PROSPECT RIDGE RESOURCES CORPORATION

FINANCIAL STATEMENTS
(Presented in Canadian Dollars)

AUGUST 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prospect Ridge Resources Corp.

Opinion

We have audited the accompanying financial statements of Prospect Ridge Resources Corp. (the "Company"), which comprise the statements of financial position as at August 31, 2021 and 2020 and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the year ended August 31, 2021 and the period from incorporation on April 6, 2020 to August 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these 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 its cash flows for the year ended August 31, 2021 and the period from incorporation on April 6, 2020 to August 31, 2020 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 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 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 of the financial statements, which indicates that the Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. As stated in Note 1, these events and conditions 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 obtained at the date of this auditor's report includes 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 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

December 6, 2021

PROSPECT RIDGE RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

As at		**August 31, 2021**		**August 31, 2020**
ASSETS				
Current				
Cash	$	764,359	$	711,654
Receivables		10,679		2,563
Prepaid expenses		17,801		3,100
		792,839		717,317
Equipment and right-of-use asset (Note 4)		126,626		-
Exploration and evaluation assets (Note 6)		565,000		25,000
Total Assets	$	1,484,465	$	742,317
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	487,833	$	39,414
Lease liability (Note 5)		1,549		-
Total Liabilities		489,382		39,414
Shareholders' Equity				
Share capital (Note 7)		1,260,973		1
Commitment to issue finder's shares (Note 6)		460,000		-
Special warrants (Note 7)		-		456,061
Subscriptions received in advance (Note 7)		-		283,561
Contributed surplus (Note 7)		964,456		-
Deficit		(1,690,346)		(36,720)
Total Shareholders' Equity		995,083		739,623
Total Liabilities and Shareholders' Equity	$	1,484,465	$	742,317

Nature and continuance of operations (Note 1)
Subsequent events (Note 12)

Approved and authorized by the Board of Directors on December 6, 2021:

"Liam Corcoran" Director *"Nick Luksha"* Director

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

PROSPECT RIDGE RESOURCES CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

	For the year ended August 31, 2021	For the period from April 6, 2020 (date of incorporation) to August 31, 2020
EXPENSES		
Depreciation (Note 4)	$ 22,898	$ -
Exploration and evaluation expenditures	332,852	10,768
Investor relations	52,199	-
Consulting and Management fees (Note 8)	66,561	-
Professional fees	155,797	25,378
Transfer agent and filing fees	47,448	-
Travel expense	7,208	-
Share-based payments (Notes 7, 8)	958,547	-
Office and miscellaneous	9,193	574
	(1,652,703)	(36,720)
Other items		
Lease accretion (Note 5)	(923)	-
Loss and comprehensive loss for the period	$ (1,653,626)	$ (36,720)
Basic and diluted loss per common share	$ (0.22)	$ (36,720)
Weighted average number of common shares outstanding – basic and diluted	7,613,111	1

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

PROSPECT RIDGE RESOURCES CORP.
STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	For the year ended August 31, 2021	For the period from April 6, 2020 (date of incorporation) to August 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,653,626)	$ (36,720)
Items not affecting cash		
Depreciation	22,898	-
Share-based payments	958,547	-
Lease accretion	923	-
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	384,331	39,414
Prepaid expenses	(14,701)	(3,100)
Receivables	(8,116)	(2,563)
Net cash used in operating activities	(309,744)	(2,969)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(50,000)	-
Expenditures on equipment	(67,641)	(25,000)
Net cash used in investing activities	(117,641)	(25,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Incorporator's share	-	1
Special warrants, net of deferred issuance costs	-	456,061
Subscriptions received in advance, net of deferred issuance costs	-	283,561
Proceeds from private placements	61,375	-
Proceeds from IPO	500,000	-
Share issuance costs	(64,116)	-
Lease payments	(17,169)	-
Net cash provided in financing activities	480,090	739,623
Change in cash during the period	52,705	711,654
Cash, beginning of period	711,654	711,654
Cash, end of period	$ 764,359	$ 711,654

Supplemental cash flow information:		
Finder's warrants	$ 5,909	$ -
Equipment included in accounts payable and accrued liabilities	$ 64,088	$ -
Shares issued for exploration and evaluation assets	$ 30,000	$ -
Commitment to issue finder's shares	$ 460,000	$ -
Lease liabilities and right-of use assets recognized	$ 17,795	$ -

