JIULIAN
RESOURCES
INC.

Financial Statements of

JIULIAN RESOURCES INC.

(An Exploration Stage Company)

For the Years Ended February 29, 2020 and February 28, 2019

JIULIAN RESOURCES INC.
(An Exploration Stage Company)
(Expressed in Canadian Dollars)
February 29, 2020 and February 28, 2019

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Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF JIULIAN RESOURCES INC.

Opinion

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

- the statements of financial position as at February 29, 2020 and February 28, 2019;
- the statements comprehensive loss for the years then ended;
- the statements of changes in shareholders' equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 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 ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of $83,187 during the year ended February 29, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by $44,754. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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 of the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

- 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 8, 2020

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JIULIAN RESOURCES INC.

(An Exploration Stage Company)

STATEMENTS OF FINANCIAL POSITION

As at February 29, 2020 and February 28, 2019

(Expressed in Canadian Dollars)

	Note		February 29 2020		February 28 2019
ASSETS					
Current					
Cash and cash equivalents	5	$	**38,737**	$	1,247,504
Prepaids			**10,954**		41,120
Taxes recoverable			**68,391**		22,871
Total current assets			**118,082**		1,311,495
Non current					
Equipment	6		**2,049**		3,485
Reclamation bond	8		**7,500**		7,500
Exploration and evaluation assets	7, 13		**1,314,670**		561,971
Total Assets		$	**1,442,301**	$	1,884,451
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Trade and other payables	9,13,16	$	**162,836**	$	521,517
Shareholders' Equity					
Share Capital	10		**3,309,675**		3,309,957
Contributed surplus	10,11		**350,758**		350,758
Deficit			**(2,380,968)**		(2,297,781)
Total Shareholders' Equity			**1,279,465**		1,362,934
Total Liabilities and Shareholders' Equity		$	**1,442,301**	$	1,884,451

Signed on behalf of the Board of Directors by:

"Charlie Cheng" Director
Charlie Cheng

"Oliver Friesen" Director
Oliver Friesen

The accompanying notes are an integral part of these financial statements

JIULIAN RESOURCES INC.

(An Exploration Stage Company)

STATEMENTS OF COMPREHENSIVE LOSS

For the years ended

(Expressed in Canadian Dollars)

	Note		February 29, 2020		February 28, 2019
Expenses					
Administrative and general	12,13	$	**91,264**	$	139,231
Depreciation	6		**1,436**		1,229
Share-based payments	13		**-**		42,684
Total expenses			**(92,700)**		(183,144)
Other income and expenses					
Interest income	5		**9,513**		1,193
Write-off of exploration and evaluation assets	7		**-**		(115,781)
Net loss and comprehensive loss for the year		$	**(83,187)**	$	(297,732)
Loss per share for the year- basic and diluted	14	$	**(0.00)**	$	(0.01)

JIULIAN RESOURCES INC.

(An Exploration Stage Company)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended February 29, 2020 and February 28, 2019

Expressed in Canadian Dollars

	Note		Share Capital		Contributed Surplus		Deficit		Total
Balance, February 28, 2018		$	2,202,200	$	153,151	$	(2,000,049)	$	355,302
Net loss for the year			-		-		(297,732)		(297,732)
Shares issued in private placements	10		1,150,000		-		-		1,150,000
Fair value of share purchase warrants	10		(166,667)		166,667		-		-
Share issue costs	10		(43,230)		4,160		-		(39,070)
Shares issued on exercise of options and warrants	10		167,654		(15,904)		-		151,750
Share-based payments	11		-		42,684		-		42,684
Balance, February 28, 2019		$	3,309,957	$	350,758	$	(2,297,781)	$	1,362,934
Net loss for the year			**-**		**-**		**(83,187)**		**(83,187)**
Share issue costs	**10**		**(282)**		**-**		**-**		**(282)**
Balance, February 29, 2020		**$**	**3,309,675**	**$**	**350,758**	**$**	**(2,380,968)**	**$**	**1,279,465**

The accompanying notes are an integral part of these financial statements

JIULIAN RESOURCES INC.

