STUHINI EXPLORATION

STUHINI EXPLORATION LTD.
FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEAR ENDED
FEBRUARY 28, 2021

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stuhini Explorations Ltd.

Opinion

We have audited the financial statements of Stuhini Explorations Ltd. (the "Company"), which comprise the statements of financial position as at February 28, 2021 and February 29, 2020, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2021 and February 29, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 to the financial statements, which describes events or conditions that 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 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

June 28, 2021

(Expressed in Canadian Dollars)

As at	Note		February 28, 2021		February 29, 2020
ASSETS					
Current					
Cash		$	867,423	$	957,103
GST receivable			68,931		22,220
Prepaid expenses			162,078		9,455
Marketable securities	11		294,000		-
Total current			1,392,432		988,778
Exploration and evaluation assets	6		1,897,768		668,329
Reclamation bond	6		25,000		42,000
Property, plant, and equipment	7		378		841
Total assets		$	3,315,578	$	1,699,948
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable		$	10,672	$	7,272
Accrued liabilities			27,984		25,866
Due to related parties	10		45,129		48,841
Flow-through share premium liability	9		-		35,000
Total liabilities			83,785		116,979
Shareholders' equity					
Share capital	8		3,960,800		2,116,484
Reserves	8		224,984		124,556
Deficit			(953,991)		(658,071)
Total shareholders' equity			3,231,793		1,582,969
Total liabilities and shareholders' equity		$	3,315,578	$	1,699,948

Nature and continuance of operations (Note 1)
Subsequent events (Note 13)

Approved and authorized for issuance on behalf of the Board of Directors on June 28, 2021:

"David O'Brien"
David O'Brien, Director

"Josef Anthony Fogarassy"
Josef Anthony Fogarassy, Director

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

(Expressed in Canadian Dollars)

	Note	Year ended February 28, 2021	February 29, 2020
Expenses:			
Advertising and promotion		$ 60,991	$ 32,636
Amortization	7	463	695
Consulting fees	10	45,149	40,280
Office expenses		13,314	8,258
Project investigation costs		24,833	97,896
Professional fees	10	74,613	124,998
Regulatory fees		35,531	35,659
Share-based compensation	8, 10	121,898	80,138
Travel, meals, and entertainment		2,095	8,471
Operating expenses		(378,887)	(429,031)
Other items			
Unrealized loss on marketable securities	11	(114,000)	-
Loss on sale of mineral property	6	(1,790)	-
Gain on forgiveness of debt with related parties	10	15,000	-
Reversal of flow-through share premium	9	185,000	-
Interest expense		-	(1,943)
Part XII.6 tax	9	(1,243)	(513)
Net and comprehensive loss		$ (295,920)	$ (431,487)
Loss per share, basic and diluted		$ (0.02)	$ (0.04)
Weighted average number of common shares outstanding; basic and diluted		17,126,321	10,650,552

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

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance, February 28, 2019	5,700,000	$ 460,000	$ 37,654	$ (226,584)	$ 271,070
Initial public offering	4,083,000	816,600	-	-	816,600
Share issuance costs	-	(164,152)	24,412	-	(139,740)
Private placements	3,900,000	808,000	-	-	808,000
Share issuance costs	-	(75,612)	-	-	(75,612)
Flow-through share premium	-	(35,000)	-	-	(35,000)
Shares issued on exercise of options	410,000	58,648	(17,648)	-	41,000
Shares issued for property	800,000	248,000	-	-	248,000
Share-based compensation	-	-	80,138	-	80,138
Net and comprehensive loss for the year	-	-	-	(431,487)	(431,487)
Balance, February 29, 2020	14,893,000	2,116,484	124,556	(658,071)	1,582,969
Private placements	3,000,000	1,350,000	-	-	1,350,000
Share issuance costs	-	(21,298)	-	-	(21,298)
Flow-through share premium	-	(150,000)	-	-	(150,000)
Shares issued for property	1,450,000	540,500	-	-	540,500
Shares issued on exercise of options	200,000	56,354	(15,792)	-	40,562
Shares issued on exercise of warrants	224,853	68,760	(23,790)	-	44,970
Share-based compensation	-	-	128,421	-	128,421
Gain on debt forgiven by a shareholder	-	-	11,589	-	11,589
Net and comprehensive loss for the year	-	-	-	(295,920)	(295,920)
Balance, February 28, 2021	19,767,853	$ 3,960,800	$ 224,984	$ (953,991)	$ 3,231,793

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

(Expressed in Canadian Dollars)

