STUHINI EXPLORATION LTD.
FINANCIAL STATEMENTS
(expressed in Canadian Dollars)
FOR THE YEAR ENDED
FEBRUARY 29, 2020

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 29, 2020 and February 28, 2019, 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 (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 29, 2020 and February 28, 2019, 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 29, 2020

MOORE

An independent firm
associated with Moore
Global Network Limited

(Expressed in Canadian Dollars)

As at	Note		February 29, 2020		February 28, 2019
ASSETS					
Current					
Cash		$	957,103	$	14,163
GST receivable			22,220		18,326
Prepaid expenses			9,455		21,605
Total current			988,778		54,094
Exploration and evaluation assets	6		668,329		395,064
Reclamation bond	6		42,000		42,000
Property, plant, and equipment	7		841		1,536
Total assets		$	1,699,948	$	492,694
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable		$	7,272	$	8,027
Accrued liabilities			25,866		28,132
Due to related parties	9		48,841		73,720
Flow-through share premium liability	8		35,000		-
Notes payable to related parties	10		-		111,745
Total liabilities			116,979		221,624
Shareholders' equity					
Share capital	8		2,116,484		460,000
Reserves	8		124,556		37,654
Deficit			(658,071)		(226,584)
Total shareholders' equity			1,582,969		271,070
Total liabilities and shareholders' equity		$	1,699,948	$	492,694

Nature and continuance of operations (Note 1)
Subsequent events (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on June 29, 2020:

"David O'Brien"	*"Josef Anthony Fogarassy"*
David O'Brien,	Josef Anthony Fogarassy,
Director	Director

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

(Expressed in Canadian Dollars)

		Year ended	
	Note	February 29, 2020	February 28, 2019
Expenses:			
Advertising and promotion		$ 32,636	$ 3,907
Amortization	7	695	399
Consulting fees	9	40,280	-
Office expenses		8,258	2,792
Project investigation costs		97,896	500
Professional fees	9	124,998	109,144
Regulatory fees		35,659	19,192
Share-based compensation	8, 9	80,138	37,654
Travel, meals, and entertainment		8,471	3,980
Operating expenses		(429,031)	(177,568)
Other items			
Interest expense	10	(1,943)	(1,745)
Part XII.6 tax		(513)	-
Net and comprehensive loss		$ (431,487)	$ (179,313)
Loss per share, basic and diluted		$ (0.04)	$ (0.03)
Weighted average number of common shares outstanding; basic and diluted		10,650,552	5,692,625

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, 2018	5,054,000	$ 395,400	$ -	$ (47,271)	$ 348,129
Private placements	646,000	64,600	-	-	64,600
Share-based compensation	-	-	37,654	-	37,654
Net and comprehensive loss for the year	-	-	-	(179,313)	(179,313)
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

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

(Expressed in Canadian Dollars)

	Year ended February 29, 2020	February 28, 2019
Cash flows used in operating activities		
Loss for the year	$ (431,487)	$ (179,313)
Items not affecting cash used in operations		
Amortization	695	399
Accrued interest	1,943	1,745
Share-based compensation	80,138	37,654
Changes in non-cash working capital items		
GST receivable	(3,894)	(14,382)
Prepaid expenses	12,150	(13,644)
Accounts payable	(755)	7,038
Accrued liabilities	(2,266)	10,343
Net cash used in operating activities	(343,476)	(150,160)
Cash flows used in investing activities		
Exploration and evaluation assets	(25,265)	(236,452)
Funds paid for security bond	-	(42,000)
Acquisition of property, plant, and equipment	-	(1,935)
Net cash used in investing activities	(25,265)	(280,387)
Cash flows provided by financing activities		
Issuance of common shares for cash, net of issuance costs	1,409,248	64,600
Issuance of common shares on exercise of options	41,000	-
Due to related parties	(24,879)	33,512
Loans with related parties	(113,688)	110,000
Net cash provided by financing activities	1,311,681	208,112
Increase (decrease) in cash	942,940	(222,435)
Cash, beginning	14,163	236,598
Cash, ending	$ 957,103	$ 14,163
Non-cash transactions:		
Shares issued for property	$ 248,000	$ -

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

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 British Columbia and Yukon. Effective May 23, 2019, the Company's shares ("Common Shares") are traded on the TSX Venture 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.

