



**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)**

M3 METALS CORP.
CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021
(EXPRESSED IN CANADIAN DOLLARS)

Table of Contents

Independent Auditor's Report	1
Consolidated Statements of Financial Position	4
Consolidated Statements of Loss and Comprehensive Loss	5
Consolidated Statements of Cash Flows	6
Consolidated Statements of Changes in Shareholders' Equity	7
Notes to Consolidated Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
M3 Metals Corp.

Opinion

We have audited the accompanying consolidated financial statements of M3 Metals Corp. (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, cash flows, and changes in shareholders' equity 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 as at August 31, 2021, the Company had a deficit of \$42,351,226 and has incurred ongoing losses since inception. 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.



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 so.

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 Carmen Newnham.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

December 22, 2021

M3 METALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

	August 31, 2021 \$	August 31, 2020 \$
ASSETS		
Current		
Cash	124,568	79,823
Marketable securities (Note 3)	210,560	-
GST receivable	5,778	4,084
Prepaid expenses	20,595	17,175
Asset held for sale (Note 5)	491,000	-
Total current assets	852,501	101,082
Property and equipment (Note 4)	6,145	8,576
Exploration and evaluation properties (Note 5)	199,443	3,054,140
TOTAL ASSETS	1,058,089	3,163,798
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6 and 9)	241,707	193,711
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	42,405,506	41,580,751
Reserves (Note 8)	762,102	1,586,857
Deficit	(42,351,226)	(40,197,521)
TOTAL SHAREHOLDERS' EQUITY	816,382	2,970,087
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,058,089	3,163,798

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 14)

Approved and authorized by the Board on December 22, 2021.

On behalf of the Board:

/s/ "Kosta Tsoutsis"

 Director

/s/ "Adrian Smith"

 Director

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

M3 METALS CORP.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)**

	For the years ended August 31,	
	2021	2020
	\$	\$
Expenses		
Consulting and directors' fees (Note 9)	331,457	295,150
Depreciation (Note 4)	2,431	3,657
Investor relations	76,551	21,097
Marketing	7,025	229,979
Office and administration (Note 9)	112,338	106,746
Professional fees	70,609	57,979
Travel and related (Note 9)	4,990	20,400
	(605,401)	(735,008)
Gain on sales of exploration and evaluation properties (Note 5)	746,105	-
Unrealized loss on net change in fair value of marketable securities (Note 3)	(579,040)	-
Realized loss on sales of marketable securities (Note 3)	(11,465)	-
Recovery (write-off) of exploration and evaluation properties (Note 5)	(1,703,904)	9,431
	(1,548,304)	9,431
Net loss and comprehensive loss for the year	(2,153,705)	(725,577)
Basic and diluted loss per share	(0.07)	(0.02)
Weighted average number of common shares outstanding	30,647,273	30,213,093

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

M3 METALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

	For the years ended August 31,	
	2021	2020
	\$	\$
Cash flows used in operating activities		
Loss for the year	(2,153,705)	(725,577)
Items not affecting cash:		
Depreciation	2,431	3,657
Gain on sales of exploration and evaluation properties	(746,105)	-
Unrealized loss on net change in fair value of marketable securities	579,040	-
Realized loss on sales of marketable securities	11,465	-
Write-off (recovery) of exploration and evaluation properties	1,703,904	(9,431)
Changes in non-cash working capital items		
GST receivable	(1,694)	6,818
Due from related party	-	22,370
Prepaid expenses	(3,420)	149,638
Accounts payable and accrued liabilities	76,505	12,101
	(531,579)	(540,424)
Cash flows from (used in) investing activities		
Exploration and evaluation property expenditures	(48,827)	(648,396)
Proceeds from sales of exploration and evaluation properties	300,000	-
Proceeds from recovery of exploration and evaluation properties	226,216	-
Proceeds received from sales of marketable securities	98,935	-
	576,324	(648,396)
Cash flows from financing activities		
Warrants exercised	-	117,750
	-	117,750
Net change in cash	44,745	(1,071,070)
Cash, beginning of the year	79,823	1,150,893
Cash, end of the year	124,568	79,823
Supplemental cash flow information		
Reclassification of warrants exercised	-	34,510
Reclassification of expired warrants	824,755	847,159
Shares issued for acquisition of exploration and evaluation assets	-	7,501
Value of shares received from sales of exploration and evaluation properties	900,000	-
Exploration and evaluation asset expenditures in accounts payable and accrued liabilities	54,974	83,483
Reclassification from exploration and evaluation properties to asset held for sale	491,000	-

