



RESOLVE VENTURES INC.
ANNUAL FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2019 and 2018
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Resolve Ventures Inc.

Opinion

We have audited the financial statements of Resolve Ventures Inc. (the "Company"), which comprise the statements of financial position as at August 31, 2019 and 2018, and the statements of comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss and comprehensive loss of \$809,384 during the year ended August 31, 2019 and, as of that date, the Company had a deficit of \$13,252,086. 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 the information included in the management's discussion and analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

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

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

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

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

Vancouver, Canada

"Morgan & Company LLP"

December 17, 2019

Chartered Professional Accountants

RESOLVE VENTURES INC.

STATEMENTS OF COMPREHENSIVE LOSS (Expressed in Canadian Dollars)

	Year Ended August 31,	
	2019	2018
Expenses		
Audit and accounting (Note 7)	\$ 18,090	\$ 20,430
Consulting (Note 7)	185,100	61,500
Depreciation	304	304
Legal	89	19,231
Management and administrative services (Note 7)	108,000	96,000
Office, rent and telephone	765	22,488
Regulatory and filing fees	17,992	27,468
Shareholder's communication	450	3,000
Transfer agent	11,558	8,322
	(342,348)	(258,743)
Other Items		
Mineral property impairment (Note 5)	(150,000)	(775,000)
Loss on settlement of debt (Note 6 and 7)	(317,036)	-
	(467,036)	(775,000)
Net Loss and Comprehensive Loss for the Year	\$ (809,384)	\$ (1,033,743)
Loss Per Share, Basic and Diluted	\$ (0.05)	\$ (0.23)
Weighted Average Outstanding Shares	15,656,826	4,578,569

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

RESOLVE VENTURES INC.

STATEMENTS OF CASH FLOWS (Expressed in Canadian Dollars)

	Year Ended August 31	
	2019	2018
Cash provided (used) by:		
Operating activities		
Net loss for the year	\$ (809,384)	\$ (1,033,743)
Items not involving cash		
Depreciation	304	304
Loss on settlement of debt	317,036	-
Mineral property impairment	150,000	775,000
Net changes in non-cash working capital items		
Prepaid expenses	(6,300)	6,175
Taxes recoverable	(14,714)	(10,178)
Accounts payable and accrued liabilities	(66,441)	197,711
Note payable	(59,800)	59,800
Net cash used in operating activities	(489,299)	(4,931)
Financing activity		
Issuance of common shares (net of share issue cost)	550,680	-
Net cash provided by financing activity	550,680	-
Increase (decrease) in cash	61,381	(4,931)
Cash, Beginning of Year	3,100	8,031
Cash, End of Year	\$ 64,481	\$ 3,100
Non-cash investing and financing activities		
Issue of shares for exploration assets	\$ -	\$ 475,000
Issue of shares for debt	\$ 426,411	\$ -
Issue of warrants for debt	\$ 259,900	\$ -
Issue of shares for finder's fee	\$ 6,545	\$ -

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

RESOLVE VENTURES INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian dollars, except number of shares)

	SHARE CAPITAL		RESERVE			TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)
	NUMBER OF SHARES	AMOUNT	WARRANTS	OTHER	DEFICIT	
Balance, August 31, 2017	3,924,992	\$ 11,174,039	\$ 196,000	\$ 40,742	\$ (11,408,959)	\$ 1,822
Shares issued for property acquisition	888,889	475,000	-	-	-	475,000
Consolidation adjustment	(26)	-	-	-	-	-
Net loss for the year	-	-	-	-	(1,033,743)	(1,033,743)
Balance August 31, 2018	4,813,855	11,649,039	196,000	40,742	(12,442,702)	(556,921)
Shares issued for financing	9,266,664	563,000	-	-	-	563,000
Finders' fees	119,000	(12,320)	-	-	-	(12,320)
Shares and warrants issued for debt	6,016,582	576,825	259,900	-	-	836,725
Net loss for the year	-	-	-	-	(809,384)	(809,384)
Balance, August 31, 2019	20,216,101	\$ 12,776,544	\$ 455,900	\$ 40,742	\$ (13,252,086)	\$ 21,100

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Resolve Ventures Inc. (“the Company”) was incorporated on March 31, 1980 under the laws of the province of British Columbia, Canada and its corporate office, principal place of business and registered records office is located at 830 – 1100 Melville Street, Vancouver, BC, V6E 4A6. The Company is a public company listed on the TSX Venture Exchange, trading under the symbol “RSV”.