	Year ended	
	February 28, 2021	**February 29, 2020**
Cash flows used in operating activities		
Loss for the year	$ (295,920)	$ (431,487)
Items not affecting cash used in operations		
Amortization	463	695
Accrued interest	-	1,943
Reversal of flow-through share premium	(185,000)	-
Options granted for services	6,523	-
Share-based compensation	121,898	80,138
Gain on forgiveness of debt with related parties	(15,000)	-
Unrealized loss on marketable securities	114,000	-
Loss on sale of mineral property	1,790	-
Changes in non-cash working capital items		
GST receivable	(46,711)	(3,894)
Prepaid expenses	(152,623)	12,150
Accounts payable	3,400	(755)
Accrued liabilities	2,118	(2,266)
Net cash used in operating activities	(445,062)	(343,476)
Cash flows used in investing activities		
Exploration and evaluation assets, net of tax credits	(1,098,729)	(25,265)
Funds paid for reclamation bond	(25,000)	-
Proceeds received on transfer of reclamation bond	42,000	-
Net cash used in investing activities	(1,081,729)	(25,265)
Cash flows provided by financing activities		
Issuance of common shares for cash, net of issuance costs	1,328,702	1,409,248
Issuance of common shares on exercise of options	40,562	41,000
Issuance of common shares on exercise of warrants	44,970	-
Due to related parties	22,877	(24,879)
Loans with related parties	-	(113,688)
Net cash provided by financing activities	1,437,111	1,311,681
Increase (decrease) in cash	(89,680)	942,940
Cash, beginning	957,103	14,163
Cash, ending	$ 867,423	$ 957,103
Non-cash transactions:		
Shares received on sale of exploration and evaluation asset	$ 408,000	$ -
Shares issued for property	$ 540,500	$ 248,000
Debt forgiveness	$ 11,589	$ -

1. NATURE AND CONTINUANCE OF OPERATIONS

Stuhini Exploration Ltd. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on July 7, 2017. The Company is focused on acquisition, exploration, and development of mineral properties in the Provinces of British Columbia ("BC"), Manitoba, and the Yukon, Canada. Effective May 23, 2019, the Company's shares ("Common Shares") began trading on the TSX Venture Exchange (the "Exchange") under the symbol "STU".

The Company's head office and registered office address is 1245 Broadway W., Unit 105, Vancouver, BC V6H 1G7.

These financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern. These adjustments could be material.

Risks related to the rapid expansion of the COVID-19 pandemic

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which continues to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance and Basis of Presentation

These financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were authorized for issue by the board of directors on June 28, 2021.

Basis of Measurement and Use of Estimates

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs except for cash flow information. All amounts are expressed in Canadian dollars, the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial assets
On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

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.

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.

Impairment of financial assets
IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model 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 designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Company derecognizes a financial liability when its contractual obligations are discharged, canceled, or expire.
The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Fair value
The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks. The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value (Continued)

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of assets

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

Impairment losses are recognized in the statement of comprehensive loss.

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

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

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, however the increased carrying amount cannot 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.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option. Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred. Costs incurred once the Company has obtained the legal rights to explore an area are capitalized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation expenditures (Continued)

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

From time-to-time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company 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 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, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets which it has an interest in, these procedures do not guarantee the Company's title.

Restoration and environmental obligations

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

As at February 28, 2021, the Company had not recognized any provisions for restoration and environmental obligations.

Flow-through shares

The Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the premium that the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting other income when the Company has made the required expenditures and there is a reasonable expectation of the renunciation of these expenditures to the tax authorities.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant, and equipment

Property and equipment are stated at historical cost less accumulated amortization and accumulated impairment losses. Cost includes costs paid to acquire assets from third parties as well as costs incurred in internally constructed assets.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss. The assets are amortized over their estimated useful lives using the declining balance method. No amortization is recorded where an asset is in development and not yet ready for its intended use.

Income taxes

Income tax is recognized in net loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Share-based payment transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of Common Shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of Common Shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase Common Shares at the average market price during the period.

Recent accounting standards and interpretations

A number of accounting standards, amendments to standards, and interpretations have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the classification/allocation of expenses as exploration and evaluation expenditures or operating expenses;
- the determination that the Company will continue as a going concern for the next year; and
- the determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluations assets.

Key sources of estimation uncertainty include the following:

- the recoverability of the carrying value of exploration and evaluation assets;
- provisions for restoration and environmental obligations and contingent liabilities; and
- measurement of share-based transactions.

