INTERNATIONAL MONTORO RESOURCES INC.

Financial Statements

Years ended August 31, 2020 and 2019

Expressed in Canadian Dollars

Crowe MacKay LLP
1100 - 1177 West Hastings St.
Vancouver, BC V6E 4T5
Main +1 (604) 687-4511
Fax +1 (604) 687-5805
www.crowemackay.ca

Independent Auditor's Report

To the Shareholders of International Montoro Resources Inc.

Opinion

We have audited the financial statements of International Montoro Resources Inc. ("the Company"), which comprise the statements of financial position as at August 31, 2020 and August 31, 2019 and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020 and August 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty 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:

- 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 the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 Keith Gagnon.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
December 29, 2020

INTERNATIONAL MONTORO RESOURCES INC.
Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	August 31, 2020	August 31, 2019
ASSETS			
Current assets			
Cash		$ 474,688	$ 11,791
Amounts recoverable	4	10,601	9,904
Due from related party		1,313	1,313
Prepaid expenses and deposits	9	89,743	3,926
		576,345	26,934
Non-current assets			
Exploration and evaluation assets	5	2,665,191	2,515,464
		$ 3,241,536	$ 2,542,398
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6	$ 293,104	$ 282,106
Promissory notes	11	174,718	172,403
Due to related parties	9	315,566	389,508
		783,388	844,017
Shareholders' equity			
Share capital	7	13,184,763	11,921,457
Share subscription (receivable) advance	14	(42,350)	400
Reserves	8	1,151,687	1,101,766
Deficit		(11,835,952)	(11,325,242)
		2,458,148	1,698,381
		$ 3,241,536	$ 2,542,398

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors

"Karim Rayani" Director
Karim Rayani

"Gary Musil" Director
Gary Musil

The accompanying notes are an integral part of these financial statements

INTERNATIONAL MONTORO RESOURCES INC.

Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	Years ended August 31, 2020	Years ended August 31, 2019
Expenses			
Bank and interest charges		$ 5,092	$ 3,655
Bonus shares	11	2,800	-
Consulting fees		127,130	30,350
Filing and transfer agent fees		29,303	37,416
Loan interest	11	33,022	28,799
Management fees	9	68,000	60,000
Office and miscellaneous	9	9,280	7,755
Professional fees		54,313	56,842
Rent	9	25,850	28,200
Salaries and benefits	9	8,802	5,383
Share-based payment	7		
Directors		73,901	-
Consultants		9,238	20,963
Telephone		1,850	1,971
Travel and promotion		58,453	92,427
Total expenses		(507,034)	(373,761)
Other income (loss):			
Impairment of exploration and evaluation assets	5	-	(1)
Write-off of QST receivable		(3,676)	-
		(3,676)	(1)
Net loss for the year		(510,710)	(373,762)
Other comprehensive income (loss)			
Net and total comprehensive loss for the year		$ (510,710)	$ (373,762)
Weighted average number of common shares outstanding (basic and diluted)		44,701,242	31,770,721
Basic and diluted net loss per share		$ (0.01)	$ (0.01)

