Equity Metals Corporation

(An Exploration Stage Company)

Consolidated Financial Statements

Years ended August 31, 2021 and 2020

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Equity Metals Corporation

Opinion

We have audited the accompanying consolidated financial statements of Equity Metals Corporation (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2021 and 2020 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred losses since inception and expects to further incur losses in the development of its business and, as at August 31, 2021, the Company had an accumulated deficit of $22,812,202. As stated in Note 1, these events and conditions 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do s o.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

December 20, 2021

Equity Metals Corporation

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Note	August 31, 2021	August 31, 2020
Assets			
Current			
Cash		1,787,472	1,790,432
Receivables and prepaids		154,745	188,849
		1,942,217	1,979,281
Non-current assets			
Reclamation deposits	3	147,480	182,074
Property and equipment	4	43,654	69,624
Exploration and evaluation assets	5	38,415	38,415
		2,171,766	2,269,394
Liabilities			
Current			
Accounts payable and accrued liabilities		57,866	237,857
Amounts due to related parties	8	40,202	46,854
		98,068	284,711
Equity			
Share capital	6	20,667,233	17,501,220
Subscriptions receivable	6	-	(21,000)
Reserves	6	4,322,467	3,220,771
Deficit		(22,812,202)	(18,612,508)
Accumulated other comprehensive loss		(103,800)	(103,800)
		2,073,698	1,984,683
		2,171,766	2,269,394

Nature of operations and going concern (Note 1)
Contingencies (Note 12)
Subsequent events (Note 14)

Approved by the Board of Directors on December 20, 2021:

(signed) "Courtney Shearer" (signed) "Joseph A. Kizis"

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

Equity Metals Corporation

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For the years ended August 31, 2021 and 2020

(Expressed in Canadian dollars)

	Note	2021	2020
		$	**$**
Exploration Expenses			
Exploration expenses, net of recoveries	5,8	2,599,059	304,802
Administration expenses			
Consulting		-	110,536
Insurance		4,470	4,310
Legal, audit and accounting	8	160,467	201,869
Licences, fees and other		50,600	29,947
Management fees	8	23,176	41,159
Office rent and building expenses	8	60,000	61,200
Printing, stationery and office		30,140	31,489
Shared-based compensation	6,8	1,011,979	104,815
Telephone		3,285	10,353
Transfer agent fees		17,258	13,742
Travel and promotion		220,615	225,197
		(1,581,990)	(834,617)
Interest income and miscellaneous		285	10,064
Foreign exchange loss		(2,934)	(3,476)
Write-off of equipment & vehicles	4	(23,826)	-
Net loss and total comprehensive loss for the year		(4,207,524)	(1,132,831)
Basic and diluted net loss per share		(0.06)	(0.04)
Weighted average number of shares outstanding		70,803,743	27,603,097

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

Equity Metals Corporation

(An Exploration Stage Company)

Consolidated Statements of Changes in Equity

For the years ended August 31, 2021 and 2020

(Expressed in Canadian dollars)

	Share Capital	Share Capital	Subscriptions Receivable	Reserves	AOCL[1]	Deficit	Total
	Number	**$**	**$**	**$**	**$**	**$**	**$**
Balance, September 1, 2019	15,054,433	14,906,712	-	2,918,312	(103,800)	(17,517,387)	203,837
Shares issued on private placement	40,340,042	2,821,314	(21,000)	133,838	-	-	2,934,152
Less: Issue costs - cash	-	(125,290)	-	-	-	-	(125,290)
Less: Issue costs - warrants	-	(101,516)	-	101,516	-	-	-
Expiry of unexercised warrants	-	-	-	(37,710)	-	37,710	-
Share-based payments	-	-	-	104,815	-	-	104,815
Net loss for the year	-	-	-	-	-	(1,132,831)	(1,132,831)
Balance, August 31, 2020	**55,394,475**	**17,501,220**	**(21,000)**	**3,220,771**	**(103,800)**	**(18,612,508)**	**1,984,683**
Receipts of private placement funding	13,144,567	2,366,022	21,000	-	-	-	2,387,022
Less: Issue costs - cash	-	(194,566)	-	-	-	-	(194,566)
Less: Issue costs - warrants	-	(148,285)	-	148,285	-	-	-
Exercise of warrants	9,490,900	1,103,222	-	(31,118)	-	-	1,072,104
Exercise of options	200,000	39,620	-	(19,620)	-	-	20,000
Expiry of unexercised options	-	-	-	(7,830)	-	7,830	-
Share-based payments	-	-	-	1,011,979	-	-	1,011,979
Net loss for the year	-	-	-	-	-	(4,207,524)	(4,207,524)
Balance, August 31, 2021	**78,229,942**	**20,667,233**	**-**	**4,322,467**	**(103,800)**	**(22,812,202)**	**2,073,698**

