ALERIO GOLD CORP.
(Formerly Project One Resources Ltd.)

Financial Statements
For the years ended August 31, 2021 and 2020
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALERIO GOLD CORP. (FORMERLY PROJECT ONE RESOURCES LTD.)

Opinion

We have audited the financial statements of Alerio Gold Corp. (formerly, Project One Resources Ltd.) (the "Company"), which comprise:

- the statements of financial position as at August 31, 2021 and 2020;
- the statements of comprehensive loss for the years then ended;
- the statements of changes in shareholders' equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2021 and 2020, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 audits 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $1,120,072 during the year ended August 31, 2021 and, as of that date, had an accumulated deficit of $1,631,899. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of 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 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 audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. 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 in this auditors' report. We have nothing to report in this regard.

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

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

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

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

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.

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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 Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
December 29, 2021

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ALERIO GOLD CORP.
(Formerly Project One Resources Ltd.)
Statements of Financial Position
(Expressed in Canadian Dollars)

As at August 31		**2021**		**2020**
Assets				
Current				
Cash	$	1,197,565	$	597,959
Receivables (note 7)		6,635		8,393
Prepaid expenses		-		27,000
		1,204,200		633,352
Mineral property (note 4)		1		1
	$	1,204,201	$	633,353
Liabilities and Shareholders' Equity				
Liabilities				
Current				
Accounts payable and accrued liabilities (note 7)	$	110,151	$	24,014
		110,151		24,014
Shareholders' Equity				
Common Shares (note 5)		2,369,506		1,152,897
Reserves (note 5)		356,443		134,469
Deficit		(1,631,899)		(678,027)
		1,094,050		609,339
Total Liabilities and Shareholders' Equity	$	1,204,201	$	633,353

Approved on behalf of the Board:

"Jonathan Challis" (signed)	*"Geoff Balderson" (signed)*
Director	Director

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

ALERIO GOLD CORP.
(Formerly Project One Resources Ltd.)
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended August 31		**2021**		**2020**
Expenses				
Accounting and audit fees (note 7)	$	32,500	$	22,518
Advertising and promotion (note 4)		45,289		33,782
Consulting fees (notes 4 and 7)		340,071		133,466
Exploration and evaluation expenditures (note 4)		3,732		(13,667)
Filing fees		34,384		23,350
Interest and bank charges		1,053		773
Legal fees (note 4)		122,995		29,723
Office expense		1,388		3,117
Share-based compensation (note 5)		221,400		125,700
Travel		6,301		830
Website		4,609		3,500
		813,722		363,092
Other items				
Loss on shares issued for debt (note 5)		-		18,516
Transaction costs (note 11)		306,350		-
Impairment of mineral property (note 4)		-		25,526
		306,350		44,042
Net Loss and Comprehensive Loss for Year	$	1,120,072	$	407,134
Basic and Diluted Loss per Share	$	0.08	$	0.04
Weighted Average Number of Common Shares Outstanding		**14,359,208**		**10,160,571**

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

ALERO GOLD CORP.
(Formerly Project One Resources Ltd.)
Statements of Changes in Shareholders' Equity
For the Years Ended August 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Common Shares				
	Number Outstanding	Amount $	Reserves $	Deficit $	Total Shareholders' Equity $
Balance, August 31, 2019	9,840,777	421,449	20,047	(275,893)	165,603
Cancellation of common shares (note 5)	(50,000)	(5,000)	-	5,000	-
Exercise of warrants (note 5)	213,750	32,653	(11,278)	-	21,375
Refund of share issuance cost	-	859	-	-	859
Shares issued for debt (note 5)	308,594	67,891	-	-	67,891
Private placement (note 5)	3,578,056	644,050	-	-	644,050
Share issued as finder's fee (note 5)	33,600	13,440	-	-	13,440
Share issuance costs	-	(22,445)	-	-	(22,445)
Share-based compensation	-	-	125,700	-	125,700
Net loss for the year	-	-	-	(407,134)	(407,134)
Balance, August 31, 2020	13,924,777	1,152,897	134,469	(678,027)	609,339
Private placement (note 5)	5,418,000	1,191,960	162,540	-	1,354,500
Exercise of warrants (note 5)	366,250	80,091	(3,466)	-	76,625
Share issuance costs	-	(55,442)	7,700	-	(47,742)
Share-based compensation			221,400		221,400
Reclassification of expired options			(166,200)	166,200	-
Net loss for the year	-	-	-	(1,120,072)	(1,120,072)
Balance, August 31, 2021	19,709,027	2,369,506	356,443	(1,631,899)	1,094,050

