



**STUHINI EXPLORATION LTD.  
FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
FOR THE YEAR ENDED  
FEBRUARY 28, 2022**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stuhini Exploration Ltd.

### Opinion

We have audited the financial statements of Stuhini Exploration Ltd. (the "Company"), which comprise the statements of financial position as at February 28, 2022 and 2021, and the statements of net and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2022 and 2021, 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 indicates 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.

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## 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.



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

June 28, 2022



An independent firm  
associated with Moore  
Global Network Limited

**STUHINI EXPLORATION LTD.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)



As at	Note	February 28, 2022	February 28, 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 953,389	\$ 867,423
GST receivable		93,680	68,931
Prepaid expenses	12	149,688	162,078
Marketable securities	11	204,000	294,000
<b>Total current</b>		<b>1,400,757</b>	<b>1,392,432</b>
Exploration and evaluation assets	6	5,018,732	1,897,768
Reclamation bond	6	48,755	25,000
Equipment		170	378
<b>Total assets</b>		<b>\$ 6,468,414</b>	<b>\$ 3,315,578</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable		\$ 111,140	\$ 10,672
Accrued liabilities		47,071	27,984
Due to related parties	9	77,901	45,129
Note payable to related party	10	120,000	-
<b>Total liabilities</b>		<b>356,112</b>	<b>83,785</b>
<b>Shareholders' equity</b>			
Share capital	7	7,092,975	3,960,800
Reserves	7	578,182	224,984
Deficit		(1,558,855)	(953,991)
<b>Total shareholders' equity</b>		<b>6,112,302</b>	<b>3,231,793</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 6,468,414</b>	<b>\$ 3,315,578</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

Approved and authorized for issuance on behalf of the Board of Directors on June 28, 2022:

“David O’Brien”  
David O’Brien, Director

“Josef Anthony Fogarassy”  
Josef Anthony Fogarassy, Director

**STUHINI EXPLORATION LTD.**  
**STATEMENTS OF NET AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)



		<b>Year ended</b>	
	<b>Note</b>	<b>February 28, 2022</b>	<b>February 28, 2021</b>
<b>Expenses:</b>			
Advertising and promotion		\$ 191,872	\$ 60,991
Amortization		208	463
Consulting fees	9	192,268	45,149
Office expenses		26,930	13,314
Project investigation costs		5,602	24,833
Professional fees	9	77,893	74,613
Regulatory fees		21,785	35,531
Share-based compensation	7,9	298,887	121,898
Travel, meals, and entertainment		1,175	2,095
<b>Operating expenses</b>		<b>(816,620)</b>	<b>(378,887)</b>
<b>Other items</b>			
Unrealized loss on marketable securities	11	(90,000)	(114,000)
Loss on sale of mineral property	6	-	(1,790)
Gain on forgiveness of debt with related parties	9	-	15,000
Recovery of flow-through share premium liabilities	8	300,000	185,000
Part XII.6 tax	8	1,756	(1,243)
<b>Net and comprehensive loss</b>		<b>\$ (604,864)</b>	<b>\$ (295,920)</b>
Loss per share, basic and diluted		\$ (0.03)	\$ (0.02)
Weighted average number of common shares outstanding; basic and diluted		22,782,933	17,126,321

**STUHINI EXPLORATION LTD.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)



	Number of Shares	Share Capital	Reserves	Deficit	Total
<b>Balance, February 29, 2020</b>	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)
<b>Balance, February 28, 2021</b>	19,767,853	3,960,800	224,984	(953,991)	3,231,793
Private placements	4,000,000	2,300,000	-	-	2,300,000
Share issuance costs	-	(73,199)	-	-	(73,199)
Flow-through share premium	-	(300,000)	-	-	(300,000)
Shares issued for property	1,800,000	1,044,000	-	-	1,044,000
Shares issued on exercise of options	350,000	131,171	(34,671)	-	96,500
Shares issued on exercise of warrants	5,987	1,820	(623)	-	1,197
Shares issued for debt with related party	48,936	28,383	(5,383)	-	23,000
Share-based compensation	-	-	393,875	-	393,875
Net and comprehensive loss for the year	-	-	-	(604,864)	(604,864)
<b>Balance, February 28, 2022</b>	25,972,776	\$ 7,092,975	\$ 578,182	\$ (1,558,855)	\$ 6,112,302

