

MARVEL DISCOVERY CORP.
(formerly International Montoro Resources Inc.)
Interim Condensed Financial Statements
Six months ended February 28, 2021
Expressed in Canadian Dollars - Unaudited

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

MARVEL DISCOVERY CORP. (formerly International Montoro Resources Inc.)

Interim Condensed Statements of Financial Position

(Expressed in Canadian dollars - unaudited)

	Notes	February 28, 2021	August 31, 2020
ASSETS			
Current assets			
Cash		\$ 314,816	\$ 474,688
Amounts recoverable	3	6,717	10,601
Due from related party		1,313	1,313
Prepaid expenses and deposits	8	37,843	89,743
		360,689	576,345
Non-current assets			
Exploration and evaluation assets	4	2,870,965	2,665,191
		\$ 3,231,654	\$ 3,241,536
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 403,785	\$ 293,104
Promissory notes	11	190,797	174,718
Due to related parties	8	162,385	315,566
		756,967	783,388
Shareholders' equity			
Share capital	6	13,347,635	13,184,763
Share subscription (receivable) advance	12	(4,850)	(42,350)
Reserves	7	1,321,505	1,151,687
Deficit		(12,189,603)	(11,835,952)
		2,474,687	2,458,148
		\$ 3,231,654	\$ 3,241,536

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors

"Karim Rayani" Director
Karim Rayani

"Gary Musil" Director
Gary Musil

The accompanying notes are an integral part of these financial statements

MARVEL DISCOVERY CORP. (formerly International Montoro Resources Inc.)

Interim Condensed Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars - unaudited)

	Notes	Three months ended		Six months ended	
		February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Expenses					
Bank and interest charges		\$ 272	\$ 1,066	\$ 1,188	\$ 1,976
Bonus shares	11	-	2,800	-	2,800
Consulting fees		30,000	86,300	57,000	86,300
Filing and transfer agent fees		13,857	12,428	22,283	14,873
Loan interest	10	8,216	8,506	16,078	15,999
Management fees	8	24,000	15,000	48,000	30,000
Office and miscellaneous	8	855	4,331	2,202	6,177
Professional fees		5,427	4,291	28,294	7,712
Rent	8	-	7,050	-	14,100
Salaries and benefits	8	-	2,017	3,642	3,238
Share-based payment	6				
Directors		11,742	-	50,423	-
Consultants		26,421	-	74,773	-
Telephone		-	486	-	1,079
Travel and promotion		25,752	19,023	49,768	38,463
Total expenses		(146,542)	(163,298)	(353,651)	(222,717)
Net and total comprehensive loss for the period		\$ (146,542)	\$ (163,298)	\$ (353,651)	\$ (222,717)
Weighted average number of common shares					
outstanding (basic and diluted)		65,130,883	45,927,105	64,594,232	39,295,448
Basic and diluted net loss per share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

The accompanying notes are an integral part of these financial statements

MARVEL DISCOVERY CORP. (formerly International Montoro Resources Inc.)

Interim Condensed Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars - unaudited)

	Share capital						
	Number of shares	Amount	Share subscription advance/(receivable)	Option reserves	Warrant reserves	Deficit	Total
Balance at August 31, 2019	38,207,105	\$ 11,921,457	\$ 400	\$ 1,013,732	\$ 88,034	\$ (11,325,242)	\$ 1,698,381
Loss for the period	-	-	-	-	-	(222,717)	(222,717)
Other comprehensive income (loss)	-	-	-	-	-	-	-
Repayment of subscription advance	-	-	(400)	-	-	-	(400)
Share subscription receivable	-	-	(17,625)	-	-	-	(17,625)
Shares issued pursuant to private placement	5,465,000	191,275	-	-	-	-	191,275
Shares issued pursuant to option exercise	175,000	10,500	-	-	-	-	10,500
Shares issued for bonus shares	80,000	2,800	-	-	-	-	2,800
Units issued for property acquisition	2,000,000	70,000	-	-	-	-	70,000
Share issue costs	-	(2,800)	-	-	-	-	(2,800)
Transfers from reserves pursuant to option exercise	-	10,319	-	(10,319)	-	-	-
Fair value of warrants issued	-	(884)	-	-	884	-	-
Balance at February 29, 2020	45,927,105	\$ 12,202,667	\$ (17,625)	\$ 1,003,413	\$ 88,918	\$ (11,547,959)	\$ 1,729,414
Balance at August 31, 2020	63,337,105	\$ 13,184,763	\$ (42,350)	\$ 1,062,769	\$ 88,918	\$ (11,835,952)	\$ 2,458,148
Loss for the period	-	-	-	-	-	(353,651)	(353,651)
Share subscription receivable	-	-	37,500	-	-	-	37,500
Shares issued pursuant to option exercise	75,000	8,922	-	(4,422)	-	-	4,500
Shares issued pursuant to warrant exercise	1,680,000	84,000	-	-	-	-	84,000
Shares issued for property acquisition	100,000	8,500	-	-	-	-	8,500
Units issued for property acquisition	850,000	70,500	-	-	30,374	-	100,874
Warrants issued to acquire exploration and evaluation assets	-	-	-	-	18,670	-	18,670
Share issue costs	-	(9,050)	-	-	-	-	(9,050)
Share-based payment charges	-	-	-	125,196	-	-	125,196
Balance at February 28, 2021	66,042,105	\$ 13,347,635	\$ (4,850)	\$ 1,183,543	\$ 137,962	\$ (12,189,603)	\$ 2,474,687

The accompanying notes are an integral part of these financial statements

MARVEL DISCOVERY CORP. (formerly International Montoro Resources Inc.)

Interim Condensed Statements of Cash Flows

(Expressed in Canadian dollars - unaudited)

	Six months ended	
	February 28, 2021	February 29, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (353,651)	\$ (222,717)
Adjustments to reconcile loss to net cash used in operating activities:		
Bonus shares	-	2,800
Share-based payment	125,196	
Interest accrued on loans and payables	16,078	15,999
Changes in non-cash items:		
Decrease (increase) in amounts recoverable	3,884	2,687
Decrease (increase) in prepaid expenses and deposits	51,901	(2,417)
Increase (decrease) in accounts payable and accrued liabilities	109,631	41,639
Net cash used in operating activities	(46,961)	(162,009)
CASH FLOWS FROM INVESTING ACTIVITIES		
Accounts payable and due to related parties related to evaluation and exploration assets	(8,000)	(23,654)
Exploration and evaluation assets	(42,470)	(68,980)
Net cash used in investing activities	(50,470)	(92,634)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares, net of share issue costs	12,000	215,950
Promissory note	-	20,000
Repayment of promissory note	-	-
Share subscription	-	-
Increase (decrease) in due to related parties	(153,181)	31,514
Net cash provided by financing activities	(141,181)	267,464
Increase (Decrease) in cash	(238,612)	12,821
Cash, beginning of the period	474,688	11,791
Cash, end of the period	\$ 236,076	\$ 24,612
Supplemental disclosure of cash flow information:		
Cash paid (received) for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these financial statements

1. Nature and continuance of operations

Marvel Discovery Corp. (formerly International Montoro Resources Inc.) (the "Company") was incorporated on January 30, 1987 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company changed its name on February 24, 2021. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "MARV".

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

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. At February 28, 2021 the Company was in the exploration stage and had interests in properties in Canada.

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. There is significant uncertainty regarding the outcome of these matters. The Company has sustained losses from operations, and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at February 28, 2021, the Company had a working capital deficiency of \$396,277 (August 31, 2020 – \$207,043). Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans. These uncertainties cast substantial doubt about the Company's ability to continue as a going concern. The Company expects that it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

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

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

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on April 29, 2021 by the directors of the Company.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended August 31, 2020.

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

Basis of preparation

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

Significant accounting judgments, estimates and assumptions

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

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

Foreign currency translation

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

Transactions and balances:

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

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

Share-based payment

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

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

Financial instruments

i. Classification

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

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

ii. Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

Impairment of financial assets at amortized cost

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

iii. Derecognition

Financial assets

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

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

Impairment of assets

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

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

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

Income taxes

Deferred income tax:

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

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

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

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

Exploration and evaluation assets

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

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

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

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

Exploration and evaluation assets (cont'd)

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

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

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

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

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

Mineral exploration and evaluation expenditures are classified as intangible assets.

Flow-through shares

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

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

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

Share capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

Loss per share

The Company applies the "Treasury Stock Method" to calculate loss per common share. Under this method, the basic loss per share is calculated based on the weighted average aggregate number of common shares outstanding during each period. The diluted loss per share assumes that the outstanding stock options and share purchase warrants had been exercised at the beginning of the period and proceeds from dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share warrants and options had an anti-dilutive impact in 2021 and 2020.

Warrants

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

Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company had no leases in effect during the period.

3. Amounts recoverable

	February 28, 2021	August 31, 2020
Goods and services tax recoverable	\$ 6,717	\$ 10,601
	\$ 6,717	\$ 10,601

4. Exploration and evaluation assets

	Canada									Total
	Crackingstone	Serpent River	Duhamel	Wicheeda	Camping	Blackfly	Slip Gold	Victoria Long Lake	Other	
Balance, August 31, 2020	\$ 1	\$ 2,148,111	\$ 213,920	\$ 227,989	\$ 65,166	\$ 10,000	\$ -	\$ -	\$ 4	\$ 2,665,191
<u>Acquisition costs:</u>										
Additions										
Cash	-	-	-	-	-	-	30,000	10,000	-	40,000
Shares	-	-	-	-	-	8,500	-	-	-	8,500
Warrants	-	-	-	-	-	18,670	-	-	-	18,670
Units	-	-	-	-	-	-	61,170	39,704	-	100,874
	-	-	-	-	-	27,170	91,170	49,704	-	168,044
<u>Exploration and evaluation costs:</u>										
Claim fees	-	-	-	-	-	-	-	7,670	-	7,670
Geological consulting	-	1,200	-	-	-	6,000	-	1,590	-	8,790
Geophysics	-	-	-	-	-	21,270	-	-	-	21,270
	-	1,200	-	-	-	27,270	-	9,260	-	37,730
Total expenditures for the year	-	1,200	-	-	-	54,440	91,170	58,964	-	205,774
Balance, February 28, 2021	\$ 1	\$ 2,149,311	\$ 213,920	\$ 227,989	\$ 65,166	\$ 64,440	\$ 91,170	\$ 58,964	\$ 4	\$ 2,870,965

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

4. Exploration and evaluation assets (cont'd)

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

a. Serpent River Project (Ontario)

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

b. Duhamel Property (Quebec)

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

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

Finders fees are payable as follows:

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

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

c. Wicheeda North Property (British Columbia)

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

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

4. Exploration and evaluation assets (cont'd)

- ii. Issuance of an aggregate of 1,000,000 units of the Company (issued at a value of \$73,356). Each unit consists of one common share and one transferable share purchase warrant entitling the holder to acquire one common share at a price of \$0.10 until May 29, 2021. The shares were valued at \$50,000 and the warrants were valued at \$23,356 using volatility of 119.90%, interest rate of 1.53% and dividend yield of 0.00%;
- iii. Payment of 2% Net Smelter Return Royalty ("NSR"). The Company may acquire one-half of the NSR for \$1 million within five years of the Agreement Date.

d. Camping Lake Property (Ontario)

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

e. Blackfly Property (Ontario)

On August 21, 2020 the Company entered into an agreement to acquire a 100% interest in five claims consisting of 64 unpatented mining claims near Atikokan, Ontario. Terms include cash payments totaling \$105,000, which includes \$40,000 in advance royalty payments, (paid \$10,000) and the issuance of a total of 500,000 common shares of the Company (issued 100,000 at a value of \$8,500) and 500,000 share purchase warrants in the Company (issued at a value of \$18,670). Each warrant is exercisable for two years at a price of \$0.12. The warrants were valued at \$18,671 using volatility of 100.18%, interest rate of 0.24% and dividend yield of 0.00%; The Company must also incur \$153,600 in exploration expenditures before August 21, 2024.

f. Slip Gold Property (Newfoundland)

On September 23, 2020 the Company entered into an agreement to acquire a 100% interest in six claims consisting of 264 claim units. Terms include cash payments totaling \$30,000 (paid), and the issuance of 500,000 units of the Company (issued at a value of \$61,170). Each warrant is exercisable for two years at a price of \$0.12 until October 2, 2022. The shares were valued at \$42,500 and the warrants were valued at \$18,670 using volatility of 100.18%, interest rate of 0.24% and dividend yield of 0.00%. The agreement is subject to a 2% net smelter royalty to the vendors of which 1% may be purchased for \$1 million cash.

g. Victoria Long Lake Gold Property (Newfoundland)

On October 13, 2020 the Company entered into an agreement to acquire a 100% interest in five claims consisting of 53 claim units. Terms include cash payments totaling \$10,000 (paid), and the issuance of 350,000 units of the Company (issued at a value of \$39,704). Each warrant is exercisable for two years at a price of \$0.12 until October 26, 2022. The shares were valued at \$28,000 and the warrants were valued at \$11,704 using volatility of 98.88%, interest rate of 0.24% and dividend yield of 0.00%. The agreement is subject to a 2% net smelter royalty to the vendors of which 1% may be purchased for \$1 million cash.

During the period the Company staked an additional 2,850 ha for \$9,260.

5. Accounts payable and accrued liabilities

	February 28, 2021	August 31, 2020
Accounts payable	\$ 387,531	\$ 236,771
Accrued liabilities	13,000	53,079
Part XII.6 tax payable	3,254	3,254
	\$ 403,785	\$ 293,104

6. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At February 28, 2021 there were 66,042,105 issued and fully paid common shares (August 31, 2020 – 63,337,105).

Issuances

During the period the Company issued 75,000 common shares pursuant to the exercise of options at \$0.06 for total proceeds of \$4,500. Fair value of \$4,422 has been transferred from option reserve to share capital. The average trading share price on the date of exercise of these options was \$0.08.

During the period the Company issued 1,680,000 common shares pursuant to the exercise of warrants at \$0.05 for total proceeds of \$84,000.

On October 26, 2020 the Company issued 350,000 units valued at \$28,000 pursuant to a property acquisition. The unit consists of one common share and one two-year transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.12 per share until October 26, 2020. The warrants were valued at \$11,704 using volatility of 98.88%, interest rate of 0.24% and dividend yield of 0.00%.

On October 5, 2020 the Company issued 100,000 shares valued at \$8,500 and 500,000 warrants pursuant to a property acquisition. One two-year transferable warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.12 per share until October 5, 2020. The warrants were valued at \$18,671 using volatility of 100.18%, interest rate of 0.24% and dividend yield of 0.00%.

On October 2, 2020 the Company issued 500,000 units valued at \$42,500 pursuant to a property acquisition. The unit consists of one common share and one two-year transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.12 per share until October 2, 2020. The warrants were valued at \$18,671 using volatility of 100.18%, interest rate of 0.24% and dividend yield of 0.00%.

During the year ended August 31, 2020 the Company issued 600,000 common shares pursuant to the exercise of options at prices between \$0.05 and \$0.06 for total proceeds of \$35,000. Fair value of \$34,102 has been transferred from option reserve to share capital. The average trading share price on the date of exercise of these options was \$0.06.

6. Share capital (cont'd)

Issuances (cont'd)

During the year ended August 31, 2020 the Company issued 1,500,000 common shares pursuant to the exercise of warrants at \$0.05 for total proceeds of \$75,000.

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

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

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

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

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

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

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

Stock options

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

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

6. Share capital (cont'd)

Stock options (cont'd)

The changes in options during the period ended February 28, 2020 and year ended August 31, 2020 are as follows:

	February 28, 2021		August 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	3,030,000	\$ 0.05	1,905,000	\$ 0.06
Options granted	3,100,000	0.10	1,800,000	0.05
Options exercised	(75,000)	0.06	(600,000)	0.06
Options expired	(1,255,000)	-	(75,000)	0.06
Options outstanding, end of period	4,800,000	\$ 0.08	3,030,000	\$ 0.05
Options exercisable, end of period	4,800,000	\$ 0.08	3,030,000	\$ 0.05

Details of options outstanding as at February 28, 2021 are as follows:

Weighted average exercise price (\$)	Weighted average contractual life	Number of options outstanding
0.08	1.79 years	4,800,000

The weighted average fair value of options granted during the period was \$0.05 (August 31, 2020 - \$0.05). The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	February 28, 2021	August 31, 2020
Expected life of options	2.58 years	3 years
Annualized volatility	106.58%	111.79%
Risk-free interest rate	0.21%	0.27%
Dividend rate	0%	0%

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

Warrants

The changes in warrants during the period ended February 28, 2021 and year ended August 31, 2020 are as follows:

	February 28, 2021		August 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of period	27,435,000	\$ 0.08	14,496,200	\$ 0.08
Issued	1,350,000	0.12	21,030,000	0.07
Exercised	(1,680,000)	0.05	(1,500,000)	0.05
Expired	(1,465,000)	0.08	(6,591,200)	0.07
Balance, end of period	25,640,000	\$ 0.08	27,435,000	\$ 0.08

6. Share capital (cont'd)

Warrants (cont'd)

Details of warrants outstanding as at November 30, 2020 are as follows:

<u>Date of expiry</u>	<u>Number of warrants</u>	<u>Exercise price</u> \$
March 20, 2021	2,300,000	0.10
April 4, 2021	2,130,000	0.10
May 29, 2021	1,000,000	0.10
July 25, 2021	1,010,000	0.08
February 6, 2022	3,595,000	0.05
April 14, 2022	1,105,000	0.05
July 8, 2022	5,000,000	0.05
August 12, 2022	8,240,000	0.10
October 2, 2022	500,000	0.12
October 5, 2022	500,000	0.12
October 26, 2022	350,000	0.12
	25,640,000	

7. Reserves

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

8. Related party transactions

Related party balances

The following amounts are due to related parties:

	<u>February 28, 2021</u>	<u>August 31, 2020</u>
Company controlled by CEO/President	\$ 16,800	\$ -
Former CEO/President	6,778	176,759
Company with director in common	138,807	138,807
	\$ 162,385	\$ 315,566

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. During the period the former CEO and President assigned a portion of the management fees payable to an arm's length third party. A total of \$140,000 has been moved to accounts payable.

8. Related party transactions (cont'd)

Related party transactions

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

	For the periods ended	
	February 28, 2021	February 29, 2020
Rent	\$ -	\$ 14,100
Office, secretarial, and benefits	-	5,046
	\$ -	\$ 19,146

Key management personnel compensation

	For the periods ended	
	February 28, 2021	February 29, 2020
Management consulting fees – current CEO	\$ 48,000	\$ -
Management fees – former CEO	-	30,000
Consulting fee - Director	7,500	-
Stock based payment	50,425	-
	\$ 105,925	\$ 30,000

Effective February 1, 2012 the Company signed a renewal and Amendment to the Management Agreement effectively increasing the salary from \$4,500 to \$5,000 per month and continuation for a term of twenty-four (24) months. In February 2014, 2016, 2018, and 2020 the agreement was renewed for an additional two years. The agreement was terminated August 31, 2020.

9. Financial risk management

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

Credit Risk

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

Currency Risk

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

Interest Rate Risk

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

9. Financial risk management (cont'd)

Price Risk

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

Liquidity Risk

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

The Company's expected source of cash flow in the upcoming year will be through equity financing. Cash on hand at February 28, 2021 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

Capital Management

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

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

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

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

Fair Value

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

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

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

10. Promissory notes

On November 10, 2015, the Company entered into an unsecured promissory note agreement with an arm's length party to borrow \$75,000. Terms of the agreement are interest of 18% per annum, compounded quarterly, and the issuance of 20% in bonus shares (issued 60,000 shares valued at \$9,000). The loan is for a term of one year, after which it will be repayable on demand. During the period ended February 28, 2021, the Company accrued \$16,078 in interest and interest payable (2020 - \$15,999). On February 28, 2021, the Company had \$115,797 of interest payable (August 31, 2020 - \$99,718).

11. Supplemental disclosure with respect to cash flows

During the periods ended February 28, 2021 and February 29, 2020, the Company incurred the following non-cash financing and investing transactions that are not reflected in the statement of cash flows:

	February 28, 2021 \$	February 29, 2020 \$
Non-cash financing and investing activities:		
Issuance of share capital for:		
Property	79,000	70,000
Loan bonus	-	2,800
Fair value of property warrants	137,962	884

12. Subsequent events

Subsequent to February 28, 2021 the Company received \$5,250 in share subscription receivable.

Subsequent to February 28, 2021 a total of 3,381,667 warrants exercisable at prices between \$0.05 and \$0.10 were exercised for total proceeds of \$208,417.

On March 17, 2021 the Company issued 500,000 common shares valued at \$40,000 pursuant to a property agreement.

On March 20, 2021 a total of 2,300,000 warrants exercisable at \$0.10 expired unexercised.

On April 4, 2021 a total of 2,130,000 warrants exercisable at \$0.10 expired unexercised.