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

ALERIO GOLD CORP.
(Formerly Project One Resources Ltd).
Statements of Cash Flows
(Expressed in Canadian Dollars)

Years Ended August 31		2021		2020
Cash Provided by (Used In)				
Operating Activities				
Net loss for the year	$	(1,120,072)	$	(407,134)
Non-cash item:				
Loss on shares issued for debt		-		18,516
Share-based compensation		221,400		125,700
Impairment of mineral property		-		25,526
Change in working capital balances:				
Receivables		1,758		(4,929)
Prepaid expenses		27,000		(5,941)
Accounts payable and accrued liabilities		99,637		73,450
Cash Used in Operating Activities		(770,277)		(174,812)
Financing Activities				
Proceeds from issuance of shares, net share issuance costs		1,293,258		589,595
Proceeds from exercise of warrants		76,625		21,375
Payments to related party		-		(10,395)
Share issuance cost refund		-		859
Cash Provided by Financing Activities		1,369,883		601,434
Inflow of Cash		599,606		426,622
Cash, Beginning of Year		597,959		171,337
Cash, End of Year	$	1,197,565	$	597,959
Supplemental Cash Flow Information				
Common shares issued for due to related party	$	-	$	10,000
Common shares issued for debt settlement	$	-	$	39,375
Common shares issued for debt as part of private placement	$	13,500	$	45,450
Finder's fee – included in share issuance costs	$	7,700	$	13,440
Amounts paid for interest	$	-	$	605
Amounts paid for taxes	$	-	$	-

There were no cash investing activities during the years ended August 31, 2021 and 2020.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Alerio Gold Corp. (formerly, Project One Resources Ltd.) (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on March 22, 2018. On June 11, 2019, the Company completed its initial public offering ("IPO"). On October 28, 2021, the Company changed its name to Alerio Gold Corp. from Project One Resources Ltd. and is now publicly traded on the Canadian Securities Exchange ("CSE") under the ticker ALE. The principal business of the Company is the acquisition, exploration and evaluation of resource properties.

The Company's head office address is Suite 459 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2, and its registered office address is Suite 1710 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2L3.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At present, the Company has no operating income. The Company incurred a net loss of $1,120,072 during the year ended August 31, 2021 (2020 - $407,134) and, as of that date, had a deficit of $1,631,899 (2020 - $678,027). Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations. These financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus ("COVID-19") a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activity, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business, but it is believed that the COVID-19 pandemic will likely have only a minimal impact on the Company's activities, most notably in curtailment of travel and access to projects due to travel and social distancing restrictions. There is no material disruption to the Company's current operations.

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. BASIS OF PRESENTATION (Continued)

(b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Approval of the financial statements

These financial statements were authorized for issue by the Audit Committee and Board of Directors on December 29, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Mineral property

(i) Exploration and evaluation

Staking costs, property option payments, and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as intangible assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred during the period. Exploration and evaluation expenditures include costs of conducting geological and geophysical surveys, equipment rental, geochemical analysis, mapping and interpretation, and costs to obtain legal rights to explore an area.

Management reviews the carrying value of capitalized exploration costs annually. The review is based on the Company's intentions for development of the property.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the project. If a project does not prove viable, all irrecoverable costs associated with the project, net of any impairment provisions, are written off.

(ii) Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs are classified as a component of property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Mineral property (Continued)

(iii) Impairment

The carrying value of all categories of mineral property are reviewed at least annually by management for indicators the recoverable amount may be less than the carrying value. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs. Once calculated, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Impairment losses are recognized in profit or loss. Assumptions, such as commodity prices, discount rate and expenditures, underlying the fair value estimates are subject to risk uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Mineral property (Continued)

(iv) Provision for environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production 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 and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect 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 unit-of-production or straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profit or loss as extraction progresses.

(b) Mining exploration tax recoveries

The Company recognizes mining exploration tax recoveries in the period in which there is reasonable expectation, based on management's estimate, of receiving a refund. The amount of tax credit receivable is subject to review and approval by the taxation authorities and is adjusted for in the period when such approval is confirmed.