5. FINANCIAL INSTRUMENTS AND RISKS

Financial instrument measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels at the fair value hierarchy are:

Level 1 — quoted prices in active markets for identical assets and liabilities.
Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company has classified its cash as measured at fair value in the statement of financial position using level 1 inputs. Accounts payable, accrued liabilities, and amounts due to related parties are classified as other liabilities, and their fair values approximate their carrying values due to the short terms to maturity.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:
Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, which is held with a high-credit quality financial institution and amounts receivable from the Government of Canada. As such, the Company's credit risk exposure is minimal.

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

Risk management (Continued)

Market risk:
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. *Interest rate risk:*
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal interest rate risk as it has no interest accumulating financial assets that may become susceptible to interest rate fluctuations.

ii. *Currency risk:*
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has minimal financial risk arising from fluctuations in foreign exchange rates as the Company does not own foreign currency denominated financial assets or liabilities.

iii. *Equity price risk:*
Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risk as a result of its investment in marketable securities following the sale of the Metla Property in exchange for common shares of Brixton.

Liquidity risk:
Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. As at February 28, 2021, the Company had cash of $867,423 to settle current financial liabilities of $83,785.

6. EXPLORATION AND EVALUATION ASSETS

As of February 28, 2021, the Company's interest in exploration and evaluation assets consisted of the Ruby Creek and the Que Properties. The costs incurred on the Company's exploration and evaluation properties are summarized as follows:

	Metla Property	Ruby Creek Property	Que Property	Total
Total exploration and evaluation assets, February 29, 2020	$ 409,134	$ 259,195	$ -	$ 668,329
Option payments	-	512,500	28,000	540,500
Professional fees	-	-	6,165	6,165
Mineral tenure/lease payments	-	53,908	-	53,908
Sub-total, acquisition costs	-	566,408	34,165	600,573
Deferred exploration costs:				
Assaying	-	100,933	16,555	117,488
Camp and travel	-	67,685	3,013	70,698
Drilling	-	-	47,000	47,000
Equipment use/rental	-	154,082	1,470	155,552
Geology	-	535,915	113,500	649,415
Sub-total, deferred exploration costs	-	858,615	181,538	1,040,153
Exploration tax credit	-	(2,153)	-	(2,153)
Reclassification to assets held for sale	(409,134)	-	-	(409,134)
Total exploration and evaluation assets, February 28, 2021	$ -	$ 1,682,065	$ 215,703	$ 1,897,768

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	Metla Property	Ruby Creek Property	Que Property	Total
Total exploration and evaluation assets, February 28, 2019	$ 395,064	$ -	$ -	$ 395,064
Option payments	-	248,000	-	248,000
Mineral tenure/lease payments	255	8,085	-	8,340
Sub-total, acquisition costs	255	256,085	-	256,340
Deferred exploration costs:			-	
Assaying	7,878	-	-	7,878
Camp and travel	35,041	-	-	35,041
Equipment use/rental	300	-	-	300
Geology	23,603	3,110	-	26,713
Sub-total, deferred exploration costs	66,822	3,110	-	69,932
Exploration tax credit	(53,007)	-	-	(53,007)
Total exploration and evaluation assets, February 29, 2020	$ 409,134	$ 259,195	$ -	$ 668,329

Metla Property

On July 7, 2017, the Company entered into a purchase and sale agreement (the "Metla Agreement") with Barry Hanslit, a major shareholder of the Company, whereby the Company issued 883,333 Common Shares, with a fair value of $53,000, in exchange for title to the Metla Creek Claims (the "Metla Property"). The Metla Property consists of seven contiguous mineral claims, located approximately 150 kilometres ("km") south of the town of Atlin, BC. In connection with the Metla Property, the Company was required to purchase a $42,000 reclamation bond.

On August 24, 2020, the Company entered into a mineral claims purchase agreement (the "Purchase Agreement") for the sale of 100% of its interest in the Metla Property to Brixton Metals Corporation ("Brixton"). The Purchase Agreement was subject to acceptance for filing by the Exchange which was received on October 1, 2020, and the Agreement became effective on October 10, 2020.

Based on the Agreement, the Company agreed to sell the Metla Property in exchange for 1,200,000 common shares of Brixton valued at $408,000 (based on the fair market value of the shares on October 10, 2020, being $0.34 per share) and $42,000 in cash. In lieu of the $42,000 cash portion of the Purchase Agreement, the Company agreed to refund Brixton the $42,000 it originally paid for the Metla Reclamation Bond. The transaction resulted in a loss of $1,790.

The Company retains a 1.0% net smelter returns royalty ("NSR") on the Metla Property.

