STARR PEAK
Mining Ltd.

(formerly Starr Peak Exploration Ltd.)

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED JULY 31, 2021 AND 2020

Crowe

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Independent Auditor's Report

To the Shareholders of Starr Peak Mining Ltd. (formerly Starr Peak Exploration Ltd.)

Opinion

We have audited the financial statements of Starr Peak Mining Ltd. (formerly Starr Peak Exploration Ltd.) ("the Company"), which comprise the statements of financial position as at July 31, 2021 and July 31, 2020 and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) 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 July 31, 2021 and July 31, 2020, 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 Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
November 29, 2021

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)

		July 31, 2021		July 31, 2020
ASSETS				
Current				
Cash	$	5,297,784	$	428,786
Receivables		284,213		4,859
Prepaid (Note 9)		1,221,204		40,226
Investments (Note 4)		8,279		7,641
		6,811,480		481,512
Exploration and evaluation assets (Note 5)		16,807,000		5,550,000
	$	23,618,480	$	6,031,512
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	1,392,379	$	115,317
Due to related parties (Note 9)		48,223		20,230
Flow through premium (Note 7)		503,999		-
		1,944,601		135,547
Shareholders' equity				
Share capital (Note 7)		39,471,280		17,673,164
Reserve (Note 7)		6,276,092		1,975,029
Subscription receivable (Note 7)		-		(50,000)
Subscription received in advance (Note 7)		-		10,000
Deficit		(24,073,493)		(13,712,228)
		21,673,879		5,895,965
	$	23,618,480	$	6,031,512

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

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

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JULY 31,
(Expressed in Canadian Dollars)

	2021	2020
Consulting	$ 654,705	$ 51,738
Exploration (Note 5)	4,390,007	30,000
Management fees (Note 9)	266,427	92,215
Office and administration	13,558	10,872
Professional fees (Note 9)	156,889	92,521
Promotion and shareholder communications	323,303	3,090
Share-based compensation (Notes 7 and 9)	4,765,528	281,147
Transfer agent and filing fees	121,682	88,211
Travel	19,198	12,404
Loss before other items	(10,711,297)	(662,198)
Other items		
BC mining tax credit (Note 5)	5,670	44,006
Flow through premium recovery	331,250	-
Foreign exchange gain	12,474	73
Unrealized gain on investments (Note 4)	638	2,596
Write-off of interest expense (Note 6)	-	1,412
Net and comprehensive loss for the year	$ (10,361,265)	$ (614,111)
Basic and diluted loss per common share	$ (0.31)	$ (0.03)
Weighted average number of common shares	33,592,603	20,992,744

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

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital						
	Common Shares	**Amount**	**Reserves**	**Subscription Receivable**	**Subscription Received in Advance**	**Deficit**	**Shareholders' Equity (Deficiency)**
Balance, July 31, 2019	19,704,015	$ 11,278,351	$ 1,693,882	$ -	$ -	$ (13,098,117)	$ (125,884)
Private placement	3,330,036	999,011	-	(50,000)	-	-	949,011
Share issuance costs - cash	-	(54,298)	-	-	-	-	(54,298)
Share issuance costs – units	17,000	5,100	-	-	-	-	5,100
Exploration and evaluation assets	4,950,000	5,445,000	-	-	-	-	5,445,000
Share-based compensation	-	-	281,147	-	-	-	281,147
Subscriptions received in advance	-	-	-	-	10,000	-	10,000
Net loss for the year	-	-	-	-	-	(614,111)	(614,111)
Balance, July 31, 2020	28,001,051	17,673,164	1,975,029	(50,000)	10,000	(13,712,228)	5,895,965
Private placements	3,708,332	9,825,995	-	50,000	(10,000)	-	9,865,995
Share issuance costs - cash	-	(386,700)	-	-	-	-	(386,700)
Share issuance costs – broker warrants	-	(76,467)	76,467	-	-	-	-
Flow-through premium liability	-	(835,249)	-	-	-	-	(835,249)
Exploration and evaluation assets	5,700,000	11,157,000	-	-	-	-	11,157,000
Exercise of options	980,000	1,054,251	(490,001)	-	-	-	564,250
Exercise of warrants	1,027,511	1,059,286	(50,931)	-	-	-	1,008,355
Share-based compensation	-	-	4,765,528	-	-	-	4,765,528
Net loss for the year	-	-	-	-	-	(10,361,265)	(10,361,265)
Balance, July 31, 2021	39,416,894	$ 39,471,280	$ 6,276,092	$ -	$ -	$ (24,073,493)	$ 21,673,879