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

PROSPECT RIDGE RESOURCES CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

	Share capital							
	Number	**Amount**	**Commitment to issue finder's shares**	**Special warrants**	**Subscriptions received in advance**	**Contributed surplus**	**Deficit**	**Total**
Balance, Inception on April 6, 2020	1	$ 1	$ -	$ -	$ -	$ -	$ -	$ 1
Special warrants	-	-	-	456,061	-	-		456,061
Subscriptions received in advance	-	-	-	-	283,561	-	-	283,561
Loss for the period	-	-	-	-	-	-	(36,720)	(36,720)
Balance, August 31, 2020	1	1	-	456,061	283,561	-	(36,720)	702,903
Shares issued for private placements	23,305,000	813,875	-	(462,500)	(290,000)	-	-	61,375
Shares issued for IPO	5,000,000	500,000	-	-	-	-	-	500,000
Shares issued for exploration and evaluation assets	150,000	30,000	-	-	-	-	-	30,000
Share issuance costs – common shares	200,000	20,000	-	-	-	-	-	20,000
Share issuance costs – common shares		(20,000)	-		-	-	-	(20,000)
Share issuance costs – warrants	-	(5,909)	-	-	-	5,909	-	-
Share issuance costs – cash	-	(76,994)	-	6,439	6,439	-	-	(64,116)
Share-based payments	-	-	-	-	-	958,547	-	958,547
Commitment to issue finder's shares	-	-	460,000	-	-	-	-	460,000
Loss for the year	-	-	-	-	-	-	(1,653,626)	(1,653,626)
Balance, August 31, 2021	28,655,001	$ 1,260,973	$ 460,000	$ -	$ -	$ 964,456	$ (1,690,346)	$ 995,083

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Prospect Ridge Resources Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on April 6, 2020. The Company is principally engaged in the acquisition and exploration of resource properties. The Company's head office is located at Suite 488-1090 West Georgia St, Vancouver, BC V6E 3V7, and its registered and records office is located at 10th Floor – 595 Howe Street, Vancouver, BC V6C 2T5.

The Company is in the process of investing in potential new acquisitions and exploring and evaluating its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the ordinary course of business. For the year ended August 31, 2021, the Company incurred a loss of $1,653,626, has an accumulated deficit of $1,690,346 and expects to incur further losses in the development of its business. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

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

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Presentation

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

2. BASIS OF PREPARATION (cont'd…)

Use of Estimate and Judgments

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

Critical accounting estimates

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's options and warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical accounting judgments

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes and estimates of the timing and the possible outflow of economic benefits.

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

3. SIGNIFICANT ACCOUNTING POLICIES

Loss per share

The Company presents basic and diluted loss per common share at each reporting period. The basic loss per common share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Diluted loss per share excludes all dilutive potential common shares because their effect is anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial assets

Financial assets are classified as either financial assets at a fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

a) Fair value through profit or loss ("FVTPL") - financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income ("FVTOCI"). Changes in fair value are recognized in profit or loss.

b) Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

The Company's cash and receivables are recorded at amortized cost.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

a) Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

b) Amortized cost: This category includes accounts payable and accrued liabilities, which are recognized at amortized cost.

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial instrument disclosures (cont'd…)

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Share capital

Share capital 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 valued at the quoted market price at the date of issuance.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to contributed surplus. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred from contributed surplus to share capital.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

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

Temporary differences are not provided for relating to goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Comprehensive loss

Comprehensive loss consists of loss and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. The loss equals the comprehensive loss for the periods presented.

3. **SIGNIFICANT ACCOUNTING POLICIES (cont'd…)**

Foreign currency translation

The functional currency of the Company is the Canadian dollar. The reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date, while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Any gains or losses resulting from translation have been included in profit or loss.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are expensed as incurred until such time as mineral exploration assets are proven or probable, permits to operate the mineral resource property are received and financing to complete development has been obtained. Following confirmation of mineral reserves, receipt of permits to commence mining operations and obtaining necessary financing, exploration and evaluation expenditures are capitalized as deferred development expenditures and are included within equipment.