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

M3 METALS CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)**

	Number of Shares Issued	Share Capital	Reserves	Deficit	Total Shareholders' Equity
	#	\$	\$	\$	\$
Balance at August 31, 2019	29,802,273	40,573,831	2,468,526	(39,471,944)	3,570,413
Share issued for exploration and evaluation assets	60,000	7,501	-	-	7,501
Warrants exercised	785,000	152,260	(34,510)	-	117,750
Warrants expired	-	847,159	(847,159)	-	-
Loss for the year	-	-	-	(725,577)	(725,577)
Balance at August 31, 2020	30,647,273	41,580,751	1,586,857	(40,197,521)	2,970,087
Warrants expired	-	824,755	(824,755)	-	-
Loss for the year	-	-	-	(2,153,705)	(2,153,705)
Balance at August 31, 2021	30,647,273	42,405,506	762,102	(42,351,226)	816,382

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

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

1. NATURE AND CONTINUANCE OF OPERATIONS

M3 Metals Corp. (the “Company”) was incorporated under the Canada Business Corporations Act (CBCA) on February 27, 2007 and is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol V.MT. The Company’s business is to acquire, explore and develop interests in mineral properties located in North America.

The Company’s registered office is Suite 650 – 1188 West Georgia Street, Vancouver, BC, Canada, V6E 4A2. The Company maintains an executive office at Suite 300 - 1455 Bellevue Avenue, West Vancouver, BC, Canada, V7T 1C3.

The Company’s exploration and evaluation properties are at the exploration and evaluation stage and are without a known body of commercial ore. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company has a deficit of \$42,351,226 and has incurred ongoing losses since inception. As at August 31, 2021, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company may require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

These consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on December 22, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of presentation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ML Nevada Corp. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation properties, valuation of share-based compensation, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation properties
Management determined exploration, evaluation, and related costs incurred which are capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Use of estimates (continued)

Valuation of share-based compensation

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

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

COVID-19 Pandemic

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Exploration and evaluation properties

Pre-exploration costs are expensed as incurred.

Costs directly related to the acquisition and exploration of exploration and evaluation properties are capitalized once the legal rights to explore the exploration and evaluation properties are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation properties along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the related assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Restoration and environmental obligations (continued)

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

As at August 31, 2021 and 2020, there were no significant restoration and environmental obligations.

Share-based compensation

The Company operates an employee stock option plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On exercise of stock options, any amounts related to the initial value of the stock options, along with the proceeds from exercise are recorded to share capital. On expiration of stock options, the corresponding amounts related to the initial value of the stock options are transferred to deficit.

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss and cash is classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Impairment (continued)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as amortized cost and carried on the statements of financial position at amortized cost.

As at August 31, 2021, the Company does not have any derivative financial liabilities.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the fiscal period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rates applicable to each category of property and equipment are as follows:

Asset	Basis	%
Computer hardware	Declining balance	55%
Equipment	Declining balance	20%
Vehicles	Declining balance	30%

Unit offering

The Company accounts for unit offering financing using the relative fair value method. Under this method, the fair values of the shares and share purchase warrants are determined separately and prorated to the actual proceeds received. The fair value of shares is determined using the share price at the issue date. The fair value of share purchase warrants is measured using the Black-Scholes valuation model at the issue date.

Warrants

Finder's warrants are measured using the Black-Scholes valuation model at the issue date. The value of warrants are reclassified from reserves to share capital when exercised or expired.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided for, based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

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

Flow-through shares:

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid, if any, for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss on a pro-rata basis at the same time the qualifying expenditures are made.