INTERNATIONAL MONTORO RESOURCES INC.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share capital						
	Number of shares	Amount	Share subscription advance/(receivable)	Option reserves	Warrant reserves	Deficit	Total
Balance at August 31, 2018	25,097,105	$ 11,206,005	$ 45,400	$ 1,019,628	$ 60,996	$ (10,951,480)	$ 1,380,549
Loss for the year		-	-	-	-	(373,762)	(373,762)
Shares issued pursuant to private placement	6,960,000	348,000	(45,000)	-	-	-	303,000
Shares issued pursuant to option exercise	550,000	30,750	-	-	-	-	30,750
Shares issued pursuant to warrant exercise	2,600,000	160,525	-	-	-	-	160,525
Shares issued for property acquisition	1,000,000	60,000	-	-	-	-	60,000
Units issued for debt settlement	1,000,000	50,000	-	-	-	-	50,000
Units issued for property acquisition	1,000,000	50,000	-	-	23,356	-	73,356
Share issue costs	-	(7,000)	-	-	-	-	(7,000)
Transfers from reserves pursuant to option exercise	-	26,859	-	(26,859)	-	-	-
Share-based payment charges	-	-	-	20,963	-	-	20,963
Fair value of warrants issued	-	(3,682)	-	-	3,682	-	-
Balance at August 31, 2019	**38,207,105**	**$ 11,921,457**	**$ 400**	**$ 1,013,732**	**$ 88,034**	**$ (11,325,242)**	**$ 1,698,381**
Balance at August 31, 2019	38,207,105	$ 11,921,457	$ 400	$ 1,013,732	$ 88,034	$ (11,325,242)	$ 1,698,381
Loss for the year	-	-	-	-	-	(510,710)	(510,710)
Repayment of subscription advance	-	-	(400)	-	-	-	(400)
Shares issued pursuant to private placement	20,950,000	1,062,850	(42,350)	-	-	-	1,020,500
Shares issued pursuant to option exercise	600,000	35,000	-	-	-	-	35,000
Shares issued pursuant to warrant exercise	1,500,000	75,000	-	-	-	-	75,000
Shares issued for bonus shares	80,000	2,800	-	-	-	-	2,800
Shares issued for property acquisition	2,000,000	70,000	-	-	-	-	70,000
Share issue costs	-	(15,562)	-	-	-	-	(15,562)
Transfers from reserves pursuant to option exercise	-	34,102	-	(34,102)	-	-	-
Share-based payment charges	-	-	-	83,139	-	-	83,139
Fair value of warrants issued	-	(884)	-	-	884	-	-
Balance at August 31, 2020	**63,337,105**	**$ 13,184,763**	**$ (42,350)**	**$ 1,062,769**	**$ 88,918**	**$ (11,835,952)**	**$ 2,458,148**

The accompanying notes are an integral part of these financial statements

INTERNATIONAL MONTORO RESOURCES INC.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended	
	August 31 2020	August 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (510,710)	$ (373,762)
Adjustments to reconcile loss to net cash used in operating activities:		
Bonus shares	2,800	-
Share-based payment	83,139	20,963
Interest accrued on loans and payables	33,022	28,799
Impairment of exploration and evaluation assets	-	1
Write off QST receivable	3,676	-
Changes in non-cash items:		
Decrease (increase) in amounts recoverable	(4,373)	11,330
Decrease (increase) in prepaid expenses and deposits	(85,817)	1,300
Increase (decrease) in accounts payable and accrued liabilities	44,959	9,000
Net cash used in operating activities	(433,304)	(302,369)
CASH FLOWS FROM INVESTING ACTIVITIES		
Accounts payable and due to related parties related to evaluation and exploration assets	(33,961)	(19,537)
Exploration and evaluation assets	(79,727)	(155,319)
Net cash used in investing activities	(113,688)	(174,856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares, net of share issue costs	1,114,538	487,275
Promissory note	20,000	-
Repayment of promissory note	(50,707)	(39,757)
Increase (decrease) in due to related parties	(73,942)	20,788
Net cash provided by financing activities	1,009,889	468,306
Increase (Decrease) in cash	462,897	(8,919)
Cash, beginning of the year	11,791	20,710
Cash, end of the year	$ 474,688	$ 11,791
Supplemental disclosure of cash flow information:		
Cash paid (received) for interest	$ 10,707	$ 8,584
Cash paid for income taxes	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 12)

The accompanying notes are an integral part of these financial statements

1. Nature and continuance of operations

International Montoro Resources Inc. (the "Company") was incorporated on January 30, 1987 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "IMT".

The corporate office and principal place of business of the Company is 110- 175 Victory Ship Way, North Vancouver, B.C., V7L 0B2.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. At August 31, 2020 the Company was in the exploration stage and had interests in properties in Canada.

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and 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, and upon future profitable production or proceeds from the disposition thereof. There is significant uncertainty regarding the outcome of these matters. The Company has sustained losses from operations, and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at August 31, 2020, the Company had a working capital deficiency of $207,043 (August 31, 2019 – $817,083). Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans. These uncertainties cast substantial doubt about the Company's ability to continue as a going concern. The Company expects that it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

In March 2020 the World Health Organization declared the outbreak of COVID-19 a global pandemic. 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.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on December 29, 2020 by the directors of the Company.

Statement of compliance

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

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. The financial statements are presented in Canadian dollars, which is the Company's functional currency, unless otherwise noted.

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant estimates made in the preparation of these financial statements include the recoverable value of exploration and evaluation assets, and the valuation of provisions for restoration and environmental liabilities. Significant judgements include assessment of going concern assumption, recognition of deferred tax assets, determination of cash-generating units, selection of fair value models, and the determination of technical feasibility and commercial viability of mineral properties.

