SCOTTIE RESOURCES CORP.

(formerly Rotation Minerals Ltd.)

FINANCIAL STATEMENTS

For the years ended August 31, 2019 and 2018

(Stated in Canadian Dollars)

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3
Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Scottie Resources Corp.

Opinion

We have audited the financial statements of Scottie Resources Corp. (the "Company") which comprise the statements of financial position as at August 31, 2019 and 2018, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditors’ Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditors’ report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
December 19, 2019

SCOTTIE RESOURCES CORP.
(formerly Rotation Minerals Ltd.)
STATEMENTS OF FINANCIAL POSITION
As at August 31, 2019 and 2018
(Stated in Canadian Dollars)

ASSETS

	2019	2018
Current assets		
Cash	$ 182,040	$ 477,576
GST receivable	16,973	16,637
BCMETC receivable – Note 5	98,934	49,094
Prepaid expenses and advances	19,641	48,590
	317,588	591,897
Non-current assets		
Reclamation bonds	107,000	69,246
Exploration and evaluation assets – Note 5 and 6	2,323,891	1,335,029
	2,430,891	1,404,275
	$ 2,748,479	$ 1,996,172

LIABILITIES AND EQUITY

	2019	2018
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 375,524	$ 249,639
Loans payable – Notes 6 and 7	242,457	-
Due to related parties – Note 6	222,740	117,506
	840,721	367,145
Equity		
Share capital – Note 8	5,423,549	4,662,451
Contributed surplus	1,280,013	961,030
Deficit	(4,795,804)	(3,994,454)
	1,907,758	1,629,027
	$ 2,748,479	$ 1,996,172

Corporate Information – Note 1
Going Concern – Note 2(c)
Subsequent Events – Note 14

APPROVED AND AUTHORIZED BY THE BOARD:

"Bradley Rourke"	Director	*"Ernest Mast"*	Director
Bradley Rourke		Ernest Mast	

The accompanying notes are an integral part of these financial statements

SCOTTIE RESOURCES CORP.
(formerly Rotation Minerals Ltd.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended August 31, 2019 and 2018
(Stated in Canadian Dollars)

	2019	2018
Expenses		
Audit and accounting	$ 21,500	$ 24,250
Consulting	38,831	266,175
Filing fees	16,141	8,457
Financing costs – Notes 6 and 7	69,126	-
Insurance	10,619	7,662
Legal fees	52,054	11,670
Management fees – Note 6	174,000	156,000
Marketing	29,437	-
Office and miscellaneous	24,770	7,698
Share-based payments – Note 9	262,314	289,000
Shareholder communications	20,926	-
Transfer agent	8,536	5,883
Travel and accommodation	73,096	31,283
Loss before other item:	(801,350)	(808,078)
Other item		
Write-off exploration and evaluation assets – Note 5	-	(609,123)
Net loss and comprehensive loss	**$ (801,350)**	**$ (1,417,201)**
Loss per share - basic and diluted	**$ (0.01)**	**$ (0.03)**
Weighted average number of shares outstanding	60,403,827	52,116,915

The accompanying notes are an integral part of these financial statements

SCOTTIE RESOURCES CORP.
(formerly Rotation Minerals Ltd.)
STATEMENTS OF CHANGES IN EQUITY
For the years ended August 31, 2019 and 2018
(Stated in Canadian Dollars)