Ruby Creek Property

On July 30, 2019, the Company entered into an option agreement (the "Ruby Creek Option Agreement") with Global Drilling Solutions Inc. ("Global Drilling"), a private BC Company wholly owned by Mr. Hanslit, whereby the Company was granted a right to acquire a 100% interest in Global Drilling's Ruby Creek Property (the "Ruby Creek Option"). The Ruby Creek Option Agreement was conditional on first, the approval by the disinterested shareholders of the Company, which was received at the Company's November 28, 2019, Annual General Meeting, and second acceptance for filing of the Ruby Creek Option Agreement by the Exchange, which was received on December 30, 2019. The Ruby Creek Property, as acquired, consisted of 49 contiguous mineral claims of which one is a mining lease, located within the Atlin Mining Division, approximately 20 km east of Atlin.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Ruby Creek Property (Continued)

Based on the Ruby Creek Option Agreement, to fully exercise its Ruby Creek Option, the Company is required to issue a total of 7,300,000 Common Shares and make cash payments for a total of $1,060,000 over a four-year term, as detailed in the table below. Upon exercise of the Ruby Creek Option, Global Drilling would be entitled to a 1% NSR on the Ruby Creek Property.

Date	Common Shares	Cash Payments
December 30, 2019 (shares issued)	800,000	$ -
On or before December 30, 2020 (shares issued)	1,250,000	-
On or before December 30, 2021	1,750,000	120,000
On or before December 30, 2022	1,750,000	300,000
On or before December 30, 2023	1,750,000	640,000
Total	7,300,000	$ 1,060,000

(1) The Company exercised its second Ruby Creek option on December 30, 2020, by issuing 1,250,000 Common Shares as required under the Ruby Creek Option Agreement. The Common Shares were valued at $512,500, based on $0.41 per share, the market value of the Common Shares on December 30, 2020.

During the year ended February 28, 2021, the Company paid $52,824 in annual lease payments for the Ruby Creek Property, $1,084 to acquire additional claims, which were added to the Ruby Creek Property, and spent $858,615 in deferred exploration costs associated with the exploratory programs on the Ruby Creek Property. In addition, during the year ended February 28, 2021, the Company was required to purchase a $25,000 reclamation bond in connection with the Ruby Creek Property. During the same period, the Company received $2,153 in exploration tax credits associated with expenses incurred during the Company's fiscal 2020.

Que Property

On February 17, 2020, the Company entered into an option agreement (the "Que Option Agreement"), whereby the Company was granted a right to acquire a 100% interest in the Que Property (the "Que Option") located in southcentral Yukon. The Que Option Agreement was amended and restated with the vendors on February 28, 2020 (the "Amended Que Option Agreement"). The Que Option Agreement, as amended and restated, was conditional on acceptance for filing by the Exchange, which was received on April 1, 2020. The Que Property consisted of 108 mineral claims and was 2,246 hectares in size. The Company staked an additional 96 claims (1,996 hectares) bringing the entire claims package to 204 claims, approximately 4,243 hectares.

Based on the Amended Que Option Agreement, to fully exercise its Que Option, the Company was required to issue a total of 2,950,000 Common Shares and make cash payments for a total of $380,000 over a four-year term to the Que vendors. Upon receipt of assays showing no significant mineralization from a shallow early stage 2-hole drill program, the Company commenced renegotiating the Amended Que Option Agreement. The further amended and restated option agreement (the "Que Amendment 2") was announced on October 26, 2020. The table below compares the initial Amended Que Option Agreement schedule of the Option payments and the renegotiated terms under the Que Amendment 2:

	Amended Que Option Agreement		Que Amendment 2	
Date	**Common Shares**	**Cash Payment**	**Common Shares**	**Cash Payment**
April 1, 2020 (Common Shares issued)	200,000	$ -	200,000	$ -
1st Anniversary of Approval	300,000	-	50,000	-
2nd Anniversary of Approval	450,000	-	75,000	-
3rd Anniversary of Approval	500,000	140,000	112,500	-
4th Anniversary of Approval	1,500,000	240,000	125,000	35,000
5th Anniversary of Approval	-	-	375,000	60,000
Total	**2,950,000**	**$ 380,000**	**937,500**	**$ 95,000**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Que Property (Continued)

Subsequent to February 28, 2021, on June 22, 2021, the Company entered into the 3rd Que Option Amendment, which extended the second option payment initially payable on the 1st Anniversary of Approval, being issuance of 50,000 Common Shares of the Company, to June 22, 2021, on mutual agreement of the parties to the Que Option Agreement. In addition, the 3rd Que Option Amendment specified all option payments as well as the NSR to be apportioned to the Que Vendors as to 80% to Mr. Lindsay and 20% to Ms. MacDougall.

