CARLYLE

COMMODITIES

Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise noted)

For the years ended February 28, 2022 and 2021

Table of Contents

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Carlyle Commodities Corp.

Opinion

We have audited the consolidated financial statements of Carlyle Commodities Corp. (the “Company”), which comprise the consolidated statements of financial position as at February 28, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders’ equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company's ability to continue in the normal course of operations is dependent on its ability to raise equity financing. As stated in Note 1, these events or 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 comprises the information included in Management’s Discussion and Analysis.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

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

June 28, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

CARLYLE COMMODITIES CORP.
Consolidated Statements of Financial Position
For the years ended February 28, 2022 and 2021
Expressed in Canadian Dollars

	Notes		February 28, 2022		February 28, 2021
ASSETS					
Current assets					
Cash		$	134,535	$	161,161
Receivables			22,943		29,516
Loans receivable	9		55,040		205,482
Prepaid expenses			13,125		138,773
Total current assets		$	225,643	$	534,932
Non-current assets					
Restricted cash	5	$	40,000	$	-
Property and equipment	4		3,781		4,883
Exploration and evaluation advance	5		-		141,327
Exploration and evaluation assets	5		4,756,476		6,404,937
Total non-current assets			4,800,257		6,551,147
Total assets		**$**	**5,025,900**	**$**	**7,086,079**
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	9	$	199,078	$	195,543
Total liabilities		$	199,078	$	195,543
SHAREHOLDERS' EQUITY					
Share capital	6	$	15,375,237	$	13,139,486
Reserves	7		2,282,081		2,314,506
Accumulated deficit			(12,830,496)		(8,563,456)
Total shareholders' equity		$	4,826,822	$	6,890,536
Total liabilities and shareholders' equity		**$**	**5,025,900**	**$**	**7,086,079**

Events after reporting period (Note 13)
Approved on behalf of the Board of Directors on June 28, 2022

"Morgan Good"
Director

"Leighton Bocking"
Director

CARLYLE COMMODITIES CORP.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended February 28, 2022 and 2021
Expressed in Canadian Dollars except number of shares

	Notes			Year ended February 28
			2022	2021
General and administrative expenses				
Bank and interest charges		$	3,475	$ 4,169
Consulting fees	9		507,901	632,167
Depreciation	4		1,102	1,693
Investor relations			170,695	477,303
Management fees	9		239,997	250,100
Office costs			109,462	76,057
Professional fees			100,043	126,944
Share-based payments	7,9		50,605	539,301
Transfer agent and filing fees			30,749	37,129
Travel and entertainment			30,088	22,146
Total general and administrative expenses		$	(1,244,117)	$ (2,167,009)
Other income (expenses)				
Loss on debt and trade payables settlement	6	$	(43,542)	$ (53,031)
Write-off of exploration and evaluation assets	5		(2,050,827)	(1,412,411)
Write-off of receivables and advance	5		(22,760)	-
Transaction cost	5		(921,634)	-
Other income	6,8		15,840	114,880
Loss and comprehensive loss for the year		**$**	**(4,267,040)**	**$ (3,517,571)**
Basic and diluted loss per common share		**$**	**(0.07)**	**$ (0.14)**
Weighted average number of common shares outstanding – basic and diluted			**61,771,402**	**25,243,110**

CARLYLE COMMODITIES CORP.

Consolidated Statements of Changes in Shareholders' Equity
For the years ended February 28, 2022, and February 28, 2021
Expressed in Canadian Dollars except number of shares