	# of Issued Common Shares	Amount	Contributed Surplus	Deficit	Total
Balance, August 31, 2017	**46,940,685**	**$ 3,874,048**	**$ 672,030**	**$ (2,577,253)**	**$ 1,968,825**
Shares issued for cash:					
Private placement – Note 8	1,631,498	244,725	-	-	244,725
Less: share issue costs – Note 8	-	(6,322)	-	-	(6,322)
Exercise of warrants – Note 8	11,000,000	550,000	-	-	550,000
Share-based payments – Note 9	-	-	289,000	-	289,000
Net loss and comprehensive loss	-	-	-	(1,417,201)	(1,417,201)
Balance, August 31, 2018	**59,572,183**	**$ 4,662,451**	**$ 961,030**	**$ (3,994,454)**	**$ 1,629,027**
Shares issued for cash:					
Private placement – Note 8	3,165,000	727,950	-	-	727,950
Less: share issue costs – Note 8	-	(8,852)	-	-	(8,852)
Shares issued for exploration and evaluation assets	200,000	42,000	-	-	42,000
Financing costs – Note 7	-	-	56,669	-	56,669
Share-based payments – Note 9	-	-	262,314	-	262,314
Net loss and comprehensive loss	-	-	-	(801,350)	(801,350)
Balance, August 31, 2019	**62,937,183**	**$ 5,423,549**	**$ 1,280,013**	**$(4,795,804)**	**$ 1,907,758**

The accompanying notes are an integral part of these financial statements

SCOTTIE RESOURCES CORP.
(formerly Rotation Minerals Ltd.)
STATEMENTS OF CASH FLOWS
For the years ended August 31, 2019 and 2018
(Stated in Canadian Dollars)

	2019	2018
Operating Activities		
Net loss	$ (801,350)	$ (1,417,201)
Add items not affecting cash:		
Financing costs	69,126	-
Share-based payments	262,314	289,000
Write-off exploration and evaluation assets	-	609,123
	(469,910)	(519,078)
Changes in working capital balances related to operations:		
GST receivable	(336)	(7,258)
Prepaid expenses and advances	28,950	(37,657)
Accounts payable and accrued liabilities	37,786	188,124
Due to related parties	128,490	(129,512)
	(275,021)	(505,381)
Investing Activities		
Reclamation bonds	(37,754)	9,000
BC METC recovered	49,094	107,219
Exploration and evaluation expenditures	(980,953)	(261,484)
	(969,613)	(145,265)
Financing Activities		
Loan funds received	260,000	-
Loan funds repaid	(30,000)	-
Common shares issued for cash	727,950	794,725
Share issue costs	(8,852)	(6,322)
	949,098	788,403
Increase (decrease) in cash	(295,536)	137,757
Cash, beginning	477,576	339,819
Cash, ending	$ 182,040	$ 477,576

Non-cash Transactions – Note 12

The accompanying notes are an integral part of these financial statements

1. Corporate Information

Scottie Resources Corp. (formerly Rotation Minerals Ltd.) (the "Company") is an exploration stage company incorporated on November 24, 2009 in British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties located in British Columbia, Canada. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "SCOT".

The Company's registered and records address is PO Box 48202 Bentall, Vancouver, British Columbia, V7X 1H8.

2. Basis of Preparation

a) Statement of Compliance

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

These financial statements were authorized for issue on December 19, 2019 by the directors of the Company.

b) Basis of Measurement

These financial statements have been prepared using the historical cost basis except for financial instruments that have been measured at fair value.

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

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2. Basis of Preparation – (cont'd)

c) Going Concern

As at August 31, 2019, the Company has a working capital deficiency of $523,133 and an accumulated deficit of $4,795,804. In addition, the Company has not generated revenues from operations and it expects to incur further losses in the exploration and evaluation of its mineral properties. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company's ability to obtain adequate financing to develop the reserves, and its ability to commence profitable operations in the future. These conditions indicate material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The Company has been able to fund operations and mineral property exploration through equity financings. Uncertainty in the financial equity markets may make it difficult to raise capital through the private placement of shares. The junior mining industry is considered speculative in nature which could make the Company more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

3. Significant Accounting Policies

These financial statements have, in management's opinion, been properly and consistently prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

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

Exploration and Evaluation Expenditures

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, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

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 the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

3. Significant Accounting Policies – (cont'd)

a) Mineral Exploration and Evaluation Expenditures – (cont'd)

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 "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

b) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

c) Financial Instruments

Financial Assets

On January 1, 2018, the Company adopted IFRS 9, Financial Instruments ("IFRS 9"), which replaced IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The Company adopted the standard retrospectively. The adoption of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The following accounting policies reflect the adoption of IFRS 9.