Costs related to the acquisition of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Equipment

Equipment items are carried at cost less accumulated depreciation and accumulated impairment losses. In the year of acquisition, depreciation is recorded at one-half the normal rate. Depreciation is recognized using the declining balance method at the following annual rates:

Field and Office Equipment	Declining-Balance 20%
Vehicles and Field Accommodations	Declining-Balance 20%

Equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Equipment (cont'd…)

Subsequent expenditure relating to an item of equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance expense.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If 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 pre-tax 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 loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of 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.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Leases

At inception of a contract, the Company assess whether a 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. the Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

(Presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Leases (cont'd…)

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

4. EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-of-Use Assets	Field Equipment	Vehicles	Drill	Total
Cost					
Balance, August 31, 2020	$ -	$ -	$ -	$ -	$ -
Additions	17,795	2,500	73,941	55,288	149,524
Balance, August 31, 2021	$ 17,795	$ 2,500	$ 73,941	$ 55,288	$ 149,524
Accumulate Depreciation					-
Balance, August 31, 2020	-	-	-	-	-
Depreciation expense	16,312	125	3,697	2,764	22,898
Balance, August 31, 2021	$ 16,312	$ 125	$ 3,697	$ 2,764	$ 22,898
As at August 31, 2020	$ -	$ -	$ -	$ -	$ -
As at August 31, 2021	$ 1,483	$ 2,375	$ 70,244	$ 52,524	$ 126,626

5. LEASE LIABILITY

During the year ended August 31,2021, the Company entered into a 13-month office lease agreement. On initial recognition, the lease had undiscounted remaining payment of $18,731.

(Presented in Canadian Dollars)

5. LEASE LIABILITY (cont'd…)

The following is a reconciliation of the changes in the lease liabilities:

Lease liabilities	
Balance, August 31, 2020	$ -
Additions	17,795
Lease accretion	923
Lease payments	(17,169)
Balance, August 31, 2021	$ 1,549

6. EXPLORATION AND EVALUATION ASSETS

Galinee Property

On June 26, 2020, the Company entered into an agreement, whereby it has the right to earn a 100% interest in the Galinee Property in the Baie-James, Quebec. The Galinee Property is subject to a 1% net smelter returns ("NSR") royalty.

The terms of the option agreement call for cash payments totaling $200,000 to be paid as follows:

- $25,000 on the execution date (paid $25,000);
- $50,000 and 150,000 shares on the Effective Date[1](paid $50,000 and issued 150,000 common shares);
- $25,000 on or before 16 months after the Effective Date; and
- $100,000 on or before 24 months after the Effective Date.

The terms of the option agreement call for expenditure on the property as follows:

- $150,000 on or before 16 months after the Effective Date; and
- $150,000 on or before 24 months after the Effective Date.

[1] The date of the Final Exchange Bulletin giving notice of the approval by the Exchange of the listing of the Shares on the facilities of the Exchange and the acceptance by the Exchange of the agreement and the transactions contemplated by the agreement.

Holy Grail Property

On August 26, 2021, the Company entered into an agreement, whereby it has the option to acquire a 100% interest in the Holy Grail Property in north of Terrace, B.C. The options are comprised of: (1) an option to acquire 50% of the mineral claims comprising the Property (the "First Option"); (2) an option to acquire the remaining 50% of the mineral claims comprising the Property (the "Second Option"); and (3) an option (the "Placer Option" and, together with the First Option and the Second Option, the "Option") to acquire 100% of the placer claims comprising the Property (the "Placer Claims").

(Presented in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Holy Grail Property (cont'd…)

Option to Acquire the Holy Grail Property

The First option requirement is:

Date		Cash	Shares		Exploration Expenditures
Upon closing	$	200,000	2,000,000	$	-
12 months from Closing		160,000	1,000,000		1,000,000
24 months from Closing		160,000	1,000,000		1,000,000
	$	520,000	4,000,000	$	2,000,000

The Second option requirement is:

Date		Cash	Shares		Exploration Expenditures
36 months from Closing	$	160,000	1,000,000	$	1,000,000
48 months from Closing		160,000	1,000,000		1,000,000
60 months from Closing		160,000	1,000,000		1,000,000
	$	480,000	3,000,000	$	3,000,000

The Placer option requirement is:

Subject to the terms of the agreement, the Company has option to acquire a 100% interest (the "Placer Interest") in the Placer Claims except for the Placer Royalty, by a cash payment to the Optionor in the amount of the aggregate staking and maintenance costs incurred by the Optionor on the Placer Claims up to and including the Closing Date on or before the date that is 30 days after the deemed exercise of the Second Option.

The Holy Grail Property will at all times be subject to a 3% NSR royalty. The Company has the right to purchase 1% of the NSR royalty for $1,000,000 within 5 years after the earlier of the date that option is exercised, or the agreement is terminated.

