FINANCIAL STATEMENTS OF

E2GOLD INC.

FOR THE YEARS ENDED JULY 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
E2Gold Inc.

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of E2Gold Inc. (the Company), which comprise the statements of financial position as at July 31, 2021 and 2020, and the statements of loss and comprehensive loss, statements of changes in equity and statements of 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 2020, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards, 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern
We draw your attention to Note 1 in the financial statements, which indicates the Company incurred a comprehensive loss of $2,843,037 during the year ended July 31, 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the financial statements and our auditor's report thereon.

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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 scepticism 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.

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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 Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
October 25, 2021

E2Gold Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

As at July 31,		2021		2020
ASSETS				
Current assets				
Cash	$	**5,854,701**	$	127,944
Short-term investment		**40,000**		-
HST receivable		**124,582**		14,715
Prepaid expenses		**185,494**		42,280
Total current assets		**6,204,777**		184,939
Non-current assets				
Property and equipment (note 5)		**50,926**		-
Total non-current assets		**50,926**		-
Total assets	$	**6,255,703**	$	184,939
LIABILITIES AND EQUITY				
Current liabilities				
Amounts payable and accrued liabilities	$	**753,389**	$	57,403
Loan payable (note 6)		**-**		46,650
Flow-through share liability (note 7)		**536,936**		-
Total liabilities		**1,290,325**		104,053
Equity				
Share capital (note 8)		**4,441,922**		439,890
Warrants (note 9)		**3,693,475**		-
Stock options (note 10)		**32,022**		-
Accumulated deficit		**(3,202,041)**		(359,004)
Total equity		**4,965,378**		80,886
Total liabilities and equity	$	**6,255,703**	$	184,939

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

Nature of operations and going concern (note 1)
Commitments (note 14)
Subsequent event (note 17)

Approved on behalf of the Board:

"Todd Hennis", Director

"Eric Owens", Director

E2Gold Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Year ended July 31,	2021	2020
Operating expenses		
Depreciation (note 5)	**$ 2,988**	$ -
Exploration and evaluation expenditures (note 12)	**2,309,846**	300,337
General and administrative expenses	**59,310**	25,467
Investor relations	**172,734**	-
Management fees (note 13(a))	**395,313**	-
Professional fees	**215,220**	33,200
Shareholders' information	**47,074**	-
Share-based payments (notes 10 and 13(a))	**32,022**	-
Operating loss before interest income and premium on flow-through shares	**(3,234,507)**	(359,004)
Interest income	**1,710**	-
Premium on flow-through shares (note 7)	**389,760**	-
Loss and comprehensive loss for the year	**$ (2,843,037)**	$ (359,004)
Basic and diluted loss per share	**$ (0.07)**	$ (0.07)
Weighted average number of common shares outstanding - basic and diluted	**41,198,898**	5,183,443

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

E2Gold Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

Year ended July 31,	2021	2020
Operating activities:		
Net loss for the year	**$ (2,843,037)**	$ (359,004)
Adjustments for:		
Depreciation (note 5)	**7,866**	-
Share-based payments (note 10)	**32,022**	-
Shares issued for acquisition of mineral property (note 12)	**100,000**	100,000
Shares issued for services provided (note 8)	**18,520**	5,000
Premium on flow-through shares (note 7)	**(389,760)**	-
Changes in non-cash working capital items:		
HST receivable	**(109,867)**	(14,715)
Prepaid expenses	**(143,214)**	(42,280)
Amounts payable and accrued liabilities	**695,986**	57,403
Net cash used in operating activities	**(2,631,484)**	(253,596)
Investing activities:		
Purchase of property and equipment (note 5)	**(58,792)**	-
Purchase of short-term investment	**(40,000)**	-
Net cash used in investing activities	**(98,792)**	-
Financing activities:		
Proceeds from private placements (note 8)	**9,639,666**	348,000
Share issue costs	**(1,182,633)**	(13,210)
Loan payable (note 6)	**-**	46,650
Net cash provided by financing activities	**8,457,033**	381,440
Net change in cash	**5,726,757**	127,844
Cash, beginning of year	**127,944**	100
Cash, end of year	**$ 5,854,701**	$ 127,944