(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS

For the years ended February 29, 2020 and February 28, 2019

(Expressed in Canadian Dollars)

	Note		2020		2019
OPERATING ACTIVITIES					
Loss for the year		$	**(83,187)**	$	(297,732)
Items not affecting cash					
Depreciation	6		**1,436**		1,229
Share-based payments			**-**		42,684
Write-off of exploration and evaluation assets			**-**		115,781
Changes in non-cash working capital					
Taxes recoverable			**(45,520)**		(16,666)
Prepaids			**30,166**		(40,703)
Trade and other payables	16		**(89,645)**		178,266
Cash used in operating activities			**(186,750)**		(17,141)
INVESTING ACTIVITIES					
Equipment additions	6		**(3,141)**		-
Purchase of reclamation bond			**-**		(7,500)
Exploration and evaluation asset expenditures	7		**(1,018,594)**		(289,003)
Cash used in investing activities			**(1,021,735)**		(296,503)
FINANCING ACTIVITIES					
Proceeds from private placement			-		1,301,750
Share issue costs	10		**(282)**		(39,070)
Net cash provided by (used in) financing activities			**(282)**		1,262,680
Increase (decrease) in cash during the year			**(1,208,767)**		949,036
Cash and cash equivalents, beginning of year			**1,247,504**		298,468
Cash and cash equivalents, end of year		$	**38,737**	$	1,247,504
Composition of cash and cash equivalents					
Cash		$	**38,737**	$	247,504
Cash equivalents			**-**		1,000,000
Cash and cash equivalents, end of the year		$	**38,737**	$	1,247,504

Supplemental cash flow information – Note 16

The accompanying notes are an integral part of these financial statements

1. CORPORATION INFORMATION

Jiulian Resources Inc. (the "Company") was incorporated on October 17, 2006 under the laws of British Columbia, Canada. The Company was a capital pool company as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4. On July 28, 2009, the Exchange accepted for filing the Company's Qualifying Transaction, as a result, the Company resumed trading as a Tier 2 mining company under the symbol "JLR", on August 26, 2009. On February 12, 2016, the Company was transferred to NEX of the Exchange due to not being able to meet Tier 2 Continued Listing Requirements. The trading symbol of the Company was changed to "JLR.H".

The Exchange granted final approval on the reactivation of Jiulian from the NEX Board of the Exchange to Tier 2 of the Exchange effective Tuesday October 9, 2018. The Company commenced trading on the Exchange Tier 2 under symbol "JLR" on the effective date.

The Company's corporate office and principal place of business is located at 335 – 1632 Dickson Avenue, Kelowna, BC V1Y 7T2.

The Company is primarily engaged in the acquisition, exploration and development of mineral properties located in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's current properties include mineral properties located in British Columbia.

2. BASIS OF PREPARATION AND GOING CONCERN

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on June 8, 2020.

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

The financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not generated revenues from its operations to date. These financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company had a net loss of $83,187 (February 28, 2019 – $297,732), a working capital deficiency of $44,754 (February 28, 2019 - working capital of $789,978) and has accumulated a deficit of $2,380,968 (February 28, 2019 – $2,297,781) since inception. The Company will continue to have to raise funds to resolve its current working capital deficit in order to continue the development of its exploration properties and general operations.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

2. BASIS OF PREPARATION AND GOING CONCERN (cont'd)

Management cannot provide assurance that the Company will ultimately achieve profitable operations or positive cash flow. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and raise additional capital. These matters indicate the existence of material uncertainties that may cast significant doubt about 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 statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements within reasonable limits of materiality and within the framework of the significant policies summarized below:

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions and a cashable guaranteed investment certificate that are readily convertible into known amount of cash and subject to an insignificant risk of change in value.

Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

Acquisition Costs

The fair value of all consideration paid to acquire an exploration and evaluation asset is capitalized, including amounts arising under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments including common shares and share purchase warrants.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, acquisition costs and exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditures and acquisition costs, in excess of estimated recoveries, are written off to profit or loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property will be considered to be a mine under development and will be classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Farm-Out Arrangements

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equipment

Recognition and Measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Major Maintenance and Repairs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent Costs

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.

Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in profit or loss.

Depreciation

Depreciation is recognized in profit or loss using the declining-balance method over their estimated useful lives. The significant classes of equipment and their declining rates are as follows:

Field equipment	30%
Furniture and fixtures	45%

Impairment of Non-Financial Assets

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in accumulated other comprehensive loss/income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments

The Company classified its financial instruments as follows:

Financial Assets	
Cash and cash equivalents	FVTPL
Financial Liabilities	
Trade and other payables	Amortized cost

Financial assets

Initial recognition and measurement
A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash and cash equivalents are included in this category.

Financial assets measured at amortized cost ("Amortized Cost")

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

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

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

Fair value hierarchy

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

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

Provisions

Provisions are recognized as liabilities when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Rehabilitation Provision (cont'd)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through share using the residual method into i) share capital, ii) warrants and iii) flow-through share premium, equal to the estimated premium, if any, investors paid for the flow-through feature, which is recognized as a liability. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for certain Canadian resource property exploration expenditures incurred within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new share options and are shown in equity as a deduction, net of tax, from the proceeds. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contributed Surplus

Contributed surplus consists of the fair value of stock options and warrants granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options or warrants vest and then subsequently expire or are forfeited, no reversal of contributed surplus is recognized.

Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. Escrow shares are excluded from the calculation. Diluted earnings per common share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Diluted loss per common share excludes the effects of any instruments that would be anti-dilutive if they were converted.

Share-based Payments

The fair value, at the grant date, of equity-settled share option awards is charged to profit or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the contributed surplus. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate
- Dividend yield

Taxes Recoverable

Mineral Tax Credit

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation assets in the period that the tax incentives are received. The amount recoverable is subject to review and approval by the taxation authorities.

Recent and Future Accounting Pronouncements

The Company has adopted the following new and revised accounting pronouncements as follows:

New Standard IFRS 16 "Leases"

On March 1, 2019, the Company adopted the new standard IFRS 16 which 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 whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing single, on-balance sheet accounting model that is similar to current finance lease accounting, with the limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed.

The adoption of this accounting standard had no impact on the Company's financial statements as the Company does not have any leases.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Significant Accounting Judgements, Estimates and Assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or in the period of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these financial statements are discussed below:

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit's level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

Valuation of Share-based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Mining exploration tax credits

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits and determining an appropriate accrual.

5. CASH AND CASH EQUIVALENTS

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates. During the year ended February 28, 2019, cash equivalents were held in a cashable guaranteed investment certificate with a maturity date of August 20, 2019 and with an interest rate of 1.3%. During the year ended February 29, 2020, the Company recorded investment income of $9,420 (2019 – $1,193) in net loss and comprehensive loss. As at February 29, 2020, the Company held $Nil in cash equivalents (February 28, 2019 – $1,000,000).

(Expressed in Canadian Dollars)

6. EQUIPMENT

		Field Equipment		Furniture & Fixtures		Total
Cost						
Balance at February 28, 2018	$	25,143	$	4,502	$	29,645
Assets acquired		-		3,141		3,141
Balance at February 28, 2019 and February 29, 2020	**$**	**25,143**	**$**	**7,643**	**$**	**32,786**
Depreciation and impairment losses						
Balance at February 28, 2018	$	23,903	$	4,169	$	28,072
Depreciation for the year		372		857		1,229
Balance February 28, 2019	$	24,275	$	5,026	$	29,301
Depreciation for the year		**259**		**1,177**		**1,436**
Balance at February 29, 2020	**$**	**24,534**	**$**	**6,203**	**$**	**30,737**
Carrying amounts						
Carrying value at February 28, 2019	$	868	$	2,617	$	3,485
Carrying value at February 29, 2020	**$**	**609**	**$**	**1,440**	**$**	**2,049**

