

SPEARMINT RESOURCES INC.
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
January 31, 2020 and 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Spearmint Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Spearmint Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2020 and 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$579,031 during the year ended January 31, 2020 and has an accumulated deficit of \$4,130,282 since its inception. As stated in Note 1, these events and conditions 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 obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Glenn Parchomchuk.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

May 29, 2020

SPEARMINT RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

<u>ASSETS</u>	January 31, <u>2020</u>	January 31, <u>2019</u>
Current assets		
Cash and cash equivalents - Note 4	\$ 151,553	\$ 230,989
Receivables - Note 5	1,868	7,229
Prepaid expenses	-	135
Total current assets	153,421	238,353
Non-current assets		
Security deposits – Note 6	11,729	11,098
Exploration and evaluation assets – Note 6	1,547,408	1,642,214
Total assets	\$ 1,712,558	\$ 1,891,665
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued liabilities - Notes 7 and 13	\$ 500,812	\$ 79,481
Flow-through share premium liability – Note 8	-	23,536
Total current liabilities	500,812	103,017
Non-current liabilities		
Long-term accounts payables – Note 7	-	374,990
	500,812	478,007
<u>SHAREHOLDERS' EQUITY</u>		
Share capital – Note 9	4,490,214	4,318,138
Reserves – Note 9	851,814	646,771
Accumulated deficit	(4,130,282)	(3,551,251)
Total shareholders' equity	1,211,746	1,413,658
Total liabilities and shareholders' equity	\$ 1,712,558	\$ 1,891,665

Nature and Continuance of Operations – Note 1
Subsequent Events – Note 17

APPROVED BY THE DIRECTORS:

“James Nelson” Director
James Nelson

“Dennis Aalderink” Director
Dennis Aalderink

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

SPEARMINT RESOURCES INC.
CONSOLIDATED STATEMENTS OF LOSS & COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Years ended January 31,	
	<u>2020</u>	<u>2019</u>
Operating expenses		
Consulting fees	\$ 36,000	\$ 37,475
Corporate branding	-	118,229
Directors' fees	7,500	7,500
General exploration	-	1,916
Investor relations	7,500	13,000
Office and miscellaneous	34,729	35,103
Professional fees – Note 13	51,073	88,956
Share-based payments – Notes 9 and 13	205,043	421,441
Shareholder information	15,729	23,187
Transfer agent and filing fees	17,324	51,775
	<u>(374,898)</u>	<u>(798,582)</u>
Interest income	486	1,463
Interest expense	(6)	-
Gain on settlement of accounts payable	-	5,000
Other income on settlement of flow-through share premium – Note 8	23,536	33,972
Write-down of exploration and evaluation assets – Note 6	(228,149)	(10,429)
	<u>(204,133)</u>	<u>30,006</u>
Net comprehensive loss for the year	<u>\$ (579,031)</u>	<u>\$ (768,576)</u>
Loss per share - basic and diluted - Note 10	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding - basic and diluted - Note 10	<u>148,352,011</u>	<u>135,357,491</u>

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

SPEARMINT RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years ended January 31,	
	2020	2019
Operating Activities		
Loss for the year	\$ (579,031)	\$ (768,576)
Adjustments for non-cash items:		
Gain on settlement of accounts payable	-	(5,000)
Other income on settlement of flow-through share premium liability	(23,536)	(33,972)
Share-based payments	205,043	421,441
Write-down of exploration and evaluation assets	228,149	10,429
Changes in non-cash working capital items:		
Receivables	5,361	(1,804)
Prepaid expenses	135	69,223
Accounts payable and accrued liabilities	49,682	(111,691)
Cash used in operating activities	(114,197)	(415,950)
Investing Activities		
Security deposits	(631)	-
Exploration and evaluation assets	(136,684)	(491,366)
Cash used in investing activities	(137,315)	(491,366)
Financing Activities		
Proceeds from issuance of share capital	174,000	329,500
Share issue costs	(1,924)	(29,431)
Cash provided by financing activities	172,076	300,069
Decrease in cash and cash equivalents during the year	(79,436)	(611,247)
Cash and cash equivalents, beginning of the year	230,989	842,236
Cash and cash equivalents, end of the year	\$ 151,553	\$ 230,989

Supplemental Disclosure with Respect to Cash Flows (Note 16)

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

SPEARMINT RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	No. of shares	Amounts	Shares subscriptions receivable	Reserves	Accumulated deficit	Total
Balance, January 31, 2018	129,595,847	\$ 3,767,060	\$ (319,500)	\$ 232,679	\$ (2,782,675)	\$ 897,564
Shares issued for private placement	-	-	319,500	-	-	319,500
Share issue costs	-	(6,271)	-	-	-	(6,271)
Stock options exercised	200,000	10,000	-	-	-	10,000
Transfer of reserves on options exercised	-	7,349	-	(7,349)	-	-
Stock options issued	-	-	-	421,441	-	421,441
For exploration and evaluation assets	18,000,000	540,000	-	-	-	540,000
Loss for the year	-	-	-	-	(768,576)	(768,576)
Balance, January 31, 2019	147,795,847	4,318,138	-	646,771	(3,551,251)	1,413,658
Shares issued for private placement	14,500,000	174,000	-	-	-	174,000
Share issue costs	-	(1,924)	-	-	-	(1,924)
Stock options issued	-	-	-	205,043	-	205,043
Loss for the year	-	-	-	-	(579,031)	(579,031)
Balance, January 31, 2020	162,295,847	\$ 4,490,214	\$ -	\$ 851,814	\$ (4,130,282)	\$ 1,211,746

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

SPEARMINT RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
January 31, 2020 and 2019

1. NATURE AND CONTINUANCE OF OPERATIONS

Spearmint Resources Inc. (the “Company”) was incorporated under the Business Corporations Act of British Columbia, Canada on September 23, 2009. The Company is an exploration stage public company and is listed on the Canadian Securities Exchange (the “CSE”) under the symbol “SPMT”. The Company’s principal business activities include acquiring and exploring exploration and evaluation assets. At January 31, 2020, the Company had exploration and evaluation assets located in Canada and the United States.

The Company’s head office and principal business address is located at 1470 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company’s registered and records office is located at 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At January 31, 2020, the Company had not yet achieved profitable operations, incurred a net loss of \$579,031 during the year ended January 31, 2020 and has an accumulated deficit of \$4,130,282 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company’s ability to continue as a going concern. The Company will require additional financing in order to conduct its future work programs on the exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. 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 ability to raise funds. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2020.

2. BASIS OF PREPARATION (continued)

b) Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at fair value.

These consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Whether or not an impairment has occurred in its exploration and evaluation assets;
- The inputs used in the accounting for share-based payments expense; and
- The inputs used in the accounting for finders' warrants and compensation options in share capital and equity reserves.

Judgments

The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company, as discussed in Note 1.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

2. BASIS OF PREPARATION (continued)

d) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of January 31, 2020 are as follows:

Name of subsidiary	Place of Incorporation	Ownership Interest January 31, 2020	Ownership Interest January 31, 2019
1177905 B.C. Ltd.	Canada	100%	100%
Mathers Lithium Corp.	U.S.A.	100%	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Financial instruments

Classification

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified as measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity instruments that are held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized costs using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income (“OCI”) and are never reclassified to profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Impairment of financial instruments

The Company assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss impairment model. On adoption of the expected credit loss model there was no material adjustment.

An expected credit loss impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

b) Exploration and evaluation assets

Pre-exploration costs

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Exploration and evaluation assets (continued)

Exploration and evaluation expenditures

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

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

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

c) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

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

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. 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 periods. A reversal of an impairment loss is recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Rehabilitation provision

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

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

e) Income taxes

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

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Income taxes (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

f) 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.

Upon expenses being renounced and incurred, the Company derecognizes the liability and the premium is recognized as other income.

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

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

g) Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment, using the Black-Scholes option pricing model.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

i) Investment tax credit

Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of loss and comprehensive loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the Canada Revenue Agency.

j) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

k) New accounting standards adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

IFRS 16 – Leases

New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting. The Company adopted this new standard on February 1, 2019. The adoption of this new standard has no impact on the Company's consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian Dollars and include the following components:

	January 31, <u>2020</u>	January 31, <u>2019</u>
Cash at bank	\$ 151,553	\$ 110,989
Short-term deposits	-	120,000
	<u>\$ 151,553</u>	<u>\$ 230,989</u>

5. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") receivable due from Canadian government taxation authorities.

	January 31, <u>2020</u>	January 31, <u>2019</u>
GST recoverable	\$ 1,868	\$ 6,310
Other receivables	-	919
Total receivables	<u>\$ 1,868</u>	<u>\$ 7,229</u>

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

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6. EXPLORATION AND EVALUATION ASSETS

	BC EL N. Nickel- Copper Prospects	BC Nickle N. Property	BC NEBA Copper Gold Prospects	BC Safari Copper Gold Property	BC Hammerose Gold Property	BC Henry Gold Copper Prospects	BC Gold Mountain Property	BC Gold Triangle Prospects	BC Buddy Property	BC Why West Magnesium Prospect	ON River Valley E. Platinum Palladium Prospect	QC Chibougamau Vanadium Prospects	QC Perron E. Gold Prospect	Nevada Elon and McGee Lithium Properties	Total
Balance, January 31, 2018	\$ 2,892	\$ -	\$ 2,162	\$ -	\$ -	\$ -	\$ 1,382	\$ 2,900	\$ 3,108	\$ 2,632	\$ -	\$ 4,550	\$ -	\$ 598,310	\$ 617,936
Acquisition costs															
Staking costs	-	-	651	6,381	3,640	3,481	-	-	-	4,689	-	3,031	-	-	21,873
Share issuance	-	180,000	180,000	-	-	-	-	180,000	-	-	-	-	-	-	540,000
Deferred exploration expenditures															
Assay	-	-	-	-	-	-	-	-	-	-	-	-	-	10,088	10,088
Claim maintenance fees	-	-	-	-	-	-	2,914	-	-	-	-	-	-	12,682	15,596
Drilling	-	-	-	-	-	-	-	-	-	-	-	-	-	252,913	252,913
Geological consulting	-	-	-	-	-	-	-	-	-	-	-	2,786	-	35,147	37,933
Geological report	4,166	-	6,667	-	-	-	1,667	8,000	-	-	-	-	-	5,950	26,450
Sampling	-	-	-	-	-	-	-	-	-	-	-	-	-	1,916	1,916
Survey	13,198	-	13,168	-	-	-	-	12,583	-	-	-	84,250	-	-	123,199
Travel	-	-	500	-	-	-	-	-	-	-	-	-	-	4,239	4,739
Write-down of E&E assets	-	-	-	-	-	-	-	-	(3,108)	(7,321)	-	-	-	-	(10,429)
Balance, January 31, 2019	20,256	180,000	203,148	6,381	3,640	3,481	5,963	203,483	-	-	-	94,617	-	921,245	1,642,214
Acquisition costs															
Staking costs	746	-	-	-	546	-	-	3,527	-	-	4,850	457	1,372	-	11,498
Deferred exploration expenditures															
Assay	-	-	-	631	542	-	-	-	-	-	-	-	-	-	1,173
Claim maintenance fees	-	-	-	-	-	-	-	-	-	-	-	3,850	-	13,749	17,599
Field supplies & equipment	-	-	-	-	105	-	-	-	-	-	-	-	-	-	105
Geological consulting	-	-	-	640	-	-	-	-	-	-	-	10,311	-	-	10,951
Geological report	-	-	-	5,009	1,250	-	-	-	-	-	-	2,855	-	-	9,114
Sampling	-	-	24,576	16,890	5,000	-	-	32,160	-	-	-	-	-	-	78,626
Travel	-	-	-	1,200	3,037	-	-	-	-	-	-	40	-	-	4,277
Write-down of E&E assets	(17,455)	(180,000)	(651)	-	-	(3,481)	(5,963)	(5,120)	-	-	-	(15,479)	-	-	(228,149)
Balance, January 31, 2020	\$ 3,547	\$ -	\$ 227,073	\$ 30,751	\$ 14,120	\$ -	\$ -	\$ 234,050	\$ -	\$ -	\$ 4,850	\$ 96,651	\$ 1,372	\$ 934,994	\$ 1,547,408

6. EXPLORATION AND EVALUATION ASSETS (continued)

BC EL North Nickel-Copper Prospects - Staking

In September 2017, the Company acquired a 100% interest in certain mineral claims (the “EL North and EL North 2 Nickel-Copper Prospects”) located in the Golden Triangle of British Columbia for staking costs of \$2,892. During the year ended January 31, 2020, the Company decided to drop these claims. Accordingly, previous acquisition costs of \$2,892 and exploration costs of \$14,563 were written off.

In March and September 2019, the Company acquired a 100% interest in certain mineral claims (the “EL North 3 Nickel-Copper Prospects” and the “EL North 1 Nickel-Copper Prospects”) located in the Golden Triangle of British Columbia for staking costs of \$280 and \$466, respectively.

As at January 31, 2020, the Company had incurred a total of \$2,801 in exploration costs on this property.

BC NEBA Copper-Gold Prospects - Staking and Purchase Agreement

In September 2017, the Company acquired a 100% interest in certain mineral claims (the "BC NEBA Copper-Gold Prospect") located in the Golden Triangle of British Columbia for staking costs of \$2,162.

In August 2018, the Company acquired a 100% interest in certain mineral claims located in the Golden Triangle Gold District in British Columbia for staking costs of \$651. During the year ended January 31, 2020, the Company decided to drop these claims. Accordingly, previous staking costs of \$651 were written off.

On October 5, 2018, the Company entered into a share purchase agreement (the “SPA”) with two arm’s length vendors (the “Vendors”) to purchase 100% of the issued and outstanding shares of 1177905 B.C. Ltd., which holds a 100% interest in certain mineral claims in B.C. (the "NEBA Copper-Gold Prospects", the "Nickle N. Property", and the "Gold Triangle Prospects"). The acquisition has been accounted for as an asset acquisition. In consideration, the Company issued 18,000,000 shares (issued at a value of \$540,000) to the Vendors pursuant to the SPA. 1177905 B.C. Ltd. became a wholly owned subsidiary of the Company. The acquisition costs had been split evenly between these properties.

As at January 31, 2020, the Company had incurred a total of \$44,911 in exploration costs on this property.

BC Safari Copper-Gold Property - Staking

In October 2018, the Company acquired a 100% interest in certain mineral claims located in the northern Quesnel Trough in north-central British Columbia for staking costs of \$6,381.

As at January 31, 2020, the Company had incurred a total of \$24,370 in exploration costs on this property.

6. EXPLORATION AND EVALUATION ASSETS (continued)

BC Hammernose Gold Property - Staking

In October 2018, the Company acquired a 100% interest in certain mineral claims in the Spences Bridge gold belt located in southern British Columbia for staking costs of \$3,640.

In July 2019, the Company acquired a 100% interest in certain mineral claims to increase the size of the Hammernose Gold Property for staking costs of \$546.

As at January 31, 2020, the Company had incurred a total of \$9,934 in exploration costs on this property.

BC Gold Triangle Prospects - Staking and Purchase Agreement

In July 2017, the Company acquired a 100% interest in certain mineral claims (the “Gold Triangle Prospects”) located in the Golden Triangle Gold District in British Columbia for staking costs of \$2,900.

Under the SPA, the Company indirectly acquired a 100% interest in certain mineral claims in British Columbia.

In July 2019, the Company acquired a 100% interest in certain mineral claims (the “Prickle Claims”) located in the Golden Triangle of British Columbia for staking costs of \$3,527.

During the year ended January 31, 2020, the Company decided to drop certain mineral claims. Accordingly, previous acquisition costs of \$632 and exploration costs of \$4,488 associated with these claims were written off.

As at January 31, 2020, the Company had incurred a total of \$48,255 in exploration costs on this property.

ON River Valley East Platinum-Palladium Prospect - Staking

In January 2020, the Company acquired a 100% interest in certain mineral claims (the “River Valley E. Platinum-Palladium Prospect”), all located in northern Ontario for staking costs of \$4,850.

QC Chibougamau Vanadium Prospects - Staking

In June 2017, the Company acquired a 100% interest in certain mineral claims (the “Chibougamau Vanadium Prospects”), all located in the direct vicinity of Lac Chibougamau, Quebec for staking costs of \$4,550.

In December 2018 and January 2019, the Company acquired a 100% interest in certain mineral claims to increase the holdings in its Chibougamau Vanadium Prospects for aggregate staking costs of \$3,031.

In February 2019, the Company acquired a 100% interest in certain mineral claims to increase the acreage in the Chibougamau Vanadium district in Quebec for staking costs of \$457.

6. EXPLORATION AND EVALUATION ASSETS (continued)

QC Chibougamau Vanadium Prospects - Staking (continued)

During the year ended January 31, 2020, the Company decided not to continue with certain mineral claims and allowed them to lapse when they became due. Accordingly, prior acquisition costs of \$769 and exploration costs of \$14,710 associated with these claims had been written off during the period.

As at January 31, 2020, the Company had incurred a total of \$89,382 in exploration costs on this property.

QC Perron-East Gold Prospects - Staking

In September 2019, the Company acquired a 100% interest in certain mineral claims (the "Perron-East Gold Prospects"), all located in the Abitibi greenstone belt of northwestern Quebec for staking costs of \$1,372.

Nevada Elon and McGee Properties - Purchase Agreement

On July 12, 2016, the Company entered into a share purchase agreement (the "Agreement") with five arm's length vendors (the "Vendors") to purchase 100% of the issued and outstanding common shares of 1074942 B.C. Ltd., which through its wholly-owned subsidiary Mathers Lithium Corp. (a Nevada corporation) holds a 100% interest in certain lithium mineral claims (the "Elon claims" and the "McGee claims") in Nevada. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company issued 12,700,000 common shares at a value of \$444,500 to the Vendors pursuant to the Agreement. The Company issued 912,000 common shares at a value of \$31,920 as a finder's fee and paid \$20,000 for land acquisition and \$3,903 in filing fees in connection with this transaction. The above acquisition costs were allocated to the Elon Property and the McGee Property proportionately, being \$175,113 and \$325,210, respectively.

On June 14, 2017, the Company assumed an additional US\$30,000 payment owed to the vendors for the McGee claims as follows: US\$10,000 by September 1, 2017 (paid) and US\$20,000 by December 31, 2017 (paid). The vendors retain an NSR of 3.75% on the McGee claims.

During the year ended January 31, 2018 and January 31, 2020, the Company provided a security deposit of \$11,098 and \$631, respectively, in relation to its McGee Properties.

As at January 31, 2020, the Company had incurred a total of \$13,560 in claim maintenance fees on the Elon Property and \$382,133 in exploration costs on the McGee Property, respectively.

BC Nickel N. Property - Purchase Agreement

Under the SPA, the Company indirectly acquired a 100% interest in certain mineral claims in British Columbia. During the year ended January 31, 2020, the Company decided to drop this property. Accordingly, previous acquisition costs of \$180,000 were written off.

6. EXPLORATION AND EVALUATION ASSETS (continued)

BC Henry Gold-Copper Prospect - Staking

In August 2018, the Company acquired a 100% interest in certain mineral claims located in the Golden Triangle Gold District in British Columbia for staking costs of \$3,481.

During the year ended January 31, 2020, the Company decided to drop this property. Accordingly, previous staking costs of \$3,481 were written off.

BC Gold Mountain Property - Staking

In April 2017, the Company acquired a 100% interest in certain mineral claims (the "BC Gold Mountain Claims") near the town of Wells, British Columbia for staking costs of \$1,382.

During the year ended January 31, 2020, the Company decided to drop this property. Accordingly, previous staking costs of \$1,382 and exploration costs of \$4,581 were written off.

BC Why West Magnesium Project and the Buddy Claims - Purchase Agreement

During the year ended January 31, 2018, the Company paid \$2,632 and \$3,108 in acquisition costs for the Why West Magnesium Project and the Buddy Claims, respectively.

In April 2018, the Company acquired a 100% interest in certain mineral claims in British Columbia to increase the holdings in its Why West Magnesium Project for staking costs of \$4,689.

During the year ended January 31, 2019, the Company decided not to continue with the Why West Magnesium Project and the Buddy Claims. Accordingly, prior acquisition costs of \$7,321 and \$3,108 respectively, were written off during the year.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statements of financial position consist of the following:

	January 31, <u>2020</u>	January 31, <u>2019</u>
Trade payables	\$ 500,812	\$ 434,971
Accrued liabilities	-	19,500
Total payables	<u>\$ 500,812</u>	<u>\$ 454,471</u>
Current trade payables and accrued liabilities	500,812	79,481
Non-current trade payables	-	374,990
Total payables	<u>\$ 500,812</u>	<u>\$ 454,471</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

In July 2018, the Company entered into agreements with certain non-related vendors to extend the payment dates to July 1, 2020. Accordingly, the Company reclassified these payables to long-term accounts payables in the year ended January 31, 2019 and subsequently reclassified it back to short-term accounts payables in the current year.

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance at January 31, 2018	\$ 57,508
Liability derecognized due to exploration expenditures renounced to shareholders	(33,972)
Balance at January 31, 2019	23,536
Liability derecognized due to exploration expenditures renounced to shareholders	(23,536)
Balance at January 31, 2020	\$ -

In January 2018, the Company issued 3,833,845 flow-through units (the "FT Units") at \$0.065 per unit for gross proceeds of \$249,200. Each FT Unit consisted of one flow-through common share and one share purchase warrant. The premium received on the flow-through shares issued was determined to be \$57,508 and was recorded as a share capital reduction. An equivalent premium liability was also recorded.

During the year ended January 31, 2019, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of \$33,972 and recognized it as other income.

During the year ended January 31, 2020, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of \$23,536 and recognized it as other income.

9. SHARE CAPITAL AND RESERVES

Authorized: Unlimited common shares, without par value

Issued and outstanding as at January 31, 2020 – 162,295,847 (January 31, 2019: 147,795,847)

Private placement

Year ended January 31, 2020

In January 2020, the Company closed a non-brokered private placement consisting of 7,000,000 flow-through units (the "FT Units") and 7,500,000 non flow-through units (the "NFT Units") all at \$0.012 per share for gross proceeds of \$174,000. Each FT Unit consisted of one flow-through common share and one share purchase warrant which entitles the holder to purchase one additional non flow-through common share of the Company at a price of \$0.05 per share until January 17, 2025. Each NFT Unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of \$0.05 per share until January 17, 2025. The Company incurred filing and legal fees totalling \$1,924 in connection with the financing.

9. SHARE CAPITAL AND RESERVES (continued)

Private placement (continued)

Year ended January 31, 2019

The Company did not close any private placements during the year ended January 31, 2019.

Share purchase warrants

The following is a summary of changes in share purchase warrants from January 31, 2018 to January 31, 2020:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2018 and 2019	21,967,753	\$0.08
Issued	14,500,000	\$0.05
Expired	(4,567,753)	\$0.10
Balance, January 31, 2020	<u>31,900,000</u>	<u>\$0.06</u>

As of January 31, 2020, the Company had 31,900,000 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
15,000,000	\$0.08	January 29, 2021
2,400,000	\$0.05	September 21, 2021
<u>14,500,000</u>	\$0.05	January 17, 2025
<u>31,900,000</u>		

Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The exercise price of each option granted under the plan may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount, subject to a minimum exercise price of \$0.05. Options may be granted for a maximum term of five years and vesting periods are determined by the Board of Directors. Pursuant to the regulations of the CSE, stock options may be granted outside of the stock option plan.

9. SHARE CAPITAL AND RESERVES (continued)

Share-based payments (continued)

The following is a summary of changes in share purchase options from January 31, 2018 to January 31, 2020:

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2018	4,075,000	\$0.05
Granted	10,000,000	\$0.08
Exercised	(200,000)	\$0.05
Expired	(1,775,000)	\$0.05
Balance, January 31, 2019	12,100,000	\$0.07
Granted	11,000,000	\$0.05
Expired	(9,750,000)	\$0.08
Forfeited	(300,000)	\$0.05
Balance, January 31, 2020	13,050,000	\$0.05

As of January 31, 2020, 13,050,000 share purchase options were outstanding entitling the holders thereof the right to purchase one common share of the Company for each option held as follows:

Number Outstanding and Exercisable	Exercise Price	Expiry Date
11,000,000	\$0.05	January 20, 2021
1,400,000	\$0.05	May 24, 2021
400,000	\$0.05	May 30, 2021
250,000	\$0.05	March 13, 2022
<u>13,050,000</u>		

During the year ended January 31, 2020, Nil stock options had been exercised. During the year ended January 31, 2019, 200,000 stock options were exercised at a price of \$0.05 per share for total proceeds of \$10,000. The previously recognized share-based payment expense relating to these stock options were reclassified from share-based payment reserve to share capital in the amount of \$7,349.

During the year ended January 31, 2020, the Company granted 11,000,000 stock options with an exercise price of \$0.05 per share and an expiry date of January 20, 2021 (year ended January 31, 2019: 10,000,000 stock options granted with exercise prices ranging from \$0.05 to \$0.11 per share and expiry dates ranging from February 16, 2019 to October 15, 2019). The weighted average fair value of the options issued in the year ended January 31, 2020 was estimated at \$0.02 per option (year ended January 31, 2019: \$0.04) at the grant date using the Black-Scholes option pricing model with the following assumptions:

9. SHARE CAPITAL AND RESERVES (continued)

Share-based payments (continued)

	Years ended January 31,	
	<u>2020</u>	<u>2019</u>
Weighted average expected dividend yield	0.00%	0.00%
Weighted average expected volatility*	207.16%	169.03%
Weighted average risk-free interest rate	2%	2%
Weighted average expected term	1 year	1 year

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the year ended January 31, 2020 was \$205,043 (year ended January 31, 2019: \$421,441).

10. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Years ended January 31,	
	<u>2020</u>	<u>2019</u>
Net loss	\$ 579,031	\$ 768,576
Weighted average number of common shares for the purpose of basic and diluted loss per share	148,352,011	135,357,491

Basic loss per share is computed by dividing loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 9) were anti-dilutive for the years ended January 31, 2020 and 2019.

Basic and diluted loss per share for the year ended January 31, 2020 was \$(0.00) (year ended January 31, 2019: \$(0.01)).

11. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

11. FINANCIAL INSTRUMENTS AND RISK (continued)

The fair value of the Company's receivables, and accounts payable and accrued liabilities approximates their carrying values due to the short term nature of the financial instruments. The Company's cash and cash equivalents are measured at fair value using Level 1 inputs.

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

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at January 31, 2020, the Company has a minimal exposure to the US\$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents, and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at January 31, 2020, the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at January 31, 2020, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

12. CAPITAL DISCLOSURE

Capital is comprised of the Company's shareholders' equity. As at January 31, 2020, the Company's shareholders' equity was \$1,211,746 (January 31, 2019: \$1,413,658) and it had current liabilities of \$500,812 (January 31, 2019: \$103,017). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

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 its capital structure, the Company may issue new shares, issue new debt and acquire or dispose of assets. As at January 31, 2020, the Company has not entered into any debt financing with any financial institution.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended January 31, 2020.

13. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Years ended January 31,	
	2020	2019
Directors' fees	\$ 7,500	\$ 7,500
Professional fees	30,000	30,000
Share-based payments*	195,723	89,118
	\$ 233,223	\$ 126,618

*Share-based payments are the fair value of options granted to key management personnel as at the grant date.

Related party balances

At January 31, 2020, accounts payable and accrued liabilities include \$27,978 (January 31, 2019: \$18,055) payable to three directors and a former director of the Company, a public company with common directors, and a private company controlled by an officer for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

14. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's exploration and evaluation assets are distributed by geographic locations as below:

	January 31, <u>2020</u>	January 31, <u>2019</u>
Canada	\$ 612,414	\$ 720,969
U.S.A.	934,994	921,245
	<u>\$ 1,547,408</u>	<u>\$ 1,642,214</u>

15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2020	2019
Loss for the year	\$ (579,031)	\$ (768,576)
Expected income tax (recovery)	(156,000)	(208,000)
Change in statutory rates and other	4,000	2,000
Permanent differences	49,000	114,000
Impact of flow through share	67,000	40,000
Share issue costs	(2,000)	(2,000)
Adjustments to prior year provision versus statutory tax returns	(133,000)	24,000
Change in unrecognized deductible temporary differences	171,000	30,000
Total income tax expense	<u>\$ -</u>	<u>\$ -</u>

The significant components of the Company's unrecognized deferred tax assets are as follows:

	<u>2020</u>	<u>2019</u>
Deferred Tax Assets		
Exploration and evaluation assets	\$ 164,000	\$ 42,000
Share issue costs	6,000	8,000
Property and equipment	34,000	35,000
Non-capital losses	659,000	607,000
Net Unrecognized Deferred Tax Assets	<u>\$ 863,000</u>	<u>\$ 692,000</u>

No net deferred tax asset has been recognized in respect of the above for the years ended January 31, 2020 and 2019 because the amount of future taxable profit that will be available to realize such assets is not probable.

15. INCOME TAXES (continued)

The Company has non-capital losses for Canadian income tax purposes of approximately \$2,430,000, which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2040.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows.

During the year ended January 31, 2020:

- i. The Company reclassified long-term payables of \$374,990 to current accounts payables.

During the year ended January 31, 2019:

- ii. Included in accounts payable and accrued liabilities was \$3,341 for exploration and evaluation assets.
- iii. The Company reclassified accounts payables and accrued liabilities of \$374,990 to long-term payables.
- iv. The Company issued 18,000,000 common shares valued at \$540,000 pursuant to the SPA with 1177905 B.C. Ltd.

17. SUBSEQUENT EVENTS

Subsequent to January 31, 2020, the following occurred:

- a) The Company acquired a 100% interest in certain mineral claims in Quebec to increase the holdings in its Perron East Gold Prospects for staking costs of \$4,080.
- b) The Company acquired a 100% interest in certain mineral claims (the “Case Lake South Cesium Prospect”) located in the Larder Lake Mining Division in Northeast Ontario for staking costs of \$2,450.
- c) The Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Case Lake South Cesium Prospect for staking costs of \$2,250.
- d) The Company acquired a 100% interest in certain mineral claims (the “Carscallen West Gold Project”) located in the Abitibi Greenstone belt in Ontario for staking costs of \$2,450.
- e) The Company acquired a 100% interest in certain mineral claims (the “Escape Lake North PGM Project”) located near north of Thunder Bay, Ontario, for staking costs of \$3,950.
- f) The Company granted 3,000,000 stock options to its directors, officers and consultants at an exercise price of \$0.05 per share for a term of one year.