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

E2Gold Inc.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital	Warrants	Stock options	Accumulated deficit	Total equity
Balance, July 31, 2019	**$ 100**	**$ -**	**$ -**	**$ -**	**$ 100**
Private placements (note 8)	348,000	-	-	-	348,000
Shares issued for services provided (note 8)	5,000	-	-	-	5,000
Shares issued for acquisition of mineral property (note 12)	100,000	-	-	-	100,000
Share issue costs	(13,210)	-	-	-	(13,210)
Loss and comprehensive loss	-	-	-	(359,004)	(359,004)
Balance, July 31, 2020	**$ 439,890**	**$ -**	**$ -**	**$ (359,004)**	**$ 80,886**

	Share capital	Warrants	Stock options	Accumulated deficit	Total equity
Balance, July 31, 2020	**$ 439,890**	**$ -**	**$ -**	**$ (359,004)**	**$ 80,886**
Private placements (note 8)	6,254,724	-	-	-	6,254,724
Initial Public Offering (note 8)	3,384,942	-	-	-	3,384,942
Shares issued for services provided (note 8)	18,520	-	-	-	18,520
Shares issued as repayment of loan (notes 6 and 8)	46,650	-	-	-	46,650
Shares issued for acquisition of mineral property (note 12)	100,000	-	-	-	100,000
Flow-through share premium (note 7)	(926,696)	-	-	-	(926,696)
Warrants (note 8)	(3,309,977)	3,309,977	-	-	-
Compensation options (note 8)	(383,498)	383,498	-	-	-
Share issue costs	(1,182,633)	-	-	-	(1,182,633)
Share-based payments (note 10)	-	-	32,022	-	32,022
Loss and comprehensive loss	-	-	-	(2,843,037)	(2,843,037)
Balance, July 31, 2021	**$ 4,441,922**	**$ 3,693,475**	**$ 32,022**	**$ (3,202,041)**	**$ 4,965,378**

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

1. Nature of Operations and Going Concern

E2Gold Inc. (the “Company”) was incorporated under the Business Corporations Act (Ontario) by articles of incorporation dated October 25, 2018 under the name “5003754 Ontario Ltd.” On February 11, 2020, the Company filed articles of amendment to change the name of the Company to “E2Gold Inc.” On October 14, 2020, the Company filed articles of amendment to remove the private company restrictions contained in its articles. The principal office of the Company is located at 8 King Street East, Suite 1700, Toronto, Ontario M5C 1B5. The financial year end of the Company is July 31.

On December 30, 2020, the Company completed its Initial Public Offering ("IPO") and its common shares commenced trading on the TSX Venture Exchange ("TSXV") at the opening of business on January 4, 2021. The common shares of the Company trades under the symbol "ETU".

The principal business of the Company is the acquisition, exploration and evaluation of mineral properties, and developing these properties further or disposing of them when evaluation is complete.

The Company had no commercial operations and incurred a net loss and comprehensive loss of $2,843,037 for the year ended July 31, 2021, and as of July 31, 2021, the Company’s accumulated deficit was $3,202,041. These circumstances indicate that material uncertainties exist that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company’s ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. If additional financing is arranged through the issuance of shares, control of the Company may change and shareholders may suffer significant dilution.

These financial statements been prepared on a going concern basis which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable 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, has adversely affected workforces, economies, and financial markets globally, 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.

2. Significant Accounting Policies

Statement of Compliance

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

The financial statements are presented in Canadian dollars, the Company's functional currency, and have been prepared on a historical cost basis.

The financial statements were approved by the Board of Directors on October 25, 2021.

Short-term Investment

Short-term investment consist of GIC with expiry date between 3 to 12 months.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Amortization rate
Computer equipment	Straight line method over 3 years
Exploration equipment	Straight line method over 3 years

At each financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the pre-tax time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss and comprehensive loss.