(1) Accumulated other comprehensive loss

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

Equity Metals Corporation

(An Exploration Stage Company)

Consolidated Statement of Cash Flows

For the years ended August 31, 2021 and 2020

(Expressed in Canadian dollars)

	2021	2020
	$	$
Cash flows from operating activities		
Net loss and total comprehensive loss for the year	(4,207,524)	(1,132,831)
Items not affecting cash		
Depreciation	11,039	15,474
Share-based payments	1,011,979	104,815
Write-off of equipment & vehicles	23,826	-
Foreign exchange (gain)/loss	2,934	3,476
	(3,157,746)	(1,009,066)
Changes in non-cash operating working capital		
Change in receivables and prepaids	34,104	(109,221)
Change in accounts payable and accrued liabilities	(176,711)	143,351
Change in amounts due to related parties	(6,652)	23,138
Cash used in operating activities	(3,307,005)	(951,798)
Cash flows from investing activities		
Mineral property bond security refunds (deposits)	34,594	(99,574)
Purchase of equipment	(8,895)	(2,445)
Cash from (used in) investing activities	25,699	(102,019)
Cash flows from financing activities		
Proceeds from exercise of warrants	1,072,104	-
Proceeds from exercise of options	20,000	-
Receipts from private placement financing	2,387,022	2,934,152
Share issue costs	(197,846)	(122,010)
Cash from financing activities	3,281,280	2,812,142
Increase (decrease) in cash	(26)	1,758,325
Effects of foreign exchange on cash	(2,934)	(3,476)
Cash - Beginning of year	1,790,432	35,583
Cash - End of year	1,787,472	1,790,432

Supplemental cash flow information (Note 13)

1 Nature of operations and going concern

Equity Metals Corporation ("Equity Metals Corporation" or the "Company") was incorporated pursuant to the laws of British Columbia on April 7, 1964. On September 12, 2019, the Company changed its name from New Nadina Explorations Limited to Equity Metals Corporation and changed its stock symbol to "EQTY" from "NNA". The Company is principally engaged in the acquisition, exploration, and development of mineral and diamond properties in British Columbia, Saskatchewan and the Northwest Territories. The Company's common shares trade on the TSX Venture Exchange under the trading symbol "EQTY" and, on June 17, 2020, the Company's common shares commenced trading on the OTCQB Venture Marketplace in the United States of America under the trading symbol "EQMEF". The Company is extra-provincially registered in the Province of Saskatchewan and extra-territorially registered in the Northwest Territories.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

During 2020, significant volatility in the stock market occurred for various reasons linked to the COVID-19 pandemic and other conditions effecting worldwide metal prices. However, increases in gold and silver prices are offsetting features to some of the negative conditions imposed by the pandemic. The ultimate impacts to the Company are not determinable at this date, but could be material to the Company's forecasted exploration work and the Company's financial position, results of operations and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.

The Company has incurred losses since inception and expects to incur further losses in the development of its business and at August 31, 2021, the Company had a working capital of $1,844,149 and at that date, the Company also had an accumulated deficit of $22,812,202 which has been funded primarily by the issuance of equity.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2 Basis of presentation

a) Basis of presentation, statement of compliance and principles of consolidation

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

These financial statements include the financial statements of the Company and its 100% controlled subsidiary1157274 B.C. Ltd. (incorporated on March 19, 2018). Subsidiaries are entities controlled by the

Company and are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

These financial statements have been prepared on a historical cost basis except for certain financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements, unless otherwise noted, have been presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

b) Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revision affects both current and future periods.

