CARLYLE

COMMODITIES

(formerly Delrey Metals Corp.)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canada Dollars)

FOR THE YEAR ENDED FEBRUARY 29, 2020

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Carlyle Commodities Corp. (formerly Delrey Metals Corp.)

Opinion

We have audited the consolidated financial statements of Carlyle Commodities Corp. (formerly Delrey Metals Corp.) (the "Company"), which comprise the consolidated statements of financial position as at February 29, 2020 and February 28, 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated 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 24, 2020

MOORE

An independent firm
associated with Moore
Global Network Limited

CARLYLE COMMODITIES CORP. (formerly Delrey Metals Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

		February 29, 2020		February 28, 2019
ASSETS				
Current assets				
Cash	$	55,973	$	1,231,092
Amounts receivable		20,082		37,052
Loan receivable (Note 8)		17,500		-
Prepaid expenses		7,250		198,459
Total current assets		100,805		1,466,603
Property, equipment, and right-of-use assets (Notes 4)		6,576		8,596
Exploration and evaluation assets (Note 5)		1,605,906		1,398,495
Total Assets	$	1,713,287	$	2,873,694
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$	540,538	$	357,720
Accrued liabilities		63,500		19,806
Total liabilities		604,038		377,526
Shareholders' Equity				
Share capital (Note 7)		5,491,724		5,104,960
Subscriptions received in advance (Note 12)		72,750		
Reserves (Note 7)		590,660		510,398
Deficit		(5,045,885)		(3,119,190)
Total Shareholders' Equity		1,109,249		2,496,168
Total Liabilities and Shareholders' Equity	$	1,713,287	$	2,873,694

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Notes 5 and 12)

APPROVED ON BEHALF OF THE BOARD ON JUNE 24, 2020

"Morgan Good" Director *"Mike Blady"* Director

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

CARLYLE COMMODITIES CORP. (formerly Delrey Metals Corp.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the year ended		**February 29, 2020**		**February 28, 2019**
General and administrative expenses				
Bank and interest charges	$	2,885	$	1,129
Consulting fees (Note 8)		369,350		170,000
Depreciation (Note 3)		68,816		1,231
Investor relations fees		520,364		396,207
Management fees (Note 8)		219,500		83,500
Office costs		22,024		17,993
Professional fees		73,369		64,093
Rent		-		42,500
Share-based payments (Notes 5, 7 and 8)		149,026		2,259,900
Transfer agent and filing fees		30,521		40,861
Travel and entertainment		71,741		18,340
		(1,527,596)		(3,095,754)
Other items				
Foreign exchange loss		(4,667)		(3,953)
Write-off of exploration and evaluation asset (Note 5)		(397,228)		-
Lease accretion (Note 6)		(9,227)		-
Loss on extinguishment of lease (Note 6)		(8,977)		-
Forgiveness of accounts payable		21,000		-
Loss and comprehensive loss for the year	$	(1,926,695)	$	(3,099,707)
Loss per common share, basic and diluted	$	(0.38)	$	(1.11)
Weighted average number of common shares outstanding		5,012,931		2,783,842

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

CARLYLE COMMODITIES CORP. (formerly Delrey Metals Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the year ended		February 29, 2020		February 28, 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the year	$	(1,926,695)	$	(3,099,707)
Items not affecting cash				
Depreciation		68,816		1,231
Lease accretion		9,227		-
Loss on extinguishment of lease		8,977		-
Share-based payments		149,026		2,259,900
Write-off of exploration and evaluation asset		397,228		-
Forgiveness of accounts payable		(21,000)		-
Changes in non-cash working capital items:				
Amounts receivable		16,970		(36,017)
Prepaid expenses		165,709		(198,459)
Accounts payables and accrued liabilities		(23,891)		368,401
Net cash used in operating activities		(1,155,633)		(704,651)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment		-		(9,827)
Expenditures on exploration and evaluation assets		(93,236)		(120,495)
Loans issued		(17,500)		-
Net cash used in investing activities		(110,736)		(130,322)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of common shares		-		1,770,000
Share issuance costs		-		(285,140)
Share subscriptions received in advance		72,750		-
Proceeds from stock options exercised		78,000		18,787
Lease payments		(59,500)		-
Net cash provided by financing activities		91,250		1,503,647
Change in cash for the year		(1,175,119)		668,674
Cash, beginning		1,231,092		562,418
Cash, ending	$	55,973	$	1,231,092

