Kootenay Zinc Corp.

FINANCIAL STATEMENTS

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

Expressed in Canadian Dollars

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kootenay Zinc Corp.

Opinion

We have audited the financial statements of Kootenay Zinc Corp. (the "Company"), which comprise the statement of financial position as at February 29, 2020, and the statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2020, and its financial performance and its cash flows for the year 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 matters and conditions that indicate the existence of a material uncertainty 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 Matter

The financial statements of the Company for the year ended February 28, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on June 28, 2019.

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. 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 Barry Hartley.

DMCL

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

June 16, 2020

MOORE

An independent firm
associated with Moore
Global Network Limited

Kootenay Zinc Corp.

Statements of Financial Position
As at
(Expressed in Canadian dollars)

	Notes		February 29, 2020		February 28, 2019
Assets					
Current Assets					
Cash		$	15,719	$	452,421
GST receivable			74,713		57,228
Prepaid expenses	5		4,100		34,864
Total Assets		$	**94,532**	$	**544,513**
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	6,7,9	$	172,664	$	418,040
Indemnification provision	7		160,135		160,135
Total Liabilities			**332,799**		**578,175**
Shareholders' Deficiency					
Share capital	7		5,985,338		5,772,838
Deficit			(6,223,605)		(5,806,500)
Total Shareholders' Deficiency			**(238,267)**		**(33,662)**
Total Liabilities and Shareholders' Deficiency		$	**94,532**	$	**544,513**

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved and authorized by the Board on June 16, 2020.

(signed) "*Von Torres*"
Von Torres
Director

(signed) "*Usama Chaudhry*"
Usama Chaudhry
Director

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

Kootenay Zinc Corp.

Statements of Comprehensive Loss
For the years ended February 29, 2020 and February 28, 2019
(Expressed in Canadian dollars)

	Notes		February 29, 2020		February 28, 2019
Expenses					
Advertising and promotion		$	-	$	78,042
Bank charges			781		691
Consulting	9		115,113		1,027,712
Exploration expenditures			-		17,526
Flow-through shares penalties	7		-		128,343
Indemnification provision for flow-through shares	7		-		31,792
Insurance			7,726		2,818
Management fees	9		131,000		145,000
Meals and entertainment			1,743		12,390
Office expenses			2,258		51,085
Professional fees	9		152,407		101,101
Rent			1,780		101,574
Transfer agent and filing fees			19,664		29,835
Travel expense			282		60,453
			(432,754)		**(1,788,362)**
Other items					
Foreign exchange gain (loss)			3,412		(297)
Mineral property impairment	8		(212,500)		-
Gain on write-off of accounts payable			26,737		-
Gain on debt settlement	6		198,000		-
Loss and comprehensive loss for the year		$	**(417,105)**	$	**(1,788,659)**
Loss per share - basic and diluted		$	**(0.04)**	$	**(0.19)**
Weighted average number of common shares outstanding - basic and diluted			**10,525,526**		**9,364,329**

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

Kootenay Zinc Corp.

Statements of Changes in Shareholders' Deficiency
For the years ended February 29, 2020 and February 28, 2019
(Expressed in Canadian dollars)

	Share Capital					
	Number of shares	Amount	Share based payment reserve	Subscriptions receivable	Deficit	Total
Balance at February 28, 2018	**9,364,329**	**$ 5,772,838**	**$ 659,414**	**$ (248,400)**	**$ (4,677,255)**	**$ 1,506,597**
Share subscription received	-	-	-	248,400	-	248,400
Expired options reclassified to deficit (Note 7)	-	-	(659,414)	-	659,414	-
Loss and comprehensive loss for the year	-	-	-	-	(1,788,659)	(1,788,659)
Balance at February 28, 2019	**9,364,329**	**5,772,838**	-	-	**(5,806,500)**	**(33,662)**
Shares issued for mineral property (Notes 7 and 8)	2,500,000	212,500	-	-	-	212,500
Loss and comprehensive loss for the year	-	-	-	-	(417,105)	(417,105)
Balance at February 29, 2020	**11,864,329**	**$ 5,985,338**	$ -	$ -	**$ (6,223,605)**	**$ (238,267)**

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

Kootenay Zinc Corp.