Management considers the following areas to be those where critical accounting policies affect the significant judgments and estimates used in the preparation of the Company's financial statements.

Critical judgments

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1, as well as consideration of whether gross proceeds from the issuance of private placement Units should be bifurcated to component elements.

Significant Estimates

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's mineral properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Fair value of stock options and warrants

Charges for share-based compensation are based on the fair value at the date of the award. Stock options are valued using the Black-Scholes Option Pricing Model, and inputs to the model include assumptions on expected volatility, discount rates and expected term, dividend yield, and expected forfeitures. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. Expected volatility is a measure for variation of a price of a financial instrument over time. Expected volatility is derived from a time series of past market prices therefore may not be an accurate representation of future volatility.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

c) Exploration and evaluation expenditures

Once a permit to explore an area has been secured, expenditures on exploration and evaluation assets are expensed as incurred and charged to net loss. Costs to acquire the main property claims may be capitalized and costs to acquire claims peripheral to the main property claims are expensed.

Exploration and evaluation expenditures are those related to the search for and evaluation of mineral resources incurred after the Company has obtained legal rights to explore a specific area and before the technical feasibility and commercial viability of a mineral reserve is demonstrable. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations, a positive construction and production decision, and the securing of appropriate permits and financing, are expensed as incurred.

Exploration expenditures relate to the initial search for mineral deposits with economic potential, and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Such expenditures include any cash consideration and advance earn-in payments and the fair market value of shares issued, if any, related to the mineral property interests.

Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. Cost recoveries, including government assistance, are recorded as a reduction of exploration expense to the extent they are not directly related to capitalized acquisition costs. Payments received for exploration rights on the Company's mineral properties are treated as cost recoveries and are credited to reduce the cost of exploration expenditures related to the mineral claims with any excess, on an aggregate basis, recorded as income.

Reclamation and site restoration costs including site maintenance and caretaking are expensed when the Company incurs a liability to remediate the exploration site.

d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded, from the date of acquisition, on the declining balance basis at the following rates:

Buildings	20%
Camp Equipment	20%
Office Equipment	20%
Mining Equipment	30%
Vehicles	20%

Depreciation is allocated as a component of either exploration costs or general operating expenses based on the nature of the use of the underlying asset.

e) Impairment of non-financial assets

At each reporting period, management reviews all non-financial assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is 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 profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

f) Provision for closure and reclamation

Provisions for closure and reclamation obligations are recognized when a legal or constructive obligation arises. The liability is recognized at the present value of management's best estimate of the closure and reclamation obligation. The estimate is discounted to the present value using a discount rate specific to the obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized on the same basis as the related asset. Upon settlement of the liability, the Company may incur a gain or loss.

g) Income taxes

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax paid or payable in respect of previous years.

The Company records deferred tax assets and liabilities when the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Flow-through shares

The Company has issued common shares as flow-through shares, whereby the investor may claim the tax deductions arising from the related resource expenditures. When flow-through shares are issued, the Company bifurcates the flow-through share into share capital and flow-through tax liability components. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, the liability is reversed, and a deferred income tax liability is recognized.

Previous unrecognized deferred tax assets may be used to reduce this liability amount, and the Company will recognize a future income tax recovery to this extent. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule.

i) Financial instruments

Recognition and Classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

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.

Measurement

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

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 consolidated statements of loss and comprehensive 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 consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in loss and comprehensive loss.

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 consolidated statements of loss and comprehensive 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.

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 consolidated statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j) Share-based payments

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a component of reserves.

The Company's stock option plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods on a graded basis. Share-based payments to non-employees are measured at the fair value of the 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 fair value of the share-based payments is measured using the Black-Scholes Option Pricing Model. The fair value of the share-based payments is recognized as an expense with a corresponding increase in reserves. Consideration received on the exercise of stock options is recorded as share capital and the related reserves amount is transferred to share capital.