Impairment of non-financial assets

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

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

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Impairment of non-financial assets (continued)

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

Assets held for sale

The Company classifies assets, or disposal groups, as held for sale when it expects to recover their carrying amounts primarily through sale rather than through continuing use. To meet criteria to be held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in their present condition. The Company must be committed to a plan to sell the assets or disposal group, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The Company measures assets or disposal groups at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories or financial assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss; however, gains are not recognized in excess of any cumulative impairment loss. Upon classifying asset or disposal groups as held for sale, the Company presents the assets separately as a single amount and the associated liabilities separately as a single amount on the Consolidated Statement of Financial Position. Comparative period balances are not restated. Assets held for sale are not depreciated, depleted, or amortized.

Basic and diluted loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totalled 2,970,000 (2020 – 21,801,000).

Recent accounting pronouncements

Other recent accounting pronouncements issued by IFRS as issued by IASB and IFRIC did not, or are not believed by management to, have a material impact on the Company's present or future financial position, results of operations or cash flows.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
 (EXPRESSED IN CANADIAN DOLLARS)

3. MARKETABLE SECURITIES

Marketable securities are comprised of the following:

	August 31, 2021	
	Shares #	Fair Value \$
Gold State Resources Inc. ("GSR, formerly Cyon Exploration Ltd. or Big Rock Resources Inc.")	2,632,000	210,560

In October 2020, the Company received 3,000,000 common shares of GSR at a fair value of \$0.30 per share in connection with the Aspen Gold Property option agreement (Note 5). During the year ended August 31, 2021, the Company sold 368,000 GSR common shares resulting in a loss of \$11,465. Additionally, during the year ended August 31, 2021, the Company recorded an unrealized loss on net change in fair value of marketable securities of \$579,040.

4. PROPERTY AND EQUIPMENT

	Computer hardware \$	Equipment \$	Vehicles \$	Total \$
Cost:				
At August 31, 2019, 2020, and 2021	31,502	24,740	101,524	157,766
Depreciation:				
At August 31, 2019	29,993	20,835	94,705	145,533
Charge for the year	831	781	2,045	3,657
At August 31, 2020	30,824	21,616	96,750	149,190
Charge for the year	374	625	1,432	2,431
At August 31, 2021	31,198	22,241	98,182	151,621
Net book value:				
At August 31, 2020	678	3,124	4,774	8,576
At August 31, 2021	304	2,499	3,342	6,145

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

5. EXPLORATION AND EVALUATION PROPERTIES

	Schefferville \$	Aspen \$	Stars \$	Palmetto \$	Mohave \$	Total \$
Balance, August 31, 2019	1	180,868	2,125,020	-	-	2,305,889
Property acquisition costs	-	-	57,501	(9,431)	100,213	148,283
<i>Exploration expenditures:</i>						
Drilling	-	-	6,000	-	-	6,000
Geological	197,216	2,467	4,384	-	380,470	584,537
	197,216	2,467	67,885	(9,431)	480,683	738,820
Recovery of exploration and evaluation properties	-	-	-	9,431	-	9,431
Balance, August 31, 2020	197,217	183,335	2,192,905	-	480,683	3,054,140
<i>Exploration expenditures:</i>						
Drilling	-	-	1,999	-	-	1,999
Geological	2,226	5,500	-	-	10,593	18,319
	2,226	5,500	1,999	-	10,593	20,318
Value of option payments received	-	(900,000)	-	-	(300,000)	(1,200,000)
Gains from option payments received	-	711,165	-	-	34,940	746,105
Recovery of exploration and evaluation properties	-	-	-	-	(226,216)	(226,216)
Write-off of exploration and evaluation properties	-	-	(1,703,904)	-	-	(1,703,904)
Reclassification to asset held for sale	-	-	(491,000)	-	-	(491,000)
Balance, August 31, 2021	199,443	-	-	-	-	199,443

Schefferville Properties

In 2011, the Company acquired a 100% interest in a number of properties. These properties are subject to certain royalty interests and NSRs.

Aspen Gold Property

In July 2016, the Company entered into an agreement (later amended in October 2016) with a company controlled by officer and directors to acquire a 90% interest in the Aspen Gold Property located in central British Columbia. Subsequently, the related party relinquished the remaining 10% interest of the property to the Company, which resulted the Company acquiring a 100% interest of the Aspen Gold Property. Under the terms of the amended agreement, the purchase price for the interest was \$100,000 (paid).