Foreign currency translation

The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of operations and comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Share-based payment

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payment to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the contributed surplus. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. All equity-settled share-based payment is reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments

i. Classification

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

The Company has designated its cash as FVTPL which is measured at fair value. Due from related parties is classified as and measured at amortized cost. Accounts payables and accrued liabilities, promissory notes, and amounts due to related parties are classified as and measured at amortized cost.

ii. Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iii. Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive income (loss).

2. Significant accounting policies and basis of preparation (cont'd)

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Income taxes

Deferred income tax:

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Exploration and evaluation assets

The Company is in the exploration stage in respect to its exploration and evaluation assets.

Pre-exploration costs are expensed in the year in which they are incurred.

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, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and depreciation on property 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.

2. Significant accounting policies and basis of preparation (cont'd)

Exploration and evaluation assets (cont'd)

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such amounts unpaid are not recorded as a liability when they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to profit or loss.

The Company assesses exploration and evaluation assets for indications of impairment at each reporting date.

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 "mine development cost". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in the profit or loss.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Flow-through shares

The Company may from time to time, issue flow-through common shares to finance its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On 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 incurred, the Company derecognizes the liability and recognizes a deferred tax liability and deferred tax expense for the amount of tax reduction renounced to the shareholders. The reduction of the flow-through share premium previously recorded is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian exploration expenses (as defined in the Tax Act).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with the Tax Act. When applicable, this tax is accrued as a financial expense until paid.

Share capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company. The Company's common shares, share 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.

(Expressed in Canadian dollars)

2. Significant accounting policies and basis of preparation (cont'd)

Loss per share

The Company applies the "Treasury Stock Method" to calculate loss per common share. Under this method, the basic loss per share is calculated based on the weighted average aggregate number of common shares outstanding during each period. The diluted loss per share assumes that the outstanding stock options and share purchase warrants had been exercised at the beginning of the period and proceeds from dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share warrants and options had an anti-dilutive impact in 2020 and 2019.

Warrants

The Company has adopted the residual value method with respect to the valuation of warrants issued as part of a private placement unit. The residual value method allocates the net proceeds to the common shares up to their fair value, as determined by the current quoted trading price on the announcement date, and the balance, if any, to the attached warrants. Any fair value attributed to the warrants is recorded as warrants reserve. If the warrants are exercised, the related amount is reclassified as share capital.

3. New accounting standards adopted and issued

The Company has adopted the following new and revised accounting pronouncement.

IFRS 16 Leases - IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019. Adoption of the new standard effective September 1, 2019, had no material impact on the financial statements.

4. Amounts recoverable

	August 31, 2020	August 31, 2019
Goods and services tax recoverable	$ 10,601	$ 6,706
Quebec sales tax (QST) recoverable	-	3,198
	$ 10,601	$ 9,904

(Expressed in Canadian dollars)

5. Exploration and evaluation assets

	Canada							
	Crackingstone	Serpent River	Duhamel	Wicheeda	Camping	Blackfly	Other	**Total**
Balance, August 31, 2019	$ 1	$ 2,147,367	$ 169,120	$ 198,972	$ -	$ -	$ 4	$ 2,515,464
Acquisition costs:								
Additions								
Cash	-	-	5,000	25,000	8,000	10,000	-	48,000
Shares	-	-	35,000	-	35,000	-	-	70,000
	-	-	40,000	25,000	43,000	10,000	-	118,000
Exploration and evaluation costs:								
Assays and testing	-	-	-	-	363	-	-	363
Claim fees	-	-	1,200	-	-	-	-	1,200
Geological consulting	-	-	3,600	2,281	16,050	-	-	21,931
Geophysics	-	744	-	-	-	-	-	744
Travel, reports and miscellaneous	-	-	-	1,736	5,753	-	-	7,489
	-	744	4,800	4,017	22,166	-	-	31,727
Total expenditures for the year	-	744	44,800	29,017	65,166	10,000	-	149,727
Balance, August 31, 2020	$ 1	$ 2,148,111	$ 213,920	$ 227,989	$ 65,166	$ 10,000	$ 4	$ 2,665,191