During the year ended February 28, 2021, the Company spent $181,538 associated with an airborne geophysical program on selected portions of the Que Property and a small-scale drilling program; and paid an additional $6,165 in legal and regulatory fees for amendments of the Que Option.

7. PROPERTY, PLANT AND EQUIPMENT

A continuity of the Company's equipment is as follows:

	Office Equipment	Total
Cost		
Balance, February 29, 2020, and February 28, 2021	$ 1,935	$ 1,935
Accumulated Amortization		
Balance, February 28, 2019	$ 399	$ 399
Additions	695	695
Balance, February 29, 2020	1,094	1,094
Additions	463	463
Balance, February 28, 2021	$ 1,557	$ 1,557
As at February 29, 2020	$ 841	$ 841
As at February 28, 2021	$ 378	$ 378

8. SHARE CAPITAL

Authorized share capital

- Unlimited number of Common Shares without par value.

Share issuances during the year ended February 28, 2021

On April 1, 2020, pursuant to the Amended Que Option Agreement, the Company issued 200,000 Common Shares at a deemed price of $0.14 per Common Share to the vendors of the Que Property (Note 6).

On December 30, 2020, pursuant to the Ruby Creek Option Agreement the Company issued 1,250,000 Common Shares at a deemed price of $0.41 per Common Share to Global Drilling.

On August 14, 2020, the Company closed its non-brokered private placement financing (the "August Financing") by issuing 1,000,000 Common Shares that qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) (the "Flow-through Shares") at a price of $0.55 per Flow-through Share, and 2,000,000 Common Shares at a price of $0.40 per Common Share for aggregate gross proceeds of $1,350,000. The Company recorded $21,298 in legal and regulatory costs associated with the August Financing. The premium received on the Flow-through Shares issued was determined to be $150,000 and was recorded as a share capital reduction.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

Share issuances during the year ended February 28, 2021 (Continued)

An equivalent premium liability was recorded, and, as at February 28, 2021, the full $150,000 was recognized in income, as all qualified exploration expenditures had been incurred.

During the year ended February 28, 2021, the Company issued 224,853 Common Shares on exercise of warrants for total cash proceeds of $44,970. The warrants were originally valued at $23,790.

During the year ended February 28, 2021, the Company issued 200,000 Common Shares on exercise of the options to acquire Common Shares. The Company received $40,562 on exercise of the share purchase options, which were originally valued at $15,792.

Share issuances during the year ended February 29, 2020

On May 21, 2019, the Company completed its initial public offering ("IPO") by issuing 4,083,000 Common Shares at a price of $0.20 per share for aggregate gross proceeds of $816,600. The Company paid to the agent, Haywood Securities Inc., a cash commission fee of $46,168 and issued non-transferable compensation warrants entitling the agent to purchase up to 230,840 Common Shares at $0.20 per share expiring on May 21, 2021; these compensation warrants were valued at $24,412. In addition to the cash and equity commission, the Company paid the agent a corporate finance fee of $20,000 and reimbursed the agent $33,200 for legal and regulatory costs incurred in the course of the IPO. An additional $40,372 in legal and regulatory fees incurred by the Company and directly associated with the IPO were also recognized as share issuance costs.

The following assumptions were used to estimate the grant date fair value for the compensation warrants granted:

	May 21, 2019
Expected Life of the Compensation Warrants	2 years
Risk-Free Interest Rate	1.67%
Expected Dividend Yield	Nil
Weighted Average Grant Date Fair Value	$0.106
Expected Stock Price Volatility	100%

On September 18, 2019, the Company completed its non-brokered private placement financing by issuing 2,500,000 Common Shares (the “September Financing”) for gross proceeds of $470,000. As part of the September Financing, the Company issued 1,000,000 Common Shares to a strategic investor at a discounted price of $0.17 per share. The discount to the share price, being $30,000, was determined to constitute a transaction cost and was accounted for as share issuance cost. The remaining 1,500,000 Common Shares in the September Financing were issued at $0.20 per share. In addition to the discount given to the strategic investor, the Company recognized further $29,653 incurred in legal and regulatory fees as part of transaction costs.

On December 20, 2019, the Company closed its non-brokered private placement financing by issuing 1,400,000 flow-through Common Shares (the “Flow-through Shares”) at a price of $0.22 per Flow-through Share for aggregate gross proceeds of $308,000 (the "Flow-through Financing”). The Company recognized $15,959 incurred in legal and regulatory fees as part of transaction costs. The premium received on the Flow-through Shares issued was determined to be $35,000 and was recorded as a share capital reduction. An equivalent premium liability was recorded, and was recognized in income during the year ended February 28, 2021, as all qualified exploration expenditures had been incurred.

