

OPAWICA EXPLORATIONS INC.

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MAY 31, 2021 AND 2020

UNAUDITED

(Expressed in Canadian Dollars)

NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

These unaudited condensed interim financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

OPAWICA EXPLORATIONS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS MAY 31, 2021 AND 2020 (UNAUDITED – SEE “NOTICE TO READER” BELOW)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim financial statements for the periods ended May 31, 2021 and 2020

NOTICE TO READER OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The financial statements of Opawica Explorations Inc. and the accompanying condensed interim statements of financial positions as at May 31, 2021 and the condensed interim statements of comprehensive loss, statements of changes in equity and cash flows for the nine months ended May 31, 2021 and 2020 are the responsibility of the Company’s management. These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Manning Elliott LLP.

The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards. The Audit Committee of the Board of Directors, consisting of three members, has reviewed the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

“Blake Morgan”

Blake Morgan
Chief Executive Officer

July 22, 2021

“Sandra Wong”

Sandra Wong
Chief Financial Officer

July 22, 2021

OPAWICA EXPLORATIONS INC.**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)****(Expressed in Canadian Dollars)**

	Note	May 31, 2021 \$	August 31, 2020 \$
Assets			
Current assets			
Cash		222,581	164,834
Amounts and other receivable		13,008	3,657
Prepaid expenses		105,597	10,133
Total current assets		341,186	178,624
Non-current assets			
Exploration and evaluation assets	4	2,361,946	1,145,334
Equipment	5	7,636	490
Total non-current assets		2,369,582	1,145,824
Total assets		2,710,768	1,324,448
Liabilities			
Current liabilities			
Trade and other payables	6	362,487	87,270
Due to related parties	10	34,250	51,199
Total current liabilities		396,737	138,469
Non-current liabilities			
Loan payable	6	40,000	40,000
Total liabilities		436,737	178,469
Equity			
Share capital	7	40,051,819	35,357,741
Share subscriptions	7	(2,842,500)	157,125
Reserves	7	2,357,313	1,838,897
Accumulated deficit		(37,292,601)	(36,207,784)
Total equity		2,274,031	1,145,979
Total liabilities and equity		2,710,768	1,324,448

Nature of operations and going concern (Note 1)

Basis of preparation and summary of significant accounting policies (Note 2)

Subsequent events (Note 14)

These financial statements were approved and authorized for issue by the Board of Directors on July 22, 2021 and are signed on its behalf by:

/s/ "Blake Morgan" Director /s/ "Christopher Reynolds" Director

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

OPAWICA EXPLORATIONS INC.**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)****FOR THE NINE MONTHS ENDED MAY 31, 2021 AND 2020**

(Expressed in Canadian Dollars)

	Note	Three months ended May 31, 2021 \$	May 31, 2020 \$	Nine months ended May 31, 2021 \$	May 31, 2020 \$
Expenses					
Depreciation	5	366	66	585	195
Employee costs	9	158,897	19,212	982,004	122,860
Finance expense		554	809	1,645	1,641
General and administrative	9	61,120	4,767	105,804	18,146
Impairment of exploration and evaluation assets		-	-	4,411	246
Total expenses before other items		(220,937)	(24,854)	(1,094,449)	(143,088)
Other items		9,632	-	9,632	-
Net loss and comprehensive loss for the period		(211,305)	(24,854)	(1,084,817)	(143,088)
Loss per common share, basic and diluted		(0.01)	(0.00)	(0.05)	(0.02)
Weighted average number of common shares outstanding		24,251,684	8,012,119	20,720,544	8,012,119

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

OPAWICA EXPLORATIONS INC.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)****FOR THE NINE MONTHS ENDED MAY 31, 2021 AND 2020**

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Share Subscriptions \$	Reserves \$	Accumulated Deficit \$	Total \$
Balance at August 31, 2019	8,012,119	35,087,191	-	1,838,897	(35,844,436)	1,081,652
Comprehensive loss for the period	-	-	-	-	(143,088)	(143,088)
Balance at May 31, 2020	8,012,119	35,087,191	-	1,838,897	(35,987,524)	938,564
Balance at August 31, 2020	12,212,119	35,357,741	157,125	1,838,897	(36,207,784)	1,145,979
Comprehensive loss for the period	-	-	-	-	(1,084,817)	(1,084,817)
Shares issued for private placements	17,501,250	4,020,500	(2,999,625)	-	-	1,020,875
Shares issued for option exercises	510,000	125,641	-	(58,741)	-	66,900
Securities issued for Lil d'Espoir Lake, Chapel Island and Richard Copper	2,000,000	670,000	-	187,336	-	857,336
Share issue costs	-	(122,063)	-	27,733	-	(94,330)
Share-based payments	-	-	-	362,088	-	362,088
Balance at May 31, 2021	32,223,369	40,051,819	(2,842,500)	2,357,313	(37,292,601)	2,274,031

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

OPAWICA EXPLORATIONS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED MAY 31, 2021 AND 2020
(Expressed in Canadian Dollars)

		Nine months ended May 31, 2021	May 31, 2020
	Note	\$	\$
Cash flows from operating activities			
Net loss for the period		(1,084,817)	(143,088)
Items not involving cash:			
Depreciation	5	585	195
Share-based payments		362,088	-
Impairment of exploration and evaluation assets		3,561	246
Loss on disposal of equipment		368	-
Gain on sale of exploration and evaluation assets		(10,000)	
Changes in non-cash working capital accounts			
Amounts and other receivable		(9,351)	618
Prepaid expenses		(95,464)	1,734
Trade and other payables		226,215	57,967
Total cash flows used in operating activities		(606,815)	(82,328)
Cash flows from investing activities			
Expenditures on exploration and evaluation assets		(313,835)	(1,087)
Purchase of equipment		(8,099)	-
Proceeds from sale of exploration and evaluation assets		10,000	-
Total cash flows used in investing activities		(311,934)	(1,087)
Cash flows from financing activities			
Proceeds from share issuance		1,087,775	-
Share issuance costs		(94,330)	-
Loans received		-	95,060
Loans repaid		-	(16,060)
Advances from (repayments to) related parties		(16,949)	36,954
Total cash flows provided by financing activities		976,496	115,954
Total increase in cash during the period		57,747	32,539
Cash, beginning of period		164,834	95
Cash, end of period		222,581	32,634
Supplemental Cash Flow Information			
Interest paid		1,645	1,641
Taxes paid		-	-

Refer to Note 13 for non-cash transactions incurred during the periods ended May 31, 2021 and 2020.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Opawica Explorations Inc.'s business activity is the exploration and evaluation of mineral properties in Canada. Opawica Explorations Inc. ("the Company") was incorporated under the *Business Corporations Act* (Ontario) on September 17, 1975 and was continued into British Columbia by Certificate of Continuation issued under the *Business Corporations Act* (British Columbia) on September 29, 2006. The Company is listed on the TSX Venture Exchange, having the symbol OPW-V, as a Tier 2 mining issuer. The address of the Company's corporate office and principal place of business is Suite 3043 – 595 Burrard Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations and incurred a net loss of \$1,084,817 during the nine months ended May 31, 2021, has accumulated losses of \$37,292,601 since inception and expects to incur further losses in the development of its business, all of which forms a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements for the nine month period ended May 31, 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2020 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2020 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2020. Note 2a) sets out the impact of new standards, interpretations and amendments that have had a material effect on the financial statements.

The condensed interim financial statements were authorized for issue by the Board of Directors on July 22, 2021.

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. The Company's functional and presentation currency is the Canadian dollar.

The preparation of condensed interim financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Adoption of New and Revised Standards and Interpretations

A number of new or amended accounting standards were scheduled for mandatory adoption on or after September 1, 2020. The Company has not early adopted these new standards in preparing these financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2020 annual financial statements.