(c) Financial instruments

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss. The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

(i) Financial assets (Continued)

Subsequent measurement (Continued)

Financial assets measured at amortized cost (Continued)

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

There are no financial assets classified as measured at amortized cost.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income remain within accumulated other comprehensive income when the financial instrument is derecognized or its fair value substantially decreases.

There are no financial assets classified as measured at FVTOCI.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

(ii) Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

(iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include accounts payable and accrued liabilities and is classified as amortized cost.

(iv) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash and accounts payable and accrued liabilities. Their carrying values approximate their fair values due to the short-term maturity of these instruments.

(d) Common shares

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(e) Earnings (loss) per share

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

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on the facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in profit or loss in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets, as well as in the amounts recognized in profit or loss in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

(g) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

<u>Critical Judgments</u>

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Use of estimates and judgments (Continued)

Critical Judgments (Continued)

Recoverability of mineral properties

The application of the Company's accounting policy for mineral properties requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economic assessments/ studies, accessible facilities and existing permits.

Significant Estimates and Assumptions

Inputs to the Black-Scholes option pricing model

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Impairment of mineral property

The carrying value of the Company's mineral property and the likelihood of future economic recoverability of the carrying value is subject to significant management estimates and judgments. The application of the Company's accounting policy for and determination of recoverability of the mineral property is based on assumptions about future events or circumstances. New information may change estimates and assumptions made. If information becomes available indicating that recovery of expenditures is unlikely, the amounts capitalized are impaired and recognized as a loss in the period that the new information becomes available. A change in estimate could result in the carrying amount of capitalized assets being materially different from their presented carrying costs.

(h) Non-monetary transactions

Shares issued for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, shares issued for consideration will be fair valued at the date of issuance.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Share-based compensation

The Company has a stock option plan that is described in note 5 and grants share options to acquire common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments granted. For non-employees and consultants, share-based payments are measured at the fair value of the goods or services received or the fair value of the equity instruments issued as calculated using the Black-Scholes option pricing model. The offset to the recorded expense is to reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related options reserve is transferred to share capital. For those options that expire, the recorded fair value in options reserve is transferred to deficit.

4. MINERAL PROPERTY

(a) Christa-Aura Property, British Columbia, Canada

The Company acquired the Christa-Aura Property (the “Property”), located in British Columbia, consisting of five mineral titles, through issuance of 2,350,777 common shares fair valued at $23,508 from a director. In addition, the Company incurred acquisition and staking costs of $2,019 during the period from incorporation to August 31, 2018. No additional acquisition costs were incurred during the year ended August 31, 2021.

In August 2020, the Company signed a non-binding letter of intent (“LOI”) to purchase a 100% interest in two European cyber-security firms. The LOI outlined a proposed purchase price of 11,000,000 euros, which the Company would finance through a combination of debt and equity. Due to the LOI signed, an indicator of impairment existed. The Company impaired the property to $1, being the estimated fair value of the property, determined in accordance with level 3 of the fair value hierarchy.

In February 2021, the Company terminated the LOI due to COVID-19 related travel restrictions limiting the Company’s ability to complete appropriate due diligence. During the year ended August 31, 2021, the Company incurred $146,280 in advertising and promotion, consulting fees and legal fees relating to this transaction.

(b) Exploration and evaluation costs

During the year ended August 31, 2021, the Company incurred $7,146 (2020 - $17,068) in exploration and evaluation expenditures on this property. The cumulative exploration costs incurred on the Property to August 31, 2021 (net BC Mining Exploration tax credit) is $142,297 (2020 - $138,565) as detailed below.

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY (Continued)

(b) Exploration and evaluation costs (Continued)

Details of exploration activities during the years ended August 31, 2021 and 2020 are as follows:

Balance, August 31, 2019	$ 152,232
Engineering, geology, and project management	4,980
Geochemical	-
Geophysical	9,656
Technical report	2,432
BC Mining Exploration tax credit	(30,735)
	(13,667)
Balance, August 31, 2020	$ 138,565

Balance, August 31, 2020	$ 138,565
Engineering, geology, and project management	7,146
Geochemical	-
Geophysical	-
Technical report	-
BC Mining Exploration tax credit	(3,414)
	3,732
Balance, August 31, 2021	$142,297

5. SHAREHOLDERS' EQUITY

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

19,709,027 (2020 – 13,924,777) common shares without par value.