2. Significant Accounting Policies (Continued)

Flow-through Shares

From time to time, the Company issues flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a premium on flow-through shares to the statement of loss and comprehensive loss.

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

Share-based Payments

The fair value of share options granted to directors, officers and consultants is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Share-based payments incorporates an expected forfeiture rate of nil.

Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments, evaluation activities and exploration costs.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

2. Significant Accounting Policies (Continued)

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous periods.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net loss and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, compensation options and stock options outstanding that may add to the total number of common shares. Diluted loss per share does not include the effect of warrants, compensation options and stock options as they are anti-dilutive. See note 11.

Significant Accounting Judgments and Estimates

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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made 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:

2. Significant Accounting Policies (Continued)

Significant Accounting Judgments and Estimates (continued)

Critical accounting estimates (continued)

- Restoration, rehabilitation and environmental obligations: Management determined there were no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed in the current year that would trigger recognition of the provision in accordance with IAS 37, "Provision".
- Shares issued for non-cash consideration: The Company is required to recognize these transactions at fair value which requires judgment in selecting valuation technique and other factors.
- Management determines the fair value of warrants and stock options using the Black-Scholes option pricing model.

Critical accounting judgments

- Income taxes and recovery of deferred tax assets: The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretations and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.
- Management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to meet its commitments.

New Standards Not Yet Adopted And Interpretations Issued But Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently assessing the impact of these standards on the financial statements.

IAS 16 - Property, Plant and Equipment was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

3. Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned exploration activities is uncertain and dependent upon securing additional financing.

The Company considers its capital to be equity which at July 31, 2021, totaled $4,965,378.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. The Company's capital management objectives, policies and processes have remained unchanged during the year ended July 31, 2021. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than the flow-through contractual obligations (refer to note 14).

4. Financial Risk Management

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and price risk).

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. HST receivable consists of taxes recoverable. The Company has no significant concentration of credit risk arising from operations. The expected credit loss on the remaining receivables is not material.

(ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2021, the Company had cash of $5,854,701, to settle current liabilities of $753,389 (excluding non-cash flow-through share liability of $536,936). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except for the loan payable disclosed in note 6.

(Expressed in Canadian Dollars)

4. Financial Risk Management (Continued)

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and quoted prices.

(a) Interest rate risk

The Company has $5,854,701 cash balances and no interest-bearing debt and was not exposed to interest rate risk. As a result, the Company's exposure to interest rate risk is minimal.

(b) Foreign currency risk

The Company does not have any significant assets in currency other than the functional currency of the Company, nor has significant foreign currency denominated liabilities, therefore any changes in foreign exchange rates will not give rise to significant changes to the loss.

(c) Price risk

The ability of the Company to acquire new properties and the future profitability of the Company is directly related to the market price of certain minerals. The Company's risk management objectives are to ensure that business and financial exposures to risk that have been identified and measured are minimized using the most effective and efficient methods to reduce, transfer and, when possible, eliminate such exposures. Operating decisions contemplate associated risks and management strives to structure proposed transactions to avoid or reduce risk whenever possible.

5. Property and Equipment

Cost	Computer equipment	Exploration equipment	Total
Balance, July 31, 2019 and July 31, 2020	**$ -**	**$ -**	**$ -**
Addition	29,526	29,266	58,792
Balance, July 31, 2021	**$ 29,526**	**$ 29,266**	**$ 58,792**

Accumulated depreciation	Computer equipment	Exploration equipment	Total
Balance, July 31, 2019 and July 31, 2020	**$ -**	**$ -**	**$ -**
Depreciation during the year	2,988	4,878	7,866
Balance, July 31, 2021	**$ 2,988**	**$ 4,878**	**$ 7,866**

Carrying value	Computer equipment	Exploration equipment	Total
Balance, July 31, 2020	**$ -**	**$ -**	**$ -**
Balance, July 31, 2021	**$ 26,538**	**$ 24,388**	**$ 50,926**

(Expressed in Canadian Dollars)

6. Loan Payable

On December 18, 2019, the Company signed a shareholder loan agreement with Laurel Duquette, an insider and the former President and a former director of the Company, pursuant to which a non-interest bearing loan in the aggregate principal amount of $46,650 was advanced by Laurel Duquette to the Company. On September 8, 2020, the $46,650 was fully repaid via the issuance of 666,428 common shares. Refer to note 8(b)(viii).