In connection with the agreement, the Company will pay finder's fees of 1,000,000 common shares in the capital of the Company (the "Finder's Shares") to Triple K Ventures Ltd., a Company related to the CEO, upon the successful closing of the transaction in accordance with the following schedule:

(a) 285,715 Finder's Shares on the date that the Option Agreement is signed;
(b) 142,857 Finder's Shares on the first anniversary of the Option Agreement;
(c) 142,857 Finder's Shares on the second anniversary of the Option Agreement;
(d) 142,857 Finder's Shares on the third anniversary of the Option Agreement;
(e) 142,857 Finder's Shares on the fourth anniversary of the Option Agreement;
(f) 142,857 Finder's Shares on the fifth anniversary of the Option Agreement;

As at August 31, 2021, the Company recorded a commitment to issue finder's shares of $460,000.

(Presented in Canadian Dollars)

7. SHARE CAPITAL

Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued Share Capital

During the year ended August 31, 2021, the Company:

a) Completed a non-brokered private placement by issuing 13,600,000 common shares at $0.025 per common share for gross proceeds of $340,000, of which $283,561, net of share issuance costs of $6,439, were received during the period ended August 31, 2020.

b) Issued 455,000 common shares from the exercise of special seed warrants at $0.025 per warrant for gross proceeds of $11,375.

c) Issued 9,250,000 common shares from the exercise of pre-IPO special warrants at $0.025 per warrant for gross proceeds of $462,500, of which $456,061, net of share issuance costs of $6,439, were received during the period ended August 31, 2020.

d) Completed an initial public offering by issuing 5,000,000 common shares at $0.10 per common share for gross proceeds of $500,000, less issuance costs of $64,116 in cash, with net proceeds of $435,884. The Company issued 200,000 finder's shares valued at $20,000 and 113,200 finder's warrants entitling the holder to purchase one common share with an exercise price of $0.10 per common share for a period of two years. The finder's warrants were valued at $5,909 using the Black-Scholes pricing model using a share price of $0.10, expected life of two years, a volatility of 100%, a risk-free interest rate of 0.31% and expected dividend rate of nil.

e) Issued 150,000 common shares valued at $30,000 per Galinee Property option agreement (Note 6).

Stock options and warrants

Stock option and warrant transactions are summarized as follows:

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, August 31, 2020	-	$ -	-	$ -
Granted	2,850,000	0.50	113,200	0.10
Balance, August 31, 2021, outstanding and exercisable	2,850,000	$ 0.50	113,200	$ 0.10

(Presented in Canadian Dollars)

7. SHARE CAPITAL (cont'd…)

Stock options and warrants (cont'd…)

At August 31, 2021 the following stock options were outstanding:

Number Outstanding	Number Outstanding and Exercisable	Exercise Price	Expiry Date
2,850,000	2,850,000	$ 0.50	August 26, 2026

As at August 31, 2021 the following warrants were outstanding:

Number Outstanding	Number Outstanding and Exercisable	Exercise Price	Expiry Date
113,200	113,200	$ 0.10	May 28, 2023

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of ten years, with the exception of any options extended due to a Blackout Period. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's shares, forfeiture rate, and expected life of the options. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant.

During the year ended August 31, 2021, the Company granted 2,850,000 options (2020 – nil). The weighted average fair value of options granted during the year ended August 31, 2021 was $0.34 (2020 - $nil). Total share-based payments recognized in the statement of loss and comprehensive loss for the year ended August 31, 2021 was $958,547 (2020 - $nil) for incentive options vested. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	August 31, 2021	**August 31, 2020**
Weighted average share price	$0.46	-
Risk-free interest rate	0.87%	-
Expected life of option	5 years	-
Expected annualized volatility	100%	-
Expected dividend rate	Nil	-

(Presented in Canadian Dollars)

8. RELATED PARTIES TRANSCATIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having 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 Company's Board of Directors, the Chief Executive Officer, and Chief Financial Officer. Key management personnel payments for the year ended August 30, 2021 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ -	$ -	$ 67,266	$ 67,266
Chief Financial Officer	35,000	-	-	35,000
Non-executive directors	-	22,500	302,699	325,199
	$ 35,000	$ 22,500	$ 369,965	$ 427,465

As at August 31, 2021, $343,039 (2020 - $Nil) was included in accounts payables and accrued liabilities for fees owed to related parties.

There were no related party transactions during the period ended August 31, 2020.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

The carrying values of cash, receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's receivables consist mainly of goods and services tax receivables due from the government of Canada. As at August 31, 2021, the Company's exposure to credit risk is minimal.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2021, the Company had a cash balance of $764,359 to settle current liabilities of $489,382 All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Management intends to meet its liabilities by actively pursuing investors.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

As at August 31, 2021, the Company was not subject to or exposed to any interest rate risk as it had no variable interest debt or investments.

b) Foreign currency risk

As at August 31, 2021, the Company is not exposed to foreign currency risk.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. As at August 31, 2021, the Company was not exposed to any equity or commodity price risks.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns and/or benefits for shareholders. The Company considers its shareholders' equity to be its capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the administration of its corporate affairs and to provide funds for the development of its business. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company has no revenue generating operations and as such is dependent upon external financing to fund activities. In order to develop its business and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the size of the Company.

