Golden Spike Resources Corp.

Financial Statements

For the Year Ended August 31, 2021

(Expressed in Canadian dollars)

Golden Spike Resources Corp.

For the Year Ended August 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Golden Spike Resources Corp.

Opinion

We have audited the financial statements of Golden Spike 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, changes in equity and cash flows for the year ended August 31, 2021 and for the period from incorporation on January 14, 2020 to August 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

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

December 16, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

Golden Spike Resources Corp.

Statements of Financial Position
(Expressed in Canadian Dollars)

		August 31, 2021		August 31, 2020
Assets				
Current				
Cash	$	134,385	$	105,805
Sales tax receivable		5,579		3,190
Prepaid expenses		49,720		-
		189,684		108,995
Deposit		-		39,950
Exploration and Evaluation Asset (note 7)		110,896		-
	$	300,580	$	148,945
Liabilities and Shareholders' Equity				
Current				
Accounts payable (note 8)	$	97,632	$	24,483
Accrued liabilities		10,000		6,000
Obligation to issue shares (note 9)		-		20,000
Flow-through share premium liability (note 10)		307		1,953
		107,939		52,436
Shareholders' Equity				
Share Capital (note 9)		380,231		133,313
Reserves		19,341		-
Deficit		(206,931)		(36,804)
Shareholders' Equity		192,641		96,509
Liabilities and Shareholders' Equity	$	300,580	$	148,945

Going Concern (note 2)
Subsequent Events (notes 7 and 12)

Approved on behalf of the Board:

"Keith Anderson" *"Robert Cinits"*

……………………………… Director ……………………………… Director

Keith Anderson Robert Cinits

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

Golden Spike Resources Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended August 31, 2021	Period from Incorporation on January 14, 2020 to August 31, 2020
Expenses		
Consulting fees (note 8)	$ 43,070	$ 16,875
Office and general	159	606
Professional fees	85,663	16,510
Rent (note 8)	6,000	2,813
Share-based compensation (notes 8 and 9)	19,341	-
Transfer agent and filing fees	17,540	-
Loss Before Other Item	(171,773)	(36,804)
Other Item		
Recovery of premium liability on flow-through shares (note 10)	1,646	-
Net Loss and Comprehensive Loss	$ (170,127)	$ (36,804)
Basic and Diluted Loss Per Share	$ (0.01)	$ (0.02)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	12,019,178	2,331,304

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

Golden Spike Resources Corp.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	**Share Capital**	**Reserves**	**Deficit**	**Total**
Balance, January 14, 2020	**-**	**$ -**	**$ -**	**$ -**	**$ -**
Private placements	8,800,000	144,047	-	-	144,047
Share issue costs	-	(10,734)	-	-	(10,734)
Net loss and comprehensive loss	-	-	-	(36,804)	(36,804)
Balance, August 31, 2020	**8,800,000**	**133,313**	-	**(36,804)**	**96,509**
Private placements	5,000,000	250,000	-	-	250,000
Share issuance costs	-	(3,082)	-	-	(3,082)
Share-based compensation	-	-	19,341	-	19,341
Net loss and comprehensive loss	-	-	-	(170,127)	(170,127)
Balance, August 31, 2021	**13,800,000**	**$ 380,231**	**$ 19,341**	**$ (206,931)**	**$ 192,641**

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

Golden Spike Resources Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended August 31, 2021	Period from Incorporation on January 14, 2020 to August 31, 2020
Operating Activities		
Net loss for the period	$ (170,127)	$ (36,804)
Items not involving cash		
Share-based compensation	19,341	-
Recovery of premium liability on flow-through shares	(1,646)	-
Changes in non-cash working capital		
Receivables	(2,389)	(3,190)
Prepaid expenses	(49,720)	-
Accounts payable and accrued liabilities	77,149	30,483
Cash Used in Operating Activities	(127,392)	(9,511)
Investing Activities		
Exploration and evaluation asset expenditures	(70,946)	-
Deposit	-	(39,950)
Cash Used in Investing Activities	(70,946)	(39,950)
Financing Activities		
Shares issued for cash	230,000	146,000
Share issuance costs	(3,082)	(10,734)
Obligation to issue shares	-	20,000
Cash Provided by Financing Activities	226,918	155,266
Net change in Cash	28,580	105,805
Cash, Beginning	105,805	-
Cash, Ending	$ 134,385	$ 105,805