(i) During the year ended August 31, 2019, the Company entered into an agreement with a vendor to provide website and marketing services. The Company and the vendor settled the terms of the arrangement whereby 50,000 common shares would be cancelled and were returned to treasury. The vendor had participated in the Company's IPO and the shares were issued at $5,000.

5. SHAREHOLDERS' EQUITY (Continued)

(b) Issued and outstanding (Continued)

(ii) On June 1, 2020, the Company issued 308,594 common shares of the Company to settle $39,375 of accounts payable and $10,000 of the due to related party (note 7). The fair value of the common shares issued was determined to be $67,891 per share using the share price on the issuance date, resulting in a loss of $18,516 recognized in 2020.

(iii) On August 4, 2020, the Company issued 3,578,056 units pursuant to a private placement at $0.18 per unit for gross proceeds of $644,050. 252,500 of the units (fair valued at $45,450) were issued to settle accounts payable. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to purchase an additional common share at $0.30 until August 3, 2021. The warrants will provide for an accelerated expiry in the event that the shares of the issuer are trading at a price of $0.50 or greater for 20 consecutive trading days. The Company issued 33,600 shares as finder' fees with a fair value of $13,440 and paid $9,005 in legal expenses related to the issuance.

(iv) On August 12, 2021, the Company issued 5,418,000 units pursuant to a private placement at $0.25 per unit for gross proceeds of $1,354,500; $162,540 of the gross proceeds was allocated to reserve. 54,500 of the units (fair valued at $13,500) were also issued to settle accounts payable. Each unit consisted of one common share and one half (1/2) warrant, with each warrant entitling the holder to purchase an additional common share at $0.40 until August 12, 2022. In addition, the Company issued a total of 162,900 agent warrants at $0.40 until August 12, 2022. The fair value of the agent warrants was determined to be $7,700 and is included in share issuance costs.

(c) Escrow shares

On August 28, 2018, the Company executed an escrow agreement with an escrow agent and a security holder where they have agreed to deposit 2,650,777 common shares in escrow. Under the escrow agreement, 10% of the shares were released upon completion of the IPO and 15% of the shares will be released every six months following listing. As at August 31, 2021, the Company had 795,233 (2020 – 1,590,466) shares held in escrow.

(Expressed in Canadian Dollars)

5. SHAREHOLDERS' EQUITY (Continued)

(d) Stock options

The Company's stock option plan authorizes the issuance of options up to a maximum of 10% of the Company's issued shares. The exercise price of any option granted shall not be less than the fair market value of the shares at the time of the grant. The expiry date for each option, set by the Board of Directors at the time of issue, shall not be more than ten years after the grant date. Unless stipulated by the Board of Directors, options granted generally vest fully on the date of grant. During the year ended August 31, 2021, the Company issued 850,000 (2020 – 850,000) stock options to directors, 450,000 of which were cancelled in February 2021. The options vested fully on grant.

The fair value of the 850,000 options issued was calculated as $221,400 using the Black-Scholes option pricing model using the assumptions noted below. The volatility is based on historical observations of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common stock. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of nil% in determining the expense recorded.

	2021	**2020**
Risk-free interest rate	0.38%	0.45%
Expected life of options	4.5 years	5 years
Annualized volatility	100%	100%
Dividend rate	0%	0%

Number of options outstanding	**Weighted average exercise price**	**Expiry dates**	**Weighted average remaining life (years)**
400,000	$0.25	August 13, 2024	2.95
850,000	$0.20	June 2, 2025	3.76

	Year Ended August 31, 2021		**Year Ended August 31, 2020**	
	Number of share options	**Weighted average exercise price $**	**Number of share options**	**Weighted average exercise price $**
Outstanding and exercisable, beginning of year	850,000	0.20	-	-
Issued – options	850,000	0.38	850,000	0.20
Cancelled – options	(450,000)	0.50	-	-
Outstanding and exercisable, end of year	1,250,000	0.22	850,000	0.20

(Expressed in Canadian Dollars)

5. SHAREHOLDERS' EQUITY (Continued)

(e) Stock warrants

	Year Ended August 31, 2021		Year Ended August 31, 2020	
	Number of share purchase warrants	**Weighted average exercise price $**	**Number of share purchase warrants**	**Weighted average exercise price $**
Outstanding, beginning of year	3,744,306	0.29	380,000	0.10
Issued – warrants	2,871,900	0.40	3,578,056	0.30
Exercised – warrants	(366,250)	0.21	(213,750)	0.10
Expired – warrants	(3,378,056)	0.30	-	-
Outstanding, end of period	2,871,900	0.40	3,744,306	0.29

The weighted average fair value of the agent warrants issued during the year ended August 31, 2021, was estimated at approximately $0.05 per warrant at the grant date using the Black-Scholes pricing model using the following assumptions: no expected dividends to be paid; volatility of 100% based on industry standard for comparable companies without a historical volatility; risk-free interest rate of 0.41%; and expected life of 1 year.

Number of warrants outstanding	Weighted average exercise price	Expiry dates	Weighted average remaining life (years)
2,871,900	$0.40	August 12, 2022	0.95

6. INCOME TAXES

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

		2021		2020
Loss for the year	$	(1,120,072)	$	(407,134)
Tax rate		27.00%		27.00%
Expected recovery		(302,419)		(109,926)
Items not deductible for tax purposes		59,778		39,111
Under (over) provided in prior years		-		27,662
Origination and reversal of temporary differences		(12,891)		(3,073)
Unused tax losses and tax offsets not recognized		255,532		46,226
Total income tax expense (recovery)	$	-	$	-

(Expressed in Canadian Dollars)

6. INCOME TAXES (Continued)

Deferred income tax assets are only recognized to the extent that the realization of tax benefits is determined to be probable. As at August 31, 2021, the Company has not recognized the benefit of the following deductible temporary differences:

		2021		2020
Mineral property	$	150,000	$	150,000
Share issuance costs	$	105,000	$	99,000
Non-capital losses	$	1,364,000	$	423,500

At August 31, 2021, the Company has non-capital losses available of approximately $1,364,000 (2020 - $423,500) that may be carried forward to apply against future income for Canadian tax purposes and will expire in 2038 to 2041.

7. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

During the year ended August 31, 2021, the Company incurred $32,500 (2020 - $22,518) for accounting fees and $150,000 (2020 - $69,000) for consulting fees. As of August 31, 2021, the officers owed $263 (2020 - $3,500) to the Company.

On April 10, 2019, the Company entered into a loan agreement with the CEO of the Company for $20,000. The loan bore interest at 5% per annum, due July 10, 2019 and extended to January 10, 2020. During the year ended August 31, 2020, the loan was fully repaid. $10,000 was settled through the issuance of common shares (note 5) and $11,000 was repaid in cash, including interest of $1,000. $605 of this interest was incurred during the year ended August 31, 2020.

8. RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash and receivables. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is not exposed to significant liquidity risk.

As at August 31, 2021, the Company has cash of $1,197,565 (2020 - $597,959) available to apply against short-term business requirements and current liabilities of $110,151 (2020 - $24,014). All of the liabilities presented as accounts payable are due within 90 days of August 31, 2021.

8. RISK MANAGEMENT (Continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

9. CAPITAL MANAGEMENT

The Company has just commenced operations. It has not yet determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares and loans from related parties. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company did not change its approach to capital management during the year ended August 31, 2021.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

10. SEGMENTED INFORMATION

The Company has one operating segment, acquisition, exploration and evaluation of resource properties, and all long-term assets of the Company are located in Canada.

11. EVENTS AFTER THE REPORTING DATE

(a) Subsequent to August 31, 2021, the Company issued 80,000 shares pursuant to the exercise of 80,000 options for gross proceeds of $15,200.

(b) On October 28, 2021, the Company acquired 100% of the right, title and interest to two gold properties in Guyana known as the Tassawini and Harpy properties (the "Transaction") from Goldeneye Capital Ltd. ("Goldeneye"). In consideration of the Transaction, the Company:

- Made a one-time cash payment of USD $500,000 to Goldeneye;
- Issued 50,000,000 common shares of the Company at a deemed issue price of $0.25 per share; and
- Granted a net smelter return ("NSR") of 3% with respect to the Tassawini property, with the option to repurchase 1.5% of the NSR for a one-time payment of USD $3,000,000.

In connection with the Transaction, the Company incurred $306,350 in expenses during the year ended August 31, 2021.