



RESOLVE VENTURES INC.
ANNUAL FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2020 AND 2019
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF RESOLVE VENTURES INC.

Opinion

We have audited the financial statements of Resolve Ventures Inc. (the "Company"), which comprise:

- w the statements of financial position as at August 31, 2020 and 2019;
- w the statements of comprehensive loss for the years then ended;
- w the statements of cash flows for the years then ended;
- w the statements of changes in shareholders' (deficiency) equity for the years then ended; and
- w the 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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 financial statements, which indicates that the Company incurred a net loss and comprehensive loss of \$329,503 during the year ended August 31, 2020 and, as of that date, the Company had a deficit of \$13,581,589. 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 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 audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise 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, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- w 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.
- w 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.
- w Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- w Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- w Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

The engagement partner on the audit resulting in this independent auditors' report is Kevin Kwan.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
December 21, 2020

RESOLVE VENTURES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	August 31, 2020	August 31, 2019
ASSETS		
Current		
Cash	\$ 29,644	\$ 64,481
GST recoverable	22,940	40,218
Prepaid expenses	-	7,502
Total Current Assets	52,584	112,201
Equipment	310	614
Total Assets	\$ 52,894	\$ 112,815
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 128,597	\$ 75,528
Due to related parties (Note 7)	41,950	16,187
Total Current Liabilities	170,547	91,715
SHAREHOLDERS' (DEFICIENCY) EQUITY		
Share Capital (Note 6)	12,963,294	12,776,544
Reserve	500,642	496,642
Deficit	(13,581,589)	(13,252,086)
Total Shareholders' (Deficiency) Equity	(117,653)	21,100
Total Liabilities and Shareholders' (Deficiency) Equity	\$ 52,894	\$ 112,815

These financial statements were approved and authorized for issue by the Board of Directors on December 21st, 2020. They are signed on the Company's behalf by:

"Clive Massey"
Director

"James Hyland"
Director

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

RESOLVE VENTURES INC.

STATEMENTS OF COMPREHENSIVE LOSS (Expressed in Canadian Dollars)

	Years ended August 31,	
	2020	2019
Expenses		
Audit and accounting	\$ 22,707	\$ 18,090
Consulting (Note 7)	104,240	185,100
Depreciation	304	304
Legal	5,784	89
Management and administrative services (Note 7)	113,565	108,000
Office, rent and telephone	4,237	765
Property investigation	69,123	-
Regulatory and filing fees	4,838	17,992
Shareholders' communication	601	450
Transfer agent	4,104	11,558
	(329,503)	(342,348)
Other Items		
Mineral property impairment (Note 5)	-	(150,000)
Loss from debt settlement (Note 6 and 7)	-	(317,036)
	(329,503)	(809,384)
Net Loss and Comprehensive Loss for the Year	\$ (329,503)	\$ (809,384)
Loss Per Share, Basic and Diluted	\$ (0.01)	\$ (0.05)
Weighted Average Outstanding Shares	22,442,002	15,656,826

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

RESOLVE VENTURES INC.

STATEMENTS OF CASH FLOWS (Expressed in Canadian Dollars)

	Years ended	
	August 31, 2020	August 31, 2019
Cash provided by (used in):		
Operating activities		
Net loss for the year	\$ (329,503)	\$ (809,384)
Items not involving cash		
Depreciation	304	304
Loss from debt settlement	-	317,036
Mineral property impairment	-	150,000
Net changes in non-cash working capital items		
Prepaid expenses	7,502	(6,300)
GST recoverable	17,278	(14,714)
Accounts payable and accrued liabilities	53,069	(239,253)
Due to related parties	25,763	172,812
Note payable	-	(59,800)
Net cash used in operating activities	<u>(225,587)</u>	<u>(489,299)</u>
Financing activity		
Issuance of common shares (net of share issue cost)	<u>190,750</u>	550,680
Net cash provided by financing activity	<u>190,750</u>	<u>550,680</u>
(Decrease) Increase in cash	(34,837)	61,381
Cash, Beginning of Year	<u>64,481</u>	3,100
Cash, End of Year	\$ 29,644	\$ 64,481
Non-cash investing and financing activities		
Issue of shares for debt	\$ -	\$ 426,411
Issue of warrants for debt	\$ -	\$ 259,900
Issue of shares for finders' fee	\$ -	\$ 6,545
Issue of warrants for finders' fee	<u>\$ 4,000</u>	<u>\$ -</u>

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

RESOLVE VENTURES INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIENCY) EQUITY

(Expressed in Canadian dollars, except number of shares)

	SHARE CAPITAL		RESERVE		DEFICIT	TOTAL SHAREHOLDERS' (DEFICIENCY) EQUITY
	NUMBER OF SHARES	AMOUNT	WARRANTS	OTHER		
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
Shares issued for financing	2,623,333	196,750	-	-	-	196,750
Finders' fees	-	(10,000)	4,000	-	-	(6,000)
Net loss for the year	-	-	-	-	(329,503)	(329,503)
Balance, August 31, 2020	22,839,434	\$ 12,963,294	\$ 459,900	\$ 40,742	\$ (13,581,589)	\$ (117,653)

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (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 \$329,503 for the year ended August 31, 2020 (2019 – \$809,384) and had a deficit of \$13,581,589 (2019 – \$13,252,086). 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.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

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, 2020 AND 2019 (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 these 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:

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.

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, 2020 and 2019, the Company had no cash equivalents.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and Evaluation Assets (Continued)

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) Financial Instruments

The Company classifies its financial instruments as follows:

Financial Asset/Liabilities	
Cash	Fair value through profit or loss ("FVTPL")
Trade and other payables	Amortized cost

Financial Assets

Initial recognition and measurement

Financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (Continued)

A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

De-recognition

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 profit or loss.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Trade and other payables are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (Continued)

Fair Value Hierarchy

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

f) 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 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.

g) 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, 2020 and 2019 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.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) 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.

i) 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.

j) 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.

k) Adoption of New Pronouncements

The Company adopted IFRS 16 Leases ("IFRS 16") on September 1, 2019. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently. The Company does not have any leases and accordingly, there was no impact to the Company's financial statements as a result of adopting this new standard.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

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, 2020, the Company held cash of \$29,644 and had current liabilities of \$170,547, which fall due for payment within 3 months of the Statement of Financial Position. Those current liabilities included approximately \$41,950 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

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.

6. SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

b) Issued; (Continued)

During the year ended August 31, 2020

On November 13, 2019, the Company closed a non-brokered private placement financing for total gross proceeds of \$14,250. The Company issued 190,000 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 issued 80,000 finders' warrants exercisable at \$0.09 per common share for a period of five years and paid \$6,000 cash as finders' fees. The estimated fair value of the finders' warrants was \$4,000 calculated using the Black-Scholes Option Pricing Model based on the following assumptions: risk free interest rate of 1.54%, expected life of 5 years, no annual dividends, expected volatility of 100% and a forfeiture rate of 0%.

On October 24, 2019, the Company closed a non-brokered private placement financing for total gross proceeds of \$182,500. The Company issued 2,433,333 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.

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. 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%.

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 finders' fee of \$12,320 and issued 119,000 common shares to finders.

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, 2020 and 2019, there were no stock options granted, or outstanding for the purchase of common shares.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

d) Share Purchase Warrants

A continuity schedule of warrants are as follows:

	Number of warrants	Weighted average exercise price (\$)
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
Issued	2,703,333	0.09
Warrants outstanding, August 31, 2020	8,986,582	0.09

Details of warrants as at August 31, 2020 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
0.09	2,433,333	Oct 24, 2024
0.09	270,000	Nov 13, 2024
	8,986,582	

As at August 31, 2020, the weighted average remaining contractual life of the share purchase warrants was 3.63 years (2019 - 4.41 years) and the weighted average exercise price was \$0.09 (2019 - \$0.09).

e) Escrow Shares

As at August 31, 2020, the Company has 2,811,611 (2019 – 3,614,925) common shares held in escrow.

The terms of the common shares held in escrow are as follows:

- 200,830 common shares will be released on December 14, 2018 (released);
- 200,830 common shares will be released on June 14, 2019 (released);
- 401,657 common shares will be released on December 14, 2019 (released);
- 401,657 common shares will be released on June 14, 2020 (released);
- 602,487 common shares will be released on December 14, 2020;
- 602,487 common shares will be released on June 14, 2021; and
- 1,606,637 common shares will be released on December 14, 2021.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

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. All amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

Transactions with Key Management Personnel:

	Year ended	
	August 31, 2020	August 31, 2019
Management and consulting fees	\$ 156,500	\$ 144,000
Rent	\$ 2,250	\$ -

As at August 31, 2020 \$41,950 (2019 - \$16,187) of fees and expenses was due to related parties.

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.

Payments and accruals to key management personnel including the President 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.

8. 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.

There have been no changes to the Company's approach to capital management during the year ended August 31, 2020.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

9. INCOME TAX

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

	2020		2019	
Statutory tax rate		27%		27%
Expected income tax recovery	\$	(89,000)	\$	(219,000)
Non-deductible items		-		86,000
Share issue cost		(1,000)		(5,000)
Effect of changes in tax rate		-		-
Change in unrecognized deferred tax assets		90,000		138,000
	\$	-	\$	-

The Company's unrecognized deductible temporary difference and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2020		2019	
Resource deductions	\$	1,151,000	\$	1,151,000
Non-capital loss carry forwards		1,159,000		1,066,000
Net capital loss carry forwards		77,000		77,000
Share issue cost		4,000		7,000
Equipment		3,000		3,000
	\$	2,394,000	\$	2,304,000

The Company has non-capital losses available to offset future income for tax purposes of approximately \$4,292,000 (2019 - \$3,947,000). 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
2040	\$345,000

In addition, the Company has capital losses of \$569,000 (2019 - \$569,000) that can be applied indefinitely against future capital gains.

RESOLVE VENTURES INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 (Expressed in Canadian Dollars)

9. INCOME TAX (Continued)

The Company has available approximately \$4,261,000 (2019 - \$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.