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

**STUHINI EXPLORATION LTD.**  
**STATEMENTS OF CASH FLOWS**  
YEAR ENDED FEBRUARY 28, 2022  
(Expressed in Canadian Dollars)



	Year ended	
	February 28, 2022	February 28, 2021
<b>Cash flows used in operating activities</b>		
Loss for the year	\$ (604,864)	\$ (295,920)
Items not affecting cash used in operations		
Amortization	208	463
Recovery of flow-through share premium liabilities	(300,000)	(185,000)
Options granted for services	94,988	6,523
Share-based compensation	298,887	121,898
Gain on forgiveness of debt with related parties	-	(15,000)
Unrealized loss on marketable securities	90,000	114,000
Loss on sale of mineral property	-	1,790
Changes in non-cash working capital items		
GST receivable	(24,749)	(46,711)
Prepaid expenses	12,390	(152,623)
Accounts payable	100,468	3,400
Accrued liabilities	19,087	2,118
Net cash used in operating activities	(313,585)	(445,062)
<b>Cash flows used in investing activities</b>		
Exploration and evaluation assets, net of tax credits	(1,956,964)	(1,098,729)
Funds paid for reclamation bond	(23,755)	(25,000)
Proceeds received on transfer of reclamation bond	-	42,000
Net cash used in investing activities	(1,980,719)	(1,081,729)
<b>Cash flows provided by financing activities</b>		
Issuance of shares for cash, net of issuance costs	2,226,801	1,328,702
Issuance of shares on exercise of options	96,500	40,562
Issuance of shares on exercise of warrants	1,197	44,970
Due to related parties	55,772	22,877
Net cash provided by financing activities	2,380,270	1,437,111
Change in cash	85,966	(89,680)
Cash, beginning	867,423	957,103
Cash, ending	\$ 953,389	\$ 867,423
Non-cash transactions:		
Shares received on sale of exploration and evaluation asset	\$ -	\$ 408,000
Shares issued for property	\$ 1,044,000	\$ 540,500
Debt forgiveness	\$ -	\$ 11,589
Shares issued for debt with related party	\$ 23,000	\$ -
Promissory note issued for property	\$ 120,000	\$ -

## 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 Western Canada, namely the Provinces of British Columbia (“BC”) and Manitoba, and the Yukon. The Company’s shares (“Common Shares”) are traded 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. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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.

## 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, 2022.

### Basis of Measurement and Use of Estimates

These financial statements 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.

#### Impairment of non-financial 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 to profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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.

#### 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.

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 mineral properties which it has 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 and restoration 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, 2022, the Company had not recognized any provisions for restoration and environmental obligations.

#### Flow-through shares

The proceeds from issuance of flow-through shares are allocated between the offering of the shares and the sale of tax benefits based on the premium that the investor pays for the shares. A premium liability is recognized for this difference and is reduced on a pro-rata basis by crediting other income when the Company makes the qualifying expenditures and there is a reasonable expectation of the renunciation of these expenditures to the tax authorities.

#### Equipment

Equipment is 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 profit or loss during the 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 payments

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 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

Accounting standards, amendments to standards, or 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 assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; 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 when impairment indicators exist;
- provisions for restoration and environmental obligations and contingent liabilities; and
- measurement of share-based payments.

## 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 measures its cash and marketable securities at fair value using level 1 inputs. Accounts payable, accrued liabilities, and 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.

#### *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, 2022, the Company had cash of \$953,389 to settle current financial liabilities of \$356,112.