Statements of Cash Flows
For the years ended February 29, 2020 and February 28, 2019
(Expressed in Canadian Dollars)

		February 29, 2020		February 28, 2019
Operating activities				
Loss for the year	$	(417,105)	$	(1,788,659)
Item not involving cash:				
Gain on write-off of accounts payable		(26,737)		-
Gain on debt settlement		(198,000)		-
Mineral property impairment		212,500		-
Changes in non-cash working capital items:				
GST receivable		(17,485)		17,906
Prepaid expenses		30,764		222,750
Indemnification provision		-		160,135
Accounts payable and accrued liabilities		(20,639)		33,656
Net cash used in operating activities		(436,702)		(1,354,212)
Financing activities				
Share subscription received		-		248,400
Net cash provided by financing activities		-		248,400
Change in cash for the year		(436,702)		(1,105,812)
Cash, beginning of the year		452,421		1,558,233
Cash, end of the year	$	**15,719**	$	**452,421**
Supplemental Cash Flow Information				
Shares issued for exploration and evaluation assets	$	212,500	$	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Kootenay Zinc Corp. (the "Company" or "Kootenay") was incorporated on March 23, 2015 pursuant to the *Business Corporations Act* (British Columbia). The shares of the Company are traded on the Canadian Securities Exchange (the "Exchange") under the symbol "ZNK". The address of its registered and head office is located at Suite 400 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6.

The Company was engaged in the business of mineral exploration and evaluation.

On September 12, 2019, the Company entered into an option agreement with Longford Capital Corp. to acquire 100% interest in the Angus Property. Subsequent to the year end, the Company decided not to continue the business of mineral exploration and evaluation. The carrying value of the mineral property was fully impaired (Note 8).

The Company is currently seeking business or assets to purchase (Note 13).

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred a net loss during the year ended February 29, 2020 of $417,105 (February 28, 2019 - $1,788,659) and as at February 29, 2020 has an accumulated deficit of $6,223,605 (February 28, 2019 - $5,806,500), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the acquisition of a business or asset. Management is actively engaged in the review and due diligence on opportunities of merit and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

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

(b) Approval of the financial statements

The financial statements of the Company were approved by the directors and authorized for issue on June 16, 2020.

2. BASIS OF PRESENTATION (CONTINUED)

(c) Significant accounting judgments, estimates and assumptions

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position, and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates appear throughout the financial statements and may require 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 relevant factors that are believed to be reasonable under the circumstances.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Critical accounting estimates

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical accounting judgments

Going concern

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Share capital

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 are classified as equity instruments. Warrants that are issued as payment for finder fees or other transaction costs are accounted for as share-based compensation and recognized as share issuance costs. Proceeds and issue costs from unit placements are allocated between shares and warrants issued according to the residual method whereby proceeds are allocated first to share capital based on the market trading price of the common shares at the time the units are issued, and any excess is allocated to warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Share capital (continued)

In situations where share capital is issued or received as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares issued is based on the trading price of those shares on the date of issuance.

(b) Flow-through shares/units

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) fair value of share capital issued, based on market price at time of issuance, and ii) the residual as a flow-through share premium, which is recognized as a liability. On issuance of a flow-through unit, the Company allocated the flow-through unit into: i) fair value of share capital issued, based on market price at time on issuance, ii) estimated fair value of a warrant, and iii) the residual as flow-through share premium, which is recognized as a liability. Upon expenditures being incurred, the Company derecognizes the liability. The premium if recognized as other income and the related deferred tax is recognized as a tax provision.

(c) Share-based compensation

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as an asset with a corresponding increase in the share based payment reserve. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in option reserve is transferred to capital stock.