In September 2020, the Company entered into a mineral property option agreement ("Aspen Option Agreement") with Big Rock Resources Inc. ("Big Rock"). Under the Aspen Option Agreement, Big Rock was granted the option to acquire a 100% right, title and interest in and to the Company's Aspen Gold Property in exchange for the payment to the Company of \$100,000 and the issuance of 3,000,000 Big Rock common shares to the Company. The Big Rock common shares were subsequently converted to 3,000,000 GSR common shares (Note 3). As at August 31, 2021, the Company is still negotiating with GSR in relation to the settlement of the \$100,000 option payment.

During the year ended August 31, 2021, the Company recorded a gain on sales of exploration and evaluation properties of \$711,165 in relation to the 3,000,000 GSR shares with a fair value of \$900,000 or \$0.30 per share.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
 (EXPRESSED IN CANADIAN DOLLARS)

5. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**Stars Property**

In November 2017, the Company entered into two separate option agreements to acquire, by way of option, up to 80% of certain mining claims in the Omineca Mining Division located in north central British Columbia, approximately 40 kilometers south - southwest of Houston, BC (collectively, the “Stars Property”). The Company can earn a total of 80% interest in the Stars Property by fully exercising the options in the First Agreement and the Second Agreement as outlined below.

The first agreement (the “First Agreement”) is with Pacific Empire Minerals Corp., an arm’s length party which currently owns 50% of the Stars Property. Under the terms of the First Agreement, the Company has the option to earn up to a 30% interest in the Stars Property by completing the following:

	Cash payment (\$)		Common shares		Expenditures (\$)	
Upon TSX-V approval on June 5, 2018	(paid)	10,000	(issued)	10,000		-
On or before June 5, 2019	(paid)	20,000	(issued)	20,000	(incurred)	500,000
On or before June 5, 2020	(paid)	50,000	(issued)	30,000	(incurred)	1,000,000
On or before June 5, 2021		-		-		3,000,000
Total Requirement		80,000		60,000		4,500,000

As at June 5, 2021, the Company was unable to fulfill its obligation under the First Agreement and has forfeited the option, as a result, the Company recorded a write-off of exploration and evaluation properties of \$860,101 during the year ended August 31, 2021.

The second agreement (the “Second Agreement”) (amended in June 2020 and July 2021) is with Divitiae Resources Ltd., a non-arm’s-length party owned by Adrian Smith, P. Geo, a director of the Company, which currently owns 50% of the Stars Property. Under the amended terms of the Second Agreement, the Company has the option to earn up to an additional 50% interest in the Stars Property by completing the following:

	Cash payment (\$)		Common shares	
Upon TSX-V approval on June 5, 2018	(paid)	10,000	(issued)	20,000
On or before June 5, 2019	(paid)	20,000	(issued)	40,000
On or before June 5, 2020		-	(issued)	30,000
The earlier of: (i) on January 31, 2022; or (ii) the Company completing a financing for gross proceeds exceeding \$100,000	(paid subsequently)	50,000		-
On or before January 31, 2022	(paid subsequently)	50,000	(issued subsequently)	100,000
Total Requirement		130,000		190,000

Subsequent to August 31, 2021, the Company completed the option in the Second Agreement and earned a 50% interest in the Stars Property. The Company then entered into a purchase and sale agreement with Aurwest Resources Corp. (“Aurwest”) to sell the 50% interest for cash payment of \$450,000 and 1,500,000 common shares of Aurwest, and granted the Company a 2% net smelter return. As a result of the sale, the Company recorded an additional write-off of exploration and evaluation properties of \$843,803 during the year ended August 31, 2021 and reclassified the interest in the Stars Property to asset held for sale (Note 14).

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
 (EXPRESSED IN CANADIAN DOLLARS)

5. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**Mohave Property**

On September 21, 2019, the Company entered into an option agreements with DDS Resources LLC and Mohave Mine Partnership LLC (collectively, "Optionors") to acquire, by way of option, up to 100% of certain mining claims in the Weaver mining district, Mohave County, Arizona, USA (collectively, the "Mohave Mine Gold Property").