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 29, 2020.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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:

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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation expenditures (Continued)

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 29, 2020, 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.

3. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of new standards – Leases

The Company adopted the requirements of IFRS 16 effective March 1, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

Upon adoption, the Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short term leases (lease term of 12 months or less) and low value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases. As the Company does not have any lease agreements, the adoption of IFRS 16 has not impacted the Company's financial statements.

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.

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 not exposed to equity price risk as it has no investments in marketable equity securities.

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 29, 2020, the Company had cash of $957,103 to settle current financial liabilities of $116,979. The Company will need to source funds from either loans or private placements to meet other obligations as they arise.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

As of February 29, 2020, the Company's interest in exploration and evaluation assets consisted of the Metla and the Ruby Creek Properties. In addition, on February 28, 2020 the Company entered into an option agreement to acquire Que Property, however closing was subject to the approval of the TSX Venture Exchange, such approval was not received until after year end on April 2, 2020. The costs incurred on the Company's exploration and evaluation properties are summarized as follows:

	Metla Property	Ruby Creek 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	Ruby Creek Property	Total
Total exploration and evaluation assets, February 28, 2018	$ 158,612	$ -	$ 158,612
Deferred exploration costs:			
Camp and travel	61,939	-	61,939
Equipment use / rental	5,785	-	5,785
Geology	168,728	-	168,728
Sub-total, deferred exploration costs	236,452	-	236,452
Total exploration and evaluation assets, February 28, 2019	$ 395,064	$ -	$ 395,064

Metla Property

On July 7, 2017, the Company entered into a purchase and sale agreement (the "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 7 contiguous mineral claims, located approximately 150 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.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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 approval by the disinterested shareholders of the Company, which was received at the November 28, 2019, AGM, and by the TSX Venture Exchange, which was received on December 31, 2019. The Ruby Creek Property consists of 49 contiguous mineral claims of which one is a mining lease, located within the Atlin Mining Division, approximately 24 km east of Atlin.

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 of the Company's 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 on the Ruby Creek Property.

Date	Shares	Cash Payments
December 31, 2019 (shares issued)	800,000	$ -
On or before December 31, 2020	1,250,000	-
On or before December 31, 2021	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

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 the south-central Yukon Territories, Canada. The Que Option Agreement was amended and restated with the vendors on February 28, 2020.

The Que Option Agreement, as amended and restated, was conditional on approval by the TSX Venture Exchange, which was received subsequent to February 29, 2020 (the "Approval Date"). The Que Property consists of 108 mineral claims and is 2,246 hectares in size. The Company staked an additional 1,996 hectares bringing the entire claims package to approximately 4,243 hectares.

Based on the Que Option Agreement, to fully exercise its Que Option, the Company is required to issue a total of 2,950,000 of the Company's Common Shares and make cash payments for a total of $380,000 over a four-year term, as detailed in the table below. Upon exercise of the Que Option, the Que vendors would jointly be entitled to a total of a 1% net smelter returns royalty on the Que Property.

Date	Shares	Cash Payments
On the Approval Date (issued subsequent to February 29, 2020)	200,000	$ -
1st anniversary of the Approval Date	300,000	-
2nd anniversary of the Approval Date	450,000	-
3rd anniversary of the Approval Date	500,000	140,000
4th anniversary of the Approval Date	1,500,000	240,000
Total	2,950,000	$ 380,000

(Expressed in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

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

		Office Equipment		Total
Cost				
Balance, February 28, 2018	$	-	$	-
Additions		1,935		1,935
Balance, February 28, 2019, and February 29, 2020	$	1,935	$	1,935
Accumulated Amortization				
Balance, February 28, 2018	$	-	$	-
Additions		399		399
Balance, February 28, 2019		399		399
Additions		695		695
Balance, February 29, 2020	$	1,094	$	1,094
As at February 28, 2019	$	1,536	$	1,536
As at February 29, 2020	$	841	$	841

8. SHARE CAPITAL

Authorized share capital

- Unlimited number of common shares without par value.