7. EXPLORATION AND EVALUATION ASSETS

		Bid Kidd		**Little Fort**		**Total**
Balance at February 28, 2018	$	2,250	$	62,268	$	64,518
Acquisition costs		-		4,079		4,079
Exploration costs		559,721		49,434		609,155
Write-off of exploration and evaluation expenditures		-		(115,781)		(115,781)
Balance at February 28, 2019	$	561,971	$	-	$	561,971
Exploration costs		**752,699**		**-**		**752,699**
Balance at February 29, 2020	**$**	**1,314,670**	**$**	**-**	**$**	**1,314,670**

Big Kidd and Little Fort Property

The Company on March 30, 2011 pursuant to a purchase agreement (the "Agreement") acquired a 100% interest in the Big Kidd Property and the Little Fort Property, located in British Columbia subject to net smelter royalty of 2.5% (the "Royalty"). Upon commencement of commercial production, the Company has the right to purchase a 60% interest in the Royalty for $500,000 and the remaining 40% Royalty for $1,000,000 at any time within three years following the commencement of commercial production.

During the year ended February 28, 2019 the Company's Little Fort claims expired and all acquisition and exploration expenditures in the amount of $115,781 were written off based on the Company's estimate of recoverable value determined by the fair value less costs of disposal, in accordance with Level 3 of the fair value hierarchy.

Realization

The Company's investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interest, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interest, and upon future profitable production or proceeds from the disposition thereof.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

a. Title

Although the Company has taken steps to ensure the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

b. Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets, the potential for production on the property may be diminished or negated.

8. RECLAMATION BOND

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company on its Big Kidd property. The reclamation deposits are held with the Minister of Energy and Mines in British Columbia. The reclamation bond includes a guaranteed investment certificate with a maturity date of December 4, 2020 and an interest rate of prime less 2.7%.

9. TRADE AND OTHER PAYABLES

		February 29 2020		February 28 2019
Trade payables	**$**	**160,286**	$	492,478
Due to related parties - Note 13		**2,550**		29,039
Total	**$**	**162,836**	$	521,517

10. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company's authorized share capital is an unlimited number of common shares with no par value.

The following is a summary of changes in share capital from March 1, 2018 to February 29, 2020:

	Number	Issue Price		Total
Balance at February 28, 2018	11,595,000	-	$	2,202,200
Private placement	16,666,667	$0.06		1,000,000
Private placement	1,500,000	$0.10		150,000
Exercise of warrants	1,500,000	$0.10		150,000
Exercise of options	25,000	$0.07		1,750
Fair value of warrants transferred on exercise	-	-		15,000
Fair value of options transferred on exercise	-	-		904
Fair value of private placement warrants transferred on issue	-	-		(166,667)
Share issue costs	-	-		(43,230)
Balance at February 28, 2019	31,286,667	-	$	3,309,957
Share issue costs	**-**	**-**		**(282)**
Balance February 29, 2020	**31,286,667**	**-**	**$**	**3,309,675**

10. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

During the year ended February 29, 2020, there were no share issuances.

The Company recorded $282 in share issues costs for transfer agent fees in connection with share issuances in the prior year.

During the year ended February 28, 2019, the Company issued the following:

Private Placement

On June 15, 2018, the Company issued 16,666,667 units at a price of $0.06 per unit ("Unit") for gross proceeds of $1,000,000. Each Unit consists of one common share of the Company and one share purchase warrant entitling the holder to purchase an additional common share of the Company for a period of three years at a price of $0.10 per share.

Share issue costs include agent's fees of $29,550 in cash and the grant of 492,521 Agent's Warrant exercisable to acquire one common share at an exercise price of $0.10 for a period of one year in relation to the Units. The fair value of the non-cash share issuance costs of $655 for the Agent's Warrants was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on issuance date of $0.05, exercise price of $0.10, risk-free interest rate of 1.77%, average projected volatility of 63.12%, dividend yield of nil, average expected life of the options of 1 year and the fair value of the warrants of $0.001.