**6. EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation assets consist of the Ruby Creek, the Que, the South Thompson, and the Big Ledge Properties. The costs incurred on the Company's exploration and evaluation assets are summarized as follows:

**As at February 28, 2022**

	<b>Ruby Creek Property</b>	<b>Que Property</b>	<b>South Thompson Property</b>	<b>Big Ledge Property</b>	<b>Total</b>
Total exploration and evaluation assets, February 28, 2021	\$ 1,682,065	\$ 215,703	\$ -	\$ -	\$ 1,897,768
Mineral tenure/lease payments	49,300	-	2,807	-	52,107
Acquisition/option payments	1,195,000	29,000	-	10	1,224,010
Additions, acquisition costs	1,244,300	29,000	2,807	10	1,276,117
Deferred exploration costs:					
Assaying	161,974	-	-	-	161,974
Camp and travel	187,615	-	5,829	-	193,444
Equipment use/rental	238,581	-	3,668	26	242,275
Geology	1,052,762	543	19,474	174,375	1,247,154
Additions, deferred exploration costs	1,640,932	543	28,971	174,401	1,844,847
Total exploration and evaluation assets, February 28, 2022	\$ 4,567,297	\$ 245,246	\$ 31,778	\$ 174,411	\$ 5,018,732

**As at February 28, 2021**

	<b>Metla Property</b>	<b>Ruby Creek Property</b>	<b>Que Property</b>	<b>Total</b>
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
Additions, 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
Additions, 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

In addition to the above property acquisition and exploration costs, at February 28, 2022, the Company had \$81,918 in prepayments on the future exploration programs on its mineral properties (2021 - \$147,798), which were recorded as part of prepaid expenses (Note 12).

**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, the Company's co-founder and a major shareholder, 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 Property is located within the Atlin Mining Division of BC approximately 20 kilometres ("km") east of Atlin and, as initially acquired, consisted of 50 contiguous mineral claims of which one is a mining lease.

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% net smelter returns royalty ("NSR") on the Ruby Creek Property.

<b>Date</b>	<b>Common Shares</b>	<b>Cash Payments</b>
December 31, 2019 (Common Shares issued)	800,000	\$ -
On or before December 31, 2020 (Common Shares issued)	1,250,000	-
On or before December 31, 2021 (Common Shares issued, note payable issued) <sup>(1)</sup>	1,750,000	120,000
On or before December 31, 2022	1,750,000	300,000
On or before December 31, 2023	1,750,000	640,000
Total	7,300,000	\$ 1,060,000

(1) The Company exercised its third Ruby Creek option on December 28, 2021, by issuing 1,750,000 Common Shares as required under the Ruby Creek Option Agreement. The Common Shares were valued at \$1,015,000 (based on \$0.58 per share, the market value of the Company's Common Shares on December 28, 2021). In lieu of the cash payment required to exercise the third Ruby Creek Option, the Company issued to Global Drilling an unsecured promissory note in the amount of \$120,000 (Note 10).



In September of 2020, the Company staked additional claims covering a total of 619.38 hectares contiguous to the Ruby Creek Property and added these to the original claims. In July of 2021, with a cash payment of \$60,000, the Company acquired from Brixton Metals Corporation (“Brixton”) five (5) additional mineral claims (the “Island Claims”) that are contiguous with the Ruby Creek Property. 1% NSR is retained by Brixton and 1% NSR is retained by unrelated third parties from whom Brixton originally acquired these claims. The new claims were added to the Ruby Creek Property increasing total claims to 55 claims roughly 28,886 hectares.

During the year ended February 28, 2022, the Company paid \$49,300 (2021 - \$52,824) annual lease payment for the mining claims and spent \$1,640,932 (2021 - \$858,615) in deferred exploration costs associated with the exploratory program.

At February 28, 2022, the Company had \$25,000 reclamation bond on deposit with the BC Ministry of Energy, Mines and Low Carbon Innovation in connection with the Ruby Creek Property.

### 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. During the year ended February 28, 2021, the Company staked an additional 96 claims (1,996 hectares) bringing the entire claims package to 204 claims.

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, and its material terms are detailed in the table below.

<b>Date</b>	<b>Common Shares</b>	<b>Cash Payment</b>
April 1, 2020 (Common Shares issued)	200,000	\$ -
1st Anniversary of Approval (Common Shares issued) <sup>(1)</sup>	50,000	-
2nd Anniversary of Approval <sup>(2)</sup>	75,000	-
3rd Anniversary of Approval	112,500	-
4th Anniversary of Approval	125,000	35,000
5th Anniversary of Approval	375,000	60,000
<b>Total</b>	<b>937,500</b>	<b>\$ 95,000</b>

(1) On June 22, 2021, the Company entered into the 3<sup>rd</sup> Que Option Amendment, which extended the option payment initially payable on the 1<sup>st</sup> 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. The shares were valued at \$29,000. In addition, the 3<sup>rd</sup> 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.