(Expressed in Canadian dollars)

k) Reserves

Reserves includes items recognized as share-based compensation expense and the fair value of warrants issued until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the options and warrants expire unexercised, the amount recorded is transferred to deficit.

l) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated whereby; the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

3 Reclamation Deposits

Property/ Bond Description	August 31, 2021	August 31, 2020	Date of Deposit
	$	$	
Silver Queen Property, BC			
GIC Bond (Security Agreement)	5,000	5,000	December 10, 1999
Cash deposit (non-interest bearing)	4,500	4,500	December 1, 2004
GIC Bond (Security Agreement)	5,000	5,000	August 5, 2010
GIC Bond (Security Agreement)	5,000	5,000	August 8, 2012
GIC Bond (Security Agreement)	4,000	4,000	December 3, 2012
Cash deposit (non-interest bearing)	30,000	30,000	May 12, 2020
	53,500	**53,500**	
Monument Diamond Property, NWT			
Government of Northwest Territories	18,000	18,000	April 5, 2005
Government of Northwest Territories	41,000	41,000	September 26, 2012
Government of Northwest Territories	34,980	69,574	November 6, 2019
	93,980	**128,574**	
TOTAL	**147,480**	**182,074**	

(Expressed in Canadian dollars)

4 Property and equipment

	Building	Equipment & Vehicles	Total
	$	$	$
Cost			
Balance at August 31, 2019	148,032	129,859	277,891
Additions	-	2,445	2,445
Balance at August 31, 2020	148,032	132,304	280,336
Additions	-	8,895	8,895
Write-off of equipment & vehicles	-	(38,200)	(38,200)
Balance as at August 31, 2021	**148,032**	**102,999**	**251,031**
Accumulated depreciation			
Balance at August 31, 2019	118,996	76,242	195,238
Depreciation	5,386	10,088	15,474
Balance at August 31, 2020	124,382	86,330	210,712
Depreciation	4,387	6,652	11,039
Write-off of equipment & vehicles	-	(14,374)	(14,374)
Balance as at August 31, 2021	**128,769**	**78,608**	**207,377**
Net book value			
Balance at August 31, 2020	23,650	45,974	69,624
Balance as at August 31, 2021	**19,263**	**24,391**	**43,654**

5 Exploration and evaluation assets

Amounts capitalized to exploration and evaluation assets at August 31, 2021 and 2020 are as follows:

Acquisition cost of exploration and evaluation assets	**August 31, 2021**	**August 31, 2020**
	$	**$**
Silver Queen property (100% interest)	**38,413**	38,413
Monument Diamond property (57.49% interest)	**1**	1
WO Claim block – NWT (4.47% interest)	**1**	1
Saskatchewan property (100% interest)	**-**	-
	38,415	38,415

Silver Queen property, British Columbia - Omineca Mining Division (100%)
The Company has a 100% interest in the Silver Queen Property, located in the Omineca Mining Division, of British Columbia. The property includes 17 crown-granted titles, comprised of 2 surface and undersurface titles and 15 undersurface-only titles, and 45 tenure claims. As at August 31, 2021, reclamation deposits of $53,500 (August 31, 2020 - $53,500) are held in relation to the Silver Queen property.

Monument Diamond property, Lac de Gras NWT (57.49%)
In May 2002, the Company acquired from DHK Diamonds Inc. three claims and took them to lease in the Mackenzie District Mining Division, Northwest Territories. An Agreement provides for a 1% gross overriding royalty payable to each of DHK Diamonds Inc. and Royal Gold Inc. (Kennecott Canada Explorations Inc.), with the Company having an indirect 0.4337% interest in the royalty. Equity Metals is the operator and retains 57.49% with two other parties holding the remaining participating interest in the mineral claims.

In July 2017, the Company acquired 2 staked claims adjacent to the northern boundary of the 3 mineral leases.

The Company currently holds a five-year Type “A” Land Use Permit by the Wek’eezhii Land and Water Board which was renewed in September 2019 and expires on September 1, 2024.

As at August 31, 2021, reclamation deposits of $93,980 (August 31, 2020 - $128,574) are held by the Government of Northwest Territories in relation to the Monument property.

WO Claim block

The Company holds an indirect 4.47% (August 31, 2020 – 4.47%) of the WO claim block, a diamond property in the Northwest Territories managed by the De Beers Group. The Company has a cost contribution commitment, commensurate with its interest, to fund the costs of operating the WO claim block. No contributions were required for the year ended August 31, 2021 (2020 - $nil).

Saskatchewan property (100%)

The Company holds a 100% interest in a silica quarrying mineral lease which expires in December 2024.

(Expressed in Canadian dollars)

Exploration and evaluation expenditures:

During the year ended August 31, 2021, the Company incurred the following exploration expenditures:

	Saskatchewan property	Silver Queen property	Monument Diamond property	WO Claim Block	Total
	$	$	$	$	$
Assay analysis	-	449,870	-	-	449,870
Camp preparation	-	106,238	-	-	106,238
Depreciation	-	11,039	-	-	11,039
Drilling	-	1,063,996	-	-	1,063,996
General exploration	-	299,454	23,811	-	323,265
Geology	1,899	750,706	2,719	-	755,324
Property, assessment/taxes	209	845	7,615	-	8,669
	2,108	2,682,148	34,145	-	2,718,401
Government Assistance	-	(119,342)	-	-	(119,342)
	2,108	**2,562,806**	**34,145**	**-**	**2,599,059**

During the year ended August 31, 2020, the Company incurred the following exploration expenditures:

	Saskatchewan property	Silver Queen property	Monument Diamond property	WO Claim Block	Total
	$	$	$	$	$
Camp preparation	-	41,709	-	-	41,709
Depreciation	-	15,474	-	-	15,474
Drilling	-	88,372	-	-	88,372
General exploration	133	66,948	400	-	67,481
Geology	416	214,272	15,800	-	230,488
Property, assessment/taxes	306	273	128,534	-	129,113
	855	427,048	144,734	-	572,637
Government Assistance	-	(186,272)	-	-	(186,272)
Less: Recoveries from JV participants	-	-	(81,563)	-	(81,563)
	855	240,776	63,171	-	304,802

6 Share capital

Authorized

An unlimited number of common shares without par value.

Financings

During the year ended August 31, 2021, shares were issued for the following:

On December 10, 2020, the Company closed its non-brokered flow-through private placement issuing 13,144,567 Units at a price of $0.18 per Unit for gross proceeds of $2,366,022. Each Unit consisted of one flow-through common share and 1/2 a non-flow through share purchase warrant with each non-flow through share purchase warrant being exercisable for one common share at a price of $0.25 per common share, expiring December 14, 2023. In addition, the Company incurred cash finders' fees of $163,151, other cash issuance costs of $31,415, and issued 906,392 finders' warrants with a fair value of $148,285, exercisable at a price of $0.18 per share for a period of 3 years. The fair value of the finder's warrants was calculated using the Black-Scholes Model and the following assumptions: share price – $0.19; expected life – 3 years; volatility – 168.6%; discount rate - 0.34%; dividend rate - $nil. No amounts were allocated to flow-through premium or to non-flow through warrants included in the Units.

During the year ended August 31, 2021, 9,490,900 warrants were exercised resulting in proceeds of $1,072,104, and 200,000 options were exercised resulting in proceeds of $20,000.

During the year ended August 31, 2020 shares were issued for the following:

On August 10, 2020, the Company closed a private placement issuing 27,205,042 units at $0.07 per unit for gross proceeds of $1,904,353. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.10 per share for a period of 3 years. In addition, the Company incurred finders' fees of $41,573, other cash issuance costs of $22,267 and issued 593,901 finders' warrants with a fair value of $92,806, exercisable at a price of $0.10 per share for a period of 3 years. All of the proceeds from the financing were allocated to share capital.

On November 25, 2019, the Company closed the second and final tranche of a private placement issuing 4,212,500 units at $0.08 per unit for gross proceeds of $337,000. Each unit consists of one common share and one share purchase warrant. Each share warrant entitles the holder to purchase one common share at an exercise price of $0.12 per share for a period of 3 years. In addition, the Company incurred finders' fees of $25,020 and other cash issuance costs of $2,218. All of the proceeds from the financing were allocated to share capital.

On October 22, 2019, the Company closed the first tranche of a private placement issuing 8,922,500 units at $0.08 per unit for gross proceeds of $713,800. Each unit consists of one common share and one share purchase warrant. Each share warrant entitles the holder to purchase one common share at an exercise price of $0.12 per share for a period of 3 years. In addition, the Company incurred finders' fees of $15,680, other cash issuance costs of $18,532 and issued 140,000 finders' warrants with a fair value of $8,710, exercisable at a price of $0.12 per share for a period of 3 years. The Company allocated $133,838 of the proceeds raised from the financing to reserves, representing the residual value of the unit price compared with the share price of $0.065 on closing which was allocated, per unit, to share capital.

(Expressed in Canadian dollars)

Stock options

The Company has established a share purchase option plan (the "Plan") whereby the Board of Directors may from time-to-time grant options to directors, officers, employees or consultants. The maximum term of the options granted under the Plan is ten years from the date of grant, however the normal term of the options is five years, or such lesser period as determined by the Company's Board of Directors. The exercise price of options is determined by the Board of Directors and shall not be lower than the allowable discounted closing market price of the shares on the business day immediately prior to the grant date.

The Company's stock options outstanding as at August 31, 2021 and the changes for the year then ended are as follows:

	Number of options	Weighted average exercise price ($ per share)	Weighted average remaining life (years)
Balance – August 31, 2019	900,000	0.09	4.36
Issued	1,500,000	0.085	
Balance – August 31, 2020	2,400,000	0.09	3.92
Granted	4,100,000	0.26	
Exercised	(200,000)	0.10	
Expired	(100,000)	0.08	
Balance - August 31, 2021	6,200,000	0.20	3.94
Exercisable - August 31, 2021	6,200,000	0.20	3.94

During the year ended August 31, 2021, the Company recorded share-based compensation of $1,011,979 (2020 - $104,815) in respect of 4,100,000 newly granted options, all of which vested upon grant. The fair value of the options granted during the year ended August 31, 2021 was estimated using the Black-Scholes option-pricing model. Weighted average assumptions used in the pricing model were as follows: share price –$0.25; exercise price –$0.26; expected life – 5 years; risk-free rate –0.43%; expected volatility – 238.15%; expected forfeitures – nil; and expected dividends – nil.

The balance of options outstanding as at August 31, 2021 is as follows:

Expiry date	Exercise price $	Number of options outstanding	Number of options exercisable
October 25, 2023	0.10	300,000	300,000
March 3, 2024	0.08	200,000	200,000
July 25, 2024	0.08	100,000	100,000
December 5, 2024	0.085	1,500,000	1,500,000
October 19, 2025	0.20	100,000	100,000
January 29, 2026	0.26	4,000,000	4,000,000
		6,200,000	6,200,000

(Expressed in Canadian dollars)

Options outstanding at August 31, 2021 are anti-dilutive as they would reduce the loss per share, and are therefore excluded from the calculation of diluted loss per share. Accordingly, the loss per share and diluted loss per share are the same amounts.

Share purchase warrants

The Company's warrants outstanding as at August 31, 2021 and 2020 and the changes for the years then ended are as follows:

	Number of warrants	Weighted average exercise price ($ per share)	Weighted average remaining life (years)
Balance - August 31, 2019	1,143,751	0.41	2.87
Issued	41,073,943	0.11	
Expired	(81,251)	4.20	
Balance – August 31, 2020	42,136,443	0.11	2.68
Issued	7,478,675	0.18	
Exercised	(9,490,900)	0.11	
Balance - August 31, 2021	40,124,218	0.12	1.85

Warrants to acquire common shares are outstanding at August 31, 2021 as follows:

Expiry date	Exercise price $	Number of warrants outstanding
October 22, 2022	0.12	4,599,300
November 25, 2022	0.12	3,587,500
August 10, 2023	0.10	24,458,743
December 14, 2023	0.18	7,478,675
		40,124,218