7. Flow-Through Share Liability

Flow-through share liability includes the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability of the flow-through shares issuance:

Balance, July 31, 2019 and July 31, 2020	**$**	**-**
Liability incurred on flow-through shares issued (i)(ii)(iii)		926,696
Settlement of flow-through share liability on incurred expenditures (i)(ii)(iii)		(389,760)
Balance, July 31, 2021	**$**	**536,936**

(i) The flow-through common shares issued in the brokered private placement completed on October 13, 2020 were issued at a premium to previous share issuance prices in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $74,700 and will be derecognized through income as the eligible expenditures are incurred. For the period from October 13, 2020 to July 31, 2021, the Company incurred eligible exploration expenditures of $249,000 and, as a result, the flow-through premium is $nil as at July 31, 2021 in relation to this private placement.

(ii) The flow-through common shares issued as part of the IPO completed on December 30, 2020 were issued at a premium to the common shares issued also part of the IPO. The flow-through premium was calculated to be $278,656. For the period from December 30, 2020 to July 31, 2021, the Company incurred eligible expenditures of $1,192,642 and, as a result, the flow-through premium is $nil as at July 31, 2021 in relation to the IPO.

(iii) The flow-through common shares issued in the brokered private placement completed on July 16, 2021 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $573,340 and will be derecognized through income as the eligible expenditures are incurred. For the period from July 16, 2021 to July 31, 2021, the Company incurred eligible expenditures of $371,632 satisfying $36,404 of such premium. The flow-through premium balance is $536,936 as at July 31, 2021.

(Expressed in Canadian Dollars)

8. Share Capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares and class "A" shares. The common shares and class "A" shares do not have a par value. All issued shares are fully paid. There is no class "A" shares outstanding.

b) Common shares issued

Changes in the share capital of the Company for the year ended July 31, 2021 and 2020 are as follows:

	Number of common shares	Amount
Balance, July 31, 2019	**1,250,000**	**$ 100**
Private placements (i)(ii)(iii)	16,230,000	348,000
Shares issued for services provided (iv)	250,000	5,000
Shares issued for acquisition of mineral property (note 12)	2,000,000	100,000
Share issue costs	-	(13,210)
Balance, July 31, 2020	**19,730,000**	**439,890**
Private placements (v)(x)(xi)	23,989,366	2,011,936
Flow-through private placement (vi)(x)	33,685,343	4,242,788
Initial Public Offering (ix)	16,382,600	3,384,942
Warrants (ix)(x)(xi)	-	(3,309,977)
Compensation options (ix)(x)(xi)	-	(383,498)
Flow-through share premium (note 7)	-	(926,696)
Shares issued for services provided (vii)	370,400	18,520
Shares issued as repayment of the loan payable (viii)	666,428	46,650
Shares issued for mineral properties (note 12)	543,478	100,000
Share issue costs	-	(1,182,633)
Balance, July 31, 2021	**95,367,615**	**$ 4,441,922**

(i) During the year ended July 31, 2020, the Company issued 4,750,000 common shares for total gross proceeds of $500.

(ii) During the year ended July 31, 2020, the Company issued 7,550,000 common shares at a price of $0.02 per common share for gross proceeds of $151,000.

(iii) During the year ended July 31, 2020, the Company issued 3,930,000 common shares at a price of $0.05 per common share for gross proceeds of $196,500.

(iv) During the year ended July 31, 2020, the Company issued 250,000 common shares valued at $5,000 as settlement for consulting services provided.

(v) In August 2020, the Company issued 7,740,000 common shares at a price of $0.05 per common share for total gross proceeds of $387,000.

(vi) On October 13, 2020, the Company closed a flow-through private placement of $249,000 and issued 1,659,998 flow-through common shares at a price of $0.15 per flow-through common share.

