NSJ GOLD CORP.
CONDENDSED INTERIM FINANCIAL STATEMENTS

Nine months ended August 31, 2021

(Unaudited - Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

NSJ GOLD CORP.
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	As at August 31, 2021	As at November 30, 2020
			$
ASSETS			
Current			
Cash and cash equivalents		**1,031,536**	**654,492**
Receivables	6	**20,655**	**650**
Prepaid expenses and deposits	4	**61,397**	**1,500**
Total current assets		**1,113,588**	**656,642**
Exploration and evaluation asset	5, 6	**478,978**	**89,869**
Total assets		**1,592,566**	**746,511**
LIABILITIES			
Current			
Accounts payable	6	**33,103**	**867**
Accrued liabilities	6	**5,250**	**3,150**
Total current liabilities		**38,353**	**4,017**
SHAREHOLDERS' EQUITY			
Share capital	7	**2,059,500**	**774,200**
Reserves	7	**249,799**	**-**
Deficit		**(755,086)**	**(31,706)**
Total shareholders' equity		**1,554,213**	**742,494**
Total liabilities and shareholders' equity		**1,592,566**	**746,511**

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors on October 4, 2021:

"Jag Sandhu"	***"Rodney Stevens"***
Director	Director

The accompanying notes are an integral part of the interim financial statements

NSJ GOLD CORP.
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended August 31, 2021	Three months ended August 31, 2020	Nine months ended August 31, 2021	Period from May 22, 2020 (inception) to August 31, 2020
		$		$	$
Operating expenses					
Consulting Fees	6, 7	**59,400**	-	**214,470**	-
Foreign exchange loss (gain)		**3,411**	-	**1,833**	-
Office and Miscellaneous	6	**9,399**	13	**46,606**	13
Professional fees	6	**20,720**	-	**92,973**	-
Travel Expenses		**-**	-	**224**	-
Stock-based compensation	6, 7	**249,799**		**249,799**	
Marketing Fees	6	**68,495**	-	**118,975**	-
Total operating expenses		**411,224**	**13**	**724,880**	**13**
Other Expenses (Income)					
Gain on Debt Settlement	7	**-**	-	**(1,500)**	-
Net Loss		**$(411,224)**	**$(13)**	**$(723,380)**	**$(13)**
Loss per share:					
Basic and diluted		**$(0.02)**	**$(0.00)**	**$(0.04)**	**$(0.00)**
Weighted average number of shares outstanding:					
Basic and diluted		**23,309,000**	**5,098,901**	**20,303,256**	**4,990,099**

The accompanying notes are an integral part of the interim financial statements

NSJ GOLD CORP.
Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars, except number of shares)

	Share capital				
	Common shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance at May 22, 2020 (Incorporation)	**-**	**$-**	**$-**	**$-**	**$-**
Founder shares (Note 7)	4,000,000	20,000	-	-	20,000
Private placement (Note 7)	10,000,000	210,000	-	-	210,000
Net Loss	-	-	-	**(13)**	(13)
Balance at August 31, 2020	**14,000,000**	**230,000**	**-**	**(13)**	**229,987**
Special warrants (Note 7)	-	544,200	-	-	544,200
Net Loss	-	-	-	(31,693)	(31,693)
Balance at November 30, 2020	**14,000,000**	**774,200**	**-**	**(31,706)**	**742,494**
Special warrants (Note 7)	9,104,000	1,229,000	-	-	1,229,000
Shares issued for services (Notes 6, 7)	105,000	37,800	-	-	37,800
Shares issued for debt settlement (Notes 6, 7)	100,000	18,500	-	-	18,500
Reserves (Note 7)	-	-	249,799	-	249,799
Net Loss	-	-	-	(723,380)	(723,380)
Balance at August 31, 2021	**23,309,000**	**$2,059,500**	**249,799**	**$(755,086)**	**$1,554,213**

The accompanying notes are an integral part of the interim condensed financial statements

NSJ GOLD CORP.

Condensed Interim Statements of Cash Flows

For the nine months ended August 31, 2021 and the period from May 22, 2020 (inception) to August 31, 2020

(Unaudited - Expressed in Canadian dollars)