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 options entitling the agent to purchase up to 230,840 Common Shares at $0.20 per share expiring on May 21, 2021; these compensation options 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 options granted:

	May 21, 2019
Expected Life of the Compensation Options	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 of the Company's Common Shares (the "September Financing") for gross proceeds of $470,000. As part of the September Financing, the Company issued 1,000,000 shares to a strategic investor at a discounted price of $0.17

8. SHARE CAPITAL (CONTINUED)

Share issuances during the year ended February 29, 2020 (Continued)

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 shares issued was determined to be $35,000 and was recorded as a share capital reduction. An equivalent premium liability was recorded and will be reduced as and when the qualified exploration expenditures occur. As at February 29, 2020, the Company did not incur any qualified exploration expenditures.

During the year ended February 29, 2020, the Company issued a total of 410,000 of the Company’s 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.

Share issuances during the year ended February 28, 2019

During the year ended February 28, 2019, the Company issued 646,000 Common Shares at a price of $0.10 per share for proceeds of $64,600.

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 April 15, 2018, the Company granted options to acquire up to 490,000 Common Shares to its officers and consultants (Note 9). The options were exercisable for a period expiring on July 15, 2019, at $0.10 per share. The Company recorded $21,097 as share-based compensation associated with these options, which was determined using the Black-Scholes Option pricing model. On July 2, 2019, the Company issued a total of 80,000 Common Shares upon exercise of options to acquire 80,000 shares and on July 15, 2019, a further 330,000 shares were issued on exercise of options to acquire 330,000 shares, for total proceeds of $41,000. These options had an initial fair value of $17,648. The remaining options to acquire up to 80,000 Common Shares expired unexercised.

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 29, 2020, the Company recorded $2,401 (2019 - $16,557) as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 9).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

Stock purchase options (Continued)

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

On August 6, 2019, the Company granted options to acquire up to 600,000 Common Shares to its officers, directors, and consultants. These options vest 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 29, 2020, the Company recognized $77,347 as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 9).

The following assumptions were used to estimate the weighted average fair values for the options granted to the Company's officers and directors:

	August 6, 2019
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

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

	February 29, 2020	August 31, 2019
Expected Life of the Options	5 years	5 years
Average Risk-Free Interest Rate	1.07% - 1.39%	1.18%
Expected Dividend Yield	Nil	Nil
Average Expected Stock Price Volatility	100%	100%
Weighted Average Grant Date Fair Value	$0.16	$0.73

On February 28, 2020, the Company granted options to acquire up to 425,000 Common Shares to its officers, directors, and consultants. These options vest 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 29, 2020, the Company recognized $390 as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 9).

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

	February 29, 2020
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

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

Stock purchase options (Continued)

A continuity of options for the years ended February 29, 2020 and February 28, 2019 are as follows:

	Year ended February 29, 2020		Year ended February 28, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning	890,000	$0.14	-	$ -
Granted	1,025,000	$0.22	890,000	$0.14
Exercised	(410,000)	$0.10	-	$ -
Expired	(80,000)	$0.10	-	$ -
Forfeited	(20,000)	$0.20	-	$ -
Options outstanding, ending	1,405,000	$0.22	890,000	$0.14
Options exercisable, ending	680,000	$0.20	890,000	$0.14

The options outstanding and exercisable at February 29, 2020, are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life	Expiry Date
380,000	380,000	$ 0.20	1.22	May 21, 2021
600,000	300,000	$ 0.20	4.44	August 6, 2024
425,000	Nil	$ 0.25	5.00	February 28, 2025
1,405,000	680,000		3.74	

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 directors (executive and non-executive) of the Company.