Under the terms of the agreement, the Company has the option to earn up to a 100% interest in the Mohave Mine Gold Property by completing the following:

	Cash payment (US\$)	Expenditures (US\$)
On or before October 1, 2019	(paid) 50,000	-
On or before March 31, 2021*	(paid by BMGUC) 75,000	(incurred) 50,000
On or before March 31, 2022*	100,000	(incurred) 200,000
On or before March 31, 2023*	150,000	300,000
On or before March 31, 2024*	200,000	350,000
On or before March 31, 2025*	3,000,000	400,000
Total Requirement	3,575,000	1,300,000

*As part of the Definitive Agreement (defined below), Black Mountain Gold USA Corp. ("BMGUC") is also responsible to keep the underlying option agreement between the Optionors and the Company in good standing by making the necessary cash payments and completing exploration expenditures requirement.

Upon the completion of all payments, the Company will grant a 1.5% net smelter royalty to the Optionors.

In July 2020, the Company entered into a mineral property option agreement (the "Definitive Agreement") with BMGUC. Under the Definitive Agreement, BMGUC can earn up to a 90% interest in the Mohave Mine Gold Property by making payments and incurring exploration expenditures as follows:

	Cash payment (\$)	Expenditures (\$)
On or before November 5, 2020	(paid) 300,000	-
On or before May 4, 2022	400,000	-
On or before July 4, 2022	400,000	-
On or before July 4, 2023*	2,000,000	1,000,000
On or before July 4, 2024**	3,000,000	2,000,000
Total Requirement	6,100,000	3,000,000

*BMGUC has the option to pay \$2,000,000 cash or issue shares valued at the time of issuance of \$2,000,000 up to 50% of BMGUC's outstanding shares to the Company.

**BMGUC has the option to pay \$3,000,000 cash or issue shares valued at the time of issuance of \$3,000,000 up to 50% of BMGUC's outstanding shares to the Company.

During the year ended August 31, 2021, BMGUC reimbursed \$226,216 to the Company and the reimbursement was considered towards its exploration expenditures requirements.

BMGUC is responsible to keep the underlying agreement between DDS Resources LLC and the Company in good standing by making the necessary cash payments and completing exploration expenditures requirements.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2021 \$	August 31, 2020 \$
Accounts payable	148,157	102,661
Accrued liabilities	93,550	91,050
	241,707	193,711

7. SHARE CAPITAL**Authorized share capital**

Unlimited common shares without par value.

Issued share capitalDuring the year ended August 31, 2021:

There was no share issuance activity.

During the year ended August 31, 2020:

In June 2020, the Company issued 60,000 common shares in connection to the property option agreements for the Stars Property valued at \$7,501 (Note 5).

The Company issued 785,000 common shares in connection with the exercise of 785,000 warrants with an exercise price of \$0.15 for total proceeds of \$117,750 (Note 8).

8. RESERVES**Stock options**

The Company has a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company. Vesting and term of the option is determined by the board of directors in accordance with the Plan and the policies of the TSX-V.

A summary of stock option activities is as follows:

	Number of options #	Weighted average exercise price \$
Balance, August 31, 2019, 2020, and 2021	2,970,000	0.17

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
 (EXPRESSED IN CANADIAN DOLLARS)

8. RESERVES (CONTINUED)

A summary of the stock options outstanding and exercisable at August 31, 2021 is as follows:

Exercise Price \$	Number Outstanding and Exercisable	Expiry Date
0.17	2,970,000	May 13, 2024

The weighted average life of the outstanding stock options is 2.70 years.

Warrants

During the year ended August 31, 2020, the Company issued 785,000 common shares in connection with the exercise of 785,000 warrants with an exercise price of \$0.15 for total proceeds of \$117,750. As a result, the Company transferred \$34,510 representing the fair value of the exercised warrants from reserves to share capital (Note 7). In addition, 2,514,871 warrants expired and, as a result, reclassified \$847,159 from reserves to share capital.

During the year ended August 31, 2021, 18,831,000 warrants expired and, as a result, reclassified \$824,755 from reserves to share capital.