	Number of shares		Share capital		Subscriptions received in advance		Reserves		Accumulated deficit		Total shareholders' equity
Balance – February 29, 2020	**5,075,225**	**$**	**5,491,724**	**$**	**72,750**	**$**	**590,660**	**$**	**(5,045,885)**	**$**	**1,109,249**
Shares issued in private placements	17,065,000		1,558,425		(72,750)		-		-		1,485,675
Stock options exercised	425,000		110,846		-		(47,096)		-		63,750
Shares issued for acquisition of Isaac Mining Corp.	20,562,100		5,140,525		-		-		-		5,140,525
Warrants issued for acquisition of Isaac Mining corp.	-		-		-		1,217,905		-		1,217,905
Shares issued for exploration and evaluation assets	1,600,000		469,000		-		-		-		469,000
Flow-through premium liability recognized	-		(99,040)		-		-		-		(99,040)
Share issue costs	-		(111,827)		-		-		-		(111,827)
Share issue costs – finders' warrants	-		(13,736)		-		13,736		-		-
Shares issued to settle trade payables	4,173,184		593,569		-		-		-		593,569
Share-based payments	-		-		-		539,301		-		539,301
Loss and comprehensive loss for the year	-		-		-		-		(3,517,571)		(3,517,571)
Balance – February 28, 2021	**48,900,509**	**$**	**13,139,486**	**$**	**-**	**$**	**2,314,506**	**$**	**(8,563,456)**	**$**	**6,890,536**
Stock options exercised	805,000		181,855		-		(83,030)		-		98,825
Shares issued for exploration and evaluation assets upon exercise of special warrants	1,000,000		62,500		-		-		-		62,500
Shares issued for acquisition of OWL Lake Resources Ltd.	14,649,982		1,782,855		-		-		-		1,782,855
Shares issued to settle trade payables	2,391,445		208,541		-		-		-		208,541
Share-based payments	-		-		-		50,605		-		50,605
Loss and comprehensive loss for the year	-		-		-		-		(4,267,040)		(4,267,040)
Balance – February 28, 2022	**67,746,936**	**$**	**15,375,237**	**$**	**-**	**$**	**2,282,081**	**$**	**(12,830,496)**	**$**	**4,826,822**

Expressed in Canadian Dollars except otherwise noted

		Years ended February 28, 2022		2021
OPERATING ACTIVITIES				
Loss for the year	**$**	**(4,267,040)**	**$**	**(3,517,571)**
Non-cash items:				
Depreciation		1,102		1,693
Loss on settlement of trade payables		43,542		47,831
Loss on settlement of debt		-		5,200
Flow-through premium income		-		(99,040)
Impairment of exploration and evaluation assets		2,050,827		1,412,411
Write-off of receivables and advance		22,760		-
Transaction cost		921,634		-
Share-based payments		50,605		539,301
Changes in non-cash working capital items:				
Receivables		1,818		109,916
Prepaid expenses		125,648		(131,523)
Trade payables and accrued liabilities		182,690		975,115
Net cash used in operating activities	**$**	**(866,414)**	**$**	**(656,667)**
INVESTING ACTIVITIES				
Expenditures on exploration and evaluation assets	$	(160,983)	$	(1,443,512)
Advances toward exploration and evaluation expenditures		-		(141,327)
Loans issued		-		(187,982)
Cash received on acquisition of Isaac Mining Corp.		-		1,097,078
Cash deposit with the Ministry of Mines		(40,000)		-
Net cash used in investing activities	**$**	**(200,983)**	**$**	**(675,743)**
FINANCING ACTIVITIES				
Proceeds from private placements	$	-	$	1,485,675
Share issue costs		-		(111,827)
Cash received on acquisition of OWL Lake Resources Ltd.		872,494		-
Proceeds from stock options exercised		98,825		63,750
Advances (repayment) to related parties		69,452		-
Net cash provided by financing activities	**$**	**1,040,771**	**$**	**1,437,598**
Increase (decrease) in cash	$	(26,626)	$	105,188
Cash, beginning of year		161,161		55,973
Cash, end of year	**$**	**134,535**	**$**	**161,161**

Supplemental cash flow information

Year ended:		February 28, 2022		February 28, 2021
Fair value of warrants issued on acquisition of Isaac Mining Corp.	$	-	$	1,217,905
Fair value of finders' warrants granted for share issuance costs		-		13,736
Trade payables and receivables cancelled on acquisition of Isaac Mining Corp.		-		550,000
Settlement of trade payables and debt through share issuance		208,541		593,569
Fair value of shares issued for exploration and evaluation asset		2,204,498		5,609,525
Use of exploration and evaluation advance		123,322		-