3. Significant Accounting Policies – (cont'd)

c) Financial Instruments (cont'd)

Financial assets

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company records its cash at FVTPL.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's reclamation bonds are recorded at amortized cost.

Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income as a component of equity. This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

3. Significant Accounting Policies – (cont'd)

Financial liabilities - (cont'd)

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable, loans payable and due to related parties.

c) Financial Instruments – (cont'd)

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

- Level 1 Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Valuation based on directly or indirectly observable inputs (other than Level 1 inputs) such as quoted interest or currency exchange rates; and
- Level 3 Valuation based on significant inputs that are not based on observable market data such as discounted cash flow methodologies based on internal cash flow forecasts.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

d) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

3. Significant Accounting Policies – (cont'd)

d) Provisions – (cont'd)

Rehabilitation Provision (cont'd)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At August 31, 2019 and 2018, the Company did not have any rehabilitation provisions.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

e) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

3. Significant Accounting Policies – (cont'd)

e) Income Taxes – (cont'd)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

f) Government Grants

B.C. Mining Exploration Tax Credits (BC METC) for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective exploration and evaluation assets. If there is significant uncertainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt, otherwise estimated BC METC amounts are accrued as tax credits recoverable.

g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

h) Loss per Share

Basic loss per share is computed by dividing the net loss applicable to the common shares by the weighted average number of common shares outstanding for the period.

Diluted loss per share is computed by dividing the net loss applicable to the common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. When losses are incurred, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

3. Significant Accounting Policies – (cont'd)

i) Share-Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are 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.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. Significant Accounting Policies – (cont'd)

j) Flow-Through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

k) Recent Accounting Pronouncements

There was no impact on the Company's financial statements from the following pronouncements adopted effective September 1, 2018:

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued and replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC-31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five–step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

l) Accounting Standards and Amendments Issued Not Yet Effective

The following standards have not been adopted by the Company. The Company does not expect the adoption of these standards and amendments to have a significant impact on its financial statements.

New Accounting Standards effective September 1, 2019:

IFRS 2 – Shared-Based Payments

In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

3. Significant Accounting Policies – (cont'd)

l) Accounting Standards and Amendments Issued Not Yet Effective – (cont'd)

New Accounting Standards effective September 1, 2019 – (cont'd)

IFRS 16 – Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. This new standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model which requires the lessee to recognize assets and liabilities for all leases with a term of longer than 12 months. The Company has no leases as at August 31, 2019, therefore management believes that IFRS 16 will not have a material impact on the Company's financial statements.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

4. Critical Accounting Estimates and Judgments – (cont'd)

b) Rehabilitation Provisions

Rehabilitation provisions have been determined to be $Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

c) Share-Based Payments

The Company uses the Black Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

d) Valuation of Deferred Tax Assets

The Company makes a determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

5. Exploration and Evaluation Assets

a) Four J's

By an option agreement with a company with a director in common with the Company dated August 9, 2010, and last amended on September 8, 2017, the Company had the option to acquire a 50% interest in the Four J's Property located near Stewart, British Columbia. Consideration to earn the 50% interest was $180,000 in cash and exploration expenditures of $1,800,000.

On August 9, 2018, the Company determined that it would not proceed with the Four J's option agreement. As a result, the Company recorded a write-off of $609,123 in the year ended August 31, 2018 representing the accumulated acquisition and exploration costs incurred on the Four J's property.

b) Black Hills

The Company owns a 100% interest in the Black Hills property located in the Golden Triangle mining district of British Columbia. In 2013, the Company purchased the Black Hills mineral claims for $10,000 from a company that was managed by a former director of the Company. The Company staked additional claims at Black Hills at a cost of $1,680 during the year ended August 31, 2018.

5. Exploration and Evaluation Assets – (cont'd)

c) Scottie

The Company owns a 100% interest in the Scottie Property. The Scottie property is located in the Golden Triangle mining district of British Columbia.