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price \$
Balance, August 31, 2019	22,130,871	0.29
Exercised	(785,000)	0.15
Expired	(2,514,871)	1.35
Balance, August 31, 2020	18,831,000	0.15
Expired	(18,831,000)	0.15
Balance, August 31, 2021	-	-

9. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

On May 1, 2019, the Company entered into a consulting agreement with the CFO and director of the Company. The agreement requires monthly payments of \$3,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

On May 1, 2019, the Company entered into a management agreement with the President and director of the Company. The agreement requires monthly payments of \$10,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

9. RELATED PARTY TRANSACTIONS (CONTINUED)

On May 1, 2019, the Company entered into a consulting agreement with the CEO and director of the Company. The agreement requires monthly payments of \$10,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

As at August 31, 2021, the Company has \$29,287 (2020 - \$47,470) included in accounts payable and accrued liabilities due to officers, directors and companies controlled by officers and directors.

Summary of key management personnel compensation:

	For the years ended August 31,	
	2021 \$	2020 \$
Consulting and directors' fees	279,889	292,150

In addition, the following amounts were incurred with respect to officers, directors and companies controlled by officers and directors:

	For the years ended August 31,	
	2021 \$	2020 \$
Exploration and evaluation property expenditures	-	18,837
Office and administration - Rent	24,000	30,000
Travel and related	600	-
	<u>24,600</u>	<u>48,837</u>

10. CAPITAL MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

The Company's share capital is not subject to any external restrictions. The Company did not change its approach to capital management during the year ended August 31, 2021.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's financial instruments consist of cash, marketable securities, GST receivable, and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash and marketable securities, approximates their carrying values due to the short-term nature of these instruments. Cash and marketable securities are measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) **Currency risk**

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at August 31, 2021, the Company had foreign currency net monetary financial liabilities of US\$41,952. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$5,300.

b) **Credit risk**

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and GST receivable is due from the Government of Canada. The Company's financial instrument related to the GST receivable is not exposed to significant credit risk.

c) **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is no interest rate risk, as the Company has no interest bearing debt subject to floating interest rates.

d) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. As at August 31, 2021, the Company had a cash balance of \$124,568 to settle current liabilities of \$241,707. The liquidity risk is assessed as high.

e) **Commodity price risk**

The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of gold. The Company monitors iron and gold prices to determine the appropriate course of action to be taken.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

12. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation properties. Geographic information is as follows:

	As at August 31, 2021		
	Canada \$	US \$	Total \$
Property and equipment	6,145	-	6,145
Exploration and evaluation properties	1,534,246	-	1,534,246
	1,540,391	-	1,540,391

	As at August 31, 2020		
	Canada \$	US \$	Total \$
Property and equipment	8,576	-	8,576
Exploration and evaluation properties	2,573,457	480,683	3,054,140
	2,582,033	480,683	3,062,716

13. INCOME TAX

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax recovery presented in the accompanying statements of comprehensive loss is provided below:

	For the year ended August 31,	
	2021	2020
	\$	\$
Loss before income taxes	(2,153,705)	(725,577)
Expected income tax (recovery)	(582,000)	(196,000)
Change in statutory, foreign tax, foreign exchange rates and other	(34,000)	2,000
Permanent difference	(117,000)	-
Adjustment to prior years provision versus statutory tax returns	(55,000)	15,000
Change in unrecognized deductible temporary differences	788,000	179,000
Total deferred taxes	-	-

Significant components of unrecognized temporary differences and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	As of August 31,			
	2021 \$	Expiry dates	2020 \$	Expiry dates
Exploration and evaluation properties	19,694,000	No Expiry	18,009,000	No Expiry
Investment tax credit	1,093,000	2032 to 2033	1,093,000	2032 to 2033
Property and equipment	289,000	No Expiry	286,000	No Expiry
Share issuance costs	29,000	2041 to 2044	66,000	2039 to 2042
Marketable securities	689,000	No Expiry	-	-
Non-capital losses				
Canada	14,449,000	2031 to 2041	13,542,000	2031 to 2039
USA	55,000	No Expiry	47,000	No Expiry

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

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

14. SUBSEQUENT EVENTS

- a) In December 2021, the Company completed the option in the Second Agreement and earned a 50% interest in the Stars Property (Note 5).
- b) In December 2021, the Company entered into a purchase and sale agreement with Aurwest Resources Corp. to sell the 50% interest of the Stars Property for cash payment of \$450,000 and 1,500,000 common shares of Aurwest, and granted the Company a 2% net smelter return (Note 5).