During the year ended February 29, 2020, the Company issued a total of 410,000 Common Shares on exercise of options granted to senior officers, directors, and consultants of the Company for total proceeds of $41,000. These options had an initial fair value of $17,648.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

Stock purchase options

The Company has adopted a Rolling Stock Option Plan (the "Plan") pursuant to which options may be granted to directors, officers, employees, and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding Common Shares at the time of the grant. Options granted under the Plan, including vesting and the term, are determined by, and at the discretion of, the Board of Directors.

On June 15, 2018, the Company resolved to grant to the officers, directors, and consultants of the Company options to acquire up to 400,000 Common Shares. The grant of options was contingent upon successful closing of the IPO of a total of at least 4,000,000 Common Shares and the approval of the TSX-V. On June 14, 2019, the Company received approval from the TSX-V to finalize these options; the Company considered the options to acquire up to 380,000 Common Shares of the Company at $0.20 per share to be granted; options to acquire up to 20,000 Common Shares were forfeited in September of 2018. These options expire on May 21, 2021. During the year ended February 28, 2021, the Company recorded $Nil (2020 - $2,401) as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 10).

The following assumptions were used to estimate the weighted average grant date fair values for the options granted:

	May 21, 2019	February 28 , 2019
Expected Life of the Options	2.93 years	1.94 years
Average Risk-Free Interest Rate	1.66%	1.91%
Expected Dividend Yield	Nil	Nil
Average Expected Stock Price Volatility	100%	100%
Weighted Average Grant Date Fair Value	$0.05	$0.05

During the year ended February 28, 2021, the Company issued 140,000 Common Shares on exercise of these options for a total cash consideration of $28,000. The option exercise resulted in $6,679 reduction to option reserves. Subsequent to year ended February 28, 2021, the Company issued a further 240,000 Common Shares on exercise of remaining options for total cash consideration of $48,000. The issuance of 240,000 Common Shares subsequent to year end resulted in $11,450 reduction to option reserves.

On August 6, 2019, the Company granted options to acquire up to 600,000 Common Shares to its officers, directors, and consultants. These options vested quarterly in equal amounts starting on November 6, 2019, over a 12-month period from the date of grant and expire on August 6, 2024. During the year ended February 28, 2021, the Company recognized $11,874 (2020 - $77,347) as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 10).

The following assumptions were used to estimate the weighted average fair values for the options granted:

Expected Life of the Options	5 years
Average Risk-Free Interest Rate	1.21%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	100%
Weighted Average Grant Date Fair Value	$0.15

During the year ended February 28, 2021, the Company issued 48,750 Common Shares on exercise of these options for a total cash consideration of $9,750. The option exercise resulted in $7,313 reduction to option reserves. During the same period, an option to acquire up to 16,250 of Common Shares expired unexercised in accordance with the Plan.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

Stock purchase options (Continued)

On February 28, 2020, the Company granted options to acquire up to 425,000 Common Shares to its officers, directors, and consultants. These options vested quarterly in equal amounts starting on May 28, 2020, over a 12-month period from the date of grant and expire on February 28, 2025. During the year ended February 28, 2021, the Company recognized $65,243 (2020 - $390) as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 10).

The following assumptions were used to estimate the weighted average fair values for the options granted:

Expected Life of the Options	5 years
Average Risk-Free Interest Rate	1.07%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	100%
Weighted Average Grant Date Fair Value	$0.16

During the year ended February 28, 2021, the Company issued 11,250 Common Shares on exercise of these options for a total cash consideration of $2,813. The option exercise resulted in $1,800 reduction to option reserves. During the same period, an option to acquire up to 33,750 of Common Shares expired unexercised in accordance with the Plan.

On May 15, 2020, the Company granted an option to acquire up to 50,000 Common Shares to a consultant for investor relations services. These options vested upon grant and are exercisable for a period of two years at $0.25 per Common Share. The Company recognized $6,523 as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model, using the following assumptions:

Expected Life of the Option	2 years
Average Risk-Free Interest Rate	0.28%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	100%
Grant Date Fair Value	$0.25

The above option was exercised in full subsequent to February 28, 2021.

On January 18, 2021, the Company granted options to acquire up to 625,000 Common Shares to its officers, directors, and consultants. These options vest quarterly in equal amounts starting on April 18, 2021, over a 12-month period from the date of grant and expire on July 18, 2023. During the year ended February 28, 2021, the Company recognized $ 44,781 as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 10).