Expressed in Canadian Dollars except otherwise noted

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Carlyle Commodities Corp. ("CCC", or the "Company") was incorporated on October 18, 2017 under the Business Corporations Act of British Columbia. The Company's head office address is 5803 – 1151 West Georgia Street, Vancouver, BC. The registered office address is located at 620 – 1111 Melville Street, Vancouver, BC. The Company's common shares began trading on the Canadian Securities Exchange (the "CSE") on October 24, 2018, under the symbol "DLRY". On February 18, 2020, the Company changed its name to Carlyle Commodities Corp and continued trading under the symbol "CCC". The Company's consolidated financial statements include the financial statements of the following subsidiaries:

Company	Place of Incorporation	Effective Interest
BC Vanadium Corp. ("**BCVC**")	British Columbia	100%
WEM Western Energy Metals Ltd. ("**WEM**")	British Columbia	100%
ISAAC Mining Corp. ("**IMC**")	British Columbia	100%
OWL Lake Resources Ltd. ("**OWL**")	Ontario	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 consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue in the normal course of operations is dependent on its ability to raise equity financing. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

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

Use of Estimates and Critical Judgments

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

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.
Estimates and assumption where there is significant risk of material adjustments to assets and liabilities in future accounting period include the recoverability of the carrying value of exploration and evaluation assets, the measurements for financial instrument, the measurement of share-based payments and the recoverability of deferred tax assets.

The Company applied judgment to determine whether the three-cornered amalgamation (refer to Note 5 for details) should be classified as an asset acquisition or business combination. The assessment was based on the definition of a business in accordance with IFRS 3.

Basis of Consolidation

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

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

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

Cash

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

Financial instruments

Financial assets

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

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

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

The Company's cash, receivables, loans receivable and restricted cash are recorded at amortized cost.

Impairment of financial assets

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

Financial liabilities

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

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

Exploration and evaluation assets

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

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

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

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

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

iv) permitting activities, and

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

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

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

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

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

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

Income taxes

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company will reassesses any unrecognized deferred tax assets. The Company will recognize any previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Property and equipment

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company. Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

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

Computer equipment	30%
Furniture and fixtures	20%

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

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, common share warrants and flow-through shares are classified as equity instruments.

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

Loss per common share

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

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

Impairment

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

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

Decommissioning provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties, oil and gas interests, and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset.

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

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

Share-based payments

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

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

Foreign currency translation

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

Lease

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

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. The premium is recognized as other income and the related deferred tax is recognized as a tax provision which is reduced when qualifying flow-through expenditures are incurred.

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

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

Expressed in Canadian Dollars except otherwise noted

NOTE 4 – PROPERTY AND EQUIPMENT

COST		Computer equipment		Furniture and fixtures		Total
Balance – February 28, 2021	**$**	**6,044**	**$**	**3,783**	**$**	**9,827**

ACCUMULATED DEPRECIATION		Computer equipment		Furniture and fixtures		Total
Balance – February 28, 2021	$	3,398	$	1,546	$	4,944
Depreciation		693		409		1,102
Balance – February 28, 2022	**$**	**4,091**	**$**	**1,955**	**$**	**6,046**

NET CARRYING VALUE		Computer equipment		Furniture and fixtures		Total
Balance – February 28, 2021	$	2,646	$	2,237	$	4,883
Balance – February 28, 2022	**$**	**1,953**	**$**	**1,828**	**$**	**3,781**

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

Sunset Mining Property, British Columbia

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

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

On July 29, 2021, the Company entered into an amending agreement. Pursuant to the terms of the amending agreement, the Company has extended the second and third scheduled payments of exploration expenditures from December 31, 2020 and December 31, 2021 to December 31, 2021 (as to $200,000) and December 31, 2022 (as to $700,000) respectively.

On December 29, 2021, the Company entered into another amending agreement. Pursuant to the terms of the amending agreement, the Company further extended the second and third schedule payments of exploration expenditures from December 31, 2021 to December 31, 2022 (as to $200,000) and December 31, 2023 (as to $700,000) respectively.

The Company was required to incur $1,000,000 of exploration as follows:

By September 30, 2018	$	100,000	*(completed during the year ended February 28, 2019)*
By December 31, 2022		200,000	
By December 31, 2023		700,000	
	$	1,000,000	

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

Subsequent to February 28, 2022 the Company notified the optionor it was terminating the option agreement and therefore recognized a write-off of $168,495 in the consolidated statement of loss and comprehensive loss reducing the carrying value to $nil.