Supplemental Cash Flow Information (Note 9)

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

(Expressed in Canadian Dollars)

	Shares	Amount	Subscriptions received in advance	Reserves	Deficit	Total
Balance, February 28, 2018	1,730,856	$ 616,811	$ -	$ -	$ (19,483)	$ 597,328
Shares issued for private placement	514,286	270,000	-	-	-	270,000
Shares issued for initial public offering	1,071,429	1,500,000	-	-	-	1,500,000
Shares issued for exploration and evaluation assets	1,488,095	3,071,250	-	-	-	3,071,250
Share issuance for stock options exercised	13,420	28,769	-	(9,982)	-	18,787
Share issuance costs – cash	-	(310,140)	-	-	-	(310,140)
Share issuance costs – agents' options	-	(71,730)	-	71,730	-	-
Share-based payments	-	-	-	448,650	-	448,650
Loss and comprehensive loss for the year	-	-	-	-	(3,099,707)	(3,099,707)
Balance, February 28, 2019	4,818,086	5,104,960	-	510,398	(3,119,190)	2,496,168
Shares issued for exploration and evaluation assets	171,427	240,000	-	-	-	240,000
Subscriptions received in advance	-	-	72,750	-	-	72,750
Stock options exercised	85,712	146,764	-	(68,764)	-	78,000
Share-based payments	-	-	-	149,026	-	149,026
Loss and comprehensive loss for the year	-	-	-	-	(1,926,695)	(1,926,695)
Balance, February 29, 2020	5,075,225	$ 5,491,724	$ 72,750	$ 590,660	$ (5,045,885)	$ 1,109,249

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

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Carlyle Commodities Corp. (formerly Delrey Metals Corp.) the "Company") was incorporated on October 18, 2017 under the Business Corporations Act of British Columbia. The Company's head office address is 3707 – 1111 Alberni Street, Vancouver, BC. The registered office address is located at 800 – 885 West Georgia Street, Vancouver, BC. The Company's common shares began trading on the Canadian Securities Exchange (the "CSE") on October 24, 2018, under the symbol "DLRY". On February 18, 2020, the Company changed its name to Carlyle Commodities Corp and continued trading under the symbol "CCC". The Company's consolidated financial statements include the financial statements of the following subsidiaries:

Company	Place of Incorporation	Effective Interest
BC Vanadium Corp. ("**BCVC**")	British Columbia	100%
WEM Western Energy Metals Ltd. ("**WEM**")	British Columbia	100%

The principal business of the Company is the exploration and evaluation of mineral property interests. The success of the Company will be dependent on obtaining the necessary financing to evaluate and pursue these opportunities.

On February 18, 2020, the Company consolidated its issued and outstanding capital on the basis of one (1) post-consolidation share for each seven (7) pre-consolidation shares. All per share amounts have been retroactively restated.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue in the normal course of operations is dependent on its ability to raise equity financing or through the sale of its investments at amounts favorable to the Company. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements of the Company for the year ended February 29, 2020 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 24, 2020.

Use of Estimates and Critical Judgments

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumption where there is significant risk of material adjustments to assets and liabilities in future accounting period include the recoverability of the carrying value of exploration and evaluation assets, the measurements for financial instrument, the measurement of share-based payments and the recoverability of deferred tax assets.

2. BASIS OF PREPARATION *(cont'd…)*

The preparation of financial statements in accordance with IFRS required the Company to make judgements, apart from those involving estimates, in applying accounting policies. The following are the most significant judgements that management has made in applying the Company's financial statements: the assessment of the Company's ability to continue as a going concern and the classification of exploration and evaluation assets.

Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and its controlled and wholly owned subsidiaries BCVC and WEM. Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All inter-company balances and transactions have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

Cash

Cash includes cash on hand and deposits held with financial institutions.

Financial instruments

Financial assets

Financial assets are classified as either financial assets at affair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

Fair value through profit or loss ("FVTPL") - financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in profit and loss.

Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

The Company's cash is recorded at FVTPL. The Company's amounts receivable are recorded at amortized cost.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Financial instruments *(cont'd…)*

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit and loss.

Amortized cost: This category includes trade payables and accrued liabilities, which are recognized at amortized cost.