8. Share Capital (Continued)

b) Common shares issued (continued)

(vii) In August 2020, the Company issued 370,400 common shares valued at $18,520 for services provided.

(viii) On September 8, 2020, the Company issued 666,428 common shares valued at $46,650 as repayment of the loan payable as disclosed in note 6.

(ix) On December 30, 2020, the Company completed an IPO of 10,961,500 units at a price of $0.20 per unit and 5,421,100 flow-through units at a price of $0.22 per flow-through unit resulting in aggregate gross proceeds of $3,384,942 all pursuant to the final prospectus of the Company dated December 21, 2020.

Each unit consisted of one common share of the Company and one share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share of the Company at an exercise price of $0.24 until December 30, 2023. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.20; expected dividend yield of 0%; risk-free interest rate of 0.25%; volatility of 180% and an expected life of 3 years. The fair value assigned to these warrants was $993,000.

Each flow-through unit consisted of one flow-through common share of the Company and one-half of one share purchase warrant, with each full warrant entitling the holder thereof to acquire one additional common share of the Company at an exercise price of $0.28 until December 30, 2022. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.22; expected dividend yield of 0%; risk-free interest rate of 0.20%; volatility of 180% and an expected life of 2 years. The fair value assigned to these warrants was $320,917.

In connection with the IPO, the agents received an aggregate of 1,146,782 compensation options, each such compensation option entitling the holder to acquire one common share of the Company at an exercise price of $0.20 per share until December 30, 2022. The fair value of the compensation options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.20; expected dividend yield of 0%; risk-free interest rate of 0.20%; volatility of 180% and an expected life of 2 years. The fair value assigned to these warrants was $183,000.

(x) On July 16, 2021, the Company closed the first tranche of its private placement pursuant to which it issued an aggregate of 11,249,366 units at a price of $0.10 per unit, 8,475,345 flow-through units at a price of $0.11 per flow-through unit and 23,550,000 special flow-through units at a price of $0.13 per special flow-through unit, resulting in aggregate gross proceeds of $5,118,724.

Each unit consisted of one common share of the Company and one share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share of the Company at an exercise price of $0.15 until July 16, 2023. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.10; expected dividend yield of 0%; risk-free interest rate of 0.43%; volatility of 152% and an expected life of 2 years. The fair value assigned to these warrants was $414,408.

8. Share Capital (Continued)

b) Common shares issued (continued)

(x) (continued) Each flow-through unit consisted of one flow-through common share of the Company and one-half of one share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share of the Company at an exercise price of $0.15 until July 16, 2023. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.11; expected dividend yield of 0%; risk-free interest rate of 0.43%; volatility of 152% and an expected life of 2 years. The fair value assigned to these warrants was $223,120.

Each special flow-through unit consisted of one flow-through common share of the Company and one share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share of the Company at an exercise price of $0.15 until July 16, 2023. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.13; expected dividend yield of 0%; risk-free interest rate of 0.43%; volatility of 152% and an expected life of 2 years. The fair value assigned to these warrants was $1,174,340.

In connection with the first tranche, the agents received an aggregate of 2,394,667 compensation options, each such compensation option entitling the holder to acquire one common share of the Company at an exercise price of $0.10 per share until July 16, 2023. The fair value of the compensation options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.11; expected dividend yield of 0%; risk-free interest rate of 0.43%; volatility of 152% and an expected life of 2 years. The fair value assigned to these warrants was $182,234.

(xi) On July 23, 2021, the Company closed the second and final tranche of its private placement pursuant to which it issued an aggregate of 5,000,000 units at a price of $0.10 per unit resulting in aggregate gross proceeds of $500,000.

Each unit consisted of one common share of the Company and one share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share of the Company at an exercise price of $0.15 until July 23, 2023. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.10; expected dividend yield of 0%; risk-free interest rate of 0.43%; volatility of 152% and an expected life of 2 years. The fair value assigned to these warrants was $184,192.