The Company is engaged in the acquisition and exploration of mineral properties.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company’s continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. The ability of the Company to arrange additional financing in the future depends, in part, on the prevailing capital market conditions. The Company incurred a net loss and comprehensive loss of \$809,384 for the year ended August 31, 2019 (2018 – \$1,033,743) and had a deficit of \$13,252,086 (2018 – \$12,442,702). There is material uncertainty that may cast significant doubt upon the ability of the Company to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and or private placement of common shares.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements have been prepared in accordance with International Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of annual financial statements.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Significant Accounting Judgments and Estimates

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

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

c) Significant Accounting Judgments and Estimates (Continued)

Critical judgments exercised where management's judgment in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements are as follows:

- i. *Going concern assumption* - The determination of the going concern assumption requires management to make judgments regarding the viability of the Company.
- ii. *Economic recoverability and probability of future benefits of exploration and evaluation costs* - The assessment of indications of impairment for the Company's exploration and evaluation assets and related determination of recoverable values and write-down of those assets where applicable.
- iii. *Determination of cash generating units* - In performing impairment assessments of corporate assets, assets that cannot be assessed individually are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Management is required to exercise judgment in identifying these cash generating units.
- iv. *Tax provisions and deferred income tax balances* - Management is required to assess the recoverability of deferred income tax assets, which arise from the differences between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12 Income Taxes, to the extent that it is probable future taxable profits will be available against which the temporary differences can be utilized.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment of the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Valuation of share-based payments - 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 rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future period.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash

Cash includes cash on hand and demand deposits. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of change and have maturities of three months or less from the date of acquisition, held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. As at August 31, 2019 and 2018, the Company had no cash equivalents.

b) Equipment

Equipment is carried at acquisition cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any cost directly attributable to bringing the asset to the location and condition necessary for its intended use and initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the following annual rates, which are used to estimate the useful lives of the assets:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%

c) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs associated with exploration and evaluation activity. 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. Facts and circumstances as defined in IFRS 6 exploration and evaluation assets 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; and
- 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.

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

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and Evaluation Assets (Continued)

feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

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 judgement 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.

d) Impairment of Non-Financial Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

As asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred income taxes are recognized in net income except to the extent that the amounts relate to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Income Taxes (Continued)

of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

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

f) Loss Per Common Share

Basic loss per common share is computed by dividing losses by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations. In computing diluted loss per share, no shares were added to the weighted average number of common shares outstanding during the years ended August 31, 2019 and 2018 for the dilutive effect of employee stock options and warrants as they were all anti-dilutive. No adjustments were required to report loss from operations in computing diluted per share amounts.

g) Share-based Payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity.

The fair value is measured at grant date, and each tranche is recognized using the graded vesting method 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 actual number of share options that are expected to vest.

h) Fair Value of Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair values using the residual method to determine the fair value of warrants issued. Warrants issued to brokers are evaluated using the Black-Scholes Model.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Foreign Currency Transactions

The presentation currency and the functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

j) Accounting Standards and Amendments Issued Not Yet Effective

The following standard and interpretation have not been in effect as it will only be applied for the first time in future periods. It may result in consequential changes to the accounting policies and other note disclosures. The Company has not yet assessed the impacts of the standard or determined whether it will adopt the standard early.

IFRS 16 - Leases

IFRS 16 Leases provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019.

k) Changes in Accounting Policies

IFRS 9 Financial Instruments

The Company adopted the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of September 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

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

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition.

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

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Changes in Accounting Policies (Continued)

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification	New classification
	IAS 39	IFRS 9
Cash	Amortized cost	Amortized cost
Prepaid expenses	Amortized cost	Amortized cost
GST recoverable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost
Note payable	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2019 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on September 1, 2018.

