares and payment of $20,000 cash on or before February 22, 2022; (iii) issuance of 600,000 common shares and payment of $20,000 cash on or before February 22, 2023; and (iv) issuance of 1,000,000 common shares and payment of $20,000 cash on or before February 21, 2024. As at July 31, 2021, no expenditures have been incurred on this property.

	Golden Moon Property (Quebec, Canada)	NW Abitibi Property (Ontario, Canada)	Total
	$	$	$
Balance, July 31, 2020	-	-	-
Acquisition costs (Note 4)	29,635	40,000	69,635
Exploration costs			
Geological	31,053	-	31,053
Consultants	412	-	412
Drilling	75,940	-	75,940
Total additions	107,405	-	107,405
Balance, July 31, 2021	137,040	40,000	177,040

4. SHARE CAPITAL

Common shares

The Company has authorized an unlimited number of Class A common shares without par value.

Share Issuances

On July 16, 2021, the Company issued 100,000 Class A common shares with a fair value of $20,000 pursuant to the property option agreement to acquire up to 100% of the NW Abitibi Project (Note 3).

4. SHARE CAPITAL (cont'd)

On November 24, 2020, the Company issued 740,000 units at a price of $0.10 per unit for gross proceeds of $74,000. Each unit comprised of one Class A common share of the Company and one Class A common share purchase warrant at an exercise price of $0.20 for a period of three years. The warrants are valued at $37,000 using the residual method.

On November 20, 2020, the Company issued 1,850,000 units at a price of $0.10 per unit for gross proceeds of $185,000. Each unit comprised of one Class A common share of the Company and one Class A common share purchase warrant at an exercise price of $0.20 for a period of three years. The warrants are valued at $92,500 using the residual method.

On November 20, 2020, the Company issued 4,290,666 flow-through Class A common shares at a price of $0.075 per share for gross proceeds of $321,800. A flow-through share premium of $107,267 was recognized as a liability (Note 8).

On September 10, 2020, the Company issued 500,000 Class A common shares with a fair value of $25,000 pursuant to the property option agreement to acquire up to an 80% interest in the Golden Moon Property (Note 3).

On August 24, 2020, the Company issued 5,870,000 Class A common shares for proceeds of $293,500 at a price of $0.05 per share.

During the year ended July 31, 2021, the Company incurred share issuance costs of $15,263 related to the share issuances described above.

As at July 31, 2020, the Company received $21,000 for subscriptions received in advance related to share issuances described above.

There were no shares issued during the year ended July 31, 2020.

Preferred shares

The Company has authorized an unlimited number of Class B preferred shares without par value. There are no preferred shares issued to date.

Escrow shares

On June 21, 2021, the Company's common shares were approved for listing on the CSE. In accordance with the policies of the CSE, certain officers and directors entered into an agreement with the Company and a trustee, whereby they have agreed to deposit 5,325,000 common shares in escrow. 10% was released to the escrow shareholders on June 21, 2021 and an additional 15% will be released to the escrow shareholders on each of the dates that are 6, 12, 18, 24, 30 and 36 months after the first release. At July 31, 2021, there were 4,792,500 shares in escrow (July 31, 2020 - Nil).

(Expressed in Canadian dollars)

4. SHARE CAPITAL (cont'd)

Warrants

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

	July 31, 2021	
	Number of warrants	Weighted average Exercise price
Warrants, beginning of the year	-	$ -
Granted	2,590,000	0.20
Warrants, end of the year	2,590,000	$ 0.20

At July 31, 2021, the following warrants were outstanding and exercisable:

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise price ($)	Expiry date
1,850,000	1,850,000	0.20	November 20, 2023
740,000	740,000	0.20	November 24, 2023
2,590,000	2,590,000		

Stock Options

The Company has an incentive stock option plan in place under which it is authorized to grant options to executive officers, directors, employees, and consultants to acquire up to 10% of the outstanding issued common shares. The exercise price of options granted under the Plan will be determined by the board of directors but will not be less that the greater of the closing market price of the Company's Common Shares on the Exchange on (a) the trading day prior to the date of grant of the options; and (b) the date of grant of the stock options.

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

	July 31, 2021	
	Number of options	Weighted average Exercise price
Options, beginning of the year	-	$ -
Granted	1,000,000	0.10
Options, end of the year	1,000,000	$ 0.10

On April 13, 2021, the Company granted 1,000,000 stock options, exercisable at $0.10 per share for a term of 5 years. The options vest upon grant. The Company determined the grant date fair value of $93,727, which was recognized as share based compensation.

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes Options Pricing Model.

(Expressed in Canadian dollars)

4. SHARE CAPITAL (cont'd)

The weighted average of the inputs used in the calculation of the fair value of the stock options on the date of issue are as follows:

	July 31, 2021
Volatility	165.53%
Expected life	5 years
Risk-free interest rate	0.94%
Expected dividend yield	0.00%

At July 31, 2021, there were 1,000,000 stock options outstanding and exercisable at a price of $0.10 and with an expiry date of April 13, 2026.

Reserve

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

5. FINANCIAL INSTRUMENTS

	Ref.	***July 31, 2021***	***July 31, 2020***
		$	***$***
Other financial assets	a	449,296	15,940
Other financial liabilities	b	(16,493)	(50,573)

a. Comprised of cash and receivable.
b. Comprised of accounts payable, loans and due to related party.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Other receivables comprise sales tax refunds from the Canadian federal government. Credit risk has been assessed as high.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. Liquidity risk has been assessed as high.

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

5. FINANCIAL INSTRUMENTS (cont'd)

Currency Risk
Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company does not have any assets or liabilities denominated in foreign currencies and engages in very few transactions denominated in a foreign currency; therefore, its exposure to currency risk is limited.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Price risk
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to price risk.

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary asset. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. There were no changes in the Company's approach to capital management since inception. The Company is not subject to any external capital requirements.

7. RELATED PARTY TRANSACTIONS

As at July 31, 2021, due to related party includes $nil (July 31, 2020 – $22,575) due from a director or a company controlled by a director and loan payable includes $nil (July 31, 2020 - $2,809) for a loan from a shareholder. The amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

During the year ended July 31, 2021, the Company incurred management fees of $36,000 (2020 - $10,500), rent of $5,740 (2020 - $nil) to the director, consulting fees of $nil (2020 - $12,075) to a shareholder of the Company and share-based compensation to officers and directors of $93,727 (2020 - $nil).

(Expressed in Canadian dollars)

8. FLOW-THROUGH SHARE LIABILITIES

For the purposes of calculating any premium related to the issuances of the flow-through shares, the Company compares the market price of its shares to the subscription price of flow-through shares to determine if there was a premium paid on the flow-through shares (Note 4). As a result, the Company's flow-through liability on issuance of flow-through shares in connection with the private placements is as follows:

	July 31, 2021
	$
Balance, opening	-
Addition	107,267
Reversal	(35,802)
Balance, ending	71,465

As of July 31, 2021 the Company is committed to spending approximately $214,395 in connection with its flow-through offering. Failure to incur the required eligible expenditures may result in penalties and taxes and the Company may also be liable to indemnity the shareholders for their income taxes and penalties.

9. INCOME TAXES

A reconciliation of income taxes at statutory tax rates is as follows:

	2021	2020
	$	$
Loss for the year	(282,097)	(55,359)
Statutory tax rate	27%	27%
Expected recovery of income taxes	(76,166)	(14,947)
Non-deductible items and other	11,519	-
Renunciation of flow-through expenditures	28,999	
Change in benefit not recognized	35,648	14,947
Deferred income tax recovery	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	2021	2020
	$	$
Non-capital losses	111,307	49,956
Share issuance costs	3,297	-
Exploration and evaluation assets	(28,999)	-
	85,604	49,956

Losses in Canada that reduce future income for tax purposes expire as follows:

2038	$	71,757
2039		57,907
2040		55,359
2014		227,225
	$	412,248