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

STARR PEAK MINING LTD. (formerly STARR PEAK EXPLORATION LTD.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31,
(Expressed in Canadian Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (10,361,265)	$ (614,111)
Items not affecting cash:		
Flow-through premium recovery	(331,250)	-
Share-based compensation	4,765,528	281,147
Unrealized gain on investments	(638)	(2,596)
Write-off of interest expense	-	(1,412)
Changes in non-cash working capital items:		
Receivables	(279,354)	(1,359)
Prepaid	(1,180,978)	(37,726)
Accounts payable and accrued liabilities	1,306,050	79,966
Due to related parties	(995)	(2,223)
Net cash used in operating activities	(6,082,902)	(298,314)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(100,000)	-
Net cash used in investing activities	(100,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	9,865,995	769,011
Share issuance costs	(386,700)	(32,039)
Exercise of options	564,250	-
Exercise of warrants	1,008,355	-
Repayment of loan	-	(20,125)
Subscription received in advance	-	10,000
Net cash provided by financing activities	11,051,900	726,847
Change in cash during the year	4,868,998	428,533
Cash, beginning of year	428,786	253
Cash, end of year	$ 5,297,784	$ 428,786
Supplemental Cash Flow Information		
Interest payments	$ -	$ -
Non-cash items:		
Issuance of common shares for exploration and evaluation assets	$ 11,157,000	$ 5,550,000
Issuance of common shares for settle amounts payable	$ -	$ 75,000
Fair value of finder's warrants	$ 76,467	$ -
Fair value of options exercised	$ 490,001	$ -
Fair value of warrants exercised	$ 50,931	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Starr Peak Mining Ltd. (formerly Starr Peak Exploration Ltd.)(“ the Company”) was incorporated under the Canada Business Corporations Act on February 4, 1981 and has continued as a company under the Business Corporations Act of British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties. The Company’s head office is Suite 300 – 1055 West Hastings Street, Vancouver, BC, V6E 2E9. The registered and records office is 25th floor, 700 West Georgia Street, Vancouver, V7Y 1B3.

The Company’s financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The Company has incurred ongoing losses and has an accumulated deficit. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments would be material.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition and exploration of exploration and evaluation assets, is dependent on the Company’s ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and acquire mineral properties. The outcome of these matters cannot be predicted at this time. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

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

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

2. BASIS OF PRESENTATION

Statement of compliance

These audited financial statements, including comparatives, have been prepared using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They have been prepared on a historical cost basis, except for certain financial instruments which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted.

2. BASIS OF PRESENTATION (continued)

Approval of the financial statements

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The recorded value of provision. This amount represents a best estimate of the probable amount payable taking into account available evidence including past history of payments and uncertainty of outflow of future resources.

Significant accounting judgments

Going concern

The preparation of these financial statements requires management to make judgments regarding the applicability of going concern assumption to the Company.

Exploration and evaluation assets

All costs related to the acquisition of exploration and evaluation assets are capitalized on a property by property basis, net of recoveries. Exploration costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are expensed to operations as incurred. If economically recoverable ore reserves are developed, capitalized costs of the related property are classified as mining assets and amortized using the unit-of-production method. When a property is abandoned, all related costs are written off to operations.