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration expenditures reflect the capitalized costs related to the initial search for mineral deposits with economic potential or obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with acquisition of rights to explore, prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures reflect costs incurred at exploration projects related to establishing the technical and commercial viability of mineral deposits identified through exploration or acquired through a business combination or asset acquisition. Evaluation expenditures include the cost of:

i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve,

ii) determining the optimal methods of extraction and metallurgical and treatment processes,

iii) studies related to surveying, transportation and infrastructure requirements,

iv) permitting activities, and

v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

From time-to-time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received. The Company does not accrue the estimated costs of maintaining its interests in good standing.

From time-to-time the Company may issue shares for option-in agreements in respect of acquisition of mineral interests. These equity-settled share-based payment transactions are measured by reference to the fair value of the entity instruments granted and the corresponding increase in equity. The Company capitalizes its acquisition costs and exploration and evaluation costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Exploration and evaluation assets *(cont'd…)*

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 a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net 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 is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 date of the statement of financial position.

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 will reassesses any unrecognized deferred tax assets. The Company will recognize any previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Property and Equipment

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 a manner intended by the Company. Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

Depreciation is recognized in operations using the declining balance method at the following rates over the assets useful life:

Computer equipment	30%
Furniture and fixtures	20%

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

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, common share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new common shares, common share warrants, or stock options are shown in equity as a deduction, net of tax, from the proceeds.

Loss per common share

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the year.

Diluted loss per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding (if any) at year-end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Decommissioning provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties, oil and gas interests, and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation 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. The rehabilitation asset is depreciated on the same basis as the related asset.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

Share-based payments

A stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to capital stock.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Foreign currency translation

The functional and presentation currency, as determined by management, of the Company is the Canadian dollar. Transactions in currencies other than the functional currency of each entity are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the entity that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the average exchange rate for the year, which approximates those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Leases

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We assess whether the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Leases *(cont'd…)*

As a lessee, we recognize a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

As part of the initial application of IFRS 16, we have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

New standards, interpretations and amendments adopted

The Company adopted the new IFRS pronouncement for financial instruments as at March 1, 2019, in accordance with the transitional provisions outlined in the respective standard and described below. The adoption of the new IFRS pronouncement has not resulted to adjustments in previously reported figures and no change to the opening deficit balance as at March 1, 2019, under the IFRS 16 transition provisions.

The Company adopted IFRS 16 - Leases ("IFRS 16") on March 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. For all leases, the lease liability was measured at March 1, 2019 as the present value of any future minimum lease payments discounted using the appropriate incremental borrowing rate. The associated right of use assets was measured at the amount equal to the lease liability on March 1, 2019.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

New standards, interpretations and amendments adopted *(cont'd…)*

IFRS 16, Leases (cont'd…)

Impact of transition to IFRS 16:

Lease liabilities have been measured by discounting future lease payments at the incremental borrowing rate at March 1, 2019. The incremental borrowing rate applied was 10% per annum and represents the Company's best estimate of the rate of interest that it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment.

As of the initial date of application of IFRS 16, the Company had one office lease outstanding with a remaining noncancelable period of 19 months. The application of IFRS 16 to leases, previously classified as operating leases under IAS 17, resulted in the recognition of right-of-use assets of $149,310 included within property, equipment, and right-of-use assets (Note 4) and lease liabilities (Note 6) with no net impact on deficit.

4. PROPERTY, EQUIPMENT, AND RIGHT-OF-USE ASSETS

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

	Furniture and Fixtures	Computer Equipment	Right-of-Use Assets	Total
Cost				
Balance, February 28, 2018	$ -	$ -	$ -	$ -
Additions	3,783	6,044	-	9,827
Balance, February 28, 2019	3,783	6,044	-	9,827
Adoption of IFRS 16 (Note 6)	-	-	149,310	149,310
Extinguishment of lease (Note 6)	-	-	(149,310)	(149,310)
Balance, February 29, 2020	$ 3,783	$ 6,044	$ -	$ 9,827
Accumulated Depreciation				
Balance, February 28, 2018	$ -	$ -	$ -	$ -
Depreciation expense	349	882	-	1,231
Balance, February 28, 2019	349	882	-	1,231
Depreciation expense (Note 6)	637	1,383	66,796	68,816
Extinguishment of lease (Note 6)	-	-	(66,796)	(66,796)
Balance, February 29, 2020	$ 986	$ 2,265	$ -	$ 3,251
As at February 28, 2019	$ 3,434	$ 5,162	$ -	$ 8,596
As at February 29, 2020	$ 2,797	$ 3,779	$ -	$ 6,576

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Sunset Mining Property, British Columbia

On November 7, 2017, the Company entered into an agreement to have the right to earn a 100% interest in the Sunset Property consisting of four mineral claims.