(Expressed in Canadian dollars)

7 Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	August 31, 2021	**August 31, 2020**
Statutory income tax rate	27%	27%
	$	**$**
Loss for the year	(4,207,524)	(1,132,831)
Expected income tax (recovery)	(1,136,000)	(306,000)
Permanent differences	273,000	28,000
Impact of flow through share	584,000	-
Impact of BCMETC	(164,000)	(17,000)
Share issue cost	(53,000)	(34,000)
Adjustment to prior years provision versus statutory tax returns	(17,000)	(18,000)
Change in unrecognized deductible temporary differences	513,000	347,000
Total income tax expense (recovery)	**-**	**-**

The relevant deferred tax balances have been measured to reflect the Company's combined Federal and Provincial (BC) general corporate income tax rate at 27%.

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	August 31, 2021	**August 31, 2020**
	$	**$**
Deferred tax assets (liabilities)		
Exploration and evaluation assets	3,737,000	3,456,000
Property and equipment	79,000	76,000
Share issue costs	65,000	33,000
Allowable capital losses	14,000	14,000
Non-capital losses available for future periods	779,000	582,000
	4,674,000	4,161,000
Unrecognized deferred tax assets	(4,674,000)	(4,161,000)
Net deferred tax assets	**-**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

(Expressed in Canadian dollars)

	August 31, 2021	Expiry Date Range	August 31, 2020	Expiry Date Range
Temporary Differences	$		$	
Exploration and evaluation assets	12,528,000	No expiry date	11,490,000	No expiry date
Investment tax credit	485,000	2025 to 2034	485,000	2025 to 2034
Property and equipment	291,000	No expiry date	282,000	No expiry date
Share issue costs	241,000	2022 to 2025	121,000	2021 to 2024
Marketable securities	-	No expiry date	-	No expiry date
Allowable capital losses	52,000	No expiry date	52,000	No expiry date
Non-capital losses available for future periods	2,883,000	2029 to 2040	2,153,000	2029 to 2039

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

8 Related party transactions and commitments

Key management includes the President, the Chief Financial Officer, the VP Exploration and the directors. The compensation paid or payable to key management for services during the years ended August 31, 2021 and 2020 is as follows:

	August 31, 2021	August 31, 2020
	$	$
Management fees and wages to related parties	62,968	87,337
Management fees and wages to former related parties	-	21,000
Consulting fees to related parties	73,653	68,865
Share-based compensation to related parties	644,833	69,876
	781,454	247,078

During the year ended August 31, 2021, $41,750 (August 31, 2020 - $28,482), respectively, in accounting support services was charged by Malaspina Consultants Inc., a company controlled by Killian Ruby, the CFO and a director of the Company. Further, during the year ended August 31, 2021, the following amounts were charged to the Company by Manex Resource Group Inc. and Page Law Corporation, companies controlled by Larry Page, the Chairman of the board of directors: (i) $61,441 (August 31, 2020 - $102,617), respectively, being costs for general exploration services; (ii) $60,000 (August 31, 2020 - $60,000), respectively, being costs for office rent services; (iii) $28,222 (August 31, 2020 - $7,444) being costs for general office and administration support services; (iv) $49,970 (August 31, 2020- $87,814), respectively, being costs for legal support services; (v) $69,401 (August 31, 2020 - $73,716), respectively, being costs for investor relation and promotion services and (vi) $7,836 (August 31, 2020 - $45,854), respectively, being costs for corporate finance and associated services.

Included in current liabilities at August 31, 2021 is (i) $40,202 (August 31, 2020 - $46,854) due to related parties and (ii) $nil (August 31, 2020 – $5,783) due to former related parties of the Company. These amounts are unsecured and due under normal business terms.

At August 31, 2021 a total of $5,487 (August 31, 2020 - $5,487) was owing from DHK Diamonds Inc., a company with officers and Directors in common has been included in receivables and prepaids. At August 31, 2021, $7,021

(2020 - $7,021) was included in receivables and prepaids for expense advances paid to the President and a Director of the Company.

9 Capital management

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its equity to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended August 31, 2021.