In connection with the second and final tranche, the agents received an aggregate of 240,000 compensation options, each such compensation option entitling the holder to acquire one common share of the Company at an exercise price of $0.10 per share until July 23, 2023. The fair value of the compensation options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.11; expected dividend yield of 0%; risk-free interest rate of 0.43%; volatility of 152% and an expected life of 2 years. The fair value assigned to these warrants was $18,264.

(Expressed in Canadian Dollars)

9. Warrants

	Number of warrants *	Grant date fair value
Balance, July 31, 2019 and July 31, 2020	**-**	**$ -**
Issued (note 8(b)(ix)(x)(xi))	61,490,534	3,693,475
Balance, July 31, 2021	**61,490,534**	**$ 3,693,475**

The following table reflects the warrants issued and outstanding as of July 31, 2021:

Expiry date	Exercise price ($)	Warrants * outstanding	Valuation ($)
December 30, 2022	0.28	2,710,550	320,917
December 30, 2022	0.20	1,146,782	183,000
December 30, 2023	0.24	10,961,500	993,000
July 16, 2023	0.15	39,037,035	1,811,868
July 16, 2023	0.10	2,394,667	182,234
July 23, 2023	0.15	5,000,000	184,192
July 23, 2023	0.10	240,000	18,264
	0.17	**61,490,534**	**3,693,475**

* Includes the agent compensation options.

10. Stock Options

	Number of stock options	Weighted average exercise price
Balance, July 31, 2019 and July 31, 2020	**-**	**$ -**
Stock options granted (i)	1,000,000	0.05
Balance, July 31, 2021	**1,000,000**	**$ 0.05**

(i) On August 15, 2020, the Company granted 1,000,000 stock options to a consultant at an exercise price of $0.05 expiring on August 15, 2025. Vesting provisions of the stock options are as follows: 10% the date of grant and 15% on each of the 6, 12, 18, 24, 30 and 36 months after date of grant. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.05; expected dividend yield of 0%; risk-free interest rate of 0.42%; volatility of 180% and an expected life of 5 years. The fair value assigned to these options was $48,000. For the year ended July 31, 2021, the impact on the statement of loss and comprehensive loss was $32,022.

The following table reflects the stock options issued and outstanding as of July 31, 2021:

Expiry date	Exercise price ($)	Options outstanding	Weighted average remaining contractual life (years)	Options exercisable	Fair Value ($)
August 15, 2025	0.05	1,000,000	4.04	250,000	48,000

(Expressed in Canadian Dollars)

11. Loss Per Share

The calculation of basic and diluted loss per share for the year ended July 31, 2021 was based on the loss attributable to common shareholders of $2,843,037 (year ended July 31, 2020 - $359,004) and the weighted average number of common shares outstanding of 41,198,898 (year ended July 31, 2020 - 5,183,443). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

12. Exploration and Evaluation Expenditures

	Year ended July 31, 2021	Year ended July 31, 2020
Hawkins Gold Property		
Community relations	**$ 25,356**	$ -
Depreciation	**4,878**	-
Drilling	**1,202,685**	-
Geology	**546,800**	72,226
Geophysics	**264,353**	32,211
Mineral property / claims	**12,324**	25,900
Option payments [1]	**200,000**	170,000
Resources estimate	**50,550**	-
	$ 2,306,946	$ 300,337
Other		
General exploration	**$ 2,900**	$ -
Exploration and evaluation expenditures	**$ 2,309,846**	$ 300,337

[1] Includes $100,000 paid via the issuance of common shares for the year ended July 31, 2021 and 2020.

On January 28, 2020, the Company entered into a definitive option agreement (the "Agreement") with Pavey Ark Mineral Inc. ("Pavey Ark"), whereby the Company may earn 100% interest in the Hawkins Gold Property located in the Province of Ontario.

Consideration payable is summarized as follows:

	Cash payments	Common shares	Exploration expenditures
On signing of the agreement	$ 20,000 [1]	$ -	$ -
On or before July 28, 2020	50,000 [1]	100,000 [2]	-
On or before January 28, 2021	100,000 [1]	100,000 [3]	500,000 [5]
On or before January 28, 2022	200,000	200,000 [4]	500,000
On or before January 28, 2023	200,000	200,000 [4]	500,000
On or before January 28, 2024	200,000	200,000 [4]	500,000
On or before January 28, 2025	230,000	200,000 [4]	500,000
	$ 1,000,000	**$ 1,000,000**	**$ 2,500,000**

(1) Cash payment made.