(2) The Company issued 75,000 shares representing an option payment on the 2nd Anniversary of Approval on March 25, 2022. The Shares were valued at \$62,250.

During the year ended February 28, 2022, the Company spent \$543 (2021 - \$181,538) in deferred exploration costs associated with the work carried out on the Que Property.

### South Thompson Property

During the year ended February 28, 2022, the Company staked seven mineral exploration licenses (“MEL”) totalling approximately 47,514 hectares along the southern extent of the Thompson Nickel Belt, approximately 35 km northwest of Grand Rapids, Manitoba (the “South Thompson Property”). The Company paid \$26,561 to acquire the South Thompson

Property, of which \$2,807 were associated with staking fees, and \$23,755 constituted a refundable cash deposit, which the Company recorded as part of reclamation bond.

Subsequent to February 28, 2022, the Company applied for a 5-year mineral license for an additional claim totalling 35,490 hectares in size. As of the date of these financial statements, the application is pending the final review. The Company paid \$18,146 for this claim, of which \$17,745 constitutes a refundable cash deposit.

During the year ended February 28, 2022, the Company spent \$28,971 (2021 - \$Nil) in deferred exploration costs associated with the South Thompson Property.

### **Big Ledge Property**

On July 26, 2021, the Company acquired the Big Ledge Property located in south-eastern BC roughly 57 km south of the city of Revelstoke. The Big Ledge Property was acquired from a director to the Company for nominal consideration of \$10. The Big Ledge Property is roughly 5,093 hectares in size. No royalties, finder's fees or work commitments are associated with this property or the transaction. During the year ended February 28, 2022, the Company spent \$174,401 (2021 - \$Nil) in deferred exploration costs associated with the Big Ledge Property.

### **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 consisted 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 claim 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% NSR on the Metla Property.

## **7. SHARE CAPITAL**

### **Authorized share capital**

- Unlimited number of Common Shares without par value.

### **Share issuances during the year ended February 28, 2022**

On July 23, 2021, the Company completed its non-brokered private placement financing with issuance of 2,000,000 Flow-Through Shares ("FT Shares") at \$0.65 per FT Share and 2,000,000 Common Shares at a price of \$0.50 per Common Share for gross proceeds of \$2,300,000 (the "July Offering"). The Company paid \$28,995 in finder's fees associated with the July Offering. The Company recognized \$44,204 incurred in legal and regulatory fees as part of transaction costs. The FT Share premium of \$300,000 was recorded as a reduction to share capital. An equivalent premium liability was recorded. As of February 28, 2022, the liability was fully derecognized through income as exploration expenditures were incurred (Note 8).

On June 22, 2021, pursuant to the Que Option Agreement, the Company issued 50,000 Common Shares with a fair value of \$29,000 to vendors (Note 6).





On September 20, 2021, the Company and its VP of Exploration entered into a debt settlement agreement whereby the Company settled a balance of \$23,000 payable to an entity controlled by him through the issuance of 48,936 common shares with a fair value of \$28,383. The Company recorded \$5,383 to shareholders' equity.

On December 28, 2021, pursuant to the Ruby Creek Option Agreement, the Company issued 1,750,000 Common Shares with a fair value of \$1,015,000 to Global Drilling (Notes 6 and 9).

During the year ended February 28, 2022, the Company issued 350,000 Common Shares with gross proceeds of \$96,500 on exercise of the options. The Company reallocated the fair value assessed upon the grant of \$34,671 from reserve to share capital.

During the year ended February 28, 2022, the Company issued 5,987 Common Shares on exercise of warrants for gross proceeds of \$1,197. The Company reallocated the fair value assessed upon the issuance of \$623 from reserve to share capital.

#### **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 with a fair value of \$28,000 to vendors (Note 6).

On December 30, 2020, pursuant to the Ruby Creek Option Agreement the Company issued 1,250,000 Common Shares with a fair value of \$512,500 to Global Drilling.