The property is subject to a 3% net smelter return royalty. The Company has the right to purchase 2% for $600,000.

d) Stock

The Company staked a 100% interest the Stock property. The Stock property is located south of the Company's Scottie property in the Golden Triangle mining district of British Columbia.

e) Ruby Silver

On March 9, 2018, the Company purchased a 100% interest in the Ruby Silver property located in the Golden Triangle mining district of British Columbia for $100,000.

f) Bow

On December 12, 2018, the Company entered into an option agreement with another public company with a director in common with the Company to acquire a 100% interest in the Bow property located in the Golden Triangle mining district of British Columbia. The Bow is subject to a 3% net smelter return royalty. The Bow is contiguous with the Company's Scottie property.

The terms of the option agreement call for cash payments totalling $1,000,000 to be paid as follows:

- $200,000 on TSXV approval of the option agreement (paid);
- $200,000 on or before June 12, 2019 (paid);
- $200,000 on or before December 12, 2019;
- $200,000 on or before June 12, 2020; and
- $200,000 on or before December 12, 2020.

In the event that all the payments are not made, the Company will have no interest in the Bow property.

5. Exploration and Evaluation Assets – (cont'd)

g) Bitter Creek

On March 1, 2019, the Company entered into an option agreement to acquire a 100% interest in the Bitter Creek property located in the Golden Triangle mining district of British Columbia. Bitter Creek is subject to a 2.5% net smelter return royalty. Bitter Creek is contiguous with the Company's Black Hills and Ruby Silver properties.

The terms of the Agreement call for payments totalling $850,000 to be paid as follows:

- $5,000 upon signing of the agreement (paid);
- $10,000 within five business days of receiving TSXV approval of the agreement. TSXV approval was received on March 20, 2019 (the "Approval Date") (paid);
- $60,000 within five business days of the Approval Date - payable in cash or in common shares of the Company, at the election of the Company (paid in cash);
- $75,000 within 6 months of the Approval Date - payable in cash or in common shares of the Company, at the election of the Company (paid in cash subsequent to August 31, 2019);
- $100,000 within 12 months of the Approval Date - payable in cash or in common shares of the Company, at the election of the Company;
- $100,000 within 18 months of the Approval Date - payable in cash or in common shares of the Company, at the election of the Company;
- $100,000 within 24 months of the Approval Date - payable in cash or in common shares of the Company, at the election of the Company;
- $100,000 within 30 months of the Approval Date - payable in cash or in common shares of the Company, at the election of the Company;
- $150,000 within 36 months of the Approval Date - payable in cash or in common shares of the Company, at the election of the Company;
- $150,000 within 42 months of the Approval Date - payable in cash or in common shares of the Company, at the election of the Company;

Any payments made in common shares of the Company will be based on the volume weighted average trading price of the Company's common shares for the five consecutive trading days preceding the share issue date.

The Company may purchase 60% of the net smelter return royalty for $1,500,000.

5. Exploration and Evaluation Assets – (cont'd)

h) Summit Lake

On April 26, 2019, the Company entered into an option agreement to acquire a 100% interest in a land package directly adjacent to the Scottie property known as the Summit Lake property. The mineral claims comprising the land package cover 1,583 hectares.

The terms of the option agreement call for cash payments totalling $250,000 to be paid as follows:

- $50,000 on TSXV approval of the option agreement (paid);
- $50,000 on or before April 26, 2020;
- $50,000 on or before April 26, 2021;
- $50,000 on or before April 26, 2022; and
- $50,000 on or before April 26, 2023.

The terms of the option agreement call for share payments totalling 2,200,000 common shares to be issued as follows:

- 200,000 on TSXV approval of the option agreement (issued);
- 400,000 on or before April 26, 2020;
- 500,000 on or before April 26, 2021;
- 500,000 on or before April 26, 2022; and
- 600,000 on or before April 26, 2023.

The Summit Lake property is subject to a 1.8% gross smelter return royalty. The Company has the right to purchase 0.8% of the royalty for $1,000,000 at any time.

The Company also staked additional adjacent mineral claims for $13,695.

(Stated in Canadian Dollars)

5. Exploration and Evaluation Assets – (cont'd)

For the year ended August 31, 2019:

	Scottie	Bow	Stock	Black Hills	Ruby Silver	Summit Lake	Bitter Creek	Total
	$	$	$	$	$	$	$	$
Acquisition Costs								
Balance, August 31, 2018	377,849	-	7,225	11,680	100,000	-	-	496,754
Cash	-	400,000	12,428	-	-	63,695	75,000	551,123
Shares	-	-	-	-	-	42,000	-	42,000
Balance, August 31, 2019	377,849	400,000	19,653	11,680	100,000	105,695	75,000	1,089,877
Deferred Exploration Costs								
Balance, August 31, 2018	927,985	-	-	20,426	-	-	-	948,411
Assays	3,481	1,754	-	872	3,059	-	7,443	16,609
Drilling	-	-	-	-	-	-	-	-
Equipment rental	36,651	-	-	19,340	-	-	-	55,991
Field costs	88,973	19,880	-	23,710	7,226	28,877	1,110	169,776
Geological	144,927	33,725	2,400	28,925	1,200	9,475	31,645	252,297
Balance, August 31, 2019	1,202,017	55,359	2,400	93,273	11,485	38,352	40,198	1,443,084
BCMETC								
Balance, August 31, 2018	(106,636)	-	-	(3,500)	-	-	-	(110,136)
Additions	(54,806)	(11,072)	(480)	(14,569)	(2,297)	(7,670)	(8,040)	(98,934)
Balance, August 31, 2019	(161,442)	(11,072)	(480)	(18,069)	(2,297)	(7,670)	(8,040)	(209,070)
Total	1,418,424	444,287	21,573	86,884	109,188	136,377	107,158	2,323,891

For the year ended August 31, 2018:

	Four J's	Scottie	Stock	Black Hills	Ruby Silver	Total
	$	$	$	$	$	$
Acquisition Costs						
Balance, August 31, 2017	110,000	370,000	7,225	10,000	-	497,225
Additions	10,000	7,849	-	1,680	100,000	119,529
Balance, August 31, 2018	120,000	377,849	7,225	11,680	100,000	616,754
Deferred Exploration Costs						
Balance, August 31, 2017	502,978	745,821	-	5,805	-	1,254,604
Assays	-	2,933	-	2,475	-	5,408
Field costs	2,278	115,340	-	4,716	-	122,334
Geological	46,405	63,891	-	7,430	-	117,726
Balance, August 31, 2018	551,661	927,985	-	20,426	-	1,500,072
BCMETC						
Balance, August 31, 2017	(52,801)	(70,203)	-	(576)	-	(123,580)
Additions	(9,737)	(36,433)	-	(2,924)	-	(49,094)
Balance, August 31, 2018	(62,538)	(106,636)	-	(3,500)	-	(172,674)
Write-off of E&E Assets	(609,123)	-	-	-	-	(609,123)
Total	-	1,199,198	7,225	28,606	100,000	1,335,029

(Stated in Canadian Dollars)

6. Related Party Transactions

The Company incurred the following charges by directors or officers of the Company and by companies with directors or officers in common with the Company during the years ended August 31, 2019 and 2018:

	2019	2018
Consulting	$ -	$ 3,000
Exploration and evaluation assets – acquisition costs	-	10,350
Exploration and evaluation assets – field costs	-	84,400
Exploration and evaluation assets – geological	-	800
Finance expense	48,279	-
Office expenses	2,490	-
Share-based payments	-	289,000
Management fees	174,000	156,000
	$ 224,769	$ 543,550

The Company considers all of its directors and executive officers to be key management. Included in the above are the following key management compensation charges incurred during the years ended August 31, 2019 and 2018:

	2019	2018
Management fees	$ 174,000	$ 156,000
Share-based payments	-	289,000
	$ 174,000	$ 445,000

At August 31, 2019, prepaid expenses include $345 (2018: $345) due from a director of the Company for expense advances.