The Company will earn a 100% interest in the Sunset Property subject to a 2% Net Smelter Royalty, by completing $1,000,000 in exploration, making cash payments of $15,000 (paid) and issuing 95,238 common shares (issued during the year ended February 28, 2019). If there is a shortfall in exploration in any one year, the agreement can be maintained in good standings by making a payment in the equivalent cash, of the shortfall. On June 25, 2018, the $100,000 in exploration expenditures to incur by June 30, 2018 was extended to September 30, 2018.

Subsequent to the year ended February 29, 2020, the Company entered into an amending agreement. Pursuant to the terms of the amending agreement, the Company has extended the second and third scheduled payments of exploration expenditures from June 30, 2019 and June 30, 2020 respectively to December 31, 2020 (as to $200,000) and December 31, 2021 (as to $700,000).

The Company will incur $1,000,000 of exploration as follows:

By June 30, 2018	$	100,000	*(completed during the year ended February 28, 2019)*
By December 31, 2020		200,000	
By December 31, 2021		700,000	
	$	1,000,000	

Excess expenditures from one year can be applied to the next period.

BCVC acquisition, British Columbia

On December 6, 2018, pursuant to the terms of an agreement, the Company acquired 100% of issued and outstanding common shares of BCVC in exchange for 785,714 common shares and agreed to pay $10,000 of BCVC's existing payables. The acquisition of BCVC was accounted for as an asset acquisition. BCVC owns a 100% interest in the Star and the Porcher vanadium properties, located in northwestern British Columbia. The Company determined that of the 785,714 common shares issued, 500,000 common shares with a fair value of $1,260,000 were compensatory in nature and recognized these as share-based payments for the year ended February 28, 2019. The remaining 285,714 common shares issued were considered as the purchase price consideration of BCVC.

The following table summarizes the consideration paid, the relative fair value of the assets acquired, and the liabilities assumed:

Purchase price consideration		
Fair value of 285,714 common shares issued at $2.52	$	720,000
Assets acquired and liabilities assumed		
Exploration and evaluation assets	$	730,000
Trade payables and accrued liabilities		(10,000)
Total purchase price allocated	$	720,000

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS *(cont'd…)*

WEM acquisition, British Columbia

On December 12, 2018, pursuant to the terms of an agreement the Company acquired 100% of issued and outstanding common shares of WEM in exchange for 607,143 common shares and agreed to pay $10,000 in WEM's existing payables. The acquisition of WEM was accounted for as an asset acquisition. WEM owns a 100% interest in the Blackie and the Peneece vanadium properties, located in northwestern British Columbia. The Company determined that of the 607,143 common shares issued, 321,429 common shares with a fair value of $551,250 were compensatory in nature and recognized these as share-based payments for the year ended February 28, 2019. The remaining 285,714 common shares issued were considered as the purchase price consideration of WEM.

The following table summarizes the consideration paid, the relative fair value of the assets acquired, and the liabilities assumed:

Purchase price consideration		
Fair value of 285,714 common shares issued at $1.715	$	490,000
Assets acquired and liabilities assumed		
Exploration and evaluation assets	$	500,000
Trade payables and accrued liabilities		(10,000)
Total purchase price allocated	$	490,000

Four Corners Property, British Columbia

During the year ended February 29, 2020 the Company entered into a mineral property option agreement to acquire an undivided 80% right, title, and interest in the Four Corners Project, located in west-central Newfoundland. The option will be deemed to be exercised by the Company upon the Company:

(i) paying the following amounts to the optionor:

- $25,000 upon entry into the term sheet (*paid*);
- $25,000 upon executing the option agreement (*paid*);
- $50,000 on or before the first anniversary date;
- $50,000 on or before the second anniversary date;
- $50,000 on or before the third anniversary date; and
- $250,000 on or before the earlier of the fourth anniversary date or the 30th day after completion of an approved exploration program.