(2) 2,000,000 common shares valued at $100,000 were issued on July 27, 2020.

(3) 543,478 common shares valued at $100,000 were issued on February 19, 2021 following TSXV approval.

(4) The number of common shares to be issued in relation to the dollars amount will be based on the 20-day volume weighted average price of the common shares prior to the day of issuance.

(5) The Company met the minimum exploration expenditures.

(Expressed in Canadian Dollars)

13. Related Party Balances and Transactions

a) Remuneration of directors and officers

	Year ended July 31, 2021	Year ended July 31, 2020
Management fees	$ 395,313	$ -
Consulting fees	61,500	-
	$ 456,813	$ -

During the year ended July 31, 2021, the Company paid the following management fees:

- $67,313 (2020 - $nil) to Bractea Enterprises Ltd. ("Bractea"), a corporation owned by Erik H. Martin, the Chief Financial Officer (the "CFO") of the Company.
- $32,000 (2020 - $nil) to Ellie Owens, the Vice-President of the Company as well as $70,000 (2020 - $nil) to Invera Consulting, a corporation owned by Ellie Owens.
- $30,000 (2020 - $nil) to Eric Owens, the President and CEO of the Company, as well as $112,000 (2020 - $nil) to Sheer Strategic Inc., a corporation owned by Eric Owens.
- $84,000 (2020 - $nil) to Renaud Geological Consulting Ltd. ("RGC"), a corporation owned by Natalie Pietrzak-Renaud, the Vice-President Exploration of the Company.
- $61,500 (2020 - $nil) to 5044563 Ontario Ltd., a company owned by Bereket Berhe, a director of the Company.

As at July 31, 2021, Bractea was owed $5,684 (July 31, 2020 - $nil), Invera Consulting was owed $11,300 (July 31, 2020 - $nil), Sheer Strategic Inc. was owed $18,080 (July 31, 2020 - $nil) and RGC was owed $22,941 (July 31, 2020 - $nil) and all these amounts were included in amounts payable and accrued liabilities at such date.

For the period from August 1, 2020 to August 26, 2020 (which is the date Carmelo Marrelli resigned as CFO of the Company), the Company expensed $nil (July 31, 2020 - $4,500) to Marrelli Support Services Inc. ("MSSI") for the services of Carmelo Marrelli to act as CFO of the Company. In addition, MSSI also provides bookkeeping services to the Company. Carmelo Marrelli is the Managing Director of MSSI. As at July 31, 2021, MSSI was owed $8,883 (July 31, 2020 - $4,500) and this amount was included in amounts payable and accrued liabilities.

(b) Loan payable

On December 18, 2019, the Company signed a shareholder loan agreement with Laurel Duquette, an insider and the former President and a former director of the Company, pursuant to which a non-interest bearing loan in the aggregate principal amount of $46,650 was advanced from Laurel Duquette to the Company. On September 8, 2020, the $46,650 was fully repaid via the issuance of 666,428 common shares. Refer to note 6.

13. Related Party Balances and Transactions (Continued)

(c) Private placements

- On January 31, 2020, Ellie Owens, the Vice-President of the Company, subscribed for 1,000,000 common shares for gross proceeds of $50.
- On January 31, 2020, Laurel Duquette, former President and former director of the Company, subscribed for 3,750,000 common shares for gross proceeds of $450.
- On April 23, 2020, Marrelli Investments Limited, a company controlled by Carmelo Marrelli, the former CFO of the Company, subscribed for 250,000 common shares for gross proceeds of $5,000.
- On April 27, 2020, Eric Owens, President of the Company, subscribed for 500,000 common shares for gross proceeds of $10,000.
- On April 27, 2020, Laurel Duquette, former President and former director of the Company, subscribed for 500,000 common shares for gross proceeds of $10,000.
- On June 11, 2020, Ellie Owens, the Vice-President of the Company, subscribed for 250,000 common shares for gross proceeds of $5,000.
- On June 26, 2020, Ellie Owens, the Vice-President of the Company, subscribed for 750,000 common shares for gross proceeds of $15,000.
- On July 16, 2021, Bereket Berhe, a director of the Company, subscribed for 200,000 units for gross proceeds of $20,000.
- On July 16, 2021, Rod Thomas, a director of the Company, acquired via a private agreement 250,000 units for a total of $25,000.