	Canada							
	Crackingstone	Orbit Lake	Serpent River	Chuchinka	Duhamel	Wicheeda	Other	**Total**
Balance, August 31, 2018	$ 1	$ 1	$ 2,122,664	$ 1	$ 104,120	$ -	$ 3	$ 2,226,790
Acquisition costs:								
Additions								
Cash	-	-	-	-	5,000	35,055	-	40,055
Shares	-	-	-	-	60,000	-	-	60,000
Units	-	-	-	-	-	73,356	-	73,356
	-	-	-	-	65,000	108,411	-	173,411
Exploration and evaluation costs:								
Assays and testing	-	-	-	-	-	17,303	-	17,303
Geological consulting	-	-	250	-	-	34,722	-	34,972
Geophysics	-	-	13,153	-	-	13,050	-	26,203
Travel, reports and miscellaneous	-	-	11,300	-	-	25,486	-	36,786
	-	-	24,703	-	-	90,561	-	115,264
Total expenditures for the year	-	-	24,703	-	65,000	198,972	-	288,675
Writedown due to impairment	-	(1)	-	-	-	-	-	(1)
Balance, August 31, 2019	$ 1	$ -	$ 2,147,367	$ 1	$ 169,120	$ 198,972	$ 3	$ 2,515,464

5. Exploration and evaluation assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

a. Serpent River Project (Ontario)

The Company entered into an agreement to acquire a 100% interest in ten mining claims in the Sault Ste. Marie Mining Division, Elliot Lake area, in Northern Ontario. Terms of the agreement include the issuance of 100,000 common shares at a value of $91,000 (issued) and $500,000 in cash (paid). In addition, there is a 2.0% net smelter return relating to the acquisition. The Company may at any time purchase 1.0% of the NSR for $1.5 million. A finders' fee of 5,000 common shares valued at $8,550 and $25,000 cash has been paid.

b. Duhamel Property (Quebec)

On January 24, 2018 the Company entered into an agreement to acquire a 100% interest in nine GESM mineral cells in Quebec known as the Duhamel Property. Terms of the agreement are as follows:

i. Payment of $10,000 upon signing of the agreement (paid);
ii. Issuance of an aggregate of 1,000,000 common shares of the Company (issued at a value of $55,000);
iii. Payment of an additional $50,000, or at the discretion of the Company, additional shares at 12 months from Exchange approval (issued 1,000,000 shares at a value of $60,000);
iv. Payment of an additional $50,000, or at the discretion of the Company, additional shares at 24 months from Exchange approval (issued 1,000,000 shares at a value of $35,000);
v. Incurring or funding $150,000 in exploration expenditures on the Duhamel Property:
    (i) $25,000 on or before 12 months from Exchange approval (incurred);
    (ii) An additional $50,000 on or before 24 months from Exchange approval (has not been incurred, but the Company has not received notice of default and is currently in discussions with the vendors to extend the exploration requirement); and
    (iii) An additional $75,000 on or before 36 months from Exchange approval.

Finders fees are payable as follows:

i. Payment of $1,000 upon signing of the agreement (paid);
ii. Payment of $5,000 within five days of TSX approval (paid);
iii. Payment of $5,000 12 months from Exchange approval (paid);
iv. Payment of $5,000 24 months from Exchange approval, provided the Company has not terminated the agreement (paid).

During 2018, the Company staked an additional 32 claims adjacent to the existing claim block.

c. Wicheeda North Property (British Columbia)

On January 31, 2019 the Company entered into an agreement to acquire a 100% interest in four mineral claims located in the Cariboo Mining Division northeast of Prince George, British Columbia. Terms of the agreement are as follows:

i. Payment of a total of $50,000 as follows:
    a. $25,000 upon Exchange approval of the agreement (paid);
    b. $25,000 within one year of signing the agreement (paid).

(Expressed in Canadian dollars)

5. Exploration and evaluation assets (cont'd)

ii. Issuance of an aggregate of 1,000,000 units of the Company (issued at a value of $73,356). Each unit consists of one common share and one transferable share purchase warrant entitling the holder to acquire one common share at a price of $0.10 until May 29, 2021. The shares were valued at $50,000 and the warrants were valued at $23,356 using volatility of 119.90%, interest rate of 1.53% and dividend yield of 0.00%;

iii. Payment of 2% Net Smelter Return Royalty ("NSR"). The Company may acquire one-half of the NSR for $1 million within five years of the Agreement Date.

d. Camping Lake Property (Ontario)

On December 9, 2019 the Company entered into an agreement to acquire up to 75% interest in five mineral claims in Red Lake Mining District, Ontario. To earn a 51% interest the Company will issue 1,000,000 common shares upon Exchange acceptance (issued at a value of $35,000) and issue a further 500,000 common shares on the first anniversary of Exchange acceptance. The Company will make staged cash payments totaling $65,000 over four years, incur $100,000 in exploration expenditures before October 31, 2020 (deferred), and a further $200,000 in expenditures by October 31, 2021. Upon earning the initial 51% interest, the Company has the option to acquire a further 24% for a cash payment of $500,000. The agreement is subject to a 2% net smelter royalty to the vendors.

e. Blackfly Property (Ontario)

On August 21, 2020 the Company entered into an agreement to acquire a 100% interest in five claims consisting of 64 unpatented mining claims near Atikokan, Ontario. Terms include cash payments totaling $105,000, which includes $40,000 in advance royalty payments, (paid $10,000) and the issuance of a total of 500,000 common shares of the Company (100,000 issued subsequent to year end) and 500,000 share purchase warrants in the Company (issued subsequent to year end). Each warrant is exercisable for two years at a price of $0.12. The Company must also incur $153,600 in exploration expenditures before August 21, 2024.

6. Accounts payable and accrued liabilities

	August 31, 2020	August 31, 2019
Accounts payable	$ 236,771	$ 246,352
Accrued liabilities	53,079	32,500
Part XII.6 tax payable	3,254	3,254
	$ 293,104	$ 282,106

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At August 31, 2020 there were 63,337,105 issued and fully paid common shares (August 31, 2019 – 38,207,105).

7. Share capital (cont'd)

Issuances

During the year the Company issued 600,000 common shares pursuant to the exercise of options at prices between $0.05 and $0.06 for total proceeds of $35,000. Fair value of $34,102 has been transferred from option reserve to share capital. The average trading share price on the date of exercise of these options was $0.06.

During the year the Company issued 1,500,000 common shares pursuant to the exercise of warrants at $0.05 for total proceeds of $75,000.

On August 12, 2020 the Company issued a total of 8,240,000 units at $0.075 per unit for total gross proceeds of $618,000. The unit financing consisted of one common share and one transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.10 per share until August 12, 2022.

On July 8, 2020 the Company issued a total of 5,630,000 units at $0.035 per unit for total gross proceeds of $197,050. The unit financing consisted of one common share and one transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.05 per share until July 8, 2022.

On April 14, 2020 the Company issued a total of 1,615,000 units at $0.035 per unit for total gross proceeds of $56,525. The unit financing consisted of one common share and one transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.05 per share until April 14, 2022. The Company incurred $2,750 in share issue costs.

On February 20, 2020 the Company issued a total of 1,000,000 common shares valued at $35,000 to acquire a mineral property.

On February 6, 2020 the Company issued a total of 5,465,000 units at $0.035 per unit for total gross proceeds of $191,275. The unit financing consisted of one common share and one transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.05 per share until February 6, 2022. Finder's fees of $2,800 cash were paid and 80,000 non-transferable broker's warrants were paid. The broker's warrants were valued at $884 using volatility of 97.30%, interest rate of 1.47% and dividend yield of 0.00%.The warrant has the same terms as above. The Company incurred $3,962 in share issue costs.

On January 16, 2020 the Company issued 80,000 common shares valued at $2,800 as bonus shares in consideration of a promissory note issued.

On January 14, 2020 the Company issued a total of 1,000,000 common shares valued at $35,000 to acquire a mineral property.

During the year ended August 31, 2019 the Company issued a total of 2,600,000 common shares pursuant to the exercise of share purchase warrants at prices between $0.06 and $0.065 for total proceeds of $160,525.

During the year ended August 31, 2019 the Company issued at total of 550,000 common shares pursuant to the exercise of stock options at prices of $0.055 and $0.06 per share for total proceeds of $30,750. The fair value of $26,859 was transferred from option reserves to share capital. The average trading share prices on the dates of exercise of these options were $0.06 and $0.045.