There were no changes in the Company's approach to capital management during the year ended August 31, 2021. The Company is not subject to externally imposed capital requirements.

(Presented in Canadian Dollars)

11. INCOME TAXES

Following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

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

	2021	2020
Loss for the period before income tax	$ (1,653,626)	$ (36,720)
Expected income tax (recovery)	$ (446,000)	$ (10,000)
Change in unrecognized deductible temporary differences	214,000	10,000
Permanent differences	258,000	-
Share insurance costs	(26,000)	-
Total income tax (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets which have not been set up are as follows:

	2021	2020
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ 93,000	$ -
Property and equipment	2,000	-
Share issue costs	21,000	2,000
Non-capital losses available for future period	108,000	8,000
	224,000	10,000
Unrecognized deferred tax assets	(224,000)	(10,000)
Net deferred tax assets	$ -	$ -

Tax losses carried forward are as follows:

	2021	Expiry date range	2020	Expiry date range
Exploration and evaluation assets	$ 344,000	No expiry date	$ -	No expiry date
Property and equipment	7,000	No expiry date	-	No expiry date
Share issue costs	78,000	2042-2045	-	2041-2044
Non-capital losses available for future periods	400,000	2027-2041	37,000	2026-2040

(Presented in Canadian Dollars)

12. SUBSEQUENT EVENTS

Subsequent to the year ended August 31, 2021, the Company:

a) Paid $200,000 and issued 2,000,000 common shares valued at $2,460,000 as required under the Holy Grail Agreement (Note 6). In connection with the agreement, the Company issued 285,715 Finder's Shares valued at $131,429 to Triple K Ventures Ltd., a company related to the CEO.

b) Closed a private placement by issuing 17,142,856 units (each, a "Unit") at a price of $0.35 per Unit for gross proceeds of approximately $6 million. Each unit consists of one common share and one-half of one share purchase warrant entitling the holder to purchase one additional common share at a price of $0.70 per common share for 18 months from the date of issuances, subject to a forced exercise clause in the event that the trading price of the shares equals or exceeds $1.15 for 10 consecutive days. In connection with the offering, the Company paid an aggregate of $88,903 in finders' fees, issued 250,510 finder's warrants entitling the holder to purchase one common share at $0.7 per common share for a period of 18 months from the date of issuance and incurred an additional $29,927 in other closing costs.

c) Issued 113,200 common shares at a price of $0.10 per common share for proceeds of $11,3200 on the exercise of broker warrants.

d) Entered into a property option agreement with Knauss Creek Mines Ltd to acquire 100% interest in the Knauss Creek Property.

Pursuant to the terms of the agreement and in order to exercise the option, The Company must pay $10,000 and issue 1,200,000 common shares over a two-year period as follows:

Date	Cash	Shares	Exploration Expenditures
Upon closing (firm commitment)	$ 10,000	500,000	$ -
12 months from Closing	-	500,000	-
24 months from Closing	-	200,000	-
The earlier of (a) one year following receipt of a drill permit in respect of the Property, or (b) 18 months after the Closing Date	-	-	250,000
On or before October 31, 2023	-	-	750,000
	$ 10,000	1,200,000	$ 1,000,000

The Company has also granted the optionor a 1.0% net smelter returns royalty (the "NSR Royalty") with respect the property. The Company has the right to purchase from optionor one-half of the NSR Royalty for $1,000,000 at any time prior to 45 consecutive production days at 70% of processing plant design capacity or mining rate if a processing facility is not constructed on the Property.

In connection with the Agreement, the Company has agreed to issue to Loan Wolf Exploration Ltd. (the "Finder") 120,000 common shares (50,000 common shares issued on the closing date, 50,000 common shares issued on the first anniversary of the closing date, and 20,000 common shares on the second anniversary of the closing date). The Company has also granted the Finder a 2.0% net smelter returns royalty with respect to the property, effective as of the date the option is deemed exercised by the Company pursuant to the terms of the agreement.

12. SUBSEQUENT EVENTS (cont'd…)

e) Issued a total of 500,000 stock options to certain of its directors, officers, employees and consultants. All of the stock options will be exercisable for a period of 5 years at an exercise price of $1.40.