The following assumptions were used to estimate the weighted average fair values for the options granted:

Expected Life of the Options	2.5 years
Average Risk-Free Interest Rate	0.15%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	108%
Weighted Average Grant Date Fair Value	$0.50

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

Stock purchase options (Continued)

A continuity of options for the years ended February 28, 2021, and February 29, 2020, are as follows:

	Year ended February 28, 2021		Year ended February 29, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning	1,405,000	$0.22	890,000	$0.14
Granted	675,000	$0.48	1,025,000	$0.22
Exercised	(200,000)	$0.20	(410,000)	$0.10
Expired	(50,000)	$0.23	(80,000)	$0.10
Forfeited	-	n/a	(20,000)	$0.20
Options outstanding, ending	1,830,000	$0.31	1,405,000	$0.22
Options exercisable, ending	1,205,000	$0.22	680,000	$0.20

Stock purchase warrants

The options outstanding and exercisable at February 28, 2021, are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life	Expiry Date
240,000	240,000	$ 0.20	0.22	May 21, 2021[1]
535,000	535,000	$ 0.20	3.44	August 6, 2024
380,000	380,00	$ 0.25	4.00	February 28, 2025
50,000	50,000	$ 0.25	1.22	May 15, 2022
625,000	-	$ 0.50	2.38	July 18, 2023
1,830,000	1,205,000	$ 0.31	2.71	

[1]These options were fully exercised subsequent to February 28, 2021.

A continuity of warrants for the years ended February 28, 2021, and February 29, 2020, are as follows:

	Year ended February 28, 2021		Year ended February 29, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Warrants outstanding, beginning	230,840	$0.20	-	n/a
Issued	-	n/a	230,840	$0.20
Exercised	(224,853)	$0.20	-	n/a
Warrants outstanding and exercisable, ending	5,987	$0.20	230,840	$0.20

As at February 28, 2021, the life of the warrants outstanding and exercisable was 0.22 years. The remaining warrants to acquire 5,987 Common Shares were exercised subsequent to February 28, 2021.

(Expressed in Canadian Dollars)

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

	February 28, 2021
Balance, beginning	$ 35,000
August Financing, share premium liability on flow-through shares	150,000
Reversal recognized upon expenditures being incurred	(185,000)
Balance, ending	$ -

On December 20, 2019, the Company closed its Flow-through Financing by issuing 1,400,000 Flow-through Shares at a price of $0.22 per Flow-through Share for aggregate gross proceeds of $308,000 (Note 8). The premium received on the shares issued was determined to be $35,000 and was recorded as a share capital reduction. An equivalent premium liability was recorded and was being reduced as and when the qualified exploration expenditures occurred. During the year ended February 28, 2021, the Company recorded $35,000 in income that resulted from the flow-through share premium, and $1,243 in Part XII.6 taxes associated with the renunciation of the exploration expenditures under the look-back rule (2020 - $513).

On August 14, 2020, as part of its August Financing, the Company issued 1,000,000 Flow-through Shares at a price of $0.55 per Flow-through Share (Note 8). The premium received on the shares issued was determined to be $150,000 and was recorded as a share capital reduction. An equivalent premium liability was recorded and was being reduced as and when the qualified exploration expenditures occurred. During the year ended February 28, 2021, the Company recorded $150,000 in income that resulted from the flow-through share premium.

10. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

The Company incurred the following transactions with related parties, including key management personnel:

	February 28, 2021	February 29, 2020
Consulting fees paid or accrued to the Company's CEO	$ 24,000	$ 18,710
Accounting fees paid or accrued to the Company's CFO	8,500	6,000
Consulting fees and fees for assistance with mineral exploration activities paid to the Company's Corporate Secretary	21,485	14,423
Consulting fees paid to an entity controlled by a director	-	6,000
Mineral exploration fees paid to an entity controlled by a director	-	6,000
Project management and mineral exploration fees paid or accrued to an entity controlled by the common-law spouse of the Company's co-founder and majority shareholder	35,775	18,710
Mineral exploration and general business consulting fees paid or accrued to an entity controlled by the VP of Exploration	13,548	-
Share-based compensation for options granted to directors and officers	95,153	63,632
Total related party transactions	$ 198,461	$ 133,475

In addition to the above transactions, on November 30, 2020, Ms. Janet Miller, the common-law spouse of the Company's co-founder and majority shareholder, forgave $15,000 the Company owed to her on account of project management fees. The Company recognized $15,000 as gain on forgiveness of debt included in the statement of net and comprehensive loss.

