DEEP SOUTH Resources Inc.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF DEEP-SOUTH RESOURCES INC.

Opinion

We have audited the consolidated financial statements of Deep-South Resources Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at August 31, 2021 and 2020;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2021 and 2020, and its consolidated financial performance and its consolidated 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 *Auditors' 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 in the consolidated financial statements, which indicates that the Company incurred a net loss of $2,666,439 during the year ended August 31, 2021 and, as of that date, had an accumulated deficit of $6,703,637. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. 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 in this auditors' report. We have nothing to report in this regard.

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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.

Auditors' 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 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 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 auditors' 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 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 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 auditors' report is Kevin Kwan.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
December 29, 2021

DEEP-SOUTH RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

		As at
	August 31, 2021	August 31, 2020
	$	$
ASSETS		
Current		
Cash	**2,307,138**	3,486
GST receivable and other	**25,644**	21,326
Prepaid expenses	**110,379**	20,000
Total Current Assets	**2,443,161**	44,812
Exploration and evaluation assets (Note 3)	**7,188,254**	5,297,870
Property and equipment (Note 7)	**179,826**	-
Total Assets	**9,811,241**	5,342,682
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 12)	**194,306**	603,800
Promissory note payable (Note 6)	**-**	28,439
Convertible debenture (Note 8)	**-**	385,611
Total Liabilities	**194,306**	1,017,850
Equity		
Share capital (Note 9)	**14,945,918**	7,692,755
Share subscriptions received (Note 9)	**-**	27,000
Reserves (Note 9)	**1,374,654**	482,440
Equity portion of convertible debt (Note 8)	**-**	159,835
Deficit	**(6,703,637)**	(4,037,198)
Total Equity	**9,616,935**	4,324,832
Total Liabilities and Equity	**9,811,241**	5,342,682

Approved on behalf of the Board of Directors:

/s/ Pierre Leveille	*/s/ Jean Luc Roy*
Director	Director

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

DEEP-SOUTH RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the years ended August 31	
	2021	2020
	$	$
EXPENSES		
Accretion (Note 8)	**12,310**	45,920
Advertising and marketing	**291,588**	-
Amortization (Note 7)	**38,463**	-
Consulting fees (Note 12)	**699,736**	169,272
Interest expense (Note 8)	**53,096**	18,343
Investor relations	**119,603**	170,000
Management fees (Note 12)	**350,611**	158,417
Legal, audit and accounting	**161,070**	65,382
Office and miscellaneous	**217,427**	63,215
Regulatory and transfer agent fees	**85,206**	25,320
Shareholder information	**6,979**	-
Share-based compensation (Notes 9 & 12)	**547,771**	281,083
Travel	**39,196**	20,543
Loss before other expenses	**(2,623,056)**	(1,017,495)
Other expenses		
Loss on investment in associate (Note 4)	**(43,383)**	-
Write-down of investment in associate (Note 4)	**-**	(315,000)
Write-down of exploration and evaluation assets (Note 3)	**-**	(121,978)
Net loss and comprehensive loss for the year	**(2,666,439)**	(1,454,473)
Loss per common share		
Basic and diluted	**(0.02)**	(0.02)
Weighted average number of common shares outstanding		
Basic and diluted	**128,297,253**	75,041,745

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

DEEP-SOUTH RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended August 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Share Capital						
	Number of shares	**Amount ($)**	**Share Subscriptions Received ($)**	**Reserves ($)**	**Equity Portion of Convertible Debt ($)**	**Deficit ($)**	**Total Equity ($)**
Balance, August 31, 2019	**66,603,357**	**6,570,504**	**-**	**171,100**	**159,835**	**(2,490,379)**	**4,411,060**
Shares issued in private placement	13,174,000	631,740	-	26,960	-	-	658,700
Share issuance costs – cash	-	(28,545)	-	-	-	-	(28,545)
Share issuance costs – warrants	-	(3,297)	-	3,297	-	-	-
Shares issued - settlement of debt	4,352,941	522,353	-	-	-	(152,353)	370,000
Share-based compensation	-	-	-	281,083	-	-	281,083
Subscriptions received in advance	-	-	27,000	-	-	-	27,000
Convertible debt extinguishment	-	-	-	-	-	60,007	60,007
Net loss for the year	-	-	-	-	-	(1,454,473)	(1,454,473)
Balance, August 31, 2020	**84,130,298**	**7,692,755**	**27,000**	**482,440**	**159,835**	**(4,037,198)**	**4,324,832**
Shares issued in private placement	54,835,072	7,018,661	(20,700)	-	-	-	6,997,961
Share purchase warrants exercises	2,685,600	295,812	(6,300)	-	-	-	289,512
Compensation warrants exercises	20,000	4,305	-	(1,305)	-	-	3,000
Stock options exercises	750,000	97,608	-	(37,608)	-	-	60,000
Convertible debenture – settlement	3,913,730	609,914	-	-	(159,835)	-	450,079
Share issuance costs – cash	-	(433,398)	-	-	-	-	(433,398)
Share issuance costs – warrants	-	(339,739)	-	339,739	-	-	-
Share-based compensation	-	-	-	591,388	-	-	591,388
Net loss for the year	-	-	-	-	-	(2,666,439)	(2,666,439)
Balance, August 31, 2021	**146,334,700**	**14,945,918**	**-**	**1,374,654**	**-**	**(6,703,637)**	**9,616,935**