Expressed in Canadian Dollars except otherwise noted

BCVC acquisition, British Columbia

On December 6, 2018 the Company acquired 100% of the issued and outstanding common shares of BCVC in exchange for 785,714 common shares and agreed to pay $10,000 of BCVC's existing payables. BCVC owned a 100% interest in the Star and the Porcher vanadium properties, located in northwestern British Columbia.

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

WEM acquisition, British Columbia

On December 12, 2018 the Company acquired 100% of issued and outstanding common shares of WEM in exchange for 607,143 common shares and agreed to pay $10,000 in WEM's existing payables. WEM owned a 100% interest in the Blackie and the Peneece vanadium properties, located in northwestern British Columbia.

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

Cecilia Gold-Silver Property, State of Sonora

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

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

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

Upon completion of the option payments, the Company will be deemed to have exercised the option and will have earned an undivided 100% legal and beneficial interest in and to the Property, subject to a 2.5% net smelter return royalty ("NSR Royalty") to be granted to Riverside. During the year ended February 28, 2021, the Company advanced $750,000 to Riverside as operator of the project, of which $608,991 had been expended on exploration and evaluation activities as at February 28, 2021 with $141,327 remaining in exploration and evaluation advance. During the year ended February 28, 2022, the Company incurred additional $123,322 on exploration and evaluation activities.

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

Vesting Date	No. of Special Warrants Vested / Converted
12 months from Closing	500,000 (*vested and converted on July 13, 2021*)
18 months from Closing	500,000 (*vested and converted on January 13, 2022*)
24 months from Closing	500,000
30 months from Closing	500,000
36 months from Closing	1,000,000
	3,000,000

The special warrants will be cancelled if the Cecilia Agreement is terminated and have therefore been accounted for consistent with other option payments and will be recognized as acquisition costs as they vest. The Company issued 1,000,000 common shares upon exercise of Special warrants valued at $62,500 during the year ended February 28, 2022 and made a cash payment of $50,000 pursuant to the terms of the Cecilia Agreement.

Subsequent to February 28, 2022 the Company notified the optionor that it was terminating the option agreement and therefore recognized a write-off of $1,384,343 in the consolidated statement of loss and comprehensive loss reducing the carrying value to $nil.

The Company wrote off the advance of $18,005 for the project as the management made the decision to terminate the Cecilia option agreement in May 2022. The advance is considered not recoverable pursuant to the terms of the option agreement.

Mack option agreement, British Columbia

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

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

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

As a result of completing the above, the Company holds a 50% interest in the Mack property.

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

The Company does not currently intend to perform further work on the Mack property and assessed its recoverable amount to be $nil and therefore recognized a write-off of $454,928 in the consolidated statement of loss and comprehensive loss.

Jake option agreement, British Columbia

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

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

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

Isaac Mining Corp amalgamation agreement, British Columbia

On December 16, 2020, the Company entered into an amalgamation agreement (the "Agreement") with Isaac Mining Corp. ("IMC"), a private British Columbia corporation, and 1269597 B.C. Ltd. ("NewCo"), a wholly-owned subsidiary of the Company.

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

Pursuant to the Agreement, the Company acquired all of the issued and outstanding IMC Shares by way of a "three-cornered" amalgamation (the "Amalgamation") whereby NewCo and IMC amalgamated pursuant to the provisions of the Business

Expressed in Canadian Dollars except otherwise noted

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

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

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

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

The Company deposited $40,000 with the Ministry of Energy, Mines and Low Carbon Innovation (the “Ministry”) during the year ended February 28, 2022 as part of the exploration permit application requirement.

OWL Lake Resources Ltd amalgamation agreement, Ontario

On June 14, 2021, the Company entered into an amalgamation agreement (the “Agreement”) with OWL Lake Resources Ltd. (“OWL”), a private British Columbia corporation, and 1305339 B.C. Ltd. (“NewCo”), a wholly-owned subsidiary of the Company.

Incorporated in October of 2018, OWL is a private British Columbia mineral exploration corporation which owns 100% of the Owl Lake Property (the “Owl Lake Property” or the “Property”) located in the Hemlo-Schreiber Greenstone Belt in the Thunder Bay South Mining Division in the Province of Ontario.

Pursuant to the Agreement, the Company acquired all of the issued and outstanding OWL Shares by way of a “three-cornered” amalgamation (the “Amalgamation”) whereby NewCo and OWL amalgamated pursuant to the provisions of the Business Corporations Act (British Columbia) to form one corporation, which continued under the name “OWL Lake Mining Corp.”, a wholly owned subsidiary of the Company. Accordingly, each of the common shares of OWL (each, an “OWL Share”) were cancelled and, in consideration for such OWL Shares, each OWL shareholder (collectively, the “OWL Shareholders”) received one common share in the capital of the Company for every three and a half of OWL Share held by such shareholder. An aggregate of 13,714,269 common shares of the Company were issued to the OWL Shareholders in exchange for their respective OWL Shares.

Expressed in Canadian Dollars except otherwise noted

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

In connection with the Transaction, the Company paid a finder's fee to Triview Capital Ltd., a private Calgary corporation, by issuing 935,713 common shares. As the acquired entity did not constitute a business and majority of net assets acquired was cash, the finder's fee was classified as share issuance cost.

Purchase price consideration		
Value of 13,714,269 common shares issued at $0.13	$	1,782,855
Assets and liabilities acquired		
Cash	$	872,494
Owl Lake Property		43,061
Trade payables and accrued liabilities		(54,334)
Transaction cost		921,634
Total purchase price allocated	**$**	**1,782,855**

As at February 28, 2022, the Company has determined it will not pursue exploration and evaluation of the OWL Lake Property and estimated its recoverable amount to be $nil. Therefore, the company recognized a write-off of $43,061 in the consolidated statement of loss and comprehensive loss.

Expressed in Canadian Dollars except otherwise noted

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

	Sunset	Mack	Cecilia	Star / Porcher	Blackie / Peneece	Newton	Owl Lake	Total
Acquisition costs:								
Balance, February 29, 2020	**$ 65,000**	**$ -**	**$ -**	**$ 730,000**	**$ 500,000**	**$ -**	**$ -**	**$ 1,295,000**
Additions	-	25,822	540,000	-	-	4,632,993	-	5,198,815
Write-off	-	-	-	(717,500)	(487,500)	-	-	(1,205,000)
Disposal	-	-	-	(12,500)	(12,500)		-	(25,000)
Balance, February 28, 2021	**65,000**	**25,822**	**540,000**	**-**	**-**	**4,632,993**	**-**	**5,263,815**
Additions	-	-	112,500	-	-	-	43,061	155,561
Write-off	(65,000)	(25,822)	(652,500)	-	-	-	(43,061)	(786,383)
Balance, February 28, 2022	**-**	**-**	**-**	**-**	**-**	**4,632,993**	**-**	**4,632,993**
Exploration costs:								
Balance, February 29, 2020	**103,495**	**-**	**-**	**110,743**	**96,668**	**-**	**-**	**310,906**
Field Personnel	-	-	115,379	-	-	-	-	115,379
Sampling	-	-	200,648	-	-	-	-	200,648
Drill program	-	425,000	-	-	-	-	-	425,000
Geological consulting	-	4,106	64,491	-	-	-	-	68,597
Supplies and other	-	-	78,009	-	-	-	-	78,009
Travel and meals	-	-	61,196	-	-	-	-	61,196
Project management	-	-	88,798	-	-	-	-	88,798
Write-off	-	-	-	(110,743)	(96,668)	-	-	(207,411)
Balance, February 28, 2021	**103,495**	**429,106**	**608,521**	**-**	**-**	**-**	**-**	**1,141,122**
Field Personnel	-	-	24,870	-	-	-	-	24,870
Sampling	-	-	44,404	-	-	-	-	44,404
Geological consulting	-	-	30,440	-	-	75,260	-	105,700
Supplies and other	-	-	2,076	-	-	-	-	2,076
Travel and meals	-	-	7,896	-	-	-	-	7,896
Permitting	-	-	-	-	-	48,223	-	48,222
Project management	-	-	13,636	-	-	-	-	13,636
Write-off	(103,495)	(429,106)	(731,843)	-	-	-	-	(1,264,444)
Balance, February 28, 2022	**-**	**-**	**-**	**-**	**-**	**123,483**	**-**	**123,483**
Balance, February 28, 2021	$ 168,495	$ 454,928	$ 1,148,521	$ -	$ -	$ 4,632,993	$ -	$ 6,404,937
Balance, February 28, 2022	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,756,476**	**$ -**	**$ 4,756,476**

Expressed in Canadian Dollars except otherwise noted

NOTE 6 – SHARE CAPITAL

Authorized: unlimited number of common shares without par value.

		Number of Shares		Amount
Balance, February 29, 2020		**5,075,225**	**$**	**5,491,724**
Shares issued in private placements, net of share issue costs and flow-through premium liability recognized on issuance	(a)(b)	17,065,000		1,333,822
Shares issued upon stock option exercise	(c)	425,000		110,846
Shares issued for exploration and evaluation assets	(d)	1,600,000		469,000
Shares issued for the Isaac Mining Corp.	(e)	20,562,100		5,140,525
Shares issued to settle trade payables	(f)	4,173,184		593,569
Balance, February 28, 2021		**48,900,509**	**$**	**13,139,486**
Shares issued upon stock option exercise	(g)	805,000		181,855
Shares issued for OWL Lake Resources Ltd.	(h)	14,649,982		1,782,855
Shares issued for exploration and evaluation assets	(i)	1,000,000		62,500
Shares issued to settle trade payables	(j)	2,391,445		208,541
Balance, February 28, 2022		**67,746,936**	**$**	**15,375,237**

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

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

Each unit consists of one common share and one warrant entitling the holder to purchase one additional common share at a price of $0.20 per common share for five years from the date of issuances. In connection with the offering, the Company paid an aggregate of $65,304 in finders' fees and incurred an additional $17,716 in other closing costs. All common shares issued in connection with the offering will be subject to voluntary escrow, pursuant to which 35% of the common shares will be released four months and one day from the issuance date, 35% of the common shares will be released seven months and one day from the issuance date, and the remaining 30% of the common shares will be released ten months and one day from the issuance date.

(b) Closed a non-brokered private placement by issuing 1,238,000 flow-through units (each, a "FT Unit") at a price of $0.30 per FT Unit for gross proceeds of $371,400. Each FT Unit was comprised of one flow-through share and one common share purchase warrant, each entitling the holder to acquire one non-flow-through common share at a price of $0.75 per common share for a period of two years. The Company paid finders' fees of $22,992 and issued 76,640 finders' warrants, exercisable at $0.30 for a period of two years. The finders' warrants were valued at $13,736 using the Black-Scholes pricing model using a share price of $0.22, expected life of two years, and a volatility of 198.84%. The Company incurred additional costs of $52,637 in connection with the financing. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of $99,040.

(c) Issued 425,000 common shares at an average price of $0.26 per common share for proceeds of $63,750 on the exercise of stock options. Upon exercise, $47,096 relating to the fair value of the options was reclassified from reserves to share capital.

(d) Issued 1,500,000 common shares valued at $450,000 as required under the Cecilia Agreement (Note 5) and 100,000 common shares valued at $19,000 to obtain additional mineral claims on the Mack property (Note 5).

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

(f) Issued 4,173,184 common shares valued at $593,569 to Directors of the Company to settle trade payables and accrued liabilities valued at $545,738. The Company recognized a loss on the issuance of $47,831 to the statement of loss and comprehensive loss.

Expressed in Canadian Dollars except otherwise noted

(g) Issued 805,000 for stock options exercised at an average price of $0.12 per common share for proceeds of $98,825. Upon exercise, $83,030 relating to the fair value of the stock options was reclassified from reserves to share capital.

(h) Issued 14,649,982 common shares on acquisition of OWL Lake Property. (Note 5).

(i) On July 13, 2021, issued 500,000 common shares at $0.095 per common share upon exercise of 500,000 special warrants that vested pursuant to the Cecilia option agreement (Note 5).

On January 13, 2022, issued 500,000 common shares at $0.03 per common share upon exercise of 500,000 special warrants that vested pursuant to the Cecilia option agreement (Note 5).

(j) Issued 2,391,445 common shares valued at $208,541 to Directors of the Company and consultants to settle trade payables and accrued liabilities valued at $164,999. The Company recognized a loss on settlement of trade payables equal to $43,542.