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Golden Spike Resources Corp. (the "Company") is an exploration stage company incorporated on January 14, 2020 under the laws of the province of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties located in the province of Ontario, Canada. The Company's head office and principal business address is 830 – 1100 Melville Street, Vancouver, British Columbia, Canada, V6E 4A6. The Company's registered and records office is 1000 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. On September 13, 2021, the Company's shares began trading on the Canadian Securities Exchange (the "CSE") under the trading symbol "GLDS".

2. GOING CONCERN

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation projects when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation projects or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. Such adjustments could be material.

In March 2020, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

If the going concern assumption were not appropriate for these financial statements, then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

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

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 16, 2021.

a) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the significant accounting policies (note 4). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout by the Company for purposes of these financial statements.

a) Exploration and evaluation assets

i) Exploration and evaluation costs

Exploration and evaluation costs are expensed in the year in which they are incurred.

ii) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and amortization on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Mining exploration tax credits for certain exploration expenditures are treated as a reduction of the exploration and development costs of the respective resource property. The amounts are recorded in the year they are received.

Mineral property acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of mineral property acquisition costs, they are valued at the closing share price on the date of issuance. Payments related to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded upon payment.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures that would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration and evaluation assets.

Exploration and evaluation assets are classified as intangible.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Exploration and evaluation assets (continued)

iii) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through amortization of the asset and unwinding of the discount on the provision.

Amortization is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset and charged against operating profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

b) Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at every reporting period. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable and at least annually. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive income/loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, “Financial Instruments: Classification and Measurement”.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The following table shows the classification under IFRS 9:

Financial assets/ liabilities	**Classification**
Cash	Fair value through profit or loss
Accounts payable and accrual liabilities	Amortized cost

Financial assets
On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

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

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment of financial assets
IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company’s receivables.

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Financial instruments (continued)

Financial liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized costs. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

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

Gains and losses on de-recognition are generally recognized in profit or loss.

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.

d) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. 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, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

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

The Company has adopted the residual method with respect to the measurement of shares and warrants issued as private placement units. 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 the warrants reserve.

The fair value of the common shares is based on the closing quoted bid price on the announcement date. The fair value attributed to the warrants is recorded in equity reserves.

f) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

g) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in share-based payments reserve is transferred to share capital.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Share-based payments (continued)

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options remain in share-based payments reserve upon their expiry or cancellation.

h) Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance its exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. Upon issuance, the Company bifurcates the flow-through share into: (i) a flow-through share premium equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and (ii) share capital. Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the investors. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

i) Accounting standard issued but not yet effective

International Accounting Standard ("IAS") 1 Presentation of Financial Statements
The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have issued but have an effective date of later than August 31, 2021. These updates are not expected to have a significant impact on the Company and are therefore not discussed herein.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next fiscal year are discussed below.

a) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

b) Going concern risk assessment

The assessment of the Company's ability to continue as a going concern requires significant judgment. The financial statements have been prepared on the basis of accounting principles applicable to a going concern, as disclosed in note 2.

c) Title to mineral property interests

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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

a) Recoverability of exploration and evaluation assets

The Company has determined that exploration, evaluation and related costs incurred which have been capitalized may have future economic benefits and may be economically recoverable. The Company uses several criteria in its assessment of economic recoverability and probability of future economic benefits including geologic and other technical information.

b) Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made that management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at August 31, 2021, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

c) Fair value of stock options granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

6. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as FVTPL; and accounts payable and accrued liabilities, as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

The following table sets forth the Company's financial asset measured at fair value by level within the fair value hierarchy:

August 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 134,385	$ -	$ -	$ 134,385

August 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 105,805	$ -	$ -	$ 105,805

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

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. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. The Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of August 31, 2021 equal $107,632 (2020 - $30,483). All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) Currency risk – The Company has no funds held in a foreign currency, and as a result, is not exposed to significant currency risk on its financial instruments at period-end.

ii) Interest rate risk – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

6. FINANCIAL INSTRUMENTS (Continued)

iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

d) Capital management

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended August 31, 2021. The Company is not subject to externally imposed capital requirements.