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

DEEP-SOUTH RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the years ended August 31, 2021	2020
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the year	**(2,666,439)**	(1,454,473)
Items not affecting cash:		
Accretion	**12,310**	45,920
Amortization	**38,463**	-
Interest accrual	**51,759**	15,376
Loss on investment in associate	**43,383**	-
Write-off of investment in associate	**-**	315,000
Write-off of exploration and evaluation assets	**-**	121,978
Share-based compensation	**547,771**	281,083
Changes in non-cash working capital items:		
Prepaid expense	**(90,379)**	(3,750)
GST receivable and other	**(4,318)**	(13,380)
Accounts payable and accrued liabilities	**(325,578)**	185,753
Net cash used in operating activities	**(2,393,028)**	(506,493)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property and equipment	**(225,231)**	-
Exploration and evaluation assets	**(1,966,725)**	(120,544)
Net cash used in investing activities	**(2,191,956)**	(120,544)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement, net of issuance costs	**6,917,075**	630,155
Share subscriptions received in advance	**-**	27,000
Repayment of loan payable	**-**	(35,000)
Payment of consideration payable	**-**	(30,000)
Promissory note payable	**(28,439)**	28,439
Net cash provided by financing activities	**6,888,636**	620,594
Change in cash during the year	**2,303,652**	(6,443)
Cash, beginning of year	**3,486**	9,929
Cash, end of year	**2,307,138**	3,486

Supplemental Cash Flow and Non-Cash Investing and Financing Activities Disclosure	**$**	$
Shares issued for settlement of consideration payable (Note 5)	**-**	522,353
Shares issued for debenture conversion (Note 8)	**450,079**	-
Warrants issued for share issuance costs	**339,739**	3,297
Exploration and evaluation assets in accounts payable and accrued liabilities	**33,765**	160,665
Interest accrued related to convertible debt included in accounts payable and accrued liabilities	**51,759**	-
Interest paid	**-**	2,967
Share-based compensation capitalized to exploration and evaluation assets	**43,617**	-
Amortization capitalized to exploration and evaluation assets	**6,942**	-

The accompanying notes are an integral part of this consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Deep-South Resources Inc. (the “Company” or “Deep-South”) is a development stage company incorporated on April 24, 1987 under the laws of British Columbia. The Company’s head office is located at #888 - 700 West Georgia Street, Vancouver, BC, V7Y 1G5 and is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “DSM”. The Company is in the business of exploring and evaluating mineral properties located in Africa.

The Company’s consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due; certain conditions and events may cast significant doubt on the validity of this assumption. The Company incurred a net loss of $2,666,439 for the year ended August 31, 2021 (2020 - $1,454,473) and as of that date, had an accumulated deficit of $6,703,637 (2020 - $4,037,198). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

The Company’s ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the future. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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, 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 and harm the Company’s 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.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared and presented in Canadian dollars in accordance with the International Financial Reporting Standards “IFRS” as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Board of Directors on December 29, 2021.

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and the following entities:

- Koryx Copper B.V., a wholly owned subsidiary of Deep-South Resources Inc.
- 1054137 BC Ltd., a wholly owned subsidiary of Koryx Copper B.V.
- Deep South Mining (Pty) Ltd., a wholly owned subsidiary of 1054137 BC Ltd.
- Haib Minerals (Pty) Ltd., a wholly owned subsidiary of Deep-South Mining (Pty) Ltd.

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements.

(d) Foreign currency transactions

The Company's reporting currency and the functional currency of the Company and its subsidiaries is the Canadian dollar, as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalent using foreign exchange rates prevailing at the statement of financial position date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

(e) Financial Instruments

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

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

The Company's financial instruments are accounted for as follows:

Financial Instrument	IFRS 9 Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized Cost
Promissory note payable	Amortized Cost
Convertible debenture	Amortized Cost

Financial assets
The Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Amortized cost - Amortized cost are those assets which are held within a business whose objective is to hold financial assets to collect contractual cash flows. The terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest.

Fair value through profit or loss ("FVTPL") **-** A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or FVOCI. The Company may, however, make the irrevocable option to classify particular investments as FVTPL.

Fair value through other comprehensive income ("FVOCI") **-** FVOCI assets are those assets which are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial assets give rise on specified dates to cash flows solely through the collection of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of operations for the year.