At August 31, 2019, loans payable includes $189,247 (2018: $Nil) due to a director of the Company for loan principal and accrued interest (Note 7).

At August 31, 2019, due to related parties includes $222,740 (2018: $117,506) due to directors of the Company and to companies with directors in common with the Company for fees and expenses.

The amounts due to/from related parties are unsecured, non-interest bearing and due on demand.

(Stated in Canadian Dollars)

7. Loans Payable

On April 29, 2019, the Company entered into two loan agreements for total proceeds of $260,000, of which $180,000 was from a director and officer of the Company. The loans are unsecured, bear interest at 15% per annum and are due on demand. The loans have a maximum term of five years. During the year ended August 31, 2019, the Company incurred interest expense of $12,547 and repaid a total of $30,000 towards the loans. The outstanding balance as at August 31, 2019 was $242,547 and both loans were repaid in full subsequent to August 31, 2019.

In connection with the loans, on June 19, 2019, the Company issued the lenders 980,000 bonus warrants which entitled the lenders to purchase one common share for each warrant held at $0.21 per share until June 19, 2020. The bonus warrants were determined to have a fair value of $56,669 which was expensed in financing costs as the loans are due on demand. The fair value of the bonus warrants issued was calculated using the Black-Scholes Option Pricing Model, based on the following weighted average assumptions:

	2019
Exercise price	$0.21
Average risk-free interest rate	1.71%
Expected dividend yield	0.00%
Expected stock price volatility	86%
Expected life	1.00 years
Value per warrant	$0.058

8. Share Capital

a) Authorized:

Unlimited number of common shares without par value

b) Issued:

During the Year Ended August 31, 2019:

On May 15, 2019, the Company issued 200,000 common shares with a fair value of $42,000 for an option payment on the Summit Lake property.

On May 27, 2019, the Company issued 2,170,000 common shares at $0.23 per share for gross proceeds of $499,100 pursuant to private placement agreements. The Company incurred share issue costs of $4,462 with respect to this private placement.

On June 18, 2019 the Company issued 995,000 common shares at $0.23 per share for gross proceeds of $228,850 pursuant to private placement agreements. The Company incurred share issue costs of $4,390 with respect to this private placement.

(Stated in Canadian Dollars)

8. Share Capital – (cont'd)

b) Issued: – (cont'd)

During the Year Ended August 31, 2018:

The Company issued 1,631,498 units at $0.15 per unit for gross proceeds of $244,725 pursuant to private placement subscriptions. Each unit contained one common share and one share purchase warrant entitling the holder to purchase an additional common share at $0.25 until September 26, 2019. No finders' fees were paid with respect to this private placement. The Company incurred share issue costs of $6,322 with respect to this private placement.

The Company issued 11,000,000 common shares at $0.05 per share pursuant to the exercise of share purchase warrants for proceeds of $550,000.

c) Commitments:

Share Purchase Warrants:

A summary of share purchase warrant activity for the years ended August 31, 2019 and 2018 is presented below:

	2019		2018	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	8,798,166	$0.26	18,166,668	$0.13
Issued	980,000	$0.21	1,631,498	$0.25
Expired	(7,166,668)	$0.26	-	-
Exercised	-	-	(11,000,000)	$0.05
Outstanding, end of year	2,611,498	$0.23	8,798,166	$0.26

(Stated in Canadian Dollars)

8. Share Capital – (cont'd)

c) Commitments: – (cont'd)

At August 31, 2019, the Company had 2,611,498 share purchase warrants outstanding entitling the holders the right to purchase one common share for each warrant held as follows:

Number of Warrants	Exercise Price	Expiry Date
1,631,498	$0.25	September 26, 2019[1]
980,000	$0.21	June 19, 2020
2,611,498		

[1] Subsequent to August 31, 2019, 1,631,498 warrants expired unexercised.