(ii) issuing the following amounts of common shares to the optionor:

- 171,427 upon executing the option agreement (*issued with a fair value of $240,000 – Note 7*);
- 371,429 on or before the first anniversary date;
- 514,286 on or before the second anniversary date;
- 371,429 on or before the third anniversary date; and
- 285,714 on or before the fourth anniversary date.

(iii) incurring the following exploration expenditures:

- $1,000,000 on or before the first anniversary date;
- $2,000,000 on or before the second anniversary date;
- $1,000,000 on or before the third anniversary date; and
- $1,000,000 on or before the fourth anniversary date.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS *(cont'd…)*

Four Corners Property, British Columbia *(cont'd…)*

Subsequent to the year ended February 29, 2020, due to unfavourable market conditions, the Company terminated the option agreement. Accordingly, as at February 29, 2020 all acquisition and exploration costs related to the property have been written-off and $397,228 was recognized to the statement of loss and comprehensive loss.

A continuity of the Company's exploration and evaluation assets is as follows:

	Sunset	Star / Porcher	Blackie / Peneece	Four Corners	Total
Acquisition costs:					
Balance, February 28, 2018	$ 15,000	$ -	$ -	$ -	$ 15,000
Additions	50,000	730,000	500,000	-	1,280,000
Balance, February 28, 2019	65,000	730,000	500,000	-	1,295,000
Additions	-	-	-	290,000	290,000
Write-off	-	-	-	(290,000)	(290,000)
Balance, February 29, 2020	$ 65,000	$ 730,000	$ 500,000	$ -	$ 1,295,000
Exploration costs:					
Balance, February 28, 2018	3,000	-	-	-	3,000
Field Personnel	59,000	-	-	-	59,000
Sampling	21,182	-	-	-	21,182
Supplies and other	2,615	-	-	-	2,615
Travel and meals	17,698	-	-	-	17,698
Balance, February 28, 2019	103,495	-	-	-	103,495
Field Personnel	-	23,675	9,825	29,605	63,105
Sampling	-	68,488	74,368	2,325	145,181
Geological consulting	-	-	-	29,850	29,850
Supplies and other	-	3,661	300	36,573	40,534
Travel and meals	-	14,919	12,175	8,875	35,969
Write-off	-	-	-	(107,228)	(107,228)
Balance, February 29, 2020	$ 103,495	$ 110,743	$ 96,668	$ -	$ 310,906
Balance, February 28, 2019	$ 168,495	$ 730,000	$ 500,000	$ -	$ 1,398,495
Balance, February 29, 2020	$ 168,495	$ 840,743	$ 596,668	$ -	$ 1,605,906

6. LEASE LIABILITIES

As at February 29, 2019, the Company held one office lease with a remaining term of 19 months. Pursuant to the adoption of IFRS 16 (Note 3), using an annual discount rate of 10%, the Company has recognized the impact of off-balance lease obligations as of March 1, 2020 of $149,310.

On November 15, 2019, the Company entered into an agreement with the lessor to terminate the lease term by paying a break-fee of $8,500. On the extinguishment of the lease, the Company reduced lease liabilities by $73,537 and right-of-us assets by $82,514 (Note 3) and recognized a corresponding loss on extinguishment of lease of $8,997 to the statement of loss and comprehensive loss. As at February 29, 2020, the Company has no further commitments or obligations with respect to leases.

(Expressed in Canadian Dollars)

6. LEASE LIABILITIES *(cont'd…)*

The following is a reconciliation of the changes in the lease liabilities:

Lease liabilities		**February 28, 2019**
Balance, February 28, 2019	$	-
Adoption of IFRS 16		149,310
Lease accretion		9,227
Lease payments		(85,000)
Extinguishment of remaining lease liabilities		(73,537)
Balance, February 29, 2020	$	-

7. CAPITAL STOCK

Authorized capital stock

An unlimited number of common shares without par value, issuable in series.

Issued share capital

During the year ended February 29, 2020, the Company:

a) issued 171,427 common shares with a fair value of $240,000 in connection with the Four Corners option agreement (Note 4).

b) Issued 85,712 common shares at a price of $0.91 per common share for proceeds of $78,000 on the exercise of stock options.

