DELREY METALS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canada Dollars)
(Unaudited)

FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2019 AND 2018

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

DELREY METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

		November 30, 2019		February 28, 2019
ASSETS				
Current assets				
Cash	$	357	$	1,231,092
Amounts receivable		42,666		37,052
Loan receivable (Note 7)		17,500		-
Prepaid expenses		30,023		198,459
Total current assets		90,546		1,466,603
Property, equipment, and right-of-use assets (Notes 2 and 3)		85,614		8,596
Exploration and evaluation assets (Note 4)		1,983,039		1,398,495
Total Assets	$	2,159,199	$	2,873,694
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$	431,172	$	357,720
Accrued liabilities		-		19,806
Lease liabilities (Note 5)		81,388		-
Total liabilities		512,560		377,526
Shareholders' Equity				
Share capital (Note 6)		5,491,724		5,104,960
Reserves (Note 6)		590,660		510,398
Deficit		(4,435,745)		(3,119,190)
Total Shareholders' Equity		1,646,639		2,496,168
Total Liabilities and Shareholders' Equity	$	2,159,199	$	2,873,694

Nature of Operations and Going Concern (Note 1)

APPROVED ON BEHALF OF THE BOARD ON JANUARY 27, 2020

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

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

DELREY METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the three months ended November 30, 2019	For the three months ended November 30, 2018	For the nine months ended November 30, 2019	For the nine months ended November 30, 2018
General and administrative expenses				
Bank and interest charges	$ 406	$ 596	$ 1,889	$ 755
Consulting fees (Note 7)	45,350	23,200	250,650	76,000
Depreciation (Note 3)	24,062	613	72,293	613
Investor relations fees	29,556	71,960	504,522	71,960
Management fees (Note 7)	55,500	20,500	164,000	35,500
Office costs	715	1,097	10,615	8,350
Professional fees	19,682	7,605	76,495	59,084
Rent	-	17,000	-	17,000
Share-based payments (Notes 4, 6 and 7)	-	448,650	149,026	448,650
Transfer agent and filing fees	2,048	12,088	15,180	22,070
Travel and entertainment	1,008	8,583	58,641	8,583
Loss before other items	(178,327)	(611,892)	(1,303,311)	(748,565)
Other items				
Foreign exchange loss	-	(1,175)	(4,667)	(1,175)
Lease accretion	(2,317)	-	(8,577)	-
Loss and comprehensive loss for the period	$ (180,644)	$ (613,067)	$ (1,316,555)	$ (749,740)
Loss per common share, basic and diluted	$ (0.01)	$ (0.03)	$ (0.04)	$ (0.05)
Weighted average number of common shares outstanding	35,526,605	19,514,536	34,946,241	15,136,183

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

DELREY METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

For the nine-month period ended	November 30, 2019	November 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,316,555)	$ (749,740)
Items not affecting cash		
Depreciation	72,293	613
Lease accretion	8,577	-
Share-based payments	149,026	448,650
Changes in non-cash working capital items:		
Amounts receivable	(5,614)	(17,027)
Prepaid expenses	142,936	(101,532)
Accounts payables and accrued liabilities	(197,663)	(5,975)
Net cash used in operating activities	(1,147,000)	(425,011)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(9,593)
Expenditures on exploration and evaluation assets	(93,235)	(100,495)
Net cash used in investing activities	(93,235)	(110,088)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	-	1,770,000
Share issuance costs	-	(244,565)
Proceeds from stock options exercised	78,000	-
Lease payments	(51,000)	-
Loans issued	(17,500)	-
Net cash used in financing activities	9,500	1,525,435
Change in cash for the period	(1,230,735)	990,336
Cash, beginning	1,231,092	562,418
Cash, ending	$ 357	$ 1,552,754

Supplemental Cash Flow Information (Note 8)

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

DELREY METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital				
	Shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, February 28, 2018	12,116,001	$ 616,811	$ -	$ (19,483)	$ 597,328
Shares issued for private placement	3,600,000	270,000	-	-	270,000
Shares issued for initial public offering	7,500,000	1,500,000	-	-	1,500,000
Shares issued for exploration and evaluation assets and acquisitions (Note 4)	666,667	50,000	-	-	50,000
Share issuance costs – cash	-	(269,565)	-	-	(269,565)
Share issuance costs – agents' options	-	(71,730)	71,730	-	-
Share-based payments	-	-	448,650	-	448,650
Loss and comprehensive loss for the period	-	-	-	(749,740)	(749,740)
Balance, November 30, 2018	23,882,668	2,095,516	520,380	(769,223)	1,846,673
Shares issued for exploration and evaluation assets and acquisitions (Note 4)	9,750,000	3,021,250	-	-	3,021,250
Shares issued for stock options exercised	93,937	28,769	(9,982)	-	18,787
Share issuance costs – cash	-	(40,575)	-	-	(40,575)
Loss and comprehensive loss for the period	-	-	-	(2,349,967)	(2,349,967)
Balance, February 28, 2019	33,726,605	5,104,960	510,398	(3,119,190)	2,496,168
Shares issued for exploration and evaluation assets (Note 4)	1,200,000	240,000	-	-	240,000
Stock options exercised	600,000	146,764	(68,764)	-	78,000
Share-based payments	-	-	149,026	-	149,026
Loss and comprehensive loss for the period	-	-	-	(1,316,555)	(1,316,555)
Balance, November 30, 2019	35,526,605	$ 5,491,724	$ 590,660	$ (4,435,745)	$ 1,646,639

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

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

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

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements are prepared using accounting policies consistent with the Company's annual audited consolidated financial statements issued under International Financial Reporting Standards ("IFRS") for the year ended February 28, 2019 except for the adoption of IFRS 16 as discussed below.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Use of Estimates and Critical Judgments

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

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

2. BASIS OF PREPARATION *(cont'd…)*

Basis of Consolidation

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

New standard adopted

IFRS 16, Leases

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

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

The following leases accounting policies have been applied as of March 1, 2019 on adoption of IFRS 16:

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

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

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

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

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION *(cont'd…)*

New standard adopted *(cont'd…)*

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

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

Impact of transition to IFRS 16:

Effective March 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for the year ended February 28, 2019 has not been restated. The cumulative effect of initial application is recognized in deficit at March 1, 2019. Comparative amounts for the year ended February 28, 2019 remains as previously reported under IAS 17 and related interpretations.

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

As of the initial date of application of IFRS 16, the Company has one office lease outstanding with a remaining noncancelable period of 19 months. The application of IFRS 16 to leases, previously classified as operating leases under IAS 17, resulted in the recognition of right-of-use assets of $149,311 included within property, equipment, and right-of-use assets (Note 3) and lease liabilities (Note 5) with no net impact on deficit.

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

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

	Furniture and Fixtures	Computer Equipment	Right-of-Use Assets	Total
Cost				
Balance, February 28, 2018	$ -	$ -	$ -	$ -
Additions	3,783	6,044	-	9,827
Balance, February 28, 2019	3,783	6,044	-	9,827
Adoption of IFRS 16	-	-	149,311	149,311
Balance, November 30, 2019	3,783	6,044	149,311	159,138
Accumulated Depreciation				
Balance, February 28, 2018	$ -	$ -	$ -	$ -
Depreciation expense	349	882	-	1,231
Balance, February 28, 2019	349	882	-	1,231
Depreciation expense	490	1,077	70,726	72,293
Balance, November 30, 2019	839	1,959	70,726	73,524
As at February 28, 2019	$ 3,434	$ 5,162	$ -	$ 8,596
As at November 30, 2019	$ 2,944	$ 4,085	$ 78,585	$ 85,614

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

Sunset Mining Property, British Columbia

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

The Company will earn a 100% interest in the Sunset Property subject to a 2% Net Smelter Royalty, by completing $1,000,000 in exploration, making cash payments of $15,000 (paid) and issuing 666,667 common shares (issued during the year ended February 28, 2019) of the Company to the optionor.

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

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

Excess expenditures from one year can be applied to the next period. If there is a shortfall in exploration in any one year, the agreement can be maintained in good standings by making a payment in the equivalent cash, of the shortfall to the Optionor. On June 25, 2018, the $100,000 in exploration expenditure to incur by June 30, 2018 was extended to September 30, 2018.

BCVC acquisition, British Columbia

On December 6, 2018, pursuant to the terms of an agreement the Company acquired 100% of issued and outstanding common shares of BCVC in exchange for 5,500,000 common shares and agreed to pay $10,000 in BCVC's existing payables. The acquisition of BCVC was accounted for as an asset acquisition. BCVC owns a 100% interest in the Star and the Porcher vanadium properties, located in northwestern British Columbia. The Company determined that of the 5,500,000 common shares issued, 3,500,000 common shares with a fair value of $1,260,000 were compensatory in nature and recognized these as share-based payments for the year ended February 28, 2019. The remaining 2,000,000 common shares issued were considered as the purchase price consideration of BCVC.

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

Purchase price consideration		
Fair value of 2,000,000 common shares issued at $0.36	$	720,000
Assets acquired and liabilities assumed		
Exploration and evaluation assets	$	730,000
Trade payables and accrued liabilities		(10,000)
Total purchase price allocated	$	720,000

WEM acquisition, British Columbia

On December 12, 2018, pursuant to the terms of an agreement the Company acquired 100% of issued and outstanding common shares of WEM in exchange for 4,250,000 common shares and agreed to pay $10,000 in WEM's existing payables. The acquisition of WEM was accounted for as an asset acquisition. WEM owns a 100% interest in the Blackie and the Peneece vanadium properties, located in northwestern British Columbia. The Company determined that of the 4,250,000 common shares issued, 2,250,000 common shares with a fair value of $551,250 were compensatory in nature and recognized these as share-based payments for the year ended February 28, 2019. The remaining 2,000,000 common shares issued were considered as the purchase price consideration of WEM.

(Expressed in Canadian Dollars)

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

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

Purchase price consideration		
Fair value of 2,000,000 common shares issued at $0.245	$	490,000
Assets acquired and liabilities assumed		
Exploration and evaluation assets	$	500,000
Trade payables and accrued liabilities		(10,000)
Total purchase price allocated	$	490,000

Four Corners Property, British Columbia

During the period ended November 30, 2019 the Company entered into a mineral property option agreement to acquire an undivided 80% right, title, and interest in the Four Corners Project, located in west-central Newfoundland. The option will be deemed to be exercised by the Company upon the Company:

(i) paying the following amounts to the optionor:

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

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

- 1,200,000 upon executing the option agreement (*issued with a fair value of $240,000 – Note 6*);
- 2,600,000 on or before the first anniversary date;
- 3,600,000 on or before the second anniversary date;
- 2,600,000 on or before the third anniversary date; and
- 2,000,000 on or before the fourth anniversary date.

(iii) incurring the following exploration expenditures:

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

(Expressed in Canadian Dollars)

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

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

	Sunset	Star / Porcher	Blackie / Peneece	Four Corners	Total
Acquisition costs:					
Balance, February 28, 2018	$ 15,000	$ -	$ -	$ -	$ 15,000
Additions	50,000	730,000	500,000	-	1,280,000
Balance, February 28, 2019	65,000	730,000	500,000	-	1,295,000
Additions	-	-	-	290,000	290,000
Balance, November 30, 2019	65,000	730,000	500,000	290,000	1,585,000
Exploration costs:					
Balance, February 28, 2018	3,000	-	-	-	3,000
Field Personnel	59,000	-	-	-	59,000
Sampling	21,182	-	-	-	21,182
Supplies and other	2,615	-	-	-	2,615
Travel and meals	17,698	-	-	-	17,698
Balance, February 28, 2019	103,495	-	-	-	103,495
Field Personnel	-	23,675	9,825	24,400	57,900
Sampling	-	68,488	74,367	2,325	145,180
Geological consulting	-	-	-	29,850	29,850
Supplies and other	-	3,661	300	21,684	25,645
Travel and meals	-	14,919	12,175	8,875	35,969
Balance, November 30, 2019	103,495	110,743	96,667	87,134	398,039
Balance, February 28, 2019	$ 168,495	$ 730,000	$ 500,000	$ -	$ 1,398,495
Balance, November 30, 2019	$ 168,495	$ 840,743	$ 596,667	$ 377,134	$ 1,983,039

5. LEASE LIABILITIES

Pursuant to the adoption of IFRS 16 (Note 2), the Company has recognized the impact of off-balance lease obligations as of February 28, 2019:

Reconciliation of lease liabilities	**February 28, 2019**
Future aggregate minimum lease payments as of February 28, 2019	$ 161,500
Effect of discounting at the incremental borrowing rate	(12,189)
Total lease liabilities on application of IFRS 16 as at March 1, 2019	$ 149,311

(Expressed in Canadian Dollars)

5. LEASE LIABILITIES *(cont'd…)*

Lease liabilities		
Balance, March 1, 2019	$	149,311
Lease accretion		8,577
Lease payments (Note 8)		(76,500)
Balance, November 30, 2019	$	81,388

6. CAPITAL STOCK

Authorized capital stock

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

Issued share capital

During the period ended November 30, 2019, the Company:

a) issued 1,200,000 common shares with a fair value of $240,000 in connection with the Four Corners option agreement (Note 4).

b) Issued 600,000 common shares at a price of $0.13 per common share, for gross proceeds of $78,000 on the exercise of stock options.

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

a) issued 666,667 common shares with a fair value of $50,000, in connection with the Sunset Property agreement (Note 4). Of these, 300,000 were issued to a director of the Company (Note 7);

b) completed a private placement by issuing 3,600,000 common shares for gross proceeds of $270,000;

c) closed its initial public offering ("IPO") by issuing 7,500,000 common shares at a price of $0.20 per common share for gross proceeds of $1,500,000. In conjunction with the IPO, the Company paid total cash commissions of $135,000 and granted an aggregate of 675,000 agents' options, each of which entitles the holder thereof to purchase one common share at a price of $0.20 per common share for a period of 24 months from the date of issuance. The agents' options were valued at $71,730 using the Black Scholes pricing model using an expected life of two years, volatility of 100%, risk-free interest rate of 1.61% and expected dividends of $nil. The Company incurred additional closing and legal fees of $175,140 including $49,049 paid to the CEO for services rendered relating to the IPO (Note 7);

d) issued 5,500,000 common shares with a fair value of $0.36 per common share, for a total value of $1,980,000 in connection with the acquisition of BCVC (Note 4). Of the total common shares issued, 3,500,000 were considered compensatory and $1,260,000 was recognized as share-based payments for the year ended February 28, 2019;

e) issued 4,250,000 common shares with a fair value of $0.245 per common share, for a total value of $1,041,250 in connection with the acquisition of WEM (Note 4). Of the total common shares issued, 2,250,000 were considered compensatory and $551,250 was recognized as share-based payments for the year ended February 28, 2019; and

(Expressed in Canadian Dollars)

6. CAPITAL STOCK *(cont'd…)*

f) issued 93,937 common shares at a price of $0.20 per common share, for gross proceeds of $18,787 on the exercise of stock options.

Stock options

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

The following is a summary of stock options outstanding as at November 30, 2019 and February 28, 2019 and changes during the periods ended:

	Number of Stock Options		Weighted Average Exercise Price
Balance, February 28, 2018	-	$	-
Granted	3,063,000		0.24
Cancelled	(25,000)		0.25
Exercised	(93,937)		0.20
Balance, February 28, 2019 – outstanding and exercisable	2,944,063	$	0.24
Granted	1,100,000		0.19
Exercised	(600,000)		0.13
Balance, November 30, 2019 – outstanding and exercisable	3,444,063	$	0.24

At November 30, 2019 the following stock options were outstanding:

Number outstanding	Number outstanding and exercisable		Exercise Price	Expiry Date
581,063	581,063	$	0.20	October 23, 2020
2,363,000	2,363,000	$	0.25	October 29, 2023
400,000	400,000	$	0.25	March 21, 2024
100,000	100,000	$	0.25	March 24, 2024
3,444,063	3,444,063			

The weighted average fair value of incentive options granted during the period ended November 30, 2019 was $0.14 (year ended February 28, 2019 - $0.19). Total share-based payments recognized in the statement of shareholders' equity for the period ended November 30, 2019 was $149,026 (2018 - $nil) for incentive options was recognized in the profit or loss.

(Expressed in Canadian Dollars)

6. CAPITAL STOCK *(cont'd…)*

Stock options *(cont'd…)*

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

	November 30, 2019	February 28, 2019
Weighted average exercise price	$0.19	$0.25
Risk-free interest rate	1.49%	2.33%
Expected life of option	5 years	5 years
Expected annualized volatility	100%	100%
Expected dividend rate	Nil	Nil

7. RELATED PARTY TRANSACTIONS

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

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, the Chief Executive Officer, and Chief Financial Officer. Key management personnel payments for the period ended November 30, 2019 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 110,000	$ -	$ -	$ 110,000
Chief Financial Officer	27,000	-	-	27,000
Non-executive directors	-	67,500	-	67,500
	$ 90,500	$ 67,500	$ -	$ 204,500

Key management personnel payments for the period ended November 30, 2018 included:

	Management fees	Accounting fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 81,549	$ -	$ -	$ 37,575	$ 119,124
Former Chief Financial Officer	-	15,000	-	4,697	19,697
Non-executive directors	-	-	5,000	80,150	80,180
	$ 81,549	$ 15,000	$ 5,000	$ 117,422	$ 218,971

As at November 30, 2019, $61,681 (February 28, 2019 - $669) was included in trade payables and accrued liabilities for fees owed to related parties and $nil (February 28, 2019 - $20,000) was included in prepaid expenses for amounts prepaid to related parties for travel advances and management fees.

During the period ended November 30, 2019, the Company issued a loan of $17,500 to a Company with an officer in common. The loan is non-interest bearing and repayable on demand.

The terms of the Sunset Property agreement included a property option payment of $9,000 (Note 4) to an optionor of the property, who is also a director of the Company. Under the terms of the acquisition agreements, the Company issued 300,000 common shares of the Company to a director of the Company on April 1, 2018 (Notes 4 and 6).

(Expressed in Canadian Dollars)

8. SUPPLEMENTAL CASH FLOW INFORMATION

The Company had the following non-cash transactions:

		November 30, 2019		February 28, 2019
Prepaid expenses applied to lease payments	$	25,500	$	-
Impact of IFRS 16 on property, equipment, and right-of-use assets	$	149,311	$	-
Exploration and evaluation assets included in accounts payable and accrued liabilities	$	251,309	$	-
Deposit reallocated to share issuance costs	$	-	$	25,000
Fair value of agents' options included in equity reserves	$	-	$	71,730
Fair value of options reclassified from equity reserves on exercise	$	-	$	9,982
Fair value of common shares issued for exploration and evaluation asset	$	240,000	$	1,260,000

9. FINANCIAL AND CAPITAL RISK MANAGEMENT

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

- Level 1:quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3:inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Risk management

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

Credit risk

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

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

Liquidity risk

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

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

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

Risk management *(cont'd…)*

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at November 30, 2019, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

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

c) Price risk

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

Capital management

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

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