<u>Financial liabilities</u>
Management determines the classification of its financial liabilities at initial recognition.

Amortized cost **-** The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at FVTPL and certain other exceptions.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

<u>Derecognition of financial assets</u>
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of operations.

<u>Derecognition of financial liabilities</u>
A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debt in Canadian dollars that can be converted to common shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have a conversion option. The conversion component, an equity instrument, is initially recognized at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and conversion components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate. Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

Modification is deemed to be substantial if the net present value of the cash flows under the modified terms, including any fees paid or received, is a least 10 percent different from the net present value of the remaining cash flows of the liability prior to the modification, both discounted at the original effective interest rate of the liability prior to the modification. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The consideration paid, represented by the fair value of the modified convertible debentures, are allocated to the liability and equity components of the original convertible debentures at the date of the extinguishment. The method used in allocating the consideration paid and transaction costs to the separate components of the original convertible debentures is consistent with that used in the original allocation to the separate components of the original convertible debentures of the proceeds received by the Company when the original convertible debentures were issued. Once the allocation of the consideration is made, any resulting gain or loss is treated as follows:

- the amount of gain or loss relating to the original liability component is recognized in profit or loss; and
- the amount of consideration relating to the original equity component is recognized in equity in reserves. The amount recognized in convertible debentures equity reserve attributable to the extinguished convertible debentures is also transferred to reserves.

(g) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance if the fair value of the goods and services cannot be determined. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Exploration and Evaluation Assets (continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and the balance is reclassified as a development asset in property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company is not aware of any disputed claims of title.

(h) Impairment of Long-Lived Assets

Management is required to assess impairment in respect of capitalized exploration and evaluation assets. Note 3 discloses the carrying value of these assets at each reporting period. The triggering events for the impairment of exploration and evaluation assets are defined in IFRS 6 Exploration for and Evaluation of Mineral Resources and are as follows:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and

- Impairment of exploration and evaluation assets is assessed at the cash generating unit ("CGU") level. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used each of its mineral properties to establish its CGUs.

In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods. All impairment losses are recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property and equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of any rehabilitation obligation. Amortization is recognized on a declining balance basis over their estimated useful lives at annual rates of 20% for mining equipment, 20% for office furniture and equipment, 30% for motor vehicles and 4% for site buildings. An item of property and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of operations. The Company conducts an annual assessment of the residual balances, useful lives and amortization methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

(j) Share capital

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are issued, with any excess value allocated to the warrants. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

(k) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercises would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(l) Provisions

Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Provisions (continued)

Rehabilitation provisions (continued)

The Company had no rehabilitation obligations as at August 31, 2021 and 2020.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amounts 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.

(m) Income taxes

Current tax is the expected tax payable or receivable on taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred taxes are recorded using the statement of financial position liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position reporting date. Deferred tax is not recognized for temporary differences, which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting or taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in the reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. 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 the statement of operations and comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Share-based compensation (continued)

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 operations and 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.

Each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

All equity-settled share-based payments are reflected in reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserve is credited to share capital along with 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. On expiration of options, the previously recognized amount is left in the reserves.

(o) Significant accounting judgments and estimates

The preparation of these consolidated financial statements require management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated statement of financial position and the reported amounts of expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these consolidated financial statements are discussed below:

Going Concern
The assessment of the Company’s ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Economic recoverability and probability of future economic benefits of exploration and evaluation assets
Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Significant accounting judgments and estimates (continued)

Impairment of Exploration and Evaluation Assets
The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

The determination of the Company and its subsidiaries' functional currency
The functional currency of the Company and its subsidiary is the currency of the primary economic environment and the Company reconsiders the functional currency if there is a change in events and conditions which determined the primary economic environment.

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 forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Recovery of Deferred Tax Assets
The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

Determination of Control and significant influence
The Company exercises judgment in determining if it has control over its investee, which requires the Company to assess if it has: a) power over the investee, b) exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of its returns.

The Company applies the equity method to account for its investments when the Company determines that it has significant influence in the investees. Significant influence is the power to participate in the financial and operating policy decision of the investee but not control of those policies and management uses judgment in determining whether significant influence exists. Judgment is exercised in the evaluation of its voting power and potential voting rights by examining all facts and circumstance in determining its powers to participate in the financial and operating policy decisions of an investee.

Fair value of investment in associate
The Company determined the fair value of its interest in its investment in associate on the date that significant influence was lost. The determination of fair value requires management to make estimates regarding the future cash flows expected to flow to the entity from its investment.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

	Haib Property, Namibia	Kapile Tepe Property, Turkey	Total
	$	$	$
Balance, August 31, 2019	**5,043,922**	**121,978**	**5,165,900**
Geological	253,948	-	253,948
Write-down of exploration and evaluation assets	-	(121,978)	(121,978)
Balance, August 31, 2020	**5,297,870**	**-**	**5,297,870**
Amortization	6,942	-	6,942
Assays	171,668	-	171,668
Camp and field costs	212,070	-	212,070
Drilling	894,047	-	894,047
Geological	287,514	-	287,514
Metallurgical	274,526	-	274,526
Share-based compensation	43,617	-	43,617
Balance, August 31, 2021	**7,188,254**	**-**	**7,188,254**

Haib Property, Namibia

The Company, through its wholly owned subsidiary, Haib Minerals (Pty) Ltd. ("Haib"), holds an exclusive prospecting license for the Company's Haib copper project in the south of Namibia. On May 5, 2017, the Company entered into a Share Purchase Agreement with Teck Namibia (Pty) Ltd. ("Teck") to acquire the remaining 70% interest in Haib (the Company previously owned 30% of the interest) for a total consideration of $3.212 million. Teck will retain a 1.5% Net Smelter on the property, one-third of which can be purchased by the Company for a cash payment of $2 million.

The renewal of the Exclusive Prospecting License 3140 covering the Haib Copper project has been refused by the Minister of Mines and Energy of Namibia. The Company is vigorously contesting this decision by all means necessary and available, including under the Minerals (Prospecting and Mining) Act and other applicable laws of Namibia and other international laws and will be providing regular updates in this regard.

Kapile Tepe Property, Turkey

Concurrent with the closing of the transaction relating to the Company's investment in associate (Note 4), the Company also issued 700,000 shares at a price of $0.09 per share for all previous exploration and metallurgical data on the Kapile Tepe Property. The fair value of the shares was estimated to be $63,000.

On July 7, 2019, the Company issued 500,000 shares at a price of $0.09 per share to acquire certain leaching technologies to be used at the Kapile Tepe Property fair valued at $45,000.

During the year ended August 31, 2020, the Company concluded that it has no intention to pursue this project, an indicator of impairment leading to a test of recoverable amount of the project, which resulted in an impairment loss of $121,978. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the exploration and evaluation asset at this stage of operations. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than $nil. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

4. INVESTMENT IN ASSOCIATE

RCR Quantum

On May 7, 2019, the Company acquired a 75% interest in RCR Quantum, a Turkish company which holds the Kapili Tepe Project comprising one mining license and two exploration licenses in the Sivas Province in Turkey. As consideration, the Company issued 3,500,000 common shares at a price of $0.09 per share with a fair value of $315,000. The shares issued to the seller are restricted of trading for a period of 3 years. 1/6 of the shares (583,333 shares) become unrestricted every six months starting on May 1, 2019.

Management has determined that they do not have control over RCR Quantum as the Company lacks the practical ability to exercise control over RCR Quantum, therefore the acquisition has been treated as an investment in associate under IAS 28 *Investment in Associates and Joint Ventures*. Consequently, the investment in associate is accounted for using the equity method, with an acquisition value of $315,000. During the year ended August 31, 2020, the Company concluded that certain indicators of impairment existed leading to a test of recoverable amount for this investment. A value in use calculation is not applicable as the Company does not have any expected cash flows from using this investment at this stage of operations. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than $nil. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy. As such, the Company has recognized impairment loss of $315,000 bringing the carrying amount of the investment to $nil.

On August 14, 2021, the Company signed a termination and mutual release agreement where the share purchase agreement to acquire the 75% interest in RCR Quantum is terminated and the Company would make cash payment of $43,383 (US $34,000) to the other party. This has been recognized as a loss on investment in associate in the consolidated statements of operations and comprehensive loss.

5. CONSIDERATION PAYABLE

Haib Minerals (Pty) Ltd.

On May 5, 2017, the Company acquired the remaining 70% interest in Haib Minerals (Pty) Ltd. through a share Purchase Agreement for total consideration of $3.212 million. The consideration was comprised of 14,060,000 common shares of the Company (each share valued at $0.20 on the date of issue) and $400,000 as consideration payable in two transfers ($200,000 due on the first anniversary and $200,000 due on the second anniversary). During the year ended August 31, 2020, the Company repaid $30,000 of the consideration payable. On June 30, 2020, the Company settled the remaining balance owing by issuing 4,352,941 shares to Teck Namibia Ltd. (issued August 10, 2020 and fair valued at $522,353) and recognized loss on settlement of debt for $152,353, which was recorded under equity pursuant to IAS 1 *Presentation of Financial Statements* as the transaction is with a shareholder.

6. PROMISSORY NOTE PAYABLE

On February 25, 2020, the Company signed a promissory note with a former director, which converts monies previously owing to a note payable on demand in the amount of $27,050. The note is unsecured and bears interest at 10% per annum. As at August 31, 2020, the Company has accrued $1,389 in interest payable. As at November 30, 2020, the Company has repaid the balance in full.

On December 23, 2020, the Company signed a promissory note with a director, which converts monies previously owing to a note payable in the amount of $19,845. The note is unsecured and bears no interest. As at January 29, 2021, the balance has been paid in full.

(Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

	Mining Equipment	Office Furniture and Equipment	Motor Vehicles	Site Buildings	Total
	$	$	$	$	$
Cost					
Balance at August 31, 2020 and 2019	-	-	-	-	-
Additions	23,501	342	128,066	73,322	225,231
Balance at August 31, 2021	23,501	342	128,066	73,322	225,231
Amortization					
Balance at August 31, 2020 and 2019	-	-	-	-	-
Additions*	4,349	60	38,403	2,593	45,405
Balance at August 31, 2021	4,349	60	38,403	2,593	45,405
Carrying amounts – Net Book Value					
At August 31, 2020	-	-	-	-	-
At August 31, 2021	**19,152**	**282**	**89,663**	**70,729**	**179,826**

*The Company capitalized its mining equipment and site buildings amortization to exploration and evaluation assets (Note 3).

8. CONVERTIBLE DEBENTURE

On August 30, 2016, as part of the remaining debt settlement of the loan agreement between Deep South Minerals (Pty) Ltd. and Teck Namibia (a related party through share holdings), the Company issued a convertible debenture ("debenture") to Teck Resources Limited. The debenture bears interest on the outstanding principal amount at a rate of LIBOR plus 2% per annum with the principal due at maturity (48 months from the date of issuance). The debenture is payable in cash or at the option of the Company, the principal and accrued interest is convertible into shares in the Company at a price of $0.14 per share. The debenture holder may also redeem the principal and any accrued but unpaid interest up to the maturity date.

The Convertible Debenture bears interest on the outstanding principal amount at a rate of LIBOR plus 2% per annum payable with the principal at maturity.

In the event that the Company receives "Net Cash Proceeds," defined as either an asset sale, issuance of equity securities, or incurrence of debt, a mandatory redemption will occur resulting in the debenture being converted into common shares in the Company as follows:

- for the portion of Net Cash Proceeds of up to but not including $100,000, the Company shall redeem a principal amount of this debenture equal to 30% of such net proceeds;
- for the portion of Net Cash Proceeds between $100,000 up to but not including $200,000, the Company shall redeem a principal amount of this debenture equal to 40% of such net proceeds;
- for the portion of Net Cash Proceeds between $200,000 up to but not including $300,000, the Company shall redeem a principal amount of this debenture equal to 50% of such net proceeds; and
- for the portion of Net Cash Proceeds over $300,000, the Company shall redeem a principal amount of this debenture equal to 50% of such net proceeds.

On August 14, 2020, the parties amended the convertible debenture and extended the maturity to August 30, 2021 at a new conversion price of $0.115. Pursuant to IFRS 9 *Financial Instruments*, the modification was considered to be substantial and was therefore accounted for as an extinguishment of the debenture and recognition of a new debenture. The present value of the new liability component was calculated as the present value of the principal and interest discounted at 18%. The extinguishment of debt gave rise to a gain on extinguishment for $60,007, which was recorded under equity pursuant to IAS 1 *Presentation of Financial Statements* as the transaction is with a shareholder.

On April 15, 2021, Teck Resources Limited signed agreements to sell the convertible debenture it holds with the Company to third party investors. On March 31, 2021, the accrued interest is valued at $60,962. On April 21, 2021, upon closing of the transaction, the purchaser of the convertible debenture converted the debenture into 3,913,730 common shares of the Company.

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURE (continued)

A reconciliation of the convertible debenture is as follows:

	$
Balance at August 31, 2019	**345,984**
Non-cash items	
Accreted interest to extinguishment date	43,133
Extinguishment of debenture:	
Principal	(389,117)
Issuance of debenture	382,823
Accreted interest on new debenture	2,788
Balance at August 31, 2020	**385,611**
Accretion	19,699
Accreted interest to conversion date	44,769
Issuance of shares	(450,079)
Balance at August 31, 2021	**-**

9. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

For the year ended August 31, 2021

On September 16, 2020, the Company closed the first tranche of a non-brokered private placement comprising 13,732,000 units at a price of $0.10 per unit for gross proceeds of $1,373,200. Each unit comprises one common share and one-half share purchase warrant; each whole warrant is exercisable at $0.15 per share expiring September 16, 2023. As at August 31, 2020, $20,700 of the cash proceeds were received and recorded as share subscriptions received. The amount was reclassified to share capital during the year ended August 31, 2021, upon closing of the private placement.

On October 14, 2020, the Company closed the final tranche of a non-brokered private placement comprising 10,400,000 units at a price of $0.10 per unit for gross proceeds of $1,040,000. Each unit comprises one common share and one-half share purchase warrant; each whole warrant is exercisable at $0.15 per share expiring October 14, 2023.

For the non-brokered private placements, the Company paid a total of $132,960 in aggregate cash finder's fees and issued 1,329,600 finder warrants. These warrants entitle the holder to purchase one share for $0.15 for a period of three years from the date of closing. Each security has a four-month hold period from the date of closing the placement. These warrants issued had a fair value of $88,408 using the Black Scholes model with the following inputs: i) exercise price: $0.15; ii) share price: $0.095-$0.10; iii) term: 3 years; iv) volatility: 132%; v) discount rate: 0.20-0.24%. The value of these compensation warrants is included in reserves and share capital. The Company also incurred other share issuance cost for $33,538.

9. SHARE CAPITAL (continued)

(b) Issued and outstanding (continued)

For the year ended August 31, 2021 (continued)

On January 20, 2021, the Company closed a non-brokered private placement comprising of 30,703,072 units at a price of $0.15 per unit for gross proceeds of $4,605,461. Each unit comprises one common share and one-half share purchase warrant; each whole warrant is exercisable at $0.22 per share expiring two years from the date of closing.

For the non-brokered private placement, the Company paid a total of $266,900 in aggregate cash finder's fees and issued 1,830,501 finder warrants. These warrants entitle the holder to purchase one share for $0.22 for a period of two years from the date of closing. Each security has a four-month hold period from the date of closing the placement. These warrants issued had a fair value of $251,331 using the Black Scholes model with the following inputs: i) exercise price: $0.22; ii) share price: $0.21; iii) term: 2 years; iv) volatility: 135%; v) discount rate: 0.16%. The value of these compensation warrants is included in reserves and share capital.

For the year ended August 31, 2020

On December 23, 2019, the Company closed the first tranche of a non-brokered private placement comprising 5,346,000 units at a price of $0.05 per unit for gross proceeds of $267,300. Each unit comprises one common share and one share purchase warrant exercisable at $0.09 per share expiring December 23, 2024.

On January 22, 2020, the Company closed the second tranche of a non-brokered private placement comprising 6,380,000 units at a price of $0.05 per unit for gross proceeds of $319,000. Each unit comprises one common share and one share purchase warrant exercisable at $0.09 per share expiring January 22, 2025.

On January 29, 2020, the Company closed the final tranche of a non-brokered private placement comprising 100,000 units at a price of $0.05 per unit for gross proceeds of $5,000. Each unit comprises one common share and one share purchase warrant exercisable at $0.09 per share expiring January 29, 2025.

On April 2, 2020, the Company closed a non-brokered private placement comprising of 1,348,000 units at a price of $0.05 per unit for gross proceeds of $67,400. Each unit comprises one common share and one share purchase warrant exercisable at $0.09 per share expiring April 2, 2025. $26,960 of the proceeds was allocated to warrants using residual method.

For the non-brokered private placements, the Company paid a total of $4,724 in aggregate cash finder's fees and issued 92,800 broker warrants. These warrants entitle the holder to purchase one share for $0.09 for a period of three years from the date of closing. These warrants issued had a fair value of $3,297 using the Black Scholes model with the following inputs: i) exercise price: $0.09; ii) share price: $0.05; iii) term: 3 years; iv) volatility: 122%; v) discount rate: 1.65%. The value of these compensation warrants is included in reserves and share capital. The Company also incurred other share issuance cost for $23,821.

On August 10, 2020, the Company issued 4,352,941 common shares to Teck Namibia Ltd., to settle total consideration payable of $370,000 (Note 5).

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(c) Stock options

The Company has a rolling stock option plan whereby a maximum of 10% of the issued common shares will be reserved for issuance under the plan. Options granted under the plan vest immediately or over a period at the discretion of the Board of Directors.

Under the Plan, the number of shares reserved for issuance to any optionee will not exceed 5% of the then issued and outstanding shares unless the Company has obtained Disinterested Shareholder Approval. The options are non-assignable and non-transferable and will be exercisable up to 10 years from the date of grant. The exercise price of an option will be set by the Board and cannot be less than the discounted market price, as such term is defined in policies of the TSX Venture and other applicable regulatory authorities.

The following table summarizes the Company's stock option activities for the following periods:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Options outstanding and exercisable, August 31, 2019	**575,000**	**$0.25**	
Granted	7,400,000	$0.10	
Expired	(575,000)	$0.25	
Options outstanding, August 31, 2020	**7,400,000**	**$0.10**	**4.01**
Granted	5,365,000	$0.18	
Exercised	(750,000)	$0.08	
Cancelled	(400,000)	$0.09	
Options outstanding, August 31, 2021	**11,615,000**	**$0.14**	**3.14**
Options exercisable, August 31, 2021	**5,391,250**	**$0.11**	**2.81**

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(c) Stock options (continued)

As at August 31, 2021, the Company had options outstanding as follows:

Number of Options	Exercise Price	Expiry Date	Vesting Term
2,550,000	$0.09	February 24, 2025	1/4th every 6 months
700,000	$0.08	June 10, 2025	1/4th every 6 months
500,000	$0.08	June 10, 2025	Fully vested on grant
750,000	$0.08	June 10, 2025	1/4th every 6 months
1,000,000	$0.15	December 31, 2021	Fully vested on grant
750,000	$0.135	July 10, 2023	1/4th every 6 months
250,000	$0.10	September 11, 2025	1/4th every 6 months
200,000	$0.10	October 20, 2023	1/4th every 6 months
350,000	$0.11	October 26, 2025	1/4th every 6 months
2,150,000	$0.17	December 14, 2025	1/4th every 6 months
350,000	$0.17	January 20, 2024	1/4th every 6 months
150,000	$0.17	February 1, 2024	1/4th every 6 months
515,000	$0.22	April 9, 2024	1/4th every 6 months
400,000	$0.25	May 10, 2024	1/4th every 6 months
700,000	$0.20	June 2,2024	1/3rd every 6 months
300,000	$0.22	June 3,2024	1/3rd every 6 months
11,615,000			

When the Company issues stock options, it records a share-based compensation in the year or period in which the options are granted and/or vested. The expense is estimated using the following assumptions:

- The stock price volatility is based on the Company's historical prices.
- The risk-free interest rate is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options.
- The Company used historical data to estimate option exercise, forfeiture and employee termination within the valuation model.
- The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period.
- Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based compensation recorded in the accompanying consolidated statements of operations and comprehensive loss.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(c) Stock options (continued)

During fiscal year end 2021, the Company recognized $591,388 in share-based compensation relating to the grant of stock options. The fair value of the options was determined utilizing Black Scholes option pricing model with the following weighted average inputs: risk-free rate: 26%, expected life: 3.22 years, volatility: 131%, and fair value $0.14. $547,771 have been expensed as share-based compensation and $43,617 have been capitalized to exploration and evaluation assets.

During fiscal year end 2020, the Company recognized $281,083 in share-based compensation relating to the grant of stock options. The fair value of the options was determined utilizing Black Scholes option pricing model with the following weighted average inputs: risk-free rate: 0.71%, expected life: 3.52 years, volatility: 136%, and fair value $0.07.

(d) Warrants

The following table summarizes the Company's warrant activities:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Warrants outstanding and exercisable, August 31, 2019	5,387,100	$0.23	
Granted	13,174,000	$0.09	
Warrants outstanding and exercisable, August 31, 2020	**18,561,100**	**$0.13**	**3.43**
Granted	27,417,536	$0.19	
Exercised	(2,685,600)	$0.11	
Expired	(1,811,800)	$0.30	
Warrants outstanding and exercisable, August 31, 2021	**41,481,236**	**$0.16**	**2.04**

As at August 31, 2021, the Company has warrants outstanding as follows:

Number of Warrants	Exercise Price	Expiry Date
812,800	$0.20	*November 22, 2021
2,732,500	$0.20	**March 5, 2022
4,126,000	$0.09	December 23, 2024
5,780,000	$0.09	January 22, 2025
100,000	$0.09	January 29, 2025
1,348,000	$0.09	April 2, 2025
6,240,000	$0.15	September 16, 2023
5,000,000	$0.15	October 14, 2023
15,341,936	$0.22	January 20, 2023
41,481,236		

* Expiry date extended to November 22, 2023 subsequent to year end
** Expiry date extended to March 5, 2024 subsequent to year end

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(e) Compensation Warrants

The following table summarizes the Company's finder warrant activities:

	Number of Finder Warrants	Weighted Average Exercise Price
Warrants outstanding and exercisable, August 31, 2019	67,600	$0.28
Granted	92,800	$0.09
Warrants outstanding and exercisable, August 31, 2020	**160,400**	**$0.17**
Granted	3,160,101	$0.15
Exercised	(20,000)	$0.15
Expired	(67,600)	$0.30
Warrants outstanding and exercisable, August 31, 2021	**3,232,901**	**$0.13**

As at August 31, 2021, the Company has finder warrants outstanding as follows:

Number of Finder Warrants	Exercise Price	Expiry Date
68,800	$0.09	December 23, 2022
24,000	$0.09	January 22, 2023
362,800	$0.15	September 16, 2023
946,800	$0.15	October 14, 2023
1,830,501	$0.22	January 20, 2023
3,232,901		

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Level	Ref.	**August 31, 2021**	**August 31, 2020**
			$	$
Other financial assets	1	a	**2,307,138**	3,486
Accounts payable and accrued liabilities	1		**194,306**	603,800
Other financial liabilities	2	b	**-**	414,050

a. Comprises cash.
b. Comprises promissory note payable and convertible debenture.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. As at August 31, 2021, the fair values of the Company's financial instruments are not materially different from their carrying values due to the short-term nature of these instruments.

Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At August 31, 2021, the Company had a working capital of $2,248,855 (2020 - deficiency of $973,038). This included cash of $2,307,138 (2020 - $3,486) available to meet short-term business requirements and current liabilities of $194,306 (2020 - $1,017,850). The Company will require additional financing in the future to meet its obligations. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency Risk
The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Management of Industry and Financial Risk (continued)

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 is not exposed to significant interest rate risk relating to its related party balances.

Price Risk
The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

11. CAPITAL MANAGEMENT

The Company defines capital that it manages as cash and equity, comprising issued common shares and reserves.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There was no change to the Company's capital management approach during the year.

12. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the consolidated financial statements, related party transactions are as follows. The key management personnel of the Company are the directors and officers of the Company. Compensation and expenses paid to key management for the following periods:

	August 31, 2021	August 31, 2020
	$	$
Consulting fees	**342,000**	158,417
Share-based compensation	**258,043**	68,533
	600,043	226,950

Included in accounts payable and accrued liabilities is $2,000 (2020 - $244,129) owed to companies controlled by directors or officers as at August 31, 2021. All balances are unsecured, non-interest bearing, have no fixed repayment terms and are due on demand.

(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION

a) Operating Segments

The Company's operations are primarily dedicated towards the acquisition, exploration, and development of its properties in British Columbia and Namibia.

b) Geographic Segments

The Company's geographic information:

	August 31, 2021	August 31, 2020
Net loss from operations:	**$**	$
Canada	**2,302,959**	1,413,331
Namibia	**363,480**	41,142
	2,666,439	1,454,473

	August 31, 2021	August 31, 2020
Non-current assets	**$**	$
Canada	**-**	-
Namibia	**7,368,080**	5,297,870
	7,368,080	5,297,870
Liabilities		
Canada	**176,717**	1,012,711
Namibia	**17,589**	5,139
	194,306	1,017,850

14. DEFERRED INCOME TAX

Income tax differs from the amount that would be computed by applying the Canadian statutory income tax rate to loss before income taxes. The reasons for the differences are as follows:

	2021	2020
Statutory tax rate	**27%**	27%
	$	$
Expected income tax recovery	**(720,000)**	(393,000)
Non-deductible items	**177,000**	88,000
Change in estimate	**43,000**	2,000
Effect of rate change and other	**(136,000)**	(11,000)
Unused tax losses and tax offsets not recognized in tax assets	**636,000**	314,000
Deferred income tax recovery	**-**	-

(Expressed in Canadian Dollars)

14. DEFERRED INCOME TAX (continued)

The following are the deductible temporary differences for which no deferred tax assets are recognized in the financial statements. The amounts have been tax effected at the rate expected to apply on utilization.

	2021	2020
	$	$
Tax basis in excess of carrying value of equipment	**5,000**	5,000
Tax basis in excess of carrying value of exploration and evaluation assets	**706,000**	739,000
Tax basis of non-refundable tax credit	**31,000**	31,000
Tax basis of investment in associate	**85,000**	85,000
Share issuance costs	**99,000**	8,000
Non-capital loss carry-forwards	**2,240,000**	1,662,000
	3,166,000	2,530,000
Deferred tax assets not recognized	**(3,166,000)**	(2,530,000)
Net deferred tax assets	**-**	-

The Company has non-capital losses carried forward for income tax purposes of approximately $8,133,000 (2020 - $6,061,000) which can be applied against future years' taxable income. These losses will expire between 2026 and 2041. Deferred tax benefits which may arise as a result of the utilization of non-capital losses and cumulative exploration and development expenses have been offset by deferred tax assets not recognized in these financial statements.

15. COMMITMENTS

On February 25, 2019, the Company signed an off-take agreement with a third party ("the Buyer"). The Buyer agreed to purchase 5,320,000 units in the Company's March 5, 2019 private placement for gross proceeds of $532,000. The Buyer and the Company plan to construct and operate a copper mine and a solvent-extraction and electro winning plant ("the Plant") on the Company's Haib property. In consideration of the Buyer making the investment, the Company has guaranteed to sell, or make available to the Buyer, 20% of the output produced by the Company's proposed Plant, and in any event, a minimum of 20,000 metric tonnes from commencement of the Plant and thereafter throughout the lifetime of the Plant. During fiscal year end 2020, an additional off-take portion was granted whereby the Buyer will have the right to buy 2% (2,000 metric tonnes) more of the copper produce.

16. SUBSEQUENT EVENTS

- On October 14, 2021, the Company granted 600,000 incentive stock options with an exercise price of $0.07 exercisable for a term of three years from the date of grant to consultants to the Company.

- On November 3, 2021, the Company granted 300,000 incentive stock options with an exercise price of $0.08 exercisable for a term of three years from the date of grant to consultants to the Company.