OPAWICA EXPLORATIONS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) - Page 3
For the nine months ended May 31, 2021 and 2020
(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Quebec Arrow- head	Quebec Bazooka East	Quebec Mc- Watters	Quebec Bazooka West	Quebec Richard Copper	Ontario TKL Teck	NL Enterprise	NL Density, Mass, Eclipse	NL Chapel Island	NL Lil d'Espoir Lake	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, August 31, 2019	94,018	838,399	117,854	192,352	-	-	-	-	-	-	1,242,623
Exploration Costs:											
Drilling	-	16,237	-	-	-	-	-	-	-	-	16,237
Property examination	3,414	-	-	-	-	-	-	-	-	-	3,414
Subtotal	3,414	16,237	-	-	-	-	-	-	-	-	19,651
Acquisition Costs	-	914	-	-	-	246	-	-	-	-	1,160
Impairment of E&E assets	-	-	(117,854)	-	-	(246)	-	-	-	-	(118,100)
Balance, August 31, 2020	97,432	855,550	-	192,352	-	-	-	-	-	-	1,145,334
Exploration Costs:											
Drilling	-	8,700	-	-	-	-	-	-	-	-	8,700
Geology	9,500	10,786	3,315	-	-	-	1,500	15,000	3,500	1,400	45,001
Subtotal	9,500	19,486	3,315	-	-	-	1,500	15,000	3,500	1,400	53,701
Acquisition Costs	-	-	-	-	110,666	246	250,000	58,890	373,335	373,335	1,166,472
Impairment of E&E assets	-	-	(3,315)	-	-	(246)	-	-	-	-	(3,561)
Balance, May 31, 2021	106,932	875,036	-	192,352	110,666	-	251,500	73,890	376,835	374,735	2,361,946

4. EXPLORATION AND EVALUATION ASSETS (continued)

a) Arrowhead, Bazooka East and McWatters Properties (Joannes and Rouyn-Noranda, Quebec)

Pursuant to an agreement dated February 25, 2016, the Company acquired a 100% interest in the Arrowhead, Bazooka East and McWatters claims located in northern Quebec, Canada, for consideration of the issuance of 387,000 common shares of the Company (issued June 27, 2016). The Arrowhead property is subject to a 2% net smelter return ("NSR") royalty, of which the Company may purchase one half at any time for \$1,000,000. The Bazooka East property is subject to a 2% NSR royalty, of which the Company may purchase one-half at any time for \$1,000,000. The McWatters property is subject to a 1% NSR royalty, which the Company may purchase at any time for \$250,000.

Pursuant to a geological consulting services agreement dated May 13, 2021, the Company has granted GoldSpot Discoveries Corp. ("GoldSpot") a 0.5% NSR royalty on production from the Bazooka property and the option to purchase an additional 0.5% NSR royalty on production from the Arrowhead, Bazooka and McWatters properties for \$1,000,000 each.

The Company does not plan any further exploration on the McWatters property and accordingly all exploration and acquisition costs related to the McWatters property were written off during the 2020 year-end.

b) Bazooka West Property (Beauchastel, Quebec)

Pursuant to an agreement dated July 27, 2016, the Company acquired an option to purchase a 100% interest in 24 mineral claims located in Beauchastel Township, Quebec, collectively known as the Bazooka West property. The Company exercised the option on April 21, 2017 by paying an initial consideration of \$30,000 and the issuance of 50,000 common shares of the Company (issued August 25, 2016); paying an additional \$5,000 and issuance of 25,000 common shares of the Company (issued February 8, 2017) for an extension of the option agreement; and paying a final \$30,000 and issuance of 50,000 common shares of the Company (issued April 21, 2017). The Bazooka West property is subject to a 3% gross metal royalty, of which the Company may purchase 1% at any time before August 25, 2021 for \$1,000,000.

c) TKL Teck Property (Kirkland Lake, Ontario)

Pursuant to an agreement dated October 17, 2012, the Company acquired an option to purchase a 100% interest in four patented mineral claims located near Kirkland Lake in northeastern Ontario, collectively known as the TKL Teck Property. The Company exercised the option by completing \$50,000 in work expenditures on the property and title to the claims was transferred to the Company on April 21, 2015. The claims are subject to a 2% NSR and 2% Gross Overriding Receipts royalty in favor of the vendor, one-half of which can be purchased by the Company for \$1,000,000 cash at any time. The Company shall have the right of first refusal to purchase the remaining one half (1%) royalty.

The Company does not plan any further exploration on the property, and accordingly all exploration and acquisition costs were written off in prior years.

4. EXPLORATION AND EVALUATION ASSETS (continued)

d) Density, Eclipse and Mass Properties (Newfoundland)

Pursuant to an agreement dated October 23, 2020, the Company has entered into an exploration, development and mine operating agreement with another company whereby the other company will identify claims to be staked in the Newfoundland area that are prospective for gold mineralization, and the Company will pay for the costs of staking the same, and thereafter the parties will explore and develop the staked claims whereby the Company will hold an initial 70% interest and the other company will hold an initial 30% interest. The Company has staked 906 claims under this agreement, known as the Density, Eclipse and Mass properties. The claims are being held in trust and will be transferred to a joint venture company.