	Note	2021	2020
		$	**$**
Operating activities			
Net loss for the period		**(723,380)**	**(13)**
Adjustments for:			
Share-based payments	6, 7	**287,599**	
Gain on Debt Settlement	7	**(1,500)**	
Changes in non-cash working capital			
Receivables		**(20,005)**	**-**
Prepaid expenses and deposits		**(59,897)**	**-**
Accounts payable and accrued liability		**34,336**	**-**
Net cash flows used in operating activities		**(482,847)**	**(13)**
Investing activities			
Exploration and evaluation asset	5	**(389,109)**	**-**
Net cash flows used in investing activities		**(389,109)**	**-**
Financing activities			
Common shares issued	7	**-**	**230,000**
Shares for debt	6, 7	**20,000**	**-**
Special Warrants	7	**1,229,000**	**-**
Net cash flows provided by financing activities		**1,249,000**	**230,000**
Increase in cash and cash equivalents		**377,044**	**229,987**
Cash and cash equivalents, beginning of year		**654,492**	**-**
Cash and cash equivalents, end of year		**$1,031,536**	**229,987**

Non-cash transaction during the periods ended August 31, 2021 and 2020 include:

a) The fair value of $37,800 (2020 - $nil) allocated to shares issued for services

1. NATURE OF OPERATIONS AND GOING CONCERN

NSJ Gold Corp. (the "Company") is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the *Business Corporations Act* of British Columbia on May 22, 2020. On March 8, 2021, the Company listed its shares on the Canadian Securities Exchange ("CSE") and trades under the symbol NSJ. The address of the Company's registered and records office is Suite 101, 17565 58 Avenue, Surrey, British Columbia, V3S 4E3 Canada and principal place of business is 1701 – 1408 Strathmore Mews, Vancouver, British Colombia, V6Z 3B1 Canada.

The Company's primary business is the acquisition and exploration of mineral properties. The Company's exploration and evaluation asset (Note 5) does not presently host any known mineral deposits nor, given the high degree of risk involved, can there be any assurance that its exploration activities will result in the definition of such deposits being located or, ultimately, a profitable mining operation in the future.

These financial statements (the "financial statements") have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a loss of $723,380 during the period ended August 31, 2021 and has an accumulated deficit as at August 31, 2021 of $755,086. Further, the Company has no source of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct required exploration and development of its mineral property projects. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern. These adjustments could be material.

In 2020, there was a global outbreak of coronavirus that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a prospective material impact to the Company's project exploration activities, cash flows and liquidity. Various restrictions on gatherings, work and access to remote communities near the Company's project may also impact the Company's ability to perform exploration activities at the project.

2. BASIS OF PRESENTATION

a) Statement of compliance

These interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. IFRS includes International Accounting Standards ("IAS") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). As such, these interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the period ended November 30, 2020.

These financial statements were approved and authorized for issuance by the Company's Board of Directors on October 4, 2021.

b) Basis of measurement

These interim financial statements have been prepared on a historical cost basis, except for those financial instruments which have been classified and measured at fair value. In addition, with the exception of cash flow information, these financial statements have been prepared using the accrual method of accounting.

All amounts in these financial statements are presented in Canadian dollars, the functional currency of the Company. The accounting policies set out below have been applied consistently.

c) Functional and presentation currency

The Company considers the primary and secondary indicators as part of its decision-making process. The financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in notes 2 and 3 to the Company's audited annual financial statements for the period ended November 30, 2020 except for the following:

Leases

At inception of a contract, the Company assesses 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 right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

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 lease 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 remeasurements of the lease liability.

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:

a) fixed payments, including in-substance fixed payments, less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) amounts expected to be payable under a residual value guarantee;
d) exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
e) 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 the 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.

During the period ended August 31, 2021 the Company entered into a month-to-month lease for head office space. Due to the short term nature of the agreement the Company has applied the practical expedient to expense the rent payments as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. A summary of significant judgments and key sources of estimation uncertainty is below.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

<u>Environmental rehabilitation obligation</u>

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

<u>Share-based compensation</u>

The fair value of stock options issued are subject to the limitations of the Black-Scholes Option Pricing Model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Critical accounting judgements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

4. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses are comprised of the following as at August 31, 2021:

	August 31, 2021	**November 30, 2020**
	$	**$**
Prepaid deposits	**58,333**	**1,500**
Advances (Note 6)	**3,064**	**-**
	$61,397	**$1,500**

5. EXPLORATION AND EVALUATION ASSET

The Company entered into an option agreement dated August 14, 2020, as amended November 25, 2020 (the "Option Agreement") to acquire a 100% interest in certain claims comprising the Golden Hills Project (the "Golden Hills Property") located in Arizona, USA. Pursuant to the Option Agreement, to exercise the option the Company is required to pay a total of USD299,000 over a five year period with the first payment of USD24,000 due on or before March 28, 2021 and pay annual claim maintenance fees totalling USD15,510. The Company is also obligated to complete an exploration development program totalling USD4,635,000 per the following schedule:

- USD85,000 on or before the first anniversary date of the agreement
- USD150,000 on or before the second anniversary date of the agreement
- USD400,000 on or before the third anniversary date of the agreement
- USD1,000,000 on or before the fourth anniversary date of the agreement
- USD3,000,000 on or before the fifth anniversary date of the agreement

The Golden Hills Property is subject to a 3% Net Smelter Return as payable to the Vendor.

During the period ended August 31, 2021, the Company incurred a total of $389,109 ($89,869 for the period ended November 30, 2020) in exploration expenditures.

	November 30, 2020	Net change	**August 31, 2021**
	$	$	**$**
Acquisition costs	-	49,163	**49,163**
Exploration costs			
Field expenses	2,825	16,707	**19,532**
Geological consulting	84,143	52,267	**136,410**
Geophysical	2,901	99,920	**102,821**
Drilling	-	171,052	**171,052**
Total exploration costs	89,869	339,946	**429,815**
Total	$89,869	$389,109	**$478,978**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

6. RELATED PARTY TRANSACTIONS

During the nine month period ended August 31, 2021, the Company incurred:

- $90,000 (2020 - $Nil) in Consulting fees to a company controlled by the CEO of the Company;
- $2,900 (2020 - $Nil) in Rent to the CEO of the Company for head office space;
- $17,500 (2020 - $Nil) in Consulting fees and $15,000 (2020 - $Nil) in Marketing fees to a company controlled by a relative of the CEO;
- $55,000 (2020 - $Nil), of which $5,000 (2020 - $Nil) was recognized in accrued liabilities, in Professional fees to a company which the CFO of the Company is a partner of;
- $28,571 (2020 - $Nil) in Consulting fees to a company controlled by a director of the Company of which $20,000 was settled through the issuance of 100,000 common shares. Additionally the Company issued 105,000 shares at a deemed price of $0.36 per share for services rendered by a director which was recorded in Consulting fees;
- USD 9,600 (CAD 11,712) (2020 - $Nil) in Geological Consulting fees to the Vice President of Exploration which was capitalized to exploration and evaluation asset.
- USD 12,060 (CAD 14,681) (2020 - $Nil) in Geological Consulting fees to a company controlled by a relative of the Vice President of Exploration which was capitalized to exploration and evaluation asset.

During the nine month period ended August 31, 2021 the Company granted:

- 750,000 options (2020 - Nil) to officers and directors of the Company
- 200,000 options (2020 - Nil) to a company controlled by a relative of the CEO
- 150,000 options (2020 – Nil) to the Vice President of Exploration

All options granted vest over a one year period with 25% of the options vesting every 3 months. During the nine months ended August 31, 2021 the Company recorded $148,934 (2020 - $Nil) in connection to the options granted to related parties.

As at August 31, 2021 the Company recorded $3,064 (2020 - $Nil) as an advance for expenses to the CEO of the Company.

As at August 31, 2021 the Company recorded $689 (2020 - $Nil) due from a company with directors in common for reimbursement of expenses.

Amounts due to related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties. The amounts due to related parties as at August 31, 2021 are included in accounts payable:

	August 31, 2021	**November 30, 2020**
	$	**$**
Due to directors and officers of the Company	**19,650**	**867**

7. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

Share transactions

During the nine months ended August 31, 2021, the Company issued the following:

a) On February 25, 2021 the Company received notice of receipt for its long form prospectus from the British Colombia Securities Commission. As such on February 26, 2021 all outstanding Special Warrants were exercised and the Company issued 9,104,000 common shares to the special warrant holders for no additional consideration.
b) On March 15, 2021 the Company issued 105,000 at a price of $0.36 per share for services rendered by a director of the Company.
c) On May 26, 2021 the Company issued 100,000 shares to settle $20,000 due to a director of the Company (Note 6). The fair value of the shares on the date of issuance was $18,500 and the Company recorded a gain of $1,500.

During the period ended November 30, 2020, the Company issued the following:

a) Upon incorporation the Company issued 4,000,000 common shares at $0.005 per share for gross proceeds of $20,000.
b) On August 21, 2020 the Company closed its $0.021 unit offering issuing 10,000,000 units for gross proceeds of $210,000. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share at an exercise price of $0.20 per share on or before August 22, 2025. The warrants were valued at $0, using the residual value method.

Special Warrants

During the nine months ended August 31, 2021, the Company issued the following:

a) On January 18, 2021 the Company issued 1,937,000 special warrants (the "Special Warrants"). Each Special Warrant entitles the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant, one previously unissued unit in the capital of the Company. Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant where each whole warrant entitles the holder to purchase one additional common share at an exercise price of $0.40 per share for a period of 18 months
b) On January 20, 2021 the Company issued 4,446,000 special warrants (the "Special Warrants"). Each Special Warrant entitles the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant, one previously unissued unit in the capital of the Company. Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant where each whole warrant entitles the holder to purchase one additional common share at an exercise price of $0.40 per share for a period of 18 months

7. SHARE CAPITAL (continued)

Special Warrants (continued)

The Company raised a total of $1,229,000 (net of finder's fees totaling $47,600) through the issuance of 6,383,000 Special Warrants.

During the period ended November 30, 2020, the Company issued the following:

a) On November 30, 2020 the Company issued 2,721,000 special warrants (the "Special Warrants"). Each Special Warrant entitles the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant, one previously unissued unit in the capital of the Company. Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant where each whole warrant entitles the holder to purchase one additional common share at an exercise price of $0.40 per share for a period of 18 months

The Company raised a total of $544,200 through the issuance of 2,721,000 Special Warrants

The Special Warrants may be exercised by the Subscriber, in whole or in part, at any time following the closing of the offering. Any unexercised Special Warrants will be deemed to be exercised on that day which is the earlier of:

- the first (1st) business day following the day on which a receipt for a (final) prospectus has been issued to the Company by or on behalf of the securities regulatory; and
- the tenth (10th) anniversary of the date of the Special Warrant certificate.

On February 25, 2021 the Company received notice of receipt for its long form prospectus from the British Colombia Securities Commission. As such, on February 26, 2021 all outstanding Special Warrants were exercised and the Company issued 9,104,000 common shares to the special warrant holders.

Warrants

During the nine months ended August 31, 2021 the Company issued the following:

a) In conjunction with the exercise of the Special Warrants on February 26, 2021, the Company issued 4,552,000 warrants. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of $0.40 per share for a period of 18 months. The value of the warrants issued was deemed to be $nil based on the residual valuation method applied.

During the period ended November 30, 2020, the Company issued the following:

a) In conjunction with the unit offering that closed on August 21, 2020 the Company granted 5,000,000 warrants. Each warrant entitles the holder to purchase one additional share at an exercise price of $0.20 per share on or before August 22, 2025.

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

7. SHARE CAPITAL (continued)

Warrants (continued)

Below is a summary of warrant activity during the nine months ended August 31, 2021:

	Amount Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life
Outstanding May 22, 2020 (Incorporation)	**-**	**$-**	**-**
Issued	5,000,000	$0.20	5 years
Balance at November 30, 2020	**5,000,000**	**$0.20**	**5 years**
Issued	4,552,000	$0.40	1.5 years
Balance at August 31, 2021	**9,552,000**	**$0.30**	**2.6 years**

Options

During the nine months ended August 31, 2021, the Company granted 1,690,000 stock options exercisable at a price of $0.20 with a 5-year life, 150,000 stock options exercisable at a price of $0.30 with a 5-year life and 200,000 stock options exercisable at a price of $0.25 with a 5-year life. The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of the options granted. The Company utilized the following assumptions: average volatility - 122%, average risk-free rate – 0.77% and a five-year term. Accordingly, the estimate grant date fair value of the options was $350,226. All options granted vest over a period of 1 year with 25% of the options vesting every 3 months. During the nine month period ended August 31, 2021 the Company recorded $249,799 in share-based compensation in relation to these grants.

A summary of the Company's stock option activity is as follows:

	Number Outstanding	Weighted Average Exercise Price
	#	**$**
Outstanding at August 31, 2020 and November 30, 2020	-	-
Issued	2,040,000	0.21
Outstanding at August 31, 2021	**2,040,000**	**0.21**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

7. SHARE CAPITAL (continued)

Options (continued)

A summary of the Company's stock options outstanding and exercisable at August 31, 2021 is presented below:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price	Remaining Years
	#	#	$	
March 8, 2026	1,690,000	-	0.20	4.52
March 22,2026	150,000	-	0.30	4.56
July 28, 2026	200,000	-	0.25	4.91
	2,040,000	-	$0.21	4.56

Escrow Shares

Under the escrow agreement dated January 27, 2021, 10% of the escrowed common shares were to be released from escrow on the date of listing on the CSE. Subsequent to listing (March 8, 2021), an additional 15% are to be released every nine months over a thirty-six month period. As at August 31, 2021, a total of 12,600,000 shares were held in escrow (November 30, 2020 - Nil).

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

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).

The Company's financial instruments consist of cash, receivables, and accounts. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments.

As at August 31, 2021, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

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

Credit risk

The Company's primary exposure to credit risk is its cash of $1,031,536 at August 31, 2021. With cash on deposit with reputable financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at August 31, 2021, the Company had current liabilities totaling $38,353 and cash and cash equivalents of $1,031,536 and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

Market risk

Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

9. CAPITAL MANAGEMENT

The Company includes shareholders' equity and any debt it may issue, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. 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's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. The Company is not subject to any external covenants.