The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values. These costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

From time to time, the Company may acquire or dispose of an exploration and evaluation asset pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale of an option of the Company's property are recorded as a reduction of the mineral property cost. The Company recognizes amounts received in excess of the carrying amount in profit or loss.

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Evaluation and exploration assets are assessed for impairment by management when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

Decommissioning liabilities

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

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

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

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

Changes in the measurement of a liability, which arises during production, are charged against profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

Impairment of tangible assets

The Company's tangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets (continued)

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Income (loss) per share

Basic income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The Company computes the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate oil and gas properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the share-based payments reserve. The fair value of the common shares is based on the closing quoted bid price on the announcement date. Consideration received for the exercise of warrants is recorded in share capital and the related residual value in warrants reserve is transferred to share capital.

Share-based payments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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

Income taxes

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

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

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

Flow-through shares

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

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets at FVTPL

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

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of income (loss) and comprehensive income (loss). Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

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

Financial liabilities at amortized cost - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

Impairment of financial assets

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets.

IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial Assets and Liabilities	**New classification and measurement IFRS 9**
Cash	FVTPL
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

4. INVESTMENTS

Investments consist of common shares of Osisko Gold Royalties Ltd. ("Osisko") (formerly "Barkerville Gold Mines Ltd.")

	July 31, 2021		July 31, 2020	
	Number of shares	Quoted market price	Number of shares	Quoted market price
Osisko	487	$8,279	487	$7,641

During the year ended July 31, 2020, Barkerville Gold Mines Ltd. ("Barkerville") was acquired by Osisko and resulted in an exchange of 0.0357 of a common share of Osisko for each common share of Barkerville. As a result, the Company exchanged 13,633 common shares of Barkerville for 487 common shares of Osisko. During the year ended July 31, 2021 the Company recognized a net unrealized gain of $638 (2020 – $2,596).

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

NewMétal Property

On June 9, 2019, the Company entered into an agreement to acquire a 100% interest in the NewMétal Property in consideration of a cash payment of $105,000, which was settled with common shares in the May 2020 private placement.

The property is subject to a 1% Net Smelter Royalty (“NSR”).

2nd Stage Expansion

On June 1, 2020, the Company expanded the property by acquiring a 100% interest in additional claims through the common share issuance schedule as follows:

i) 4,500,000 common shares (issued and valued at $4,950,000) for the first 50% interest (Note 7).
ii) 4,500,000 common shares (issued and valued at $8,685,000) to acquire the remaining 50% interest (Note 7).

The expanded property is subject to a 3% NSR, of which 1% can be repurchased for $1,000,000 at any time prior to commercial production.

In connection with the acquisition, the Company issued 450,000 common shares valued at $495,000 as finder’s fees (Note 7).

Normetal/Normetmar Property, Rousseau Property and Turgeon Lake Property

On August 3, 2020, the Company expanded the property by acquiring a 100% in the properties, Normetal/Normetmar Property, Rousseau Property, and Turgeon Lake Property, in consideration of the following:

i) $50,000 cash payment (paid) and 1,200,000 common shares (issued and valued at $2,472,000) issuance upon execution (Note 7).
ii) $50,000 cash payment at 6-month anniversary (paid).
iii) $50,000 cash payment at one-year anniversary.

These properties are subject to a 2.5% Gross Metal Royalty, of which 1% can be repurchased for $1,500,000 at any time prior to commercial production.

The Company capitalized its acquisition costs as follows:

July 31, 2019	$	-
Common shares		5,550,000
July 31, 2020		5,550,000
Cash		100,000
Common shares		11,157,000
July 31, 2021	$	16,807,000

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

NewMétal Property (continued)

The Company incurred and expensed current exploration as follows:

		During the year ended July 31, 2021
Consulting fees	$	176,435
Assaying		62,032
Field work		57,042
Drilling		4,094,498
	$	4,390,007

		During the year ended July 31, 2020
Consulting fees	$	30,000

El Toro Property

The Company holds a 100% interest in the El Toro property located in the Omineca Mining Division of British Columbia with historical acquisition costs of $243,649.