7. EXPLORATION AND EVALUATION ASSET

Camping Lake Project

On September 1, 2020, the Company entered into an option agreement to acquire a 100% interest in the Camping Lake Property, consisting of 5 mineral claims located in the Red Lake Mining District, Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Pay $30,000 upon signing (paid);
- Pay $45,000 (paid subsequent to the year-end) and issue 500,000 common shares of the Company (issued subsequent to the year-end) on or before the day the Company's shares become listed for trading on the CSE; and
- Issue 750,000 common shares on or before the one-year anniversary from the day the Company's shares become listed for trading on the CSE.

The vendor retains a 3% net smelter return royalty, 2% can be repurchased for $1,000,000.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSET (Continued)

A summary of exploration and evaluation expenditures for the year ended August 31, 2021 is as follows:

		Camping Lake Project
Balance, January 14, 2020 and August 31, 2020	**$**	**-**
Acquisition Costs		
Acquisition		30,000
Total Acquisition Costs		**30,000**
Exploration Costs		
Geophysics		80,896
Total Exploration Costs		**80,896**
Balance, August 31, 2021	**$**	**110,896**

8. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the statements of loss and comprehensive loss:

		Year Ended August 31, 2021		Period from Incorporation on January 14, 2020 to August 31, 2020
Short-term compensation (consulting fees)	$	36,000	$	16,875
Share-based compensation	$	19,341	$	-

During the year ended August 31, 2021, office rent of $6,000 (August 31, 2020 - $2,813) was reimbursed to an officer and director of the Company.

As at August 31, 2021, the Company did not have any outstanding amounts payable to an officer and director of the Company (2020 - $3,915) for outstanding fees and expenses. The amounts payable are non-interest-bearing, unsecured and due on demand.

9. SHARE CAPITAL

a) Authorized

Unlimited number of common voting shares without par value

b) Issued and outstanding

During the year ended August 31, 2021

On January 8, 2021, the Company issued 5,000,000 common shares for gross proceeds of $250,000. The Company incurred share issuance costs of $3,082.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

b) Issued and outstanding (continued)

During the period from incorporation on January 14, 2020 to August 31, 2020

On January 21, 2020, the Company issued 2,000,000 common shares of the Company at a price of $0.005 per share for gross proceeds of $10,000.

On August 6, 2020, the Company issued 2,000,000 units at a price of $0.02 per unit for gross proceeds of $40,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.05 for a period of two years. No value was attributed to the warrants.

On August 6, 2020 and August 27, 2020, the Company issued 4,800,000 flow-through common shares of the Company at a price of $0.02 per share for gross proceeds of $96,000. The premium paid by investors on the flow-through shares was calculated as $1,953. Accordingly, $1,953 was recorded as other liabilities. Share issue costs of $19,700 were incurred.

During the period from incorporation on January 14, 2020 to August 31, 2020, the Company incurred share issue costs of $10,734.

At August 31, 2020, the Company held a deposit of $20,000 in relation to the private placement that closed on January 8, 2021.

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Year Ended August 31, 2021		**Period from Incorporation on January 14, 2020 to August 31, 2020**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	2,000,000	$ 0.05	-	$ -
Granted	-	$ -	2,000,000	$ 0.05
Outstanding, end of period	2,000,000	$ 0.05	2,000,000	$ 0.05

The following warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**August 31, 2021**
August 6, 2022	0.93	$ 0.05	2,000,000

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

d) Stock options

On December 15, 2020, the Company adopted a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Year Ended August 31, 2021		**Period from Incorporation on January 14, 2020 to August 31, 2020**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	-	$ -	-	$ -
Granted	600,000	$ 0.10	-	$ -
Outstanding, end of period	600,000	$ 0.10	-	$ -

The weighted average share price on the date of exercise for the year ended August 31, 2020 was $0.10.