(d) Income tax

(i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income (loss) or equity is recognized in other comprehensive income (loss) or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income tax (continued)

(ii) Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(e) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

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

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(f) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed using the treasury stock method, under which the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. 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 opted to measure them at FVTPL.

The following table shows the classification of financial instruments under IFRS 9:

Financial assets/liabilities	**IFRS 9 Classification**
Cash	FVTPL
Accounts payable	Amortized cost

Measurement

Financial assets at FVTOCI
Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of profit or loss. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of profit or loss.

Impairment of financial assets at amortized cost

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of profit or loss.

(h) Leases

IFRS 16 *Leases*

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company’s incremental borrowing rate. At the commencement date, a right-of-use asset is 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.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset’s useful life.

(Expressed in Canadian dollars)

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and accounts payable.

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

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

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts payable approximate their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

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 credit risk is primarily attributable to its cash. The Company manages credit risk, in respect of cash, by holding it at major Canadian financial institutions. The credit risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at February 29, 2020, the Company had a cash balance of $15,719 to settle current liabilities of $332,799. All the liabilities presented as accounts payable and accrued liabilities are due within 90 days of February 29, 2020. Liquidity risk is assessed as high.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and another price risk. The Company is not exposed to significant market risk.

5. PREPAID EXPENSES

	February 29, 2020	February 28, 2019
Consulting	$ -	$ 16,667
Insurance	1,100	13,417
Rent	-	1,780
Deposit	3,000	3,000
Total	**$ 4,100**	**$ 34,864**

(Expressed in Canadian dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 29, 2020		February 28, 2019	
Accounts Payable	$	157,664	$	396,040
Accrued liabilities		15,000		22,000
Total	**$**	**172,664**	**$**	**418,040**

Included in accounts payable is $91,429 (February 28, 2019 - $91,532) due to related parties (Note 9).

During the year ended February 29, 2020, the Company settled a debt with a consultant whereby the Company issued a nominal payment of $1 to settle a debt of $198,000. The Company recorded a gain of $198,000 on settlement.

7. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

On October 12, 2017, the Company closed a non-brokered flow-through private placement of 1,000,000 flow-through units (the "FT Unit") at a price of $0.50 per FT Unit for gross proceeds of $500,000. Each FT Unit consists of one flow-through share of the Company and one common share purchase warrant (the "Warrant"). Each Warrant is convertible into one common share at a price of $1.00 per share and is exercisable for a period of one year. The Warrants were valued at $Nil using the residual value method and no value was allocated to the flow-through premium. During the year ended February 28, 2019, the Company amended its flow-through filings so that only 500,000 units (for $250,000) were to be considered flow-through units.

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

As a result of not incurring the qualified expenditures and not filing the appropriate forms with Canada Revenue Agency, the Company recognized a provision for late filing penalties and accrued interest assessed against the Company in fiscal 2018 associated with flow-through share renunciation compliance requirements. The indemnification provision includes $31,792 related to interest and penalties in connection with this assessment.

The Company agreed to indemnify the flow-through shareholders for certain costs they incurred as a result of not meeting its obligation to spend the flow-through share proceeds on qualifying Canadian exploration expenditures in compliance with the applicable tax rules and pursuant to the share subscription agreement entered into. As at February 29, 2020 and February 28, 2019, the Company has included a provision for the indemnification of flow-through to shareholders of $160,135 for these costs including interest and penalties.

As at February 29, 2020 and February 28, 2019, the Company had $250,000 remaining in flow-through expenditure commitments.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

(b) Issued and outstanding (continued)

During the year ended February 28, 2018, the Company collected $175,500 of proceeds for an over-subscribed private placement. This amount was included in accounts payable and accrued liabilities as at February 28, 2018 and was returned to the subscribers during the year ended February 28, 2019.

On September 12, 2019, the Company issued 2,500,000 common shares of the Company with fair value of $212,500 in pursuant to the agreement between the Company and Longford Capital Corp. (Note 8).

(c) Stock options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to two years from the date of grant and must comply with the rules of the Exchange.