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

	February 29, 2020	February 28, 2019
Consulting fees paid or accrued to the Company's CEO	$ 18,710	$ -
Accounting fees paid or accrued to the Company's CFO	$ 6,000	$ 6,000
Consulting fees paid to the Company's Corporate Secretary	$ 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 fees paid or accrued to an entity controlled by the common-law spouse of the Company's co-founder and majority shareholder	$ 18,710	$ 10,860
Share-based compensation for options granted to directors and officers	$ 63,632	$ 13,129

Amounts due to related parties consist of amounts owed directly to the officers and directors of the Company for the professional services and for the reimbursable expenses incurred on behalf of the Company. These amounts are unsecured, non-interest bearing and due on demand. At February 29, 2020, the amount payable to related parties was $48,841 (February 28, 2019 - $73,720), of which $17,533 (February 28, 2019 - $57,471) represented reimbursable expenses.

(Expressed in Canadian Dollars)

10. NOTES PAYABLE TO RELATED PARTIES

On September 14, 2018, the Company's CEO advanced the Company $50,000 under a loan agreement (the "First Bridge Loan"). The First Bridge Loan was unsecured, payable on demand, and accrued interest at 0.5% per month. During the year ended February 29, 2020, the Company recorded $888 in interest expense associated with the First Bridge Loan. The Company repaid the First Bridge Loan together with interest accrued up to February 28, 2019, on June 12, 2019. Remaining $888 in interest accumulated on the First Bridge Loan calculated as at June 12, 2019, was repaid during the quarter ended November 30, 2019. The outstanding interest did not accrue additional interest and was included in the amount payable to related parties.

On January 23, 2019, the Company's Corporate Secretary advanced the Company $60,000 under a loan agreement (the "Second Bridge Loan"). The Second Bridge Loan was unsecured, payable on demand, and accrued interest at 0.5% per month. During the year ended February 29, 2020, the Company recorded $1,055 in interest expense associated with the Second Bridge Loan. The Company repaid the Second Bridge Loan together with interest accrued thereon on June 12, 2019.

The table below summarizes the First and the Second Bridge Loans outstanding as at June 12, 2019, prior to repayments:

	Principal Outstanding	Interest Rate	Accrued Interest	Total Book Value
Frist Bridge Loan	$ 50,000	0.5% per month	$ 2,279	$ 52,279
Second Bridge Loan	60,000	0.5% per month	1,409	61,409
Total	$ 110,000		$ 3,688	$ 113,688

11. INCOME TAXES

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

	February 29, 2020	February 28, 2019
Net loss before tax	$ (431,487)	$ (179,313)
Statutory income tax rate	27%	27%
Expected income tax recovery	(116,501)	(48,415)
Non-deductible expenditures	35,979	10,842
Share issuance costs	(64,736)	-
Change in unrecognized deductible temporary differences	145,258	37,573
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 29, 2020	February 28, 2019
Deferred tax assets:		
Non-capital losses available for future period	$ 173,607	$ 50,817
Share issuance costs	52,869	1,620
Exploration and evaluation assets	(38,755)	-
Investment tax credits	9,974	-
	197,695	52,437
Unrecognized deferred tax assets	(197,695)	(52,437)
	$ –	$ –

11. INCOME TAXES (CONTINUED)

The Company has approximately $642,000 (2019 - $188,000) of non-capital losses which expire in 2040.

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

12. SUBSEQUENT EVENTS

On April 2, 2020, the Company received TSX Venture Exchange approval of the Option Agreement to acquire 100% interest in the Que Property (Note 6). Upon obtaining the Exchange approval, the Company issued 200,000 Common Shares to the vendors of the Que Option.

On May 15, 2020, the Company engaged Nicosia Capital ("Nicosia") to provide the Company with investor relations services. In exchange for the services the Company granted Frank Lagiglia, managing director of Nicosia, 50,000 options to acquire up to 50,000 Common Shares at $0.25 per share expiring on May 15, 2022. In addition, the Company agreed to a monthly retainer of $2,000 for a period of at least six months.

Subsequent to February 29, 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods.