CARLYLE
COMMODITIES

(formerly Delrey Metals Corp.)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED FEBURARY 28, 2021 AND FEBURARY 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 28, 2021 and February 29, 2020, 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 28, 2021 and February 29, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

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

June 30, 2021

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 28, 2021	February 29, 2020
ASSETS		
Current assets		
Cash	$ 161,161	$ 55,973
Amounts receivable	29,516	20,082
Loan receivable (Note 9)	205,482	17,500
Prepaid expenses (Note 7)	138,773	7,250
	534,932	100,805
Equipment (Notes 4)	4,883	6,576
Exploration and evaluation advance (Note 5)	141,327	-
Exploration and evaluation assets (Note 5)	6,404,937	1,605,906
	$ 7,086,079	$ 1,713,287
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 181,773	$ 540,538
Accrued liabilities	13,770	63,500
	195,543	604,038
Shareholders' Equity		
Share capital (Note 8)	13,139,486	5,491,724
Subscriptions received in advance (Note 8)	-	72,750
Reserves (Note 8)	2,314,506	590,660
Deficit	(8,563,456)	(5,045,885)
	6,890,536	1,109,249
	$ 7,086,079	$ 1,713,287

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 13)

APPROVED ON BEHALF OF THE BOARD ON June 30, 2021

"Morgan Good" Director *"Leighton Bocking"* 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 28, 2021	February 29, 2020
General and administrative expenses		
Bank and interest charges	$ 4,169	$ 2,885
Consulting fees (Note 9)	632,167	369,350
Depreciation (Note 4)	1,693	68,816
Investor relations fees	477,303	520,364
Management fees (Note 9)	250,100	219,500
Office costs	60,217	22,024
Professional fees	126,944	73,369
Share-based payments (Notes 8 and 9)	539,301	149,026
Transfer agent and filing fees	37,129	30,521
Travel and entertainment	22,146	71,741
	(2,151,169)	(1,527,596)
Other items		
Foreign exchange loss	-	(4,667)
Loss on shares issued on settlement of accounts payable (Note 8)	(47,831)	-
Lease accretion (Note 6)	-	(9,227)
Loss on extinguishment of lease (Note 6)	-	(8,977)
Loss (gain) on settlement of debt	(5,200)	21,000
Flow through premium income (Note 8)	99,040	-
Write-off of exploration and evaluation assets (Note 5)	(1,412,411)	(397,228)
Loss and comprehensive loss for the year	$ (3,517,571)	$ (1,926,695)
Loss per common share, basic and diluted	$ (0.14)	$ (0.38)
Weighted average number of common shares outstanding, basic and diluted	25,243,110	5,012,931

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 years ended	February 28, 2021	February 29, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (3,517,571)	$ (1,926,695)
Items not affecting cash		
Depreciation	1,693	68,816
Lease accretion	-	9,227
Loss on extinguishment of lease	-	8,977
Loss (gain) on settlement of debt	5,200	(21,000)
Loss on shares issued on settlement of accounts payable	47,831	-
Flow through premium income	(99,040)	-
Write-off of exploration and evaluation assets	1,412,411	397,228
Share-based payments	539,301	149,026
Changes in non-cash working capital items:		
Amounts receivable	109,916	16,970
Prepaid expenses	(131,523)	165,709
Accounts payables and accrued liabilities	975,115	(23,891)
Net cash used in operating activities	(656,667)	(1,155,633)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(1,443,512)	(93,236)
Cash received on acquisition of Isaac Mining Corp	1,097,078	-
Advances toward exploration and evaluation expenditures	(141,327)	-
Loans issued	(187,982)	(17,500)
Net cash used in investing activities	(675,743)	(110,736)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	1,485,675	-
Share subscriptions received in advance	-	72,750
Proceeds from stock options exercised	63,750	78,000
Lease payments	-	(59,500)
Share issuance costs	(111,827)	-
Net cash provided by financing activities	1,437,598	91,250
Change in cash for the year	105,188	(1,175,119)
Cash, beginning of year	55,973	1,231,092
Cash, ending of year	$ 161,161	$ 55,973

Supplemental Cash Flow Information (Note 10)

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

CARLYLE COMMODITIES CORP. (formerly Delrey Metals Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share capital					
	Number	**Amount**	**Subscriptions received in advance**	**Reserves**	**Deficit**	**Total**
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
Shares issued for private placements	17,065,000	1,558,425	(72,750)	-	-	1,485,675
Shares issued for acquisition of Isaac Mining Corp	20,562,100	5,140,525	-	-	-	5,140,525
Warrants issued for acquisition of Isaac Mining Corp	-	-	-	(1,217,905)	-	(1,217,905)
Options exercised	425,000	110,846	-	(47,096)	-	63,750
Shares issued for exploration and evaluation assets	1,600,000	469,000	-	-	-	469,000
Flow-through premium liability recognized	-	(99,040)	-	-	-	(99,040)
Share issuance costs	-	(111,827)	-	-	-	(111,827)
Share issuance costs – finders' warrants	-	(13,736)	-	13,736	-	-
Shares issued to settle accounts payable	4,173,184	593,569	-	-	-	593,569
Share-based payments	-	-	-	539,301	-	539,301
Loss and comprehensive loss for the year	-	-	-	-	(3,517,571)	(3,517,571)
Balance, February 28, 2021	48,900,509	$ 13,139,486	$ -	$ 2,314,506	$ (8,563,456)	$ 6,890,536

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

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 5803 – 1151 West Georgia Street, Vancouver, BC. The registered office address is located at 620 – 1111 Melville 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%
ISAAC Mining Corp. ("**IMC**")	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 1 post-consolidation share for each 7 pre-consolidation shares. All per share amounts have been retroactively restated.

During the year ended February 28, 2021, the Company acquired all of the outstanding share capital of ISAAC Mining Corp. ("IMC"). IMC is a private British Columbia mineral exploration corporation which owns 100% of the Newton Gold Project (the "Newton Gold Project" or the "Project") located in the Clinton Mining Division of the Province of British Columbia.

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.

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.

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.

2. BASIS OF PREPARATION *(cont'd…)*

Use of Estimates and Critical Judgments

The 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 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.

Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and its controlled and wholly owned subsidiaries BCVC, WEM and IMC. 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.

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

Financial instruments *(cont'd…)*

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.

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.

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

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

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.

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.

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

Income taxes *(cont'd…)*

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.

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.

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

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.

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.

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

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.

Lease

At inception of a contract, the Company assesses 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. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes 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 lease 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 remeasurements 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 the Company is 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 the 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 or loss.

The Company has 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 or loss on a straight-line basis over the lease term.

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

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 bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. The premium is recognized as other income and the related deferred tax is recognized as a tax provision which is reduced when qualifying flow-through expenditures are incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian resource property exploration expenditures within a two-year period in accordance with Government of Canada flow-through share regulations.

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 share regulations. When applicable, this tax is accrued as a financial expense until paid.

4. EQUIPMENT

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, 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 and February 28, 2021	$ 3,783	$ 6,044	$ -	$ 9,827
Accumulated Depreciation				
Balance, February 28, 2019	$ 349	$ 882	$ -	$ 1,231
Depreciation expense	637	1,383	66,796	68,816
Extinguishment of lease	-	-	(66,796)	(66,796)
Balance, February 29, 2020	986	2,265	-	3,251
Depreciation expense	559	1,134	-	1,693
Balance, February 28, 2021	$ 1,545	$ 3,399	$ -	$ 4,944
As at February 29, 2020	$ 2,797	$ 3,779	$ -	$ 6,576
As at February 28, 2021	$ 2,238	$ 2,645	$ -	$ 4,883

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.

During the year ended February 28, 2021, 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.

During the year ended February 28, 2021, the Company has agreed to dispose of the properties in settlement of $12,500 in debt. Accordingly, for the year ended February 28, 2021, the Company has written the value of the properties down to $nil and recognized a write-off of $828,243 to statement of loss and comprehensive loss.

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.

During the year ended February 28, 2021, the Company has agreed to dispose of the properties in settlement of $12,500 in debt. Accordingly, for the year ended February 28, 2021, the Company has written the value of the properties down to $Nil and recognized a write-off of $584,168 to statement of loss and comprehensive loss.

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

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 paying an aggregate of $450,000 ($25,000 – paid), issuing an aggregate of 1,714,285 common shares *(*171,427 common shares issued with a fair value of $240,000), and incurring an aggregate of $5,000,000 in exploration expenditures by the fourth anniversary date.

During 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 for the year then ended.

Cecilia Gold-Silver Property, State of Sonora

During the year ended February 28, 2021, the Company entered into an option agreement (the "Cecilia Agreement") with Riverside Resources Inc. ("Riverside"), a TSX Venture Exchange ("TSXV") listed issuer trading under the symbol "RRI", to purchase an undivided 100% interest in and to Cecilia Gold-Silver Project (the "Property") located in the State of Sonora, Mexico.

Under the terms of the Cecilia Agreement, the Company has the option to acquire a 100% interest in the Property by:

Date	Cash	Shares	Exploration Expenditures
Upon execution of the LOI	$ 10,000 *(paid)*	-	$ -
Upon closing	40,000 *(paid)*	1,500,000 *(issued)*	-
12 months from Closing	50,000	-	750,000
24 months from Closing	50,000	-	500,000
36 months from Closing	50,000	-	1,250,000
	$ 200,000	1,500,000	$ 2,500,000

Upon completion of the option payments, the Company will be deemed to have exercised the option and will have earned an undivided 100% legal and beneficial interest in and to the Property, subject to a 2.5% net smelter return royalty ("NSR Royalty") to be granted to Riverside. During the year ended February 28, 2021, the Company advanced $750,000 to Riverside as operator of the project, of which $608,991 had been expended on exploration and evaluation activities as at February 28, 2021 with $141,327 remaining in exploration and evaluation advance.

On closing, the Company issued 3,000,000 special warrants to Riverside, which will automatically vest and convert into one share of the Company, for no additional consideration, with the following vesting schedule:

Vesting Date	No. of Special Warrants Vested / Converted
12 months from Closing	500,000
24 months from Closing	500,000
12 months from Closing	500,000
24 months from Closing	500,000
36 months from Closing	500,000
	3,000,000

The special warrants will be cancelled if the Cecilia Agreement is terminated and have therefore been accounted for consistent with other option payments and will be recognized as acquisition costs as they vest.

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

Mack option agreement, British Columbia

During the year ended February 28, 2021, the Company entered into an option agreement (the "Mack Agreement") with United Mineral Services Ltd. ("UMS"), a private company. The Company has agreed with UMS that Amarc Resources Ltd. ("Amarc") will operate the exploration program.

Under the terms of the Mack Agreement, the Company has the right to earn a 50% working interest in the Mack copper-molybdenum-gold property by funding $400,000 for an initial drill program as follows:

a) $50,000 on or before August 14, 2020 *(paid)*; and
b) $350,000 on the earlier of:
    a. within 5 days of notice from Amarc that it has received the necessary permit required for the agreed upon earn-in program for the Mack Property before September 30, 2020 *(paid)*; and
    b. April 1, 2021, if the permit is in-hand after September 30, 2020 but before April 1, 2021; or such other date as agreed to by the parties

During the year ended February 28, 2021, the Company issued 100,000 common shares with a value of $19,000 to stake additional contiguous claims on the Mack property.

Jake option agreement, British Columbia

During the year ended February 28, 2021, the Company entered into an option agreement (the "Jake Agreement") with UMS, a private company. Under the terms of the Jake Agreement, the Company has the right to earn a 50% working interest in the Jake copper-molybdenum-gold property by funding $400,000 for an initial drill program as follows:

c) $100,000 on or before August 31, 2020; and
d) $300,000 on the earlier of:
    a. May 1, 2021, if Amarc has received the necessary permit required for the earn-in program for the Jake Property; and
    b. Within five days of notice that it has received the permit after May 1, 2021 but before September 30, 2021; or such other date as agreed to by the parties.

Amarc will operate the exploration program. As at February 28, 2021, the Company had not made any payments towards the Jake option agreement or capitalized exploration expenditures. Subsequently, on March 30, 2021, the Jake Agreement was terminated.

Isaac Mining Corp amalgamation agreement, British Columbia

On December 16, 2020, the Company entered into an amalgamation agreement (the "Agreement") with Isaac Mining Corp. ("IMC"), an arm's length private British Columbia corporation, and 1269597 B.C. Ltd. ("NewCo"), a wholly-owned subsidiary of the Company, pursuant to which the Company acquired (the "Transaction") all of the issued and outstanding securities of IMC by way of "three-cornered" amalgamation.

Incorporated in September of 2020, IMC is a private British Columbia mineral exploration corporation which owns 100% of the Newton Gold Project (the "Newton Gold Project" or the "Project") located in the Clinton Mining Division of the Province of British Columbia.

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

Isaac Mining Corp amalgamation agreement, British Columbia *(cont'd…)*

Pursuant to the Agreement, the Company acquired all of the issued and outstanding IMC Shares by way of a "three-cornered" amalgamation (the "Amalgamation") whereby NewCo and IMC amalgamated pursuant to the provisions of the Business Corporations Act (British Columbia) to form one corporation, which continued under the name "Isaac Newton Mining Corp.", a wholly owned subsidiary of the Company. Accordingly, each of the common shares of IMC (each, an "IMC Share") were cancelled and, in consideration for such IMC Shares, each IMC shareholder (collectively, the "IMC Shareholders") received one common share in the capital of the Company for every IMC Share held by such shareholder. An aggregate of 20,562,100 common shares of the Company were issued to the IMC Shareholders in exchange for their respective IMC Shares as well as an aggregate of 9,531,000 warrants in replacement of IMC warrants. The warrants are exercisable at an exercise price of $0.50 per common share for a period of 3 years from the date of issuance. The value of $1,192,874 was determined using the Black Scholes option pricing model using the following assumptions: exercise price: $0.50, expected life: 3 years, volatility: 161.58% and discount rate: 0.24%.

In connection with the Transaction, the Company has entered into a termination agreement (the "Termination Agreement") with Amarc and AgraFlora Organics International Inc. (formerly Newton Gold Corp.) ("AgraFlora") pursuant to which the Company agreed to purchase for cancellation a residual 5% net profit interest royalty (the "NPI Royalty") on the Newton Gold Project held by AgraFlora. In consideration for the acquisition and termination of the NPI Royalty, the Company agreed to issue AgraFlora non-transferrable warrants to purchase 200,000 at an exercise price of $0.50 per common share for a period of 3 years from the date of issuance. The value of $25,031 was determined using the Black Scholes option pricing model using the following assumptions: exercise price: $0.50, expected life: 3 years, volatility: 161.58% and discount rate: 0.24%.

The Company has determined that the transaction does not meet the definition of a business combination and will treat the amalgamation as an asset acquisition.

Purchase price consideration		
Value of 20,562,100 common shares issued at $0.25	$	5,140,525
Fair value of 9,531,000 warrants issued		1,192,874
Fair value of 200,000 warrants issued to AgraFlora		25,031
		6,358,430
Assets and liabilities acquired		
Cash		1,097,078
Accounts receivable		669,350
Newton Gold Project		4,592,330
Accounts payable		(328)
Total purchase price allocated	$	6,358,430

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

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

	Sunset	Mack	Cecilia	Star / Porcher	Blackie / Peneece	Four Corners	Newton	Total
Acquisition costs:								
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
Additions	-	25,822	540,000	-	-	-	4,632,993	5,198,815
Write-off	-	-	-	(717,500)	(487,500)	-	-	(1,205,000)
Disposal	-	-	-	(12,500)	(12,500)			(25,000)
Balance, February 28, 2021	65,000	25,822	540,000	-	-	-	4,632,993	5,263,815
Exploration costs:								
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
Field Personnel	-	-	115,379	-	-	-	-	115,379
Sampling	-	-	200,648	-	-	-	-	200,648
Drill program	-	425,000	-	-	-	-	-	425,000
Geological consulting	-	4,106	64,491	-	-	-	-	68,597
Supplies and other	-	-	77,539	-	-	-	-	77,539
Travel and meals	-	-	61,196	-	-	-	-	61,196
Project management	-	-	88,798	-	-	-	-	88,798
Write-off	-	-	-	(110,743)	(96,668)	-	-	(207,411)
Balance, February 28, 2021	103,495	429,106	608,521	-	-	-	-	1,141,122
Balance, February 29, 2020	$ 168,495	$ -	$ -	$ 840,743	$ 596,668	$ -	$ -	$ 1,605,906
Balance, February 28, 2021	$ 168,495	$ 454,928	$ 1,148,521	$ -	$ -	$ -	$ 4,632,993	$ 6,404,937

6. LEASE LIABILITIES

As at February 28, 2019, the Company held one office lease with a remaining term of 19 months. Pursuant to the adoption of IFRS 16 during the year ended February 29, 2020, 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 4) 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.

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

Lease liabilities	
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 and February 28, 2021	$ -

7. PREPAID EXPENSE

As at February 28, 2021, the Company had prepaid expenses of $138,773 (2020 - $7,250) to vendors and Consultants.

8. CAPITAL STOCK

Authorized capital stock

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

8. CAPITAL STOCK *(cont'd…)*

Issued share capital

During the year ended February 28, 2021, the Company:

a) Closed three tranches of a private placement by issuing 15,827,000 units (each, a "Unit") at a price of $0.075 per Unit for gross proceeds of $1,187,025, of which $72,750 had been collected as at February 29, 2020, as follows:

   a. 2,666,667 Units on March 27, 2020;
   b. 8,628,333 Units on April 29, 2020; and
   c. 4,532,000 Units on May 15, 2020.

   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 finders' fees and incurred an additional $17,716 in other closing costs. 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 4,173,184 common shares valued at $593,569 to Directors of the Company to settle accounts payable and accrued liabilities valued at $111,875. The Company recognized a loss on the issuance of $47,831 to the statement of loss and comprehensive loss;

c) Issued 1,500,000 common shares valued at $450,000 as required under the Cecilia Agreement (Note 5);

d) Issued 425,000 common shares at an average price of $0.26 per common share for proceeds of $110,846 on the exercise of stock options. Upon exercise, $47,096 relating to the fair value of the options was reclassified from reserves to share capital;

e) Closed a non-brokered private placement by issuing 1,238,000 flow-through units (each, a "FT Unit") at a price of $0.30 per FT Unit for gross proceeds of $371,400. Each FT Unit was comprised of one flow-through share and one common share purchase warrant, each entitling the holder to acquire one non-flow-through common share at a price of $0.75 per common share for a period of two years. The Company paid finders' fees of $22,992 and issued 76,640 finders' warrants, exercisable at $0.30 for a period of two years. The finders' warrants were valued at $13,736 using the Black-Scholes pricing model using a share price of $0.22, expected life of two years, and a volatility of 198.84%. The Company incurred additional costs of $5,815 in connection with the financing. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of $99,040. During the period ended November 30, 2020 the Company completed all required expenditures and $99,040 was recognized to profit or loss;

f) Issued 100,000 common shares valued at $19,000 to obtain additional mineral claims on the Mack property (Note 5); and

g) Issued 20,562,100 common shares valued at $5,140,525 as required under the Isaac Mining Corp amalgamation agreement (Note 5).

8. CAPITAL STOCK *(cont'd…)*

Issued share capital *(cont'd…)*

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 5); and

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.

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 28, 2021 and February 29, 2020 and changes during the years then ended:

	Number of Stock Options		Weighted Average Exercise Price
Balance, February 28, 2019	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
Expired	(83,009)		1.40
Granted	4,390,000		0.14
Exercised	(425,000)		0.15
Balance, February 28, 2021 – outstanding and exercisable	4,373,991	$	0.29

At February 28, 2021 the following stock options were outstanding:

Number outstanding	Number exercisable		Exercise Price	Expiry Date
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
1,175,000	1,175,000	$	0.15	May 15, 2025
2,790,000	2,790,000	$	0.14	February 19, 2026
4,373,991	4,373,991	$	0.29	

8. CAPITAL STOCK *(cont'd…)*

The weighted average fair value of incentive options granted during the year ended February 28, 2021 was $0.12 (year ended February 29, 2020 - $0.95). Total share-based payments recognized in the statement of shareholders' equity for the year ended February 28, 2021 was $539,301 (2020 - $149,026) for incentive options was recognized in the statement of loss and comprehensive loss. 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 28, 2021	**February 29, 2020**
Weighted average exercise price	$0.20	$1.29
Risk-free interest rate	0.30%	1.49%
Expected life of option	4 years	5 years
Expected annualized volatility	161%	100%
Expected dividend rate	Nil	Nil

Warrants

The following is a summary of warrants as at February 28, 2021 and February 29, 2020 and changes during the periods ended:

	Number of Stock Warrants	Weighted Average Exercise Price
Balance, February 29, 2020	-	$ -
Issued	26,872,640	0.33
Issued – Special warrants	3,000,000	0.30
Balance, February 28, 2021	29,872,640	$ 0.33

At February 28, 2021 the following warrants were outstanding:

Number outstanding	**Number outstanding and exercisable**	**Exercise Price**	**Expiry Date**
2,666,667	2,666,667	$ 0.20	March 27, 2025
8,628,333	8,628,333	$ 0.20	April 29, 2025
4,532,000	4,532,000	$ 0.20	May 15, 2025
1,238,000	1,238,000	$ 0.75	August 31, 2022
76,640	76,640	$ 0.30	August 31, 2022
1,441,000	1,441,000	$ 0.50	November 20, 2023
1,240,000	1,240,000	$ 0.50	November 25, 2023
1,350,000	1,350,000	$ 0.50	November 27, 2023
5,700,000	5,700,000	$ 0.50	December 8, 2023
3,000,000	-	$ -	Termination of the Cecilia Agreement (Note 5)
29,872,640	26,872,640		

9. 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 28, 2021 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 195,100	$ -	$ 50,409	$ 245,509
Chief Financial Officer	36,000	-	12,975	48,975
Non-executive directors	-	63,200	78,656	141,856
	$ 231,100	$ 63,200	$ 142,040	$ 436,340

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

As at February 28, 2021, $74,550 (February 29, 2020 - $184,846) was included in trade payables and accrued liabilities for fees owed to related parties. During the year ended February 28, 2021, the Company issued an aggregate of 1,075,148 common shares with a value of $159,844 to directors and officers of the Company to settle accounts payable of $131,875 (Note 8). The Company recognized a loss on the settlement of $27,969. As at February 28, 2021, $35,500 (February 29, 2020 - $nil) was included in prepaid expenses advanced to related parties.

During the year ended February 28, 2021, the Company issued a loan of $150,000 (year ended February 29, 2020 - $nil) to an officer of the Company. The loan is non-interest bearing and repayable on demand. Subsequent to the year ended February 28, 2021, $130,000 of the loan was repaid.

During the year ended February 28, 2021, the Company issued a loan of $55,482 (year ended February 29, 2020 - $17,500) to a Company with an officer in common. The loan is non-interest bearing and repayable on demand.

During the year ended February 28, 2021, $35,500 (2020 - $Nil) has been prepaid to a company controlled by a director for consulting fees.

10. SUPPLEMENTAL CASH FLOW INFORMATION

The Company had the following non-cash transactions:

		February 28, 2021		February 29, 2020
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	$	3,003	$	271,403
Exploration and evaluation assets included in accounts payable – opening	$	271,403	$	-
Accounts payable settled by share issuance	$	545,738	$	-
Accounts payable and accounts receivable cancelled on acquisition of Isaac Mining Corp.	$	550,000	$	-
Value of flow-through premium liability on private placement	$	99,040	$	-
Fair value of options reclassified on option exercised	$	47,096	$	68,765
Fair value of finders' warrants granted for share issuance costs	$	13,736	$	-
Fair value of warrants issued on acquisition of Isaac Mining Corp.	$	1,217,905	$	-
Fair value of common shares issued for exploration and evaluation asset	$	469,000	$	240,000

11. 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.

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

Risk management

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.

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 28, 2021, 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.

12. INCOME TAXES

A reconciliation of income taxes (recoveries) at statutory rates with the reported taxes for the years ended February 29, 2021 and February 29, 2020 are as follows:

		2021		2020
Loss before income taxes	$	(3,517,571)	$	(1,926,695)
Expected income tax (recovery)	$	(950,000)	$	(520,000)
Permanent differences		148,000		26,000
Share issuance cost		(30,000)		-
Change in statutory, foreign tax, foreign exchange rates and other		21,000		13,000
Change in unrecognized deductible temporary differences		711,000		481,000
Income tax recovery	$	-	$	-

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

		February 28, 2021	Expiry Date Range		February 29, 2020	Expiry Date Range
Property and equipment	$	5,000	N/A	$	3,000	N/A
Share issue costs		282,000	2023-2024		192,000	2023-2024
Exploration and evaluation assets		1,322,000	N/A		397,000	N/A
Non-capital losses		3,985,000	2026-2037		2,367,000	2026-2036
	$	5,594,000		$	2,959,000	

13. SUBSEQUENT EVENTS

Subsequent to the year ended February 28, 2021, the Company:

a) Issued 452,631 common shares to two consultants of the Company for consulting services;

b) Issued 805,000 common shares for options exercised at an average price of $0.12 per share;

c) Closed an amalgamation agreement with OWL Lake Resources Corp. and 1305339 BC Ltd, pursuant to which the Company acquired all of the issued and outstanding common shares of OWL Lake Resources Corp. by way of "three-cornered" amalgamation. As consideration, the Company issued 13,714,286 of its common shares to the shareholders of OWL Lake Resources Corp.

   In connection with the amalgamation, the Company issued 935,713 common shares in the capital of the Company for finder's fees.