Pursuant to a geological consulting services agreement dated May 13, 2021, the Company has granted GoldSpot the option to purchase a 0.5% NSR royalty on production from the Density, Eclipse and Mass properties for \$1,000,000 each.

e) Enterprise Property (Newfoundland)

Pursuant to an agreement dated October 23, 2020, the Company acquired an option to purchase up to a 100% interest in 308 mineral claims located in the Exploits Subzone of Central Newfoundland and Labrador, collectively known as the Enterprise Property (the "Agreement"). The Company may earn an initial 80% interest in the Enterprise Property by paying an aggregate of \$1,450,000 cash and incurring \$5,000,000 in work expenditures over a four year period as follows: (i) \$250,000 cash due upon signing the Agreement (the "Agreement Date") (paid January 4, 2021); thereafter, optional commitments of (ii) \$450,000 cash and incurring \$1,000,000 in exploration expenditures on or before the second anniversary of the Agreement Date; (iii) \$250,000 cash and incurring a further \$2,000,000 in exploration expenditures on or before the third anniversary of the Agreement Date; and (iv) \$500,000 cash and incurring a further \$2,000,000 in exploration expenditures on or before the fourth anniversary of the Agreement Date. Upon completing the above payments and expenditures, the Company shall be deemed to have exercised the option and shall be entitled to an undivided 80% right, title and interest in and to the Enterprise Property, subject to the 2.5% NSR royalty retained by the optionor. Subsequently, the Company may earn an additional 20% interest in the Enterprise Property by paying market price in cash or in kind based on an independent valuation of the Enterprise Property.

f) Richard Copper Property (Quebec), Chapel Island and Lil d'Espoir Lake Properties (Newfoundland)

Pursuant to an agreement dated February 11, 2021, the Company has acquired a 100% interest in the Lil d'Espoir Lake, Chapel Island and Richard Copper properties for consideration of 2,000,000 common shares of the Company (issued on March 29, 2021 with a fair value of \$670,000) and 1,000,000 share purchase warrants exercisable at \$0.31 for a 24 month term (issued March 29, 2021 with a fair value of \$187,336). The Lil d'Espoir Lake and Chapel Island properties are subject to a 1.5% NSR royalty of which the Company may purchase 0.75% for \$1,000,000 at any time, and the Richard Copper property is subject to a 1% NSR.

Pursuant to a geological consulting services agreement dated May 13, 2021, the Company has granted GoldSpot the option to purchase a 0.5% NSR royalty on production from the Richard Copper, Chapel Island and Lil d'Espoir Lake properties for \$1,000,000 each.

4. EXPLORATION AND EVALUATION ASSETS (continued)**g) Bro Property (Yukon Territory)**

Pursuant to an agreement dated April 19, 2021, the Company has optioned a 100% interest in the Bro Property to an arm's length party (the "Optionee") for consideration of \$10,000 cash payable within 30 days of signing the agreement (received May 18, 2021) and \$90,000 in cash and/or common shares of the Optionee or securities in a public company at the election of the Optionee payable on or before the one year anniversary of signing the agreement. The Company had previously written off the Bro Property because it does not intend any additional exploration work on it.

5. EQUIPMENT

	Office Furniture and Equipment \$	Computer Equipment \$	Total \$
Cost			
Balance at August 31, 2019 and 2020	1,356	2,758	4,114
Additions	-	8,099	8,099
Disposals	(1,356)	(2,758)	(4,114)
Balance at May 31, 2021	-	8,099	8,099
Depreciation			
Balance at August 31, 2019	1,000	2,363	3,363
Depreciation for the year	72	189	261
Balance at August 31, 2020	1,072	2,552	3,624
Depreciation for the period	28	557	585
Disposals	(1,100)	(2,646)	(3,746)
Balance at May 31, 2021	-	463	463
Carrying amounts			
At August 31, 2020	284	206	490
At May 31, 2021	-	7,636	7,636

6. LOANS PAYABLE

On August 1, 2019, the Company received an unsecured demand loan of \$3,200 bearing interest at 5% per annum from an arm's length party, that is payable on demand after September 1, 2019. On December 9, 2019, the Company received an additional unsecured demand loan of \$17,000 bearing interest at 5% per annum from the same arm's length party, that is payable on demand after March 31, 2020. The principal amount of \$20,200 along with interest expense of \$661 was repaid on July 14, 2020.