No stock options were granted during year ended February 29, 2020 and February 28, 2019.

During the year ended February 28, 2019, 265,000 stock options expired. The share-based payment reserve was adjusted by $659,414 to reclassify to accumulated deficit, the stock based compensation for the expired options based on the Company's accounting policy.

Stock option transactions are summarized as follows:

	Options Outstanding		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Balance, February 28, 2018	265,000	$	3.73	0.77
Options expired	(265,000)		(3.73)	-
Balance, February 28, 2019 and February 29, 2020	-	$	-	-

(d) Share purchase warrants

No share purchase warrants were issued during the year ended February 29, 2020 and year ended February 28, 2019.

Share purchase warrant transactions are summarized as follows:

	Warrants Outstanding		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Balance, February 28, 2018	5,500,000	$	0.40	0.87
Warrants expired	(5,500,000)		(0.40)	-
Balance, February 28, 2019 and February 29, 2020	-	$	-	-

7. SHARE CAPITAL (CONTINUED)

(e) Reserve

The share-based payment reserve records items recognized as share-based compensation until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. Upon expiry of options, the corresponding amount is re-classified to deficit.

8. EXPLORATION AND EVALUATION ASSETS

Angus Property

On September 12, 2019, the Company entered into an option agreement with Longford Capital Corp. to acquire a 100% interest in the Angus Property.

The Angus Property is a gold and copper prospect in the Victoria mining division of Vancouver Island. The property has access by logging roads to the north of the Lake Cowichan community.

Agreement terms:

- The Company is granted the sole and exclusive right and option to acquire a 100% interest in the Angus Property by issuing 3,000,000 shares to the optioners:
    - 2,500,000 shares to be issued upon signing of the agreement (issued); and
    - 500,000 shares to be issued on the first anniversary from the effective date of the agreement.
- The Company is to complete $125,000 in exploration expenditures within 24 months of the effective date of the agreement.
- The Company grants and agrees to pay to the royalty holder a royalty equal to 2% of the net smelter return royalty in respect of the Angus claims. The Company has the option to buy back 1% of the NSR for consideration of $1,500,000.

During the year ended February 29, 2020, the Company issued 2,500,000 common shares as payment related to the option agreement, which was valued at $212,500 and was capitalized to exploration and evaluation assets (Note 7). Subsequent to the year end, the Company decided not to continue its business of mineral exploration and evaluation. Accordingly, the carrying value of the mineral property was fully impaired as at February 29, 2020.

9. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel of the Company are the directors and officers of the Company. During the year ended February 29, 2020, the Company entered into the following transactions with key management personnel and other related parties:

a) Paid or accrued management fees of $35,000 (February 28, 2019 - $95,000) to a former director and officer of the Company.

b) Paid or accrued management fees of $90,000 (February 28, 2019 - $Nil) to a director and officer of the Company.

c) Paid or accrued management fees of $6,000 (February 28, 2019 - $Nil) to a company controlled by a director of the Company.

9. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management compensation (continued)

d) Paid or accrued consulting fees and management fees of $15,000 and $Nil, respectively (February 28, 2019 - $51,250 and $50,000, respectively) to a company controlled by a director of the Company.

e) Paid or accrued accounting fees of $20,000 (February 28, 2019 - $60,000) to companies controlled by a former director and officer of the Company.

f) Paid or accrued geological consulting fees of $Nil (February 28, 2019 - $9,093) to a former technical officer of the Company.

At February 29, 2020, $91,429 (February 28, 2019 - $91,532) was included in accounts payable and accrued liabilities as owing to related parties. Amounts due to related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

10. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements. There were no changes in the Company's capital management approach during the year ended February 29, 2020.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

11. CONTINGENCIES

The Company was one of the respondents to the British Columbia Securities Commission ("BCSC") Temporary Order dated November 26, 2018 issued against a group of people and entities. The hearing was held on December 7, 2018. The case centred around share issuances by 11 Exchange issuers (the Company being one of the named issuers in the order) between February 2018 and August 2018. The BCSC is investigating whether the respondents violated securities legislation by participating in a scheme that involved conduct abusive to the capital markets and the illegal distribution of securities. The scheme, as set out by the BCSC, involved listed companies issuing private placement shares without a prospectus. The issuances were done under an exemption normally reserved for consultants. Pursuant to the BCSC decision dated January 15, 2019, the temporary order has not been extended against the Company.