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will replace IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations on revenue. IFRS 15 establishes a single five-step model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. As the Company has no revenue, no impact on the Company's financial statements is expected.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS

a) Designations

The Company's financial instruments consist of cash and accounts payable and accrued liabilities.

The Company has designated its cash as held-for-trading; and accounts payable and accrued liabilities as other financial liabilities.

b) Fair Value

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.

The Company has no assets or liabilities subject to fair value measurement on a recurring basis.

	FAIR VALUE INPUT LEVEL		AS AT AUGUST 31, 2019			AS AT AUGUST 31, 2018	
			CARRYING AMOUNT	ESTIMATED FAIR VALUE		CARRYING AMOUNT	ESTIMATED FAIR VALUE
Financial Assets:							
Cash	1	\$	64,481	\$ 64,481	\$	3,100	3,100
Financial Liabilities:							
Accounts payable and accrued liabilities	2	\$	91,715	\$ 91,715	\$	742,009	742,009

Due to the relatively short-term nature of cash and accounts payable and accrued liabilities, the fair value of these instruments approximates their carrying value.

c) Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include currency, credit, interest rate and liquidity risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit Risk

The Company's credit risk is primarily attributable to cash. Cash is held in a reputable Canadian bank which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (Continued)

c) Risk Management (Continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Our interest rate risk mainly arises from the interest rate impact on our cash. A change in interest rate would have a minimal effect on the profitability of the Company.

Liquidity Risk

As at August 31, 2019, the Company held cash of \$64,481 and had current liabilities of \$91,715. Those current liabilities included approximately \$16,187 accrued for fees deferred by executives and contractors. These fees accrued and advances will not be paid until the financial position of the Company improves. The Company is seeking additional funds to ensure that it will have sufficient liquidity to meet liabilities.

5. EXPLORATION AND EVALUATION ASSETS

a) Neptune Property:

On May 3, 2016, the Company executed an Option and Joint Venture Agreement (the "Agreement") with Nevada Sunrise Gold Corporation ("Nevada Sunrise") of Vancouver, BC, Canada, for the Company to earn an exclusive option to acquire up to a 50% undivided interest in the Neptune lithium property ("Neptune Property"). Neptune Property consists of a block of 316 unpatented placer claims totaling approximately 6,320 acres (2526 hectares) located in the Clayton Valley, Esmeralda County, Nevada, USA.

During the year ended August 31, 2018, the agreement with Nevada Sunrise was terminated and as a result, the Company recorded an impairment of \$450,000.

b) Windfall Lake Property:

On March 31, 2017, the Company entered into an agreement to acquire a 100% in the Windfall Lake Property, Quebec, in consideration for 333,333 shares of the Company, subject to TSX-V approval. The acquisition consists of 29 map designated cells measuring 1,638 hectares. The majority of the acquisition lies in one block totaling 1,128 hectares. On November 1, 2017, the Company issued 333,333 shares at a deemed value of \$0.45 per share and completed the acquisition.

During the year ended August 31, 2019, the Company decided not to pursue the Windfall Lake Property and as a result, recorded an impairment of \$150,000.

c) Mary Property:

On November 24, 2017, the Company entered into an option agreement to acquire a 100% interest in the Mary property located 30 kilometers southeast of Houston, BC. Under the terms of the agreement, the Company can earn a 100% interest in the property by issuing 555,556 common shares in the capital of the Company upon TSX Venture Exchange approval and incurring a minimum \$100,000 in exploration expenditures within the first year. The vendors shall retain a 2%

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

c) Mary Property: (Continued)

net smelter returns royalty of which the Company may purchase 1% for \$1.5 million. The transaction was approved by the TSX Venture Exchange on December 28, 2017 and 555,556 shares were issued on the same date with a deemed value of \$0.585 per share.

During the year ended August 31, 2018, the Company decided not to pursue the Mary Property and as a result, recorded an impairment of \$325,000.

d) Son Property

On December 8, 2017, the Company entered into an option agreement to acquire a 100% interest in the Son property located 51 kilometers south of Houston, BC. Under the terms of the agreement, the Company can earn a 100% interest in the property by paying \$15,000 cash upon TSX Venture Exchange approval and incurring a minimum \$100,000 in exploration expenditures within the first year. The vendors shall retain a 2% net smelter returns royalty of which the Company may purchase 1% for \$1.5 million. The transaction was approved by the TSX Venture Exchange on December 28, 2017.