On October 1, 2019, and as amended on January 14, 2020, the Company entered into a loan agreement to borrow up to \$30,000 from a company. The principal amount of the loan plus accrued interest, being 10% per annum, is payable on demand after December 31, 2019. The Company has been advanced a total of \$38,060 under the loan agreement of which \$16,060 in principal was repaid along with interest of \$375. The principal amount of \$22,000 along with interest payable of \$2,941 is included in trade and other payables as at May 31, 2021.

6. LOANS PAYABLE (CONTINUED)

On April 23, 2020, the Company received a loan from the Canadian government's Canada Emergency Business Account ("CEBA") Program in the amount of \$40,000. The CEBA is a government guaranteed loan of up to \$40,000 that is interest-free until December 31, 2022. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount (\$10,000) is eligible for forgiveness as long as the business pays back \$30,000 on or before December 31, 2022. If the business cannot pay back the loan by December 31, 2022, it can be converted into a 3-year term loan at an interest rate of 5%. The principal amount of \$40,000 is recorded as a non-current loan payable as at May 31, 2021.

7. SHARE CAPITAL

a) Common Shares

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

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The following is a summary of share issuances during the period ended May 31, 2021 and year ended August 31, 2020:

- i) On June 15, 2020, the Company raised gross proceeds of \$166,750 by way of a non-brokered private placement of 3,335,000 common shares priced at \$0.05 per share. The shares are subject to voluntary hold periods and are restricted from trading as to 25% on each of four months and a day (October 16, 2020), twelve months (June 15, 2021), eighteen months (December 15, 2021) and twenty-four months (June 15, 2022) after issuance.
- ii) On August 11, 2020, the Company issued 415,000 common shares priced at \$0.12 per share for gross proceeds of \$49,800 pursuant to warrant exercises.
- iii) On August 14, 2020, the Company issued 450,000 common shares priced at \$0.12 per share for gross proceeds of \$54,000 pursuant to warrant exercises.
- iv) On September 17, 2020, the Company raised gross proceeds of \$375,000 by way of a non-brokered private placement of 5,000,000 common shares priced at \$0.075. The shares are subject to voluntary hold periods and are restricted from trading as to 33.3% on each of four months and a day (January 18, 2021), eight months (May 17, 2021), and twelve months (September 17, 2021) after issuance.
- v) On December 14, 2020, the Company closed the first tranche of a non-brokered private placement to raise gross proceeds of \$436,000 through the sale of 4,360,000 common shares priced at \$0.10. The shares are subject to voluntary hold periods and are restricted from trading as to 33.3% on each of four months and a day (April 15, 2021), eight months (August 14, 2021), and twelve months (December 14, 2021) after issuance.
- vi) On December 23, 2020, the Company closed the final tranche of a non-brokered private placement to raise gross proceeds of \$80,000 through the sale of 800,000 common shares priced at \$0.10. The shares are subject to voluntary hold periods and are restricted from trading as to 33.3% on each of four months and a day (April 24, 2021), eight months (August 23, 2021), and twelve months (December 23, 2021) after issuance.

7. SHARE CAPITAL (CONTINUED)

a) Common Shares (continued)

- vii) On February 8, 2021, the Company issued 400,000 common shares priced at \$0.115 per share for gross proceeds of \$46,000 and 110,000 common shares priced at \$0.19 per share for gross proceeds of \$20,900 pursuant to stock option exercises.
- viii) On March 29, 2021, the Company issued 2,000,000 common shares with a fair value of \$0.335 per share pursuant to the Chapel Island, Lil d’Espoir Lake and Richard Copper property acquisition described in Note 4(f).
- ix) On May 31, 2021, the Company closed the first tranche of a non-brokered private placement to raise gross proceeds of \$2,164,500 through the sale of 5,411,250 units priced at \$0.40. Each unit consists of one common share and one-half of a share purchase warrant, with each whole warrant exercisable at a price of \$0.60 per share for a two-year term. All securities issued are subject to a hold period expiring October 1, 2021. Finder’s fees of \$32,925 and 117,312 share purchase warrants exercisable at \$0.60 per common share for a term of two years were paid on a portion of the private placement.
- x) On May 31, 2021, the Company closed the first tranche of a non-brokered private placement to raise gross proceeds of \$965,000 through the sale of 1,930,000 flow-through units (“FT Units”) priced at \$0.50. Each FT Unit consists of one flow-through common share and one-half of a share purchase warrant, with each whole warrant exercisable at a price of \$0.60 per share for a two-year term. All securities issued are subject to a hold period expiring October 1, 2021. Finder’s fees of \$58,500 and 5,000 share purchase warrants exercisable at \$0.60 per common share for a term of two years were paid on a portion of the private placement.

The following is a summary of changes in common share capital from August 31, 2019 to May 31, 2021:

	Number of Shares	Amount \$
Balance at August 31, 2019	8,012,119	35,087,191
Shares issued via private placement	3,335,000	166,750
Shares issued via warrant exercises	865,000	103,800
Balance at August 31, 2020	12,212,119	35,357,741
Shares issued via private placement	17,501,250	4,020,500
Shares issued via stock option exercises	510,000	125,641
Shares issued for Chapel Island, Lil d’Espoir Lake and Richard Copper	2,000,000	670,000
Share issue costs		(122,063)
Balance at May 31, 2021	32,223,369	40,051,819

b) Preferred Shares

The Company is authorized to issue an unlimited number of preference shares. No preferred shares have been issued since the Company’s inception.

7. SHARE CAPITAL (CONTINUED)

c) Reserves

	May 31, 2021	August 31, 2020
	\$	\$
Warrants	421,049	205,980
Share Options	1,936,264	1,632,917
Reserves	2,357,313	1,838,897

d) Share Purchase Warrants

The following is a summary of changes in warrants from August 31, 2019 to May 31, 2021:

	Number of Warrants	Weighted Average Exercise Price
Balance at August 31, 2019	2,341,000	\$0.29
Exercise of warrants	(865,000)	\$0.12
Expiry of warrants	(635,000)	\$0.12
Balance at August 31, 2020	841,000	\$0.60
Issue of warrants	4,792,937	\$0.54
Balance at May 31, 2021	5,633,937	\$0.55

On March 29, 2021, the Company issued 1,000,000 warrants exercisable at \$0.31 per share for a two year term pursuant to the Chapel Island, Lil d'Espoir Lake and Richard Copper property acquisition described in Note 4(f).

On May 31, 2021, the Company issued 3,670,625 warrants and 122,312 finder's warrants exercisable at \$0.60 per share for a two year term pursuant to the private placements described in Notes 7(a)(ix) and 7(a)(x).

As at May 31, 2021 and August 31, 2020, the Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding and Exercisable		Exercise Price per Share	Expiry Date
May 31, 2021	August 31, 2020		
841,000	841,000	\$0.60	June 27, 2021
1,000,000	-	\$0.31	March 29, 2023
3,792,937	-	\$0.60	May 31, 2023
5,633,937	841,000		

8. SHARE-BASED PAYMENTS**a) Stock Options**

The Company has a Stock Option Plan dated April 30, 2010, as amended March 17, 2011 (the "Plan"). Because it is a rolling stock option plan, the Company may grant options to a maximum of 10% of the issued and outstanding Common Shares, from time to time, under the Plan. However, share compensation awards under all share compensation arrangements of the Company may not exceed, in aggregate, 10% of the total number of issued and outstanding Common Shares. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other TSX Venture Exchange Policy requirements. Options granted under the Plan are subject to vesting terms determined by the Board. The Plan was approved by the Company's shareholders on May 9, 2011 and became effective as of that date.

A summary of the Company's stock options at May 31, 2021 and August 31, 2020 and the changes for the periods then ended on those dates is presented below:

	May 31, 2021		August 31, 2020	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	-	-	-	-
Granted	2,645,000	\$0.156	-	-
Exercised	(510,000)	\$0.131	-	-
Cancelled	(150,000)	\$0.115	-	-
Ending balance	1,985,000	\$0.165	-	-

On October 27, 2020, the Company granted 1,700,000 stock options to directors, officers and consultants that are exercisable at a price of \$0.115 per common share for a five-year term.

On February 1, 2021, the Company granted 410,000 stock options to directors, officers and a consultant that are exercisable at a price of \$0.19 per common share for a five-year term.

On February 8, 2021, 400,000 stock options were exercised at a price of \$0.115 per common share and 110,000 stock options were exercised at a price of \$0.19 per common share.

On February 8, 2021, the Company granted 535,000 stock options to a director and an officer that are exercisable at a price of \$0.26 per common share for a five-year term.

On March 1, 2021, 150,000 stock options exercisable at \$0.115 per common share were cancelled.

Details of stock options outstanding and exercisable as at May 31, 2021 and August 31, 2020 are as follow:

Expiry Date	Exercise Price	May 31, 2021	August 31, 2020
October 27, 2025	\$0.115	1,150,000	-
February 1, 2026	\$0.19	300,000	-
February 8, 2026	\$0.26	535,000	-
		<u>1,985,000</u>	<u>-</u>

The weighted average remaining contractual life of stock options outstanding at May 31, 2021 was 4.53 years.

8. SHARE-BASED PAYMENTS (CONTINUED)**b) Fair Value of Options Issued During the Period**

The weighted average fair value at grant date of options granted during the period ended May 31, 2021 was \$0.137 per option. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2021	2020
Expected stock price volatility	138% - 139%	-
Risk-free interest rate	0.36% - 0.51%	-
Dividend yield	-	-
Expected life of options	5 years	-
Fair value price on date of grant	\$0.115 - \$0.26	-
Forfeiture rate	-	-

9. NATURE OF INCOME AND EXPENSES

	2021 \$	2020 \$
Employee costs include:		
Consulting fees	269,523	60,000
Management fees	292,500	7,500
Salaries and benefits	57,292	55,269
WorkSafe BC premiums	601	91
Share-based payments	362,088	-
	<u>982,004</u>	<u>122,860</u>
General and administrative expenses include:		
Accounting and legal fees	6,455	4,035
Business development	4,348	-
Filing fees	17,963	7,758
Insurance	643	-
Investor communications	57,489	3,159
Office expenses	2,478	1,694
Rent	13,500	1,500
Travel	2,928	-
	<u>105,804</u>	<u>18,146</u>

10. RELATED PARTY TRANSACTIONS AND BALANCES

The following is a summary of the Company's related party transactions during the period:

a) Office Expenses

Office expenses of \$547 (2020 – \$371) were recovered from companies with a common officer that are co-tenant to the Company's office premises. At May 31, 2021, \$140 (August 31, 2020 – \$491) was included in amounts and other receivable from these companies. These transactions were in the normal course of operations and have been recorded at their exchange amounts.

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**b) Key Management Compensation**

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer. Key management personnel compensation is comprised of the following:

	2021	2020
	\$	\$
Short term employee benefits and director fees	355,000	60,500
Share-based payments	319,259	-
	<u>674,259</u>	<u>60,500</u>

The Company has entered into an Officer and Consulting Agreement with a company controlled by the Company's President and Chief Executive Officer (the "CEO") effective May 1, 2020 for no fixed term. As compensation for the services to be provided, the CEO's company will receive a monthly salary of \$7,500 which was increased to \$10,000 effective November 1, 2020. The CEO's company also received a signing bonus of \$15,000 and a performance bonus of \$70,000. During the period ended May 31, 2021, the Company recorded \$170,000 (2020 - \$7,500) in fees payable to the CEO's company.

The Company has entered into an Employment Agreement with the Company's Chief Financial Officer (the "CFO") effective September 1, 2020 for no fixed term. As compensation for the services to be provided, the CFO will receive a monthly salary of \$5,000. The CFO also received a signing bonus of \$30,000. During the period ended May 31, 2021, the Company recorded \$75,000 (2020 - \$18,000) in salary expense for the CFO.

The Company has entered into a Director Agreement with a company controlled by a director effective November 1, 2020 for no fixed term. As compensation for the services to be provided, the director's company will receive a monthly fee of \$7,500. The director's company also received a performance bonus of \$70,000. During the period ended May 31, 2021, the Company recorded \$122,500 (2020 - \$nil) in director's fees payable to the director's company.

During the period, the Company agreed to settle \$25,000 in outstanding salary payable to the former CEO through the payment of \$12,500.

As at May 31, 2021, the Company has \$34,250 (August 31, 2020 - \$51,199) due to related parties which consists of amounts owing to directors and officers for unpaid salaries, consulting fees and expenses, which are due on demand, unsecured and is non-interest bearing.

c) Transactions with Significant Shareholder

A company that held a greater than 10% ownership interest in the Company from March 29, 2021 to June 1, 2021 and formerly shared a common director was party to the following transactions with the Company:

- (i) Vendor of the Enterprise property described in Note 4(e) and the Chapel Island, Lil d'Espoir Lake and Richard Copper properties described in Note 4(f);
- (ii) Party to the exploration, development and mine operating agreement concerning the Density, Eclipse and Mass properties described in Note 4(d);
- (iii) Consultant to the Company under a strategic consulting services agreement dated June 1, 2020 for a one year term for consideration of a monthly fee of \$8,500; and
- (iv) Lender of \$22,000 loan with accrued interest of \$2,941 as described in Note 6.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT*Fair values*

The Company's financial instruments include cash, amounts and other receivable, trade and other payables, amounts due to related parties and loan payable. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	May 31, 2021		August 31, 2020	
	Fair Value \$	Carrying Value \$	Fair Value \$	Carrying Value \$
FVTPL assets (i)	222,581	222,581	164,834	164,834
Amortized cost assets (ii)	140	140	491	491
Amortized cost liabilities (iii)	436,737	436,737	164,469	164,469

(i) Cash

(ii) Amounts and other receivable

(iii) Trade and other payables, due to related parties and loan payable

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at May 31, 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash	222,581	-	-	222,581

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and cash equivalents. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash and term deposits with high credit chartered Canadian financial institutions. As at May 31, 2021, the Company has no financial assets that are past due or impaired due to credit risk defaults.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables, amounts due to related parties and loan payable. The Company has a working capital deficit of \$55,551 as at May 31, 2021 and requires additional financing for operations and meet its current obligations. The Company handles its liquidity risk through the management of its capital structure as described in Note 12. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at May 31, 2021:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 year \$	Within 2 years \$	Within 3 years \$	Over 3 years \$
Trade and other payables	362,487	362,487	362,487	-	-	-
Due to related parties	34,250	34,250	34,250	-	-	-
Loan payable	40,000	40,000	-	40,000	-	-
Total	436,737	436,737	396,737	40,000	-	-

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no variable interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars and all current exploration occurs within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

Pandemic risk

The outbreak and spread of a novel coronavirus (COVID-19), declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. The coronavirus is still evolving, and its full impact remains to be determined. However, its wide-ranging effects include financial market volatility, interest rate cuts, disrupted movement of people and goods, and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of the Company.

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in Equity to be capital. 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. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash and cash equivalents.

13. NON-CASH TRANSACTIONS

	Nine months ended May 31, 2021	Nine months ended May 31, 2020
	\$	\$
Non-cash Investing Activities		
Shares issued for Chapel Island, Lil d'Espoir Lake and Richard Copper	670,000	-

14. SUBSEQUENT EVENTS

a) Private Placements

On June 4, 2021, the Company closed the final tranche of a non-brokered private placement to raise gross proceeds of \$1,181,000 through the sale of 2,952,500 units priced at \$0.40. Each unit consists of one common share and one-half of a share purchase warrant, with each whole warrant exercisable at a price of \$0.60 per share for a two-year term. All securities issued are subject to a hold period expiring October 5, 2021. Finder's fees of \$66,050 and 150,000 share purchase warrants exercisable at \$0.60 per common share for a term of two years were paid on a portion of the private placement.

On June 4, 2021, the Company closed the final tranche of a non-brokered private placement to raise gross proceeds of \$978,000 through the sale of 1,956,000 flow-through units ("FT Units") priced at \$0.50. Each FT Unit consists of one flow-through common share and one-half of a share purchase warrant, with each whole warrant exercisable at a price of \$0.60 per share for a two-year term. All securities issued are subject to a hold period expiring October 5, 2021. Finder's fees of \$66,500 were paid on a portion of the private placement.

b) Stock Options

On June 8, 2021, the Company granted 1,700,000 stock options exercisable at \$0.60 per common share for a five year term to directors, officers and consultants of the Company. The options vested immediately.

On June 9, 2021, 50,000 stock options priced at \$0.115 were exercised for gross proceeds of \$5,750.

On July 5, 2021, 10,500 stock options priced at \$0.115 were exercised for gross proceeds of \$1,208.

14. SUBSEQUENT EVENTS (CONTINUED)

c) Chapel Island Property

Pursuant to an agreement dated July 16, 2021, the Company has agreed to acquire a 100% interest, subject to a 1.5% NSR royalty of which the Company may purchase 0.5% of the NSR for \$1,000,000 at any time, in Mineral License 030954M located within the Company's Chapel Island property claim blocks for consideration of \$25,000 and 250,000 common shares of the Company. The agreement is subject to the acceptance of the TSX Venture Exchange.