On December 24, 2018 the Company completed an offering by issuing 1,500,000 common shares of the Company that qualify as flow-through shares for purposes of the *Income Tax Act* (Canada) ("FT Shares") at issue price of $0.10 per FT Share for gross proceeds of $150,000. During the year ended February 28, 2019, the Company fulfilled the $150,000 commitment of qualifying Canadian Exploration Expenditures.

Share issue costs include agent's fees of $5,250 in cash and the grant of 105,000 Agent's Warrant exercisable to acquire one common share at an exercise price of $0.10 for a period of one year in relation to the FT Shares. The fair value of the non-cash share issuance costs of $3,505 for the Agent's Warrants was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: share price on issuance date of $0.105, exercise price of $0.10, risk-free interest rate of 1.90%, average projected volatility of 75.38%, dividend yield of nil, average expected life of the options of 1 year and the fair value of the warrants of $0.03.

1,500,000 warrants with an exercise price of $0.10 were exercised for gross proceeds of $150,000. On exercise, $15,000 was reclassified from warrant reserves to share capital. The weighted average share price on the date of exercise of these warrants was $0.10.

25,000 options with an exercise price of $0.07 were exercised for gross proceeds of $1,750. On exercise, $904 was reclassified from warrant reserves to share capital. The weighted average share price on the date of exercise of these warrants was $0.07.

Additional administrative and filing fees in the amount of $4,270 were incurred in connection with the financings completed during the year ended February 28, 2019.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd)

b) Share Purchase Warrants

The following is a summary of changes in share purchase warrants from March 1, 2018 to February 29, 2020:

	Number of Warrants	Exercise Price	Weighted Average Exercise Price
Balance, February 28, 2018	-	-	-
Issued	16,666,667	$0.10	$0.10
Exercised	(1,500,000)	$0.10	$0.10
Balance at February 28, 2019 and February 29, 2020	**15,166,667**		**$0.10**

As at February 29, 2020, 15,166,667 (February 28, 2019 – 15,166,667) share purchase warrants were outstanding and exercisable with a weighted average remaining contractual life of 1.29 (February 28, 2019 – 2.21) years.

Expiry Date	Exercise Price	Number of Warrants
June 15, 2021	**$0.10**	**15,166,667**

c) Agents' Warrants

The following is a summary of changes in share purchase warrants from March 1, 2018 to February 29, 2020:

	Number of Warrants	Exercise Price	Weighted Average Exercise Price
Balance, February 28, 2018	-	-	-
Issued	597,521	$0.10	$0.10
Balance at February 28, 2019	597,521	$0.10	$0.10
Expired	**(597,521)**	**$0.10**	**$0.10**
Balance at February 29, 2020	**-**	**-**	**-**

11. SHARE-BASED PAYMENTS

Option Plan Details

The Company adopted a stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option price under each option shall be not be less than the discounted market price as defined in the policies of the Exchange on the grant date. All options vest when granted unless otherwise specified by the Board of Directors.

	Number of Options	Exercise Price	Weighted Average Exercise Price
Balance, February 28, 2018	670,000		$0.10
Issued	1,180,000	$0.07	$0.07
Expired	(670,000)	$0.10	$0.10
Exercised	(25,000)	$0.07	$0.07
Balance, February 28, 2019	1,155,000		$0.07
Expired	**(110,000)**	**$0.07**	**$0.07**
Balance, February 29, 2020	**1,045,000**	**$0.07**	**$0.07**

As at February 29, 2020, 1,045,000 (February 28, 2019 – 1,155,000) options were outstanding and exercisable with a weighted average remaining contractual life of 3.8 (February 28, 2019 – 4.72) years.

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable
December 17, 2023	**$0.07**	**1,045,000**	**1,045,000**

(Expressed in Canadian Dollars)

11. SHARE-BASED PAYMENTS (cont'd)

Fair Value of Options Issued During the Year

The weighted average fair value at grant date of options granted during the year ended February 29, 2020 was $Nil per option (February 28, 2019 – $0.04).

The expected price volatility is based on the Company's historic volatility (based on the expected life of the options), adjusted for any expected changes to future volatility due to publicly available information.

i) Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognized during the year ended February 29, 2020 were $Nil (February 28, 2019 – $42,684) using the Black-Scholes option pricing model. For purposes of the fair value calculations, the following weighted average assumptions were used for the Black-Scholes valuation model of:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free-Interest Rate	Expected Life	Volatility Factor	Dividend Yield
Dec 17, 2018	Dec 17, 2023	$0.07	$0.07	1.93%	5	59.27%	0

12. ADMINISTRATIVE AND GENERAL EXPENSES

		Year Ended	
		February 29	February 28
	Note	**2020**	2019
Administrative and General Expenses			
Accounting and legal		**$ 18,000**	$ 32,857
Conferences		**621**	2,594
Consulting	13	**20,920**	63,827
Website, shareholder communication		**3,204**	4,285
Office and administration fees	13	**26,846**	3,713
Regulatory fees		**7,729**	13,218
Rent	13	**9,000**	5,700
Transfer agent fees		**2,693**	5,275
Travel		**2,251**	7,762
		$ 91,264	$ 139,231

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

a) Key Management Compensation

		February 29 2020		February 28 2019
Key management personnel compensation comprised:				
Consulting and administrative fees:	**$**	**25,020**	$	80,250
Share-based payments		**-**		27,311
	$	**25,020**	$	107,561

i) Consulting fees of $9,750 (February 28, 2019 – $50,375) were paid or accrued to Charlie Cheng, the President and CEO and director of the Company of which $750 (February 28, 2019 – $18,750) was capitalized to exploration and evaluation assets.

ii) Consulting fees of $8,770 (February 28, 2019 – $4,850) were paid or accrued to Minco Corporate Management Inc. ("Minco") a company controlled by Terese Gieselman a director of the Company. Ms Gieselman was appointed CFO effective May 15, 2019.

iii) Administration fees of $6,500 (February 28, 2019 – $1,825) were paid or accrued to Minco in relation to providing administrative and accounting employment services.

iv) Consulting fees of $Nil (February 28, 2019 – $5,700) were paid to Bravo Alpha Enterprises a company controlled by Betty Anne Loy, the former Company's Corporate Secretary. Ms Loy resigned on October 19, 2019.

v) Consulting fees of $Nil (February 28, 2019 – $17,500) were paid or accrued to Sam Wang and/or Canadian Regal International Finance Inc., a wholly owned company of Mr. Wang the Company's former CFO and director. Mr. Wang resigned on May 15, 2019.

a) Related Party Liabilities

Amounts due to:	Service for:		**February 29 2020**		February 28 2019
Minco	Consulting Fees	**$**	**2,550**	$	4,961
Minco	Expenses		**-**		1,775
Charlie Cheng	Consulting Fees		**-**		13,781
Charlie Cheng	Expenses		**-**		3,797
Canadian Regal International Finance Inc.	Consulting Fees		**-**		3,150
Golden Ridge Resources Ltd. [1]	Rent & Expenses		**-**		1,575
Total related party payables		**$**	**2,550**	$	29,039

[1] Golden Ridge Resources Ltd. has a common officer of the Company and expenses are incurred for shared office space. Amounts due to related parties are without interest or stated terms of repayment.

b) Rent

The Company currently pays Golden Ridge Resources Ltd. rent and expenses on a month to month basis for shared offices space at approximately $750 per month effective September 1, 2018 for a total $9,000 as at February 29, 2020 (February 28, 2019 – $4,500).

14. LOSS PER SHARE

	February 29 2020	February 28 2019
Net loss attributable to ordinary shareholders	**($83,187)**	($297,732)
Weighted average number of common shares	**31,286,667**	23,742,124
Basic and diluted loss per share	**($0.00)**	($0.01)

(Expressed in Canadian Dollars)

15. SEGMENT REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Canada. The Company's non-current assets as at February 29, 2020 and February 28, 2019 are all in Canada.

16. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the year ended February 29, 2020 and February 28, 2019, the following transactions were excluded from the statements of cash flows:

i) A compensation charge of $Nil (February 28, 2019 – $655) associated with the grant of Nil (February 28, 2019 – 492,521) Agent Warrants was recorded as share issue costs (Note 10);

ii) A compensation charge of $Nil (February 28, 2019 – $3,305) associated with the grant of Nil (February 28, 2019 – 105,000) Agent Warrants was recorded as share issue costs (Note 10);

iii) Included in accounts payable is $138,976 (February 28, 2019 – $404,871) of exploration expenditures that are capitalized to exploration and evaluation assets; and

iv) Included in accounts payable is $Nil (February 28, 2019 – $3,141) of expenditures that are capitalized to equipment.

17. INCOME TAXES

Taxation in the Company's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There is no tax charge arising for the Company for the years ended February 29, 2020 and February 28, 2019. The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

		February 29 2020		February 28 2019
Loss before tax	**$**	**83,187**	$	297,732
Income tax recovery at local statutory rates - 27.00% (February 28, 2019 – 27%)		**22,460**		80,388
Items not deductible for tax purposes		**(51)**		(11,673)
Change in timing differences		**(25,874)**		(31,261)
Effect of change in tax rates		**-**		13,018
Unused tax losses and tax offsets not recognized		**3,465**		(50,472)
Income tax expense	**$**	-	$	-

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income to utilize its deferred tax assets. The tax effected items that give rise to significant portions of the deferred income tax liabilities at February 29, 2020 and February 28, 2018 are presented below:

		February 29 2020		February 28 2019
Deferred tax liability:				
Exploration and evaluation assets	**$**	**(3,783)**	$	-
Deferred tax asset:				
Non-capital losses carry-forwards		**3,783**		-
Deferred income tax expense	**$**	**-**	$	-

(Expressed in Canadian Dollars)

17. INCOME TAXES (cont'd)

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

		February 29 2020		February 28 2019
Non-capital losses	**$**	**1,365,019**	$	1,288,673
Exploration and evaluation assets		**-**		397,704
Property and equipment		**30,821**		29,455
Share issue costs		**26,140**		34,585
Total	**$**	**1,421,980**	$	1,750,417

As at February 29, 2020, the Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate Canadian non-capital losses expire as follows:

Year of Expiry	**Taxable Losses**
2027	$ 14,000
2028	95,000
2029	85,000
2030	126,000
2031	189,000
2032	166,000
2033	111,000
2034	90,000
2035	93,000
2036	61,000
2037	55,000
2038	57,000
2039	146,000
2040	90,000
Total	$ 1,378,000

The potential benefits of these carry-forward non-capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that there will be sufficient future taxable profit to utilize the deferred tax assets.

Flow-through Shares

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended February 29, 2020, the Company received $Nil (February 28, 2019 – $150,000) from the issuance of flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. During the year-ended February 29, 2020, the Company renounced $Nil (February 28, 2019 – $150,000) to the subscribers (See Note 10).

As at February 29, 2020, the Company had $Nil (February 28, 2019 – $Nil) remaining in flow through expenditures to complete.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:
- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of interest rate and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and non-interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and guaranteed investment certificates are subject to floating interest rates.

The Company, as at February 29, 2020, does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Foreign Exchange Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not hold significant monetary assets or liabilities in foreign currencies and therefore is not exposed to significant risks arising from the fluctuation of foreign exchange rates.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes (cont'd)

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and receivables. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand and receivables are entered into with credit-worthy counterparties.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to endeavour that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. However, circumstances may arise where the Company is unable to meet those goals. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company endeavours not maintain any trade payables beyond a 30-day period to maturity.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The statements of financial position carrying amounts for trade and other payables approximate fair value due to their short-term nature.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The fair value of the sale of cash and cash equivalents has been determined by reference to published price quotations in an active market, a Level 1 valuation.

19. CAPITAL MANAGEMENT

The Company monitors its common shares, warrants and stock options as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year ended February 29, 2020.

20. EVENTS AFTER THE REPORTING DATE

Since 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 Company in future periods.