During the year ended August 31, 2018, the Company decided not to pursue the Son Property.

6. SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value

b) Issued:

During the year ended August 31, 2019

On April 17, 2019 the Company settled \$78,750 of debt by issuing 1,049,999 shares at a price of \$0.075 per share, resulting in a loss on settlement of debt of \$26,250.

On March 22, 2019, pursuant to a private placement, the Company issued 2,666,664 common shares and 2,666,664 share purchase warrants at a price of \$0.075 per unit for gross proceeds totaling \$200,000. Each share purchase warrant entitles the holder to purchase one additional common share at \$0.10 per common share until March 22, 2024.

On December 14, 2018 the Company settled \$347,661 of debt by issuing 1,349,998 shares at a price of \$0.07 per share, and 3,616,585 units (each unit being one share and one share purchase warrant) at a price of \$0.07 per unit, resulting in a loss on settlement of debt of \$384,064. Each share purchase warrant entitles the holder to purchase one additional common share at \$0.09 per common share until December 14, 2023.

On October 26, 2018, pursuant to a private placement, the Company issued 6,600,000 common shares at a price of \$0.055 per common share for gross proceeds totaling \$363,000. The Company paid a cash finder's fee of \$12,320 and issued 119,000 common shares to finders.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

b) Issued (Continued)

During the year ended August 31, 2018

On August 15, 2018, the Company consolidated its capital on a two-new-for-three-old basis. All references to the number of common shares and per common share amounts have been retroactively restated to reflect the common share consolidation.

On February 16, 2018, the Company consolidated its capital on a one-new-for-six-old basis. All references to the number of common shares and per common share amounts have been retroactively restated to reflect the common share consolidation.

On December 28, 2017, the Company issued 555,556 shares in order to complete the acquisition of the Mary Property (Note 5(c)).

On November 1, 2017, the Company issued 333,333 shares in order to complete the acquisition of the Windfall Lake Property (Note 5(b)).

c) Incentive Stock Options

The Company has a rolling stock option plan whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan.

As at August 31, 2019 and August 31, 2018, there were no stock options granted, or outstanding for the purchase of common shares.

d) Share Purchase Warrants

The changes in warrants during the year ended August 31, 2019 and 2018 are as follows:

	Number of warrants	Weighted average exercise price
Warrants outstanding, August 31, 2017	1,341,500	\$ 0.945
Issued	-	-
Expired	-	-
Warrants outstanding, August 31, 2018	1,341,500	0.945
Issued	6,283,249	0.09
Expired	(1,341,500)	0.95
Warrants outstanding, August 31, 2019	6,283,249	\$ 0.09

Details of warrants as at August 31, 2019 are as follows:

Exercise price	Number of warrants outstanding	Expiry Date
\$ 0.09	3,616,585	Dec 14, 2023
0.10	2,666,664	Mar 22, 2024
	6,283,249	

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

d) Share Purchase Warrants (Continued)

As at August 31, 2019, the weighted average remaining contractual life of the share purchase warrants was 4.41 years (2018 – 0.67 years) and the weighted average exercise price was \$0.09 (2018 – \$0.945).

On March 22, 2019, as a result of the private placement (Note 6(b)), the Company issued 2,666,664 share purchase warrants at a price of \$0.10 per warrant share until March 22, 2024.

On December 14, 2018, as a result of debt settlement, the Company issued 3,616,585 share purchase warrants. Each warrant entitles the holder to purchase one additional common share at \$0.09 per common share until December 14, 2023. The estimated fair value of the warrants was \$259,900 calculated using the Black-Scholes Option Pricing Model based on the following assumptions: risk free interest rate of 2.04%, expected life of 5 years, no annual dividends, expected volatility of 100% and a forfeiture rate of 0%.

7. RELATED PARTY TRANSACTIONS

Transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

a) Transactions with Key Management Personnel

	Year Ended August 31	
	2019	2018
Management and consulting fees	\$ 144,000	\$ 125,000

During the year ended August 31, 2019, the Company paid \$8,001 to settle outstanding debt of \$101,279 with former officer and directors of the Company, resulting in a gain on settlement of debt of \$93,278.

As at August 31, 2019 \$16,187 (2018 - \$264,498) of fees and expenses was due to related parties.

Prepaid expenses includes \$6,300 (2018 - \$Nil) paid to an officer for future expenses.

Payments and accruals to key management personnel including the President, a former director, and companies directly controlled by current and former key management personnel are for consulting fees or management fees and are directly related to their position in the organization.

b) The Company also entered into the following transactions with companies controlled by former related parties:

	Year Ended August 31	
	2019	2018
Fees for consulting services	\$ -	\$ 4,000
Equipment rental	\$ -	\$ 1,453

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

8. NOTE PAYABLE

	August 31, 2019	August 31, 2018
Promissory note issued to a key management personnel, \$46,000 principal, 10% interest of principal amount due on February 26, 2018, additional 10% interest every 90 days thereafter, unsecured. The principal and \$13,800 of interest were repaid during the year ended August 31, 2019.	-	\$ 59,800
	<u>\$ -</u>	<u>\$ 59,800</u>

9. CAPITAL MANAGEMENT

The Company manages capital with the goal to safeguard the Company's ability to continue as a going concern and ensure its ability to further explore and develop its mineral property holdings in Canada. The Company includes cash and the components of shareholders' equity in the definition of capital.

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 mineral properties.

To ensure continued operations, the Company depends on external financing to fund its activities. The Company manages its capital requirements through the preparation of annual expenditure budgets, which are updated regularly to take into account factors such as successful financings to fund activities, changes in property holdings and related obligations, and exploration activities.

In the past, the Company has been successful in raising funds through the issuance of share capital. It is uncertain, however, how successful the Company will be in raising more funds in the current difficult market conditions.

10. INCOME TAX

A reconciliation of income taxes at statutory rates to the Company's effective income tax expense is as follows:

	2019	2018
Statutory tax rate	27%	27%
Expected income tax recovery	\$ (219,000)	\$ (276,000)
Non-deductible items	86,000	-
Share issue cost	(5,000)	-
Effect of changes in tax rate	-	(3,000)
Change in unrecognized deferred tax assets	138,000	279,000
	<u>\$ -</u>	<u>\$ -</u>

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

10. INCOME TAX (Continued)

Details of deferred income taxes are as follows:

	2019	2018
Resource deductions	\$1,151,000	\$ 1,110,000
Non-capital loss carry forwards	1,066,000	970,000
Net capital loss carry forwards	77,000	77,000
Share issue cost	7,000	6,000
Equipment	3,000	3,000
Unrecognized deferred tax assets	(2,304,000)	(2,166,000)
	\$ -	\$ -

The Company has non-capital losses available to offset future income for tax purposes of approximately \$3,947,000 (2018 - \$3,590,000). These losses expire as follows:

2026	\$245,000
2027	\$342,000
2028	\$339,000
2029	\$322,000
2030	\$262,000
2031	\$253,000
2032	\$250,000
2033	\$291,000
2034	\$261,000
2035	\$236,000
2036	\$270,000
2037	\$250,000
2038	\$269,000
2039	\$357,000

In addition, the Company has capital losses of \$569,000 (2018 - \$569,000) that can be applied indefinitely against future capital gains.

The Company has available approximately \$4,261,000 (2018 - \$4,261,000) of Canadian and foreign resource deductions which may be carried forward indefinitely to reduce taxable income of future years.

No deferred income tax asset has been recognized for temporary timing differences due to uncertainty as to whether they will be utilized. Any potential benefit will be recognized in the financial statements when it is more likely than not that it will be realized.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2019 and 2018 (Expressed in Canadian Dollars)

11. SUBSEQUENT EVENT

Subsequent to August 31, 2019, the Company closed a non-brokered private placement financing for total gross proceeds of \$196,750. The Company issued 2,623,333 Units at a price of \$0.075 per Unit. Each Unit consists of one common share and one share purchase warrant, entitling the holder to purchase one additional common share at \$0.09 per common share for a five-year period. The Company paid a cash finder's fee of \$6,000 and issued 80,000 share purchase warrants to finders.