On November 30, 2020, Global Drilling forgave $11,589 the Company accrued as payable on account of patent fees associated with the mining claim included as part of the Ruby Creek Property. The Company recognized $11,589 as part of deficit included in the statement of shareholders equity.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (CONTINUED)

Amounts due to related parties consist of amounts owed directly to the officers and directors of the Company, or to the companies controlled by them, for the professional services or for the expenses incurred on behalf of the Company. These amounts are unsecured, non-interest bearing, and due on demand. At February 28, 2021, the Company owed a total of $45,129 (February 29, 2020 - $48,841) to its related parties.

11. MARKETABLE SECURITIES

The Company's marketable securities consist of 1,200,000 common shares of Brixton (the "BBB Shares"), which the Company received on sale of its Metla Property. BBB Shares are listed on the TSX Venture Exchange under the symbol "BBB".

At initial recognition, the Company recorded the shares at $408,000 (based on the fair market value of the BBB Shares on October 10, 2020, being $0.34 per share).

At February 28, 2021, the investment in BBB Shares was valued at $294,000 based on the closing market share price of $0.245. The Company records its marketable securities as Fair Value Through Profit or Loss (FVTPL). During the year ended February 28, 2021, the Company recognized a loss of $114,000 on revaluation of its securities to their fair market value.

As of the date of the filing of these financial statements, the market price of the BBB Shares has decreased to $0.175 per BBB Share, representing a 28.6% % decline from the share price quoted as at February 28, 2021.

12. INCOME TAXES

A reconciliation of income taxes at the statutory rates are as follows:

	February 28, 2021	February 29, 2020
Net loss before tax	$ (295,920)	$ (431,487)
Statutory income tax rate	27%	27%
Expected income tax recovery	(79,898)	(116,501)
Non-deductible expenditures	63,470	35,979
Impact of flow through shares	231,660	-
Share issuance costs	(64,736)	(64,736)
Change in unrecognized deductible temporary differences	(150,496)	145,258
Income tax recovery	$ –	$ –

The significant components of deferred tax assets that have not been included in the statements of financial position are as follows:

	February 28, 2021	February 29, 2020
Deferred tax assets:		
Non-capital losses available for future period	$ 219,837	$ 173,607
Share issuance costs	43,982	52,869
Exploration and evaluation assets	(245,567)	(38,755)
Marketable securities	15,390	-
Investment tax credits	13,557	9,974
	47,199	197,695
Unrecognized deferred tax assets	(47,199)	(197,695)
	$ –	$ –

12. INCOME TAXES (CONTINUED)

The Company has approximately $1,010,000 (2020 - $642,000) of non-capital losses which expire by 2041.

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

13. SUBSEQUENT EVENTS

Subsequent to February 28, 2021, the Company acquired through staking seven mineral exploration licenses ("MEL") along the southern extent of the Thompson Nickel Belt, approximately 35 km northwest of Grand Rapids, Manitoba. The Company paid a total of $26,562 in staking fees.

On February 23, 2021, the Company announced entry into an agreement for investor relations services (the "IR Agreement"). Pursuant to the IR Agreement the Company agreed to a $3,000 monthly fee, and to issue to the vendor an option to acquire up to 100,000 Common Shares of the Company exercisable for a period of two years and priced at $0.60 per share. The IR Agreement is subject to the acceptance by the Exchange. As of the date of these financial statements, the IR Agreement has not been accepted for filing by the Exchange, therefore the Options have not been granted.

Subsequent to February 28, 2021, on June 17, 2021, the Company announced a $2,300,000 non-brokered private placement comprising of (i) 2,000,000 Flow-Through Shares at a price of $0.65 per Flow-Through Share for aggregate gross proceeds to the Company of up to $1,300,000 (the "Flow Through Offering"), and (ii) 2,000,000 non flow-through Common Shares at a price of $0.50 per Common Share for aggregate gross proceeds to the Company of up to $1,000,000 (the "Non-FT Offering").

The Flow Through Offering and Non-FT Offering (collectively, the "June Offering") will provide aggregate gross proceeds to the Company of up to $2,300,000. The proceeds from the Flow-Through Offering will be used to incur "Canadian exploration expenses" which qualify as "flow-through mining expenditures" (within the meaning of the Income Tax Act (Canada)) ("Qualifying Expenditures") to fund exploration programs on Stuhini's Ruby Creek Property. The Company will renounce these expenses to the purchasers with an effective date of not later than December 31, 2021. The proceeds from the Non-FT Offering will be used for general and administrative expenses and to fund exploration programs on the Company's mineral properties, including the Ruby Creek and Que Property and the South Thompson Nickel Property.

The Company may pay up to 6% cash finders' fees to qualified finders. The Company's management anticipates that certain directors, officers and other insiders of the Company will acquire Common Shares under the June Offering.