10 Financial instruments

The Company's financial instruments, which are comprised of cash, receivables, reclamation deposits, accounts payable and accrued liabilities and amounts due to related parties, are exposed to the following risks:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is from cash and cash equivalents and reclamation deposits, all of which are held at Schedule 1 Canadian banks, accordingly, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay its financial liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities and related party balance obligations.

As at August 31, 2021, the Company has a working capital of $1,844,149 (2020 – $1,694,570). The Company recognizes that to meet its obligations depends on management's ability to raise the funds required through future equity financings. If such funds cannot be raised, the Company would be required to postpone or curtail its operating and investing activities.

Interest Rate Risk

The Company is exposed to interest rate risk on cash and cash equivalents. As at August 31, 2021, the Company maintained all of its cash balance in a redeemable guaranteed investment certificate and on deposit in chequing accounts with Schedule 1 Canadian banks. Interest risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes that the Company is not exposed to a significant amount of interest rate risk.

Price Risk

The Company is not exposed to significant price risk.

Foreign currency risk

The Company conducts its business in Canada, and its expenditures are primarily incurred in Canadian dollars, and is therefore not exposed to significant foreign currency risk.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates their carrying amounts.

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.

All of the Company's financial instruments, excluding cash and reclamation deposits, have a fair value approximating their carrying value due to their short-term nature. Cash is carried at fair value and is measured using level 1 inputs.

11 Segmented information

The Company operates in one reportable segment, being the acquisition and exploration of exploration and evaluation assets in Canada.

12 Contingencies

During the year ended August 31, 2018 the Company received notice of a civil claim filed against the Company and the prior President of the Company by Intrepid Mines Limited. While the outcome of this matter is uncertain, no provisions have been accrued for in respect of the claim as the Company believes the claim to be without merit and intends to vigorously defend itself should further legal action be required. As at August 31, 2021, no updates have occurred in respect of this claim.

13 Supplemental cash flow information

	August 31, 2021	**August 31, 2020**
	$	**$**
Issue costs - warrants	148,285	101,516
Transfer from reserves on exercise of warrants	31,118	-
Transfer from reserves on exercise of options	19,620	-
Transfer from reserves on expiry of unexercised options	7,830	-
Transfer from reserves on expiry of unexercised warrants	-	37,710
Share issuance costs included in accounts payable	-	3,280

14 Subsequent events

a) On October 18, 2021, the Company announced a non-brokered private placement of securities to raise total gross proceeds of up to $6,000,000 (the "Private Placement"). The Offering is to be comprised of a combination of: (i) non-flow-through units (the "NFT Units") to be sold at a price of $0.14 per NFT Unit for gross proceeds of $1.0M; (ii) flow-through units (the "FT Units") to be sold at a price of $0.15 per FT Unit for gross proceeds of $3,000,000; and (iii) flow-through charity units (the "Charity Units") to be sold at a price of $0.185 per Charity Unit for total proceeds of $2,000,000. Each NFT Unit will be comprised of one non-flow-through common share and one-half (0.5) of one warrant. Each FT Unit and Charity Unit will be comprised of one flow-through common share and one-half (0.5) of one nonflow through warrant. The warrants for all units will be the same with each whole warrant entitling the holder thereof to purchase one non-flow-through common share for a period of 2 years at a price of $0.20.

b) On November 2, 2021, the Company granted 400,000 options to consultants, of which 200,000 of the options are exercisable at an exercise price of $0.20 per share and 200,000 of the options are exercisable at an exercise price of $0.17 per share, each for a period of two years from the date of grant.

c) On November 15, 2021, the Company closed the first tranche of the Private Placement by issuing 2,800,000 NFT units at a price of $0.14 per unit for gross proceeds of $392,000 and by issuing 7,903,667 FT units at a price of $0.15 per unit for gross proceeds of $1,185,550. In addition, the Company incurred cash finders' fees of $90,339 and issued 610,423 non-flow through finders' warrants, of which 213,710 are exercisable at a price of $0.20 per share for a period of 2 years and 396,713 are exercisable at a price of $0.15 per share for a period of 2 years.