(d) Services rendered

During the year ended July 31, 2021, the Company paid fees the following:

- $107,919 (2020 - $nil) to RGC, a corporation owned by Natalie Pietrzak-Renaud, the Vice-President Exploration of the Company, for fees and expense reimbursements which were included in exploration and evaluation expenditures.
- $6,960 (2020 - $nil) for consulting fees to Laurel Duquette, the former President and a former director of the Company.
- $50,800 (2020 - $nil) for consulting fees related to the IPO and private placement to 5044563 Ontario Ltd., a company owned by Bereket Berhe, a director of the Company. This amount was included in share issue costs.
- Bereket Berhe, a director of the Company, received 80,000 compensation options with an exercise price of $0.10 and expiry date of July 16, 2022 related to the private placement completed in July 2021. As at July 31, 2021, Bereket Berhe was owed $9,944 (July 31, 2020 - $nil).

(Expressed in Canadian Dollars)

14. Commitments

Flow-Through Obligation

Pursuant to the terms of flow-through share agreement, the Company is in the process of complying with its flow-through contractual obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As of July 31, 2021, the Company is committed to incurring approximately $3,620,000 in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2022 arising from the flow-through offerings.

Management and Other Contracts

The Company entered into consulting agreements for the services of its officers. For the CFO, the agreement was effective October 1, 2020 and for the President and Chief Executive Officer, the Vice-President and the Vice-President Exploration, the agreements were effective January 1, 2021. Under the agreements, additional payments totaling $798,000 are be made upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements. Also, on July 15, 2020, the Company entered into a service agreement with a party who subsequently became a member of the Board of Directors on October 5, 2020. The aggregate commitment upon termination of the agreements is $129,000. The minimum commitment due within one year under the terms of the agreements is $600,000, in aggregate.

15. Segmented Information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including geographical location, quantitative thresholds and managerial structure.

16. Income Taxes

(a) Income tax expense

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

Year ended July 31,	**2021**	**2020**
Loss before income taxes	**$ (2,843,037)**	$ (359,004)
Combined statutory income tax rate	**26.50%**	26.50%
Expected income tax recovery	**(753,405)**	(95,136)
Flow-through renunciation	**306,948**	-
Share issue costs	**(313,398)**	(3,501)
Non-deductible expenses and other	**(94,445)**	110
Change in deferred tax asset not recognized	**854,300**	98,527
Income tax recovery	**$ -**	$ -

(Expressed in Canadian Dollars)

16. Income Taxes (Continued)

(b) Deferred income taxes

The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

	2021	2020
Non-capital loss carry forwards	$ 316,537	$ 16,137
Share issue costs	252,819	2,801
Mineral properties	383,458	79,589
Deferred tax assets	952,814	98,527
Less: valuation allowance	(952,814)	(98,527)
	$ -	$ -

As at July 31, 2021, the Company had a 100% valuation allowance against its deferred income tax balances due to uncertainty surrounding their realization.

(c) Tax loss carry forwards

The Company has non-capital losses, available to offset future taxable income for income tax purposes, of $1,194,479 which expire between 2040 and 2041. The Company also has Canadian exploration and development expenses, available to offset future taxable income for income tax purposes, of $910,075, which are available indefinitely.

17. Subsequent Event

(i) On August 17, 2021, the Company granted 6,850,000 stock options to directors, officers and consultants of the Company. The stock options are exercisable for a period of 3 years at a price of $0.13 and vested immediately.