(Expressed in Canadian dollars)

11. CONTINGENCIES (CONTINUED)

On July 26, 2019, the Company received notice that a class action lawsuit has been filed against the Company, former directors of the Company and certain others in the Supreme Court of British Columbia. The plaintiffs are seeking damages for various possible causes of action, including unlawful conspiracy, misrepresentation and secondary market misrepresentations. The claim has not been certified as a class action as at the date hereof. The Company is of the view that the allegations contained in the claim are without merit and intends to vigorously defend its position.

12. INCOME TAXES

A reconciliation of income tax provision computed at Canadian statutory to the reported income tax provision is provided as follows:

		2020		2019
Loss before income taxes	$	(417,105)	$	(1,788,659)
Canadian statutory rate		27%		27%
Income tax benefit computed at statutory rates		(113,000)		(483,000)
Other items		(140,000)		37,000
Impact of flow-through shares		-		68,000
Effect of change in tax rates		-		(45,000)
Unused tax losses and tax offsets not recognized		253,000		423,000
	$	-	$	-

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

		2020		2019
Non-capital losses	$	5,523,000	$	4,989,000
Share issuance cost		43,000		84,000
Exploration and evaluation assets		1,193,000		748,000
Unrecognized deductible temporary differences	$	6,759,000	$	5,821,000

As at February 29, 2020, the Company has operating losses available for carry-forward of approximately $5,523,000 available to apply against future Canadian income tax purposes. The operating losses expire between 2036 and 2040.

13. SUBSEQUENT EVENTS

a) On March 20, 2020, the Company closed a non-brokered private placement consisting of an issuance of non-flow-through ("NFT") common shares and flow-through ("FT") shares. 1,400,000 non-flow-through common shares were issued at a price of $0.05 per NFT share for gross proceeds of $70,000 and 500,000 flow-through shares were issued at a price of $0.05 per FT share for gross proceeds of $25,000.

b) On March 20, 2020, the Company issued a total of 1,200,000 shares for a settlement of outstanding debt of $60,000. The debt settlement is regarding director fees charged to the Company by a current officer and director, and a former officer and director of the Company.

13. SUBSEQUENT EVENTS (CONTINUED)

c) On May 18, 2020, company entered into a binding letter agreement dated with Canndora Delivery Ltd. ("Canndora"), Greeny Collaboration Group (Canada) Inc. ("Greeny") and Lifted Innovations Inc. ("Lifted") to effect a proposed business combination. This will result in a reverse takeover and change of business of the Company, and the resulting issuer will continue as a media company that specializes in e-commerce.

- The Company will complete a 23-1 share consolidation;
- The Company will structure the acquisition of Canndora and Greeny's issued and outstanding shares as a triangular amalgamation;
- The Company will structure the acquisition of Lifted as a takeover bid for 100% of issued and outstanding shares of Lifted; and
- Shareholders of Canndora, Greeny and Lifted will receive Resulting Issuer Shares in exchange, assuming a share price of $1.15 per Resulting Issuer share.

Concurrently with the closing of above transaction, the Resulting Issuer intends on completing a unit financing between $500,000 and $1,000,000. Each unit will be priced at $1.15, consisting of 1 Resulting Issuer Share and 1 share purchase warrant, which entitles to acquirer to 1 Resulting Issuer share at $1.40 per share for a period of 3 years from the closing of the Financing.

d) COVID-*19*

Subsequent to year-end, there was a global outbreak of COVID-19 (Coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak might increase the difficulty in capital raising which may negatively impact the Company's business and financial condition.