At August 31, 2019, the outstanding share purchase warrants had a weighted average remaining contractual life of 0.35 years.

9. Share-based Payments

The Company has a Stock Option Plan ("the Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 12,587,183 common shares. The exercise price of options granted under the Plan may not be less than the fair market value of the Company's common shares at the date the options are granted. Options granted under the Plan have a maximum life of five years and vest on the date of grant or over periods determined by the directors.

During the Year ended August 31, 2019:

On May 22, 2019, the Company granted 550,000 stock options entitling the holder to purchase one common share for each option held at $0.22 per share until May 22, 2024. These options vest 137,500 options every six months beginning May 22, 2019. At August 31, 2019, 137,500 of these options had vested.

On May 9, 2019, the Company granted 250,000 stock options entitling the holder to purchase one common share for each option held at $0.22 per share until May 9, 2020.

On April 25, 2019, the Company granted 1,000,000 stock options entitling the holder to purchase one common share for each option held at $0.22 per share until April 25, 2024. These options vest 250,000 options every six months beginning June 1, 2019. At August 31, 2019, 250,000 options had vested.

(Stated in Canadian Dollars)

9. Share-based Payments – (cont'd)

During the Year ended August 31, 2019: - *(cont'd)*

On March 14, 2019, the Company granted 200,000 stock options entitling the holder to purchase one common share for each option held at $0.15 per share until March 14, 2021.

On December 3, 2018, the Company granted 1,000,000 stock options entitling the holder to purchase one common share for each option held at $0.10 per share until December 3, 2023. These options vest 100,000 options per month beginning December 3, 2018. At August 31, 2019, 900,000 options had vested.

During the year ended August 31, 2019, the Company recognized share-based payments expense of $262,314 (2018 - $289,000) for options granted and vesting during the year ended August 31, 2019. The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the year:

Risk-free interest rate	1.78%
Expected life of options	4.47 years
Expected annualized volatility	208.71%
Dividend rate	0%

During the Year Ended August 31, 2018:

On March 8, 2018, the Company granted 1,000,000 stock options entitling the holders to purchase one common share for each option held at $0.255 per share until March 8, 2023. The fair value of the stock options of $250,000 was calculated using the Black Scholes option valuation model with the following assumptions:

Risk-free interest rate	1.60%
Expected life of options	5 years
Annualized volatility	252%
Dividend rate	0%
Share price on grant date	$ 0.255

On October 26, 2017, the Company granted 150,000 stock options entitling the holders to purchase one common share for each option held at $0.26 per share until October 26, 2022. The fair value of the stock options of $39,000 was calculated using the Black Scholes option valuation model with the following assumptions:

(Stated in Canadian Dollars)

9. Share-based Payments – (cont'd)

During the Year Ended August 31, 2018: – (cont'd)

Risk-free interest rate	1.60%
Expected life of options	5 years
Annualized volatility	220%
Dividend rate	0%
Share price on grant date	$ 0.26

A summary of stock option activity for the years ended August 31, 2019 and 2018 is presented below:

	2019		2018	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of year	3,050,000	$0.17	1,900,000	$0.12
Granted	3,000,000	$0.18	1,150,000	$0.26
Cancelled	(600,000)	$0.20	-	-
Outstanding, end of year	5,450,000	$0.17	3,050,000	$0.17

At August 31, 2019, the Company had 5,450,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
1,000,000	1,000,000	$0.05	May 16, 2021
300,000	300,000	$0.20	May 24, 2022
150,000	150,000	$0.26	October 26, 2022
1,000,000	1,000,000	$0.255	March 8, 2023[1]
1,000,000	900,000	$0.10	December 3, 2023
200,000	200,000	$0.15	March 14, 2021[2]
1,000,000	250,000	$0.22	April 25, 2024
250,000	250,000	$0.22	May 9, 2020[2]
550,000	137,500	$0.22	May 22, 2024
5,450,000	4,187,500		

(1) 400,000 of which expired subsequent to August 31, 2019.
(2) Forfeited / cancelled subsequent to August 31, 2019.