7. Share capital (cont'd)

Issuances (cont'd)

On July 25, 2019 the Company issued a total of 950,000 units at $0.05 per unit for total gross proceeds of $47,500. The unit financing consisted of one common share and one transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.08 per share until July 25, 2021. Finder's fees of $3,000 cash were paid and 60,000 non-transferable broker's warrants were paid. The broker's warrants were valued at $1,182 using volatility of 109.22%, interest rate of 1.55% and dividend yield of 0.00%.The warrant has the same terms as above.

On May 29, 2019 the Company issued 1,000,000 units valued at $50,000 pursuant to a property acquisition. The unit consists of one common share and one two year transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.10 per share until May 29, 2021. The warrants were valued at $23,356 using volatility of 119.90%, interest rate of 1.53% and dividend yield of 0.00%.

On April 4, 2019 the Company issued a total of 2,050,000 units at $0.05 per unit for total gross proceeds of $102,500. The unit financing consisted of one common share and one transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.10 per share until April 4, 2021. Finder's fees of $4,000 cash were paid and 80,000 non-transferable broker's warrants were paid. The broker's warrants were valued at $2,500 using volatility of 123.28%, interest rate of 1.46% and dividend yield of 0.00%.The warrant has the same terms as above.

On March 21, 2019 the Company issued a total of 2,300,000 units at $0.05 per unit for total gross proceeds of $115,000. The unit financing consisted of one common share and one transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.10 per share until March 20, 2021.

On February 19, 2019 the Company issued a total of 1,000,000 common shares valued at $60,000 to acquire a mineral property.

On September 18, 2018 the Company issued a total of 1,660,000 units at $0.05 per unit for total gross proceeds of $83,000. The unit financing consisted of one common share and one two year transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.06 per share until September 18, 2019 and thereafter at a price of $0.08 per share until September 18, 2020.

On September 13, 2018 the Company issued 1,000,000 common shares to settle debt of $50,000.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

(Expressed in Canadian dollars)

7. Share capital (cont'd)

Stock options (cont'd)

The changes in options during the years August 31, 2020 and 2019 are as follows:

	August 31, 2020		August 31, 2019	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning of year	1,905,000	$ 0.06	2,315,000	$ 0.09
Options granted	1,800,000	0.05	450,000	0.055
Options exercised	(600,000)	0.06	(550,000)	0.055
Options expired	(75,000)	0.06	(310,000)	0.25
Options outstanding, end of year	3,030,000	$ 0.05	1,905,000	$ 0.06
Options exercisable, end of year	3,030,000	$ 0.05	1,905,000	$ 0.06

Details of options outstanding as at August 31, 2020 are as follows:

Weighted average exercise price ($)	Weighted average contractual life	Number of options outstanding
0.05	1.76 years	3,030,000

The weighted average fair value of options granted during the period was $0.05 (August 31, 2019 - $0.05). The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	August 31, 2020	August 31, 2019
Expected life of options	3 years	3 years
Annualized volatility	111.79%	135.51%
Risk-free interest rate	0.27%	1.92%
Dividend rate	0%	0%

Volatility is calculated based on the historical trading price of the Company's shares.

Warrants

The changes in warrants during the years ended August 31, 2020 and 2019 are as follows:

	August 31, 2020		August 31, 2019	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Balance, beginning of year	14,496,200	$ 0.08	9,192,200	$ 0.10
Issued	21,030,000	0.07	8,100,000	0.09
Exercised	(1,500,000)	0.05	(2,600,000)	0.06
Expired	(6,591,200)	0.07	(196,000)	0.10
Balance, end of year	27,435,000	$ 0.08	14,496,200	$ 0.08

(Expressed in Canadian dollars)

7. Share capital (cont'd)

Warrants (cont'd)

On October 24, 2019, the Company received TSX Venture Exchange approval of the Warrant Exercise Incentive Program to encourage the early exercise of certain outstanding warrants (the "Original Warrants"). Under the program, holders of the Original Warrants (2,155,000 at $0.065 expiring December 27, 2019 & 2,400,000 at $0.06 expiring January 5, 2020) would have been entitled to receive one common share and one replacement warrant (the "Replacement Warrant") as consideration for agreeing to exercise their Original Warrant by November 18, 2019 – 30 days from the Company's October 18, 2019 initial news release announcing the program. The Replacement Warrants would have been exercisable into common shares at $0.075 for a one year period. No warrants were exercised under this program and all warrants reverted to their original terms and expiry dates.