On August 14, 2020, the Company closed its non-brokered private placement financing (the "August Financing") by issuing 1,000,000 Flow-through Shares (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 gross proceeds of \$1,350,000. The Company recorded \$21,298 in legal and regulatory costs associated with the August Financing. The FT Share premium of \$150,000 was recorded as a reduction to share capital. An equivalent premium liability was recorded. As of February 28, 2021, the liability was fully derecognized through income as exploration expenditures were incurred (Note 8).

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 Company reallocated the fair value assessed upon the grant of \$23,790 from reserve to share capital.

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. The Company reallocated the fair value assessed upon the grant of \$15,792 from reserve to share capital.

#### **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 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 were exercisable for a period of two years at \$0.25 per Common Share. The Company recognized the fair value of the options of \$6,523 using the Black-Scholes option pricing model in year ended February 28, 2021, with 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

**STUHINI EXPLORATION LTD.**  
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On January 18, 2021, the Company granted options to acquire up to 625,000 Common Shares at \$0.50 per Common Share to its officers, directors, and consultants. These options vested 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. The Company recognized the fair value of the options of \$189,631 (\$44,781 recognized in fiscal year 2021, and \$144,850 in fiscal year 2022) using the Black-Scholes option pricing model (Note 9) with the following assumptions:

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

On August 6, 2021, the Company granted options to acquire up to 445,000 Common Shares at \$0.60 per Common Share to its officers, directors, and consultants. These options vest quarterly over a 12-month period from the date of grant in equal amounts starting on November 6, 2021, and expire on February 6, 2024. The Company recognized the fair value of the options of \$127,671 using the Black-Scholes option pricing model with the following assumptions:

Expected Life of the Options	2.5 years
Risk-Free Interest Rate	0.48%
Expected Dividend Yield	Nil
Expected Stock Price Volatility	104%
Grant Date Fair Value	\$0.59

On August 6, 2021, the Company granted an option to acquire up to 100,000 Common Shares at \$0.60 per Common Share to a new member of its advisory board. The option vests quarterly over a 12-month period from the date of grant in equal amounts starting on November 6, 2021, and expires on August 6, 2023. The Company recognized the fair value of the option of \$26,365 using the Black-Scholes option pricing model with the following assumptions:

Expected Life of the Option	2 years
Risk-Free Interest Rate	0.48%
Expected Dividend Yield	Nil
Expected Stock Price Volatility	105%
Grant Date Fair Value	\$0.59

During the year the Company granted the options to acquire up to 200,000 Common Shares at \$0.60 per share to a consultant for investor relations services. The option to acquire up to 100,000 Common Shares was dated effective February 23, 2021, expiring on February 23, 2023, and the option to acquire the remaining 100,000 Common Shares was dated effective May 23, 2021, expiring on May 23, 2023. The options vest quarterly over a 12-month period, from the grant date in equal amounts. The Company recognized the fair value of the options of \$61,593 using the Black-Scholes option pricing model with the following assumptions:

	<b>February 23, 2021</b>	<b>May 23, 2021</b>
Expected Life of the Options	2 years	2 years
Risk-Free Interest Rate	0.44% - 1.57%	0.30% - 1.57%
Expected Dividend Yield	Nil	Nil
Expected Stock Price Volatility	78.41% - 104.85%	72.13% - 106.56%
Grant Date Fair Value	\$0.55 - \$0.85	\$0.55 - \$0.85

**STUHINI EXPLORATION LTD.**  
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On November 9, 2021, the Company granted an option to acquire up to 120,000 Common Shares at \$0.60 per Common Share to a consultant. The option vested immediately upon grant and expires on November 9, 2023. The Company recognized the fair value of the option of \$33,396 using the Black-Scholes option pricing model with the following assumptions:

Expected Life of the Option	2 years
Risk-Free Interest Rate	0.92%
Expected Dividend Yield	Nil
Expected Stock Price Volatility	100.4%
Grant Date Fair Value	\$0.55

During the year ended February 28, 2022, the share-based payments related to the vested options were \$393,875 (2021 - \$128,421). Of total share-based payments, \$61,593 (2021 - \$6,523) were recorded as advertising and promotion expenses and \$33,395 (2021 - \$Nil) were recorded as consulting expense.

A continuity of options are as follows:

	Year ended February 28, 2022		Year ended February 28, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning	1,830,000	\$0.31	1,405,000	\$0.22
Granted	865,000	\$0.60	675,000	\$0.48
Exercised <sup>(1)</sup>	(350,000)	\$0.28	(200,000)	\$0.20
Expired	-	n/a	(50,000)	\$0.23
Options outstanding, ending	2,345,000	\$0.43	1,830,000	\$0.31
Options exercisable, ending	2,047,500	\$0.40	1,205,000	\$0.22

<sup>(1)</sup>The weighted average share price at the time of exercise was \$0.65

The options outstanding and exercisable at February 28, 2022, are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life	Expiry Date
535,000	535,000	\$ 0.20	2.44	August 6, 2024
380,000	380,000	\$ 0.25	3.00	February 28, 2025
625,000	625,000	\$ 0.50	1.38	July 18, 2023
100,000	100,000	\$ 0.60	0.99	February 23, 2023 <sup>(1)</sup>
100,000	75,000	\$ 0.60	1.23	May 23, 2023
445,000	222,500	\$ 0.60	1.94	February 6, 2024
100,000	50,000	\$ 0.60	1.44	August 6, 2023
60,000	60,000	\$ 0.60	1.70	November 9, 2023
2,345,000	2,047,500	\$ 0.43	1.98	

<sup>(1)</sup>These options were fully exercised subsequent to February 28, 2022.

**Stock purchase warrants**

A continuity of warrants are as follows:

	Year ended February 28, 2022		Year ended February 28, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning	5,987	\$0.20	230,840	\$0.20
Exercised	(5,987)	\$0.20	(224,853)	\$0.20
Warrants outstanding, ending	-	n/a	5,987	\$0.20

## 8. FLOW-THROUGH SHARE PREMIUM LIABILITY

	February 28, 2022	February 28, 2021
Balance, beginning	\$ -	\$ 35,000
Share premium liability on flow-through shares	300,000	150,000
Recovery of flow-through share premium liabilities	(300,000)	(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. The flow-through share premium of \$35,000 was recognized and was recorded as a share capital reduction. An equivalent premium liability was recorded. As of February 28, 2021, the liability was fully derecognized through income as exploration expenditures were incurred.

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 7). The flow-through share premium of \$150,000 was recognized and was recorded as a share capital reduction. An equivalent premium liability was recorded. As of February 28, 2021, the liability was fully derecognized through income as exploration expenditures were incurred.

On July 23, 2021, as part of its July Offering, the Company issued 2,000,000 Flow-through Shares at a price of \$0.65 per FT Share (Note 7). The flow-through share premium of \$300,000 was recognized and was recorded as a share capital reduction. An equivalent premium liability was recorded. As of February 28, 2022, the liability was fully derecognized through income as exploration expenditures were incurred.

At February 28, 2021, the Company had accrued a total of \$1,756 as a liability under Part XII.6 taxes associated with the renunciation of the exploration expenditures under the look-back rule. This liability was reversed as at February 28, 2022, as a result of a temporary extension granted by the Department of Finance (Canada) in response to the impact of the COVID-19 pandemic, which increased the timeline within which corporations are required to spend amounts raised on the issuance of flow-through shares under look-back rule from one year to two years, and deferring Part XII.6 tax to the second look-back year.

## 9. 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, 2022	February 28, 2021
Consulting fees and a bonus <sup>(1)</sup> paid or accrued to the Company's CEO	\$ 34,000	\$ 24,000
Accounting and consulting fees, including a bonus <sup>(1)</sup> , paid or accrued to the Company's CFO	27,897	8,500
Consulting fees and a bonus <sup>(1)</sup> paid to the Company's Corporate Secretary	32,877	21,485
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 major shareholder	47,406	35,775
Bonus <sup>(1)</sup> for project management paid to the common-law spouse of the Company's co-founder and major shareholder	10,000	-
Mineral exploration, general business consulting fees, and a bonus <sup>(1)</sup> paid or accrued to an entity controlled by the VP of Exploration	129,500	13,548
Property acquisition fee accrued to a director of the Company	10	-
Share-based compensation for options granted to directors and officers	208,735	95,153
Payroll expenses on stock options exercised by directors and officers	4,791	-
Total related party transactions	\$ 495,216	\$ 198,461

(1) On September 20, 2021, the Company's board of directors awarded cash performance bonuses to certain individuals for services they've provided to the Company. CEO, CFO, Corporate Secretary, and the common-law spouse of the Company's co-founder, received \$10,000, each; the Company's VP of Exploration received a bonus of \$23,000, which was issued in the name of the entity controlled by him.

In addition to the above transactions, on December 28, 2021, the Company issued 1,750,000 Common Shares to Global Drilling, as required under the Ruby Creek Option Agreement (2021 - 1,250,000 Common Shares). The Common Shares were valued at \$1,015,000 (2021 - \$512,500). In lieu of the cash payment required to exercise the third Ruby Creek Option, the Company issued to Global Drilling an unsecured demand promissory note in the amount of \$120,000 (Notes 6 and 10).

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 a gain on forgiveness of debt.

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

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, 2022, the Company owed a total of \$77,901 (2021 - \$45,129) to its related parties.

#### 10. NOTE PAYABLE TO RELATED PARTY

On December 28, 2021, in lieu of the cash payment required to exercise the third Ruby Creek Option, the Company issued a demand promissory note to Global Drilling in the amount of \$120,000 (the "Note Payable"). The initial six-month term of the Note Payable bears no interest. As of June 28, 2022, the interest is accrued at 0.5% per month compounded monthly. The Note Payable is unsecured and, after initial six-month period, payable on demand. As at the date of approval of these financial statements, the full \$120,000 remained unpaid.

#### 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 during the fiscal 2021 year. 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, 2022, BBB Shares were valued at \$204,000 (2021 - \$294,000) based on the closing market price. During the year ended February 28, 2022, the Company recognized a loss of \$90,000 (2021 - \$114,000) pursuant to change in the fair value of marketable securities.

#### 12. PREPAID EXPENSES

Prepaid expenses consisted of the following:

	<b>February 28, 2022</b>	<b>February 28, 2021</b>
Prepaid exploration costs	\$ 81,918	\$ 147,798
Prepaid operating expenses	67,770	14,280
<b>Total prepaid expenses</b>	<b>\$ 149,688</b>	<b>\$ 162,078</b>

### 13. INCOME TAXES

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

	<b>February 28, 2022</b>	<b>February 28, 2021</b>
Net loss before tax	\$ (604,864)	\$ (295,920)
Statutory income tax rate	27%	27%
Expected income tax recovery	(163,313)	(79,898)
Non-deductible expenditures	(818,345)	63,470
Impact of flow through shares	351,000	231,660
Share issuance costs	(19,764)	(64,736)
Change in unrecognized deductible temporary differences	650,422	(150,496)
Income tax recovery	\$ –	\$ –

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

	<b>February 28, 2022</b>	<b>February 28, 2021</b>
Deferred tax assets:		
Non-capital losses available for future period	209,880	\$ 219,837
Share issuance costs	45,156	43,982
Exploration and evaluation assets	427,196	(245,567)
Marketable securities	15,390	15,390
Investment tax credits	-	13,557
	697,622	47,199
Unrecognized deferred tax assets	(697,622)	(47,199)
	\$ –	\$ –

The Company has approximately \$813,333 (2021 - \$1,010,000) of non-capital losses which expire by 2042.

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

### 14. SUBSEQUENT EVENTS

Subsequent to February 28, 2022, the Company incorporated Arizada Metals Corp, as a wholly-owned subsidiary in the state of Arizona. The Company applied for exploration permits over four distinct areas, which, as of the date of the filing of these financial statements, are being processed by the State of Arizona to identify exact map boundaries for each permit and to ensure no conflict over the potential territory.

Subsequent to February 28, 2022, the Company issued 100,000 Common Shares on exercise of the options for gross proceeds of \$60,000.