At August 31, 2019, the outstanding stock options had a weighted average remaining contractual life of 3.40 years.

10. Financial Instruments

Cash is carried at FVTPL, Reclamation bonds, accounts payable and accrued liabilities, loans payable and due to related parties are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

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 cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and advances from related parties are all current and due within 90 days of the balance sheet date.

(Stated in Canadian Dollars)

11. Income Taxes

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	2019	2018
Net loss before taxes	$ (801,350)	$ (1,417,201)
Tax recovery on the statutory rate of 27% (2018 - 27%)	$ (216,000)	$ (383,000)
Permanent differences and other	85,000	77,000
Changes in unrecognized deferred tax assets	131,000	306,000
Total income taxes	$ -	$ -

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered:

	2019	2018
Non-capital losses	$ 610,000	$ 480,000
Resource related deductions	185,000	185,000
Share issue costs and other	8,000	7,000
Unrecognized deferred tax assets	(803,000)	(672,000)
	$ -	$ -

At August 31, 2019, the Company had accumulated non-capital losses of approximately $2,260,000 that are available to carry forward and offset future years' income. These non-capital losses begin to expire in 2029.

At August 31, 2019, the Company had accumulated resource related deduction pools of approximately $3,008,000 that are available to carry forward and offset future years' income at various rates. These pools carry forward indefinitely.

12. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transaction has been excluded from the statements of cash flows:

For the year ended August 31, 2019:

- At August 31, 2019, accounts payable and accrued liabilities included $99,421 related to exploration and evaluation assets.

- At August 31, 2019, due to related parties included $70,760 related to exploration and evaluation costs.

- The Company issued 200,000 common shares valued at $42,000 for exploration and evaluation assets (Note 5(h)).

- At August 31, 2019, the Company recorded a BC METC recoverable of $98,934 applied against exploration and evaluation assets.

For the year ended August 31, 2018:

- At August 31, 2018, accounts payable and accrued liabilities included $11,322 related to exploration and evaluation costs.

- At August 31, 2018, due to related parties included $94,016 related to exploration and evaluation costs.

- At August 31, 2018, the Company recorded a BC METC recoverable of $49,094 applied against exploration and evaluation assets.

13. Capital Management

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $1,907,758 (2018 - $1,629,027). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the year ended August 31, 2019.

14. Subsequent Events

On September 25, 2019, the Company issued 819,000 flow through common shares at \$0.22 per share, and 8,087,933 non-flow through units at \$0.15 per share for total gross proceeds of \$1,393,370 pursuant to private placement agreements. Each non-flow through unit consists of one common share and one common share purchase warrant, whereby each warrant will entitle the holder to purchase one non flow-through common share of the Company at a price of \$0.22 for a period of 24 months. If the closing price of the Company's common shares is at a price equal to or greater than \$0.29 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants by giving written notice that the warrants will expire in 30 days.

On September 17, 2019, the Company granted 2,400,000 options to certain directors, officers and consultants to acquire common shares of the Company. The options are exercisable at a price of \$0.195 per share and are valid for a period of five years.

On October 18, 2019, the Company issued 2,036,726 flow through common shares at \$0.22 per share, and 3,263,332 non-flow through units at \$0.15 per share for total gross proceeds of \$937,580 pursuant to private placement agreements. Each non-flow through unit consists of one common share and one common share purchase warrant, whereby each warrant will entitle the holder to purchase one non flow-through common share of the Company at a price of \$0.22 for a period of 24 months. If the closing price of the Company's common shares is at a price equal to or greater than \$0.29 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants by giving written notice that the warrants will expire in 30 days.

In connection with private placements completed subsequent to August 31, 2019, the Company paid \$53,582 in cash finders' fees and granted 325,392 finders' warrants. Each finder's warrant is exercisable at a price of \$0.22 for a period of 24 months.