Details of warrants outstanding as at August 31, 2020 are as follows:

Date of expiry	Number of warrants	Exercise price $
September 18, 2020	1,465,000	0.08
March 20, 2021	2,300,000	0.10
April 4, 2021	2,130,000	0.10
May 29, 2021	1,000,000	0.10
July 25, 2021	1,010,000	0.08
February 6, 2022	4,495,000	0.05
April 14, 2022	1,165,000	0.05
July 8, 2022	5,630,000	0.05
August 12, 2022	8,240,000	0.10
	27,435,000	

8. Reserves

The reserves recorded on the Company's statement of financial position are composed of the value of stock option grants and share purchase warrants prior to exercise at which time the corresponding amount will be transferred to share capital. The Company uses the Black Scholes model to determine the fair value of stock option grants and share purchase warrants.

9. Related party transactions

Related party balances

The following amounts are due to related parties:

	August 31, 2020	August 31, 2019
CEO/President	$ 176,759	$ 268,514
Company with directors and officers in common	138,807	120,994
	$ 315,566	$ 389,508

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian dollars)

9. Related party transactions (cont'd)

Related party transactions

The Company incurred the following transactions with a company related by common directors.

	For the years ended August 31, 2020	August 31, 2019
Rent	$ 25,850	$ 28,200
Office, secretarial, and benefits	8,659	11,422
	$ 34,509	$ 39,622

Key management personnel compensation

	For the years ended August 31, 2020	August 31, 2019
Short-term employee benefits – management fees	$ 68,000	$ 60,000
	$ 68,000	$ 60,000

Effective February 1, 2012 the Company signed a renewal and Amendment to the Management Agreement effectively increasing the salary from $4,500 to $5,000 per month and continuation for a term of twenty-four (24) months. In February 2014, 2016, 2018, and 2020 the agreement was renewed for an additional two years and will automatically renew unless terminated as detailed in the agreement.

The Company paid $8,000 management fee to a company owned by the new CEO of the Company. A total of $32,000 of prepaid management fees is included in prepaid expenses.

10. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

The Company is exposed to credit risk by holding cash. Holding the cash in large Canadian financial institutions minimizes this risk. The Company has minimal accounts receivable exposure, and its various refundable credits are due from the Canadian government.

Currency Risk

The Company's functional currency is the Canadian dollar. There is minimal foreign exchange risk to the Company as its mineral property interests are located in Canada. Management monitors its foreign currency balances and make adjustments based on anticipated need for currencies. The Company does not engage in any hedging activities to reduce its foreign currency risk.

Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates. The income earned on certain bank accounts is subject to the movements in interest rates. The Company pays interest on loans at a fixed interest rate which does not pose an interest rate risk. Currently, this risk will have an immaterial effect on operations.

10. Financial risk management (cont'd)

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Company is at risk to changes in commodity prices which may affect financing options available to the Company.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages this risk by careful management of its working capital and deferring related party payables.

The Company's expected source of cash flow in the upcoming year will be through equity financing. Cash on hand at August 31, 2020 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

Capital Management

The Company is engaged in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental issues and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

The Company includes cash and equity in the definition of capital. Equity is comprised of issued common shares, reserves, and deficit.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

There were no changes in the Company's approach to capital management during the year.

Fair Value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

(Expressed in Canadian dollars)

10. Financial risk management (cont'd)

Management believes that the recorded values of all cash, accounts payable and accrued liabilities, promissory notes, and amounts due to and from related parties approximate their current fair values because of their nature and anticipated settlement dates.

11. Promissory notes

On November 10, 2015, the Company entered into an unsecured promissory note agreement with an arm's length party to borrow $75,000. Terms of the agreement are interest of 18% per annum, compounded quarterly, and the issuance of 20% in bonus shares (issued 60,000 shares valued at $9,000). The loan is for a term of one year, after which it will be repayable on demand. During the year ended August 31, 2020, the Company accrued $28,206 in interest and interest payable (2019 - $23,653). On August 31, 2020, the Company had $99,718 of interest payable (2019 - $71,512).

On July 27, 2018, the Company entered into an unsecured demand promissory agreement with an arm's length party to borrow $35,000. Terms of the agreement are interest at 1.5% per month and the issuance of 20% in bonus shares (issued 140,000 shares valued at $5,600). The loan is repayable upon demand. During the year Company repaid the principal of $20,000 (2019 - $15,000) and paid $8,841 in interest (2019 - $Nil).