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

a) issued 95,238 common shares with a fair value of $50,000, in connection with the Sunset Property agreement (Note 5). Of these, 300,000 were issued to a director of the Company (Note 8);

b) completed a private placement by issuing 514,286 common shares for gross proceeds of $270,000;

c) closed its initial public offering ("IPO") by issuing 1,071,429 common shares at a price of $1.40 per common share for gross proceeds of $1,500,000. In conjunction with the IPO, the Company paid total cash commissions of $135,000 and granted an aggregate of 96,429 agents' options, each of which entitles the holder thereof to purchase one common share at a price of $1.40 per common share for a period of 24 months from the date of issuance. The agents' options were valued at $71,730 using the Black Scholes pricing model using an expected life of two years, volatility of 100%, risk-free interest rate of 1.61% and expected dividends of $nil. The Company incurred additional closing and legal fees of $175,140 including $49,049 paid to the CEO for services rendered relating to the IPO (Note 8);

d) issued 785,714 common shares with a fair value of $2.52 per common share, for a total value of $1,980,000 in connection with the acquisition of BCVC (Note 5). Of the total common shares issued, 500,000 were considered compensatory and $1,260,000 was recognized as share-based payments for the year ended February 28, 2019;

e) issued 607,143 common shares with a fair value of $1.715 per common share, for a total value of $1,041,250 in connection with the acquisition of WEM (Note 5). Of the total common shares issued, 321,429 were considered compensatory and $551,250 was recognized as share-based payments for the year ended February 28, 2019; and

(Expressed in Canadian Dollars)

7. CAPITAL STOCK *(cont'd…)*

Issued share capital *(cont'd…)*

f) issued 134,20 common shares at a price of $1.40 per common share for proceeds of $18,787 on the exercise of stock options.

Stock options

During the year ended February 28, 2019, the Company adopted a stock option plan. The stock option plan provides that, the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time. In addition, the number of common shares which may be reserved for issuance on a yearly basis to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued shares calculated at the time of grant. All options granted under the stock option plan will expire no later than the date that is five years from the date that such options are granted.

The following is a summary of stock options outstanding as at February 29, 2020 and February 28, 2019 and changes during the periods ended:

	Number of Stock Options		Weighted Average Exercise Price
Balance, February 28, 2018	-	$	-
Granted	437,564		1.67
Cancelled	(3,571)		1.75
Exercised	(13,420)		1.40
Balance, February 28, 2019 – outstanding and exercisable	420,573	$	1.68
Granted	157,141		1.29
Exercised	(85,714)		0.91
Balance, February 29, 2020 – outstanding and exercisable	492,000	$	1.69

At February 29, 2020 the following stock options were outstanding:

Number outstanding	Number outstanding and exercisable		Exercise Price	Expiry Date
83,009	83,009	$	1.40	October 23, 2020
337,564	337,564	$	1.75	October 29, 2023
57,142	57,142	$	1.75	March 21, 2024
14,285	14,285	$	1.75	March 24, 2024
492,000	492,000			

The weighted average fair value of incentive options granted during the year ended February 29, 2020 was $0.95 (year ended February 28, 2019 - $1.33). Total share-based payments recognized in the statement of shareholders' equity for the year ended February 29, 2020 was $149,026 (2019 - $448,650) for incentive options was recognized in the statement of loss and comprehensive loss.

(Expressed in Canadian Dollars)

7. CAPITAL STOCK *(cont'd…)*

Stock options *(cont'd…)*

The fair value of incentive options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	February 29, 2020	February 28, 2019
Weighted average exercise price	$1.29	$1.75
Risk-free interest rate	1.49%	2.33%
Expected life of option	5 years	5 years
Expected annualized volatility	100%	100%
Expected dividend rate	Nil	Nil

8. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, the Chief Executive Officer, and Chief Financial Officer. Key management personnel payments for the year ended February 29, 2020 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 147,500	$ -	$ -	$ 147,500
Chief Financial Officer	36,000	-	-	36,000
Non-executive directors	-	105,000	-	105,000
	$ 183,500	$ 105,000	$ -	$ 288,500

Key management personnel payments for the year ended February 28, 2019 included:

	Management fees	Accounting fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 62,500	$ -	$ 49,049	$ 37,575	$ 149,124
Chief Financial Officer	9,000	-	-	-	9,000
Former Chief Financial Officer	-	18,938	-	4,697	23,635
Non-executive directors	-	-	25,000	75,150	100,150
	$ 71,500	$ 18,938	$ 74,049	$ 117,422	$ 281,909

As at February 29, 2020, $184,846 (February 28, 2019 - $669) was included in trade payables and accrued liabilities for fees owed to related parties and $nil (February 28, 2019 - $20,000) was included in prepaid expenses for amounts prepaid to related parties for travel advances and management fees.