The following stock options were outstanding and exercisable at August 31, 2021:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	**August 31, 2021**
March 17, 2026	4.55	$ 0.10	600,000

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, share-based payments of $19,341 (period from incorporation on January 14, 2020 to August 31, 2020 - $nil) were recognized during the year ended August 31, 2021.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

d) Stock options (continued)

The fair value of each stock option granted was calculated using the following weighted average assumptions:

	Year Ended August 31, 2021	Period from Incorporation on January 14, 2020 to August 31, 2020
Expected life (years)	5	N/A
Risk-free interest rate	0.99%	N/A
Annualized volatility	100%	N/A
Dividend yield	N/A	N/A
Stock price at grant date	$ 0.05	N/A
Exercise price	$ 0.10	N/A
Weighted average grant date fair value	$ 0.03	N/A

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility and the volatility of a comparable company to estimate the volatility of the share price.

10. FLOW-THROUGH SHARES

Other liabilities consist of the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through share issuances:

	August 31, 2021	August 31, 2020
Balance, beginning	$ 1,953	$ -
Liability incurred on flow-through shares issued in August 2020	-	1,953
Settlement of flow-through share liability by incurring expenditures	(1,646)	-
Balance, ending	$ 307	$ 1,953

On August 6, 2020 and August 27, 2020, the Company issued 4,800,000 flow-through common shares of the Company at a price of $0.02 per share for gross proceeds of $96,000. The premium paid by investors on the flow-through shares was calculated as $1,953. Accordingly, $1,953 was recorded as other liabilities. The flow-through premium is derecognized through other income as the qualifying expenditures are incurred.

At August 31, 2021, the Company incurred $80,896 (2020 - $nil) and had a remaining commitment to incur exploration expenditures in relation to its August 2020 flow-through financing of $15,104 (2020 - $96,000).

(Expressed in Canadian Dollars)

11. INCOME TAXES

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

		August 31, 2021		August 31, 2020
Loss before income taxes	$	170,127	$	36,804
Statutory income tax rate		27.00%		27.00%
Income tax benefit computed at statutory tax rate		(46,000)		(10,000)
Permanent difference		5,000		-
Share issuance costs		(1,000)		-
Unrecognized benefit of deferred income tax assets		42,000		10,000
Income tax expense (recovery)	$	-	$	-

The significant components of the Company's deferred income tax assets and deferred income tax liabilities are presented below:

		August 31, 2021		August 31, 2020
Non-capital losses carried forward	**$**	51,000	$	10,000
Share issue costs		1,000		2,000
		52,000		12,000
Unrecognized deferred income tax assets		(52,000)		(12,000)
Net deferred income tax assets	**$**	-	$	-

The Company has non-capital losses of $189,000 and resource pool of $110,900 available for carry-forward to reduce future years' income for income tax purposes. The losses expire from 2040 to 2041 and the resource pool has no expiry date.

12. SUBSEQUENT EVENT

On September 10, 2021, the Company closed its Initial Public Offering of 6,000,000 units of the Company at $0.25 per unit for gross proceeds of $1,500,000. Each unit consisted of one common share of the Company and one-half warrant. Each warrant is exercisable into one common share for 24 months at a price of $0.50 per common share. The Company paid the agent a cash commission of $135,000. The Company also issued to the agent 540,000 compensation options, exercisable into common shares at $0.25 per share for a period of 24 months. The Company also paid the agent a corporate finance fee of $35,000 and the agent's expenses of $25,969; $32,500 of the corporate finance fee and agent's expenses were included in prepaid expenses at August 31, 2021.