On December 19, 2019 the Company entered into an unsecured demand promissory agreement with an arm's length part to borrow $20,000. Terms of the agreement are interest at 1.5% per month and the issuance of 20% in bonus shares (issued 80,000 shares valued at $2,800). The loan is repayable on demand. During the year the Company repaid the principal of $20,000 and paid $1,866 in interest (2019 - $nil).

12. Supplemental disclosure with respect to cash flows

During the years ended August 31, 2020 and 2019, the Company incurred the following non-cash financing and investing transactions that are not reflected in the statement of cash flows:

	August 31, 2020 $	August 31, 2019 $
Non-cash financing and investing activities:		
Issuance of share capital for:		
Property	70,000	110,000
Debt settlement	-	50,000
Loan bonus	2,800	-
Fair value of broker's warrants	884	3,682
Fair value of property warrants	-	23,356

(Expressed in Canadian dollars)

13. Income taxes

Income tax expense varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before taxes as follows:

	August 31, 2020	August 31, 2019
Net loss before income taxes for the year	$ (510,710)	$ (373,762)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated tax expense (recovery)	(137,892)	(100,916)
Unrecognized items for tax purposes	23,193	9,398
True up	(16,304)	-
Tax benefit not realized	131,003	91,518
Actual income tax recovery	$ -	$ -

The significant components of the Company's deferred tax assets are as follows:

	August 31, 2020	August 31, 2019
Acquisition and exploration deductions	$ 1,113,525	$ 1,113,525
Share issue costs	7,442	6,983
Non-capital loss carry forwards	1,203,024	1,069,271
Net capital loss carry forwards	12,026	12,026
	2,336,017	2,201,805
Deferred tax assets not recognized	(2,336,017)	(2,201,805)
Net deferred tax assets	$ -	$ -

The Company has available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized the non-capital losses in the amount of $4,455,700 expire as follows:

2025	$ 56,700
2026	128,900
2027	368,100
2028	409,400
2029	324,600
2030	340,800
2031	320,600
2032	245,900
2033	143,200
2034	213,800
2035	383,300
2036	278,700
2037	202,300
2038	250,500
2039	353,100
2040	435,800
	$ 4,455,700

13. Income Taxes (cont'd)

At August 31, 2020 the Company has unclaimed resource and other deductions that do not expire in the amount of $6,789,357 (2019 - $6,639,630) which may be deducted against future taxable income on a discretionary basis.

In addition, the Company has available capital losses for Canadian income tax purposes totaling $89,081 (2019 - $89,081) which may be carried forward indefinitely to reduce capital gains in future years.

In addition, the Company has share issue costs totaling $27,563 (2019 - $25,864) which have not been claimed for income tax purposes.

Deferred tax benefits, which may arise as a result of applying these deductions to taxable income have not been recognized in these accounts.

14. Subsequent events

Subsequent to August 31, 2020 the Company received $37,500 in share subscription receivable.

On September 4, 2020 the Company issued 150,000 common shares at $0.05 per share pursuant to the exercise of warrants for total proceeds of $7,500.

On September 11, 2020 the Company granted 1,800,000 options exercisable at $0.10 expiring September 11, 2023 to directors, officers, and consultants.

On September 15, 2020 the Company issued 75,000 common shares at $0.06 per share pursuant to the exercise of options for total proceeds of $4,500.

On September 18, 2020 a total of 1,465,000 warrants exercisable at $0.08 expired unexercised.

On September 23, 2020 the Company entered into an agreement to acquire a 100% interest in a mineral property, Slip Gold (Newfoundland). Terms of the agreement include cash payments totaling $30,000 (paid $10,000) and the issuance of 500,000 units (issued October 2, 2020). The unit consists of one common share and one two year transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.12 per share until October 2, 2022.

On October 5, 2020 the Company issued 100,000 shares and 500,000 warrants in accordance with the Blackfly Property Agreement. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.12 per share until October 5, 2022.

On October 13, 2020 the Company entered into an agreement to acquire a 100% interest in a mineral property, Victoria/Long Lake (Newfoundland). Terms include a cash payment of $10,000 (paid) and issuance of 350,000 units (issued October 26, 2020). The unit consists of one common share and one two year transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.12 per share until October 26, 2022.