During the year ended February 29, 2020, the Company issued a loan of $17,500 to a Company with an officer in common. The loan is non-interest bearing and repayable on demand.

The terms of the Sunset Property agreement included a property option payment of $9,000 (Note 5) to an optionor of the property, who is also a director of the Company. Under the terms of the acquisition agreements, the Company issued 300,000 common shares of the Company to a director of the Company on April 1, 2018 (Notes 5 and 7).

(Expressed in Canadian Dollars)

9. SUPPLEMENTAL CASH FLOW INFORMATION

The Company had the following non-cash transactions:

		February 29, 2020		**February 28, 2019**
Prepaid expenses applied to lease payments	$	25,500	$	-
Impact of IFRS 16 on property, equipment, and right-of-use assets	$	149,310	$	-
Impact of lease extinguishment on right-of-use assets	$	82,514	$	-
Exploration and evaluation assets included in accounts payable	$	271,403	$	-
Deposit reallocated to share issuance costs	$	-	$	25,000
Fair value of agents' options included in equity reserves	$	-	$	71,730
Fair value of options reclassified from equity reserves on exercise	$	68,765	$	9,982
Fair value of common shares issued for exploration and evaluation asset	$	240,000	$	1,260,000

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of amounts receivable and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is carried at fair value through profit or loss. Amounts receivable and trade payables and accrued liabilities are carried at amortized cost.

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss of a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of Goods and Services Tax receivable from the government of Canada and the Company considers credit risk associated with these amounts to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT *(cont'd…)*

Risk management *(cont'd…)*

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.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at February 29, 2020, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

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, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

(Expressed in Canadian Dollars)

11. INCOME TAXES

A reconciliation of income taxes (recoveries) at statutory rates with the reported taxes for the years ended February 29, 2020 and February 28, 2019 are as follows:

	2020	2019
Loss before income taxes	$ (1,926,695)	$ (3,099,707)
Expected income tax (recovery)	$ (520,000)	$ (837,000)
Permanent differences	26,000	612,000
Share issuance cost	-	(84,000)
Change in statutory, foreign tax, foreign exchange rates and other	13,000	-
Change in unrecognized deductible temporary differences	481,000	309,000
Income tax recovery	$ -	$ -

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	February 29, 2020	Expiry Date Range	February 28, 2019	Expiry Date Range
Property and equipment	$ 3,000	N/A	$ 1,000	N/A
Share issue costs	192,000	2023-2024	257,000	2023-2024
Exploration and evaluation assets	397,000	N/A	-	N/A
Non-capital losses	2,367,000	2026-2037	1,026,000	2026-2036
	$ 2,959,000		$ 1,284,000	

12. SUBSEQUENT EVENTS

Subsequent to the year ended February 29, 2020, the Company:

a) closed a private placement and issued 15,827,000 units (each, a "Unit") at a price of $0.075 per Unit for gross proceeds of $1,187,025. Each unit consists of one common share and one warrant entitling the holder to purchase one additional common share at a price of $0.20 per common share for five years from the date of issuances. In connection with the offering, the Company paid an aggregate of $65,304 in cash commissions. All common shares issued in connection with the offering will be subject to voluntary escrow, pursuant to which 35% of the common shares will be released four months and one day from the issuance date, 35% of the common shares will be released seven months and one day from the issuance date, and the remaining 30% of the common shares will be released ten months and one day from the issuance date;

b) issued 932,291 common shares to Directors of the Company to settle accounts payable and accrued liabilities valued at $111,875; and

c) granted 1,600,000 stock options to various directors, officers, and consultants of the Company with an exercise price of $0.15 and life of 5 years. All options vested on grant.

12. SUBSEQUENT EVENTS *(cont'd…)*

COVID-19

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