During the year ended July 31, 2019, the Company abandoned the property and wrote-off the exploration and evaluation assets of $243,649.

During the year ended July 31, 2021, the Company received $5,670 (2020 - $44,006) of BC Mining Tax Credits from expenditures incurred in prior years.

6. LOAN

Principal of $20,125 was received on February 5, 2018, originally for a private placement that did not complete. The loan had no fixed repayment date and simple interest at 5.00% has been applied. During the year ended July 31, 2020, the loan was repaid in full and $1,412 in interest expense was written off.

7. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Issued:

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

i) closed a private placement of 740,000 flow-through units at $1.50 per unit for gross proceeds of $1,110,000 of which $10,000 was received during the year ended July 31, 2020. Each unit is comprised of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to acquire an additional common share of the Company at a price of $2.00 per share until February 7, 2022. The Company paid a finder's fee of $66,600, of which $3,015 was paid during year ended July 31, 2020, and issued 44,400 finder's warrants valued at $27,972. Each finder's warrant will entitle the holder to acquire an additional common share of the Company at a price of $2.00 per share until February 7, 2022.

ii) issued 1,200,000 common shares valued at $2,472,000 pursuant to the acquisition of NewMétal Property (Note 5).

iii) closed a private placement of 1,325,000 flow-through units at $2.00 per unit for gross proceeds of $2,650,000. Each unit is comprised of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to acquire an additional common share of the Company at a price of $2.50 per share until May 12, 2022. The Company paid a finder's fee of $159,000 and issued 79,500 finder's warrants valued at $48,495. Each finder's warrant will entitle the holder to acquire an additional common share of the Company at a price of $2.50 per share until May 12, 2022. A value of $331,250 was attributed to the flow-through premium liability in connection with the financing.

iv) issued 1,027,511 common shares pursuant to exercise of warrants for proceeds of $1,008,355, and accordingly, the Company reallocated $50,931 of its warrant reserve to share capital.

v) issued 980,000 common shares pursuant to exercise of options for proceeds of $564,250, and accordingly, the Company reallocated $490,001 of its share-based payment reserve to share capital.

vi) issued 4,500,000 common shares valued at $8,685,000 pursuant to acquire the remaining 50% interest of NewMétal Property (Note 5).

vii) closed a private placement of 1,043,333 flow-through units at $3.60 per unit for gross proceeds of $3,755,999. Each unit consists of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to acquire an additional common share of the Company at a price of $4.50 per share until December 2, 2022. The Company paid finder's fees of $22,500.

viii) closed a private placement of 599,999 flow-through units at $3.85 per unit for gross proceeds of $2,309,996. Each unit consists of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to acquire an additional common share of the Company at a price of $5.00 per share until January 22, 2023. The Company paid a finder's fee of $138,600. A value of $503,999 was attributed to the flow-through premium liability in connection with the financing.

7. SHARE CAPITAL (continued)

During the year ended July 31, 2020, the Company:

i) closed a non-brokered private placement of 1,496,701 units at a price of $0.30 per unit for gross proceeds of $449,010, of which $50,000 was not collected and is recorded as subscription receivable (received subsequently). Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to acquire one additional common share of the Company at a price of $0.75 per share until March 17, 2022. The Company paid share issuance costs of $23,940 in cash.

ii) closed a non-brokered private placement of 1,833,335 units at a price of $0.30 per unit for gross proceeds of $550,001 of which $75,000 of amounts payable was settled as part of the private placement. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to acquire one additional common share of the Company at a price of $0.75 per share until May 22, 2022. The Company paid a finder's fee of $8,100 and 17,000 finder's units. Each finder's unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to acquire one additional common share of the Company at a price of $0.75 per share until May 22, 2022.

iii) issued 4,950,000 common shares valued at $5,445,000 pursuant to the acquisition of NewMétal Property (Note 5).

Stock options - The Company has a rolling stock option plan (the "Plan") that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company's shares at the date of grant, subject to a minimum exercise price of $0.10 per share. Options granted under the Plan will have a term not to exceed ten years and be subject to vesting provisions as determined by the board of directors of the Company.

On July 23, 2021, the Company granted 1,500,000 incentive stock options exercisable at a price of $3.01 until July 23, 2026. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $3,514,321 using the Black-Scholes valuation model with the following assumptions: i) stock price of $3.09; ii) expected share price volatility of 103%; iii) risk free interest rate of 0.79%; iv) no dividend yield, v) expected life of 5 years and vi) fully vested on grant.

On November 26, 2020, the Company granted 273,500 incentive stock options exercisable at a price of $1.95 until November 26, 2025. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $434,865 using the Black-Scholes valuation model with the following assumptions: i) stock price of $1.94; ii) expected share price volatility of 120%; iii) risk free interest rate of 0.44%; iv) no dividend yield, v) expected life of 5 years and vi) fully vested on grant.

On August 13, 2020, the Company granted 550,000 incentive stock options exercisable at a price of $1.60 until August 12, 2025. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $816,342 using the Black-Scholes valuation model with the following assumptions: i) stock price of $1.80; ii) expected share price volatility of 118%; iii) risk free interest rate of 0.43%; iv) no dividend yield, v) expected life of 5 years and vi) fully vested on grant.

On June 1, 2020, the Company granted 405,105 incentive stock options exercisable at a price of $0.70 until June 1, 2025. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $281,147 using the Black-Scholes valuation model with the following assumptions: i) stock price of $0.70; ii) expected share price volatility of 235%; iii) risk free interest rate of 0.39%; iv) no dividend yield, v) expected life of 5 years and vi) fully vested on grant.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock options (continued)

The following is a summary of the changes in stock options:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding and exercisable at July 31 2019	1,900,000	$ 0.16
Options granted	405,105	0.70
Outstanding and exercisable at July 31 2020	2,305,105	0.25
Options exercised	(980,000)	0.58
Options granted	2,323,500	2.55
Outstanding and exercisable at July 31, 2021	**3,648,605**	**$ 1.63**

As at July 31, 2021 the following stock options were outstanding and exercisable:

NUMBER OF OPTIONS OUTSTANDING	NUMBER OF OPTIONS EXERCISABLE	EXERCISE PRICES	EXPIRY DATES
1,200,000	1,200,000	$ 0.16	April 17, 2024
330,105	330,105	$ 0.70	June 1, 2025
550,000	550,000	$ 1.60	August 12, 2025
68,500	68,500	$ 1.95	November 26, 2025
1,500,000*	1,500,000	$ 3.01	July 23, 2026
3,648,605	**3,648,605**		

*100,000 options exercised subsequently

As at July 31, 2021, the weighted average remaining contractual life of the stock options was 3.98 years (July 31, 2020 – 3.91 years) and the weighted average exercise price was $1.63 (July 31, 2020 – $0.25).

Reserve - The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. For those options that expired, the recorded value remains in reserve.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Warrants

The following is a summary of the changes in warrants:

	NUMBER OF WARANTS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at July 31, 2019 and 2020	3,347,036	$ 0.75
Warrants exercised	(1,027,511)	0.98
Warrants granted	1,978,066	3.30
Outstanding at July 31, 2021	**4,297,591**	**$ 1.87**

As at July 31, 2021 the following warrants were outstanding and exercisable:

NUMBER OF WARRANTS OUTSTANDING	EXERCISE PRICES	EXPIRY DATES
1,013,367*	$ 0.75	March 17, 2022
1,475,335	$ 0.75	May 22, 2022
297,722**	$ 2.00	February 7, 2022
689,500***	$ 2.50	May 12, 2022
521,667	$ 4.50	December 2, 2022
300,000	$ 5.00	January 22, 2023
4,297,591		

*100,000 warrants exercised subsequently
**16,666 warrants exercised subsequently
***100,000 warrants exercised subsequently

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities, loan and amounts due to related party. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments. Cash and investments are valued at a level 1 fair value measurement.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the year.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution. There is nominal risk associated with receivables as this is due primarily from a government agency.

Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company’s monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company’s financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of July 31, 2021. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company’s ability to continue as a going concern is dependent on management’s ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. All the Company’s financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms. The Company is exposed to liquidity risk.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company’s earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

d) Market risk

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. Some of these investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.

9. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

The Company entered into the following transactions with related parties. All related party transactions were measured at the amount of consideration established and agreed to by the related parties.

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

a) paid or accrued $230,427 (2020 – $83,215) in management fees to the CEO of the Company.

b) paid or accrued $36,000 (2020 – $9,000) in management fees to a company controlled by the CFO of the Company.

c) paid or accrued $49,400 (2020 – $24,700) in professional fees to a company controlled by the CFO of the Company.

d) granted 420,000 (2020 – 175,000) options that resulted in share-based compensation of $863,211 (2020 - $121,453).

The amounts due to other related parties and key management personnel are as follows:

	July 31, 2021	July 31, 2020
Due to a company controlled by the CFO and director	$ 48,223	$ 20,230

Amounts due to related parties have no specific terms of repayment, are unsecured and non-interest-bearing.

The amounts due from other related parties and key management personnel included in prepaid expenses are as follows:

	July 31, 2021	July 31, 2020
Due from the Chief Executive Officer	$ 21,651	$ 32,611

(Expressed in Canadian Dollars)

10. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity (deficiency). Capital requirements are driven by the Company's exploration activities on its exploration and evaluation assets. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget all exploration projects and overhead to manage costs, commitments and exploration activities.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period.

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expense, whose operating results are reviewed regularly by the Company's chief operating decision maker, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition and exploration of mineral properties, all of which occurs within Canada.

11. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% (2020 - 27%) to income before income taxes. The reasons for the differences are as follows:

	July 31, 2021	July 31, 2020
Net income (loss) before income taxes for the year	$ (10,361,265)	$ (614,111)
Statutory income tax rate	27%	27%
Expected income tax (recovery)	(2,798,000)	(168,000)
Non-deductible items	1,199,000	82,000
True up	(128,000)	-
Change in unrecognized benefit of deferred tax assets	1,727,000	86,000
Total income tax recovery	$ -	$ -

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

(Expressed in Canadian Dollars)

11. INCOME TAXES (continued)

	July 31, 2021	July 31, 2020
Excess of unused exploration expenditures for Canadian tax purposes over carrying value of mineral property interests	$ 814,000	$ 823,000
Excess of undepreciated capital cost over carrying value of fixed assets	23,000	23,000
Share issuance costs	91,000	11,000
Capital losses carried forward	57,000	57,000
Non-capital loses carried forward - Canada	1,410,000	836,000
Total income tax recovery	$ 2,395,000	$ 1,750,000

The Company has non-capital losses of approximately $5,225,000 that may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through 2041. Exploration and evaluation assets, property and equipment and net capital losses have no expiry date.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

Tax attributes are subject to review and potential adjustment by tax authorities.

12. SUBSEQUENT EVENTS

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

i) issued 100,000 common shares pursuant to exercise of options for proceeds of $301,000.

ii) issued 216,666 common shares pursuant to exercise of warrants for proceeds of $358,332.

iii) closed a private placement of 1,474,510 flow-through units at $2.55 per unit for gross proceeds of $3,760,000. Each unit consists of one flow-through common share and one-half share purchase warrants of the Company. Each warrant will entitle the holder to acquire an additional common share of the Company at a price of $3.25 per share until May 22, 2023.