NOTE 7 – RESERVES

Warrants

		Number of Warrants		Weighted Average Exercise Price
Balance, February 29, 2020		-	$	-
Issued		26,872,640		0.33
Shares – Special warrants		3,000,000		0.30
Balance, February 28, 2021		**29,872,640**	**$**	**0.33**
Exercised	(a)	(1,000,000)		0.06
Balance, February 28, 2022		**28,872,640**		**0.33**

(a) Pursuant to the terms of the Cecilia Agreement, Riverside exercised 500,000 special warrants that vested on July 13, 2021 and 500,000 special warrants that vested on January 13, 2022 for no consideration. See Note 5 for the terms of the Cecilia Agreement.

Warrants outstanding as of February 28, 2022 are as follows:

Expiry Date	Exercise Price, $	Outstanding Warrants	Outstanding and Exercisable Warrants
November 30, 2022	0.75	1,238,000	1,238,000
November 30, 2022	0.30	76,640	76,640
November 20, 2023	0.50	1,441,000	1,441,000
November 25, 2023	0.50	1,240,000	1,240,000
November 27, 2023	0.50	1,350,000	1,350,000
December 8, 2023	0.50	5,700,000	5,700,000
March 27, 2025	0.20	2,666,667	2,666,667
April 29, 2025	0.20	8,628,333	8,628,333
May 15, 2025	0.20	4,532,000	4,532,000
Termination of the Cecilia Agreement (Note 5)	-	2,000,000	-
	0.33	**28,872,640**	**26,872,640**

The weighted average remaining contractual life of warrants, excluding Special Warrants, outstanding as of February 28, 2022 is 2.53 years (February 28, 2021 – 3.53 years).

Expressed in Canadian Dollars except otherwise noted

Stock options

The Company has 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 option transactions during the years ended February 28, 2022 and 2021:

	Number of options		Weighted average exercise price
Balance, February 29, 2020	**492,000**	**$**	**1.69**
Granted	4,390,000		0.14
Exercised	(425,000)		0.15
Expired	(83,009)		1.40
Balance, February 28, 2021 – outstanding and exercisable	**4,373,991**	**$**	**0.29**
Granted	555,000		0.115
Cancelled	(14,285)		1.75
Exercised	(805,000)		0.12
Balance, February 28, 2022 – outstanding and exercisable	**4,109,706**	**$**	**0.30**

The weighted average fair value of incentive options granted during the years ended February 28, 2022, was $0.29 (year ended February 28, 2021 - $0.12). The weighted average fair value of share price at the time of exercise during the year ended February 28, 2022 was $0.16 (year ended February 28, 2021 - $0.26). Total share-based payments recognized in the consolidated statement of shareholders' equity for the year ended February 28, 2022 was $50,605 (year ended February 28, 2021 - $539,301) and classified as expense in the statement of loss and comprehensive loss. The fair value of incentive options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	Year ended February 28, 2022	Year ended February 28, 2021
Weighted average exercise price	$0.115	$0.20
Risk-free interest rate	0.24%	0.30%
Expected life (years)	2.00	4.00
Expected volatility	195%	161%
Expected dividends	0%	0%
Forfeiture rate	0%	0%

Stock options outstanding and exercisable as of February 28, 2022 are as follows:

Expiry Date	Exercise Price, $	Number of Options Outstanding	Number of Options Exercisable
October 29, 2023	1.75	337,564	337,564
March 21, 2024	1.75	57,142	57,142
May 15, 2025	0.15	1,175,000	1,175,000
February 19, 2026	0.14	2,540,000	2,540,000
	0.30	**4,109,706**	**4,109,706**

The weighted average remaining contractual life of stock options outstanding and exercisable as of February 28, 2022 is 3.54 years (February 28, 2021 – 4.54 years).

NOTE 8 – OTHER INCOME

The Company received income $15,840 during the year ended February 28, 2022 (2021 - $15,840) from the short-term office sublease.

Expressed in Canadian Dollars except otherwise noted

NOTE 9 – RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel compensation
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 defines key management personnel as being the directors and key officers.

The compensation awarded to key management personnel is as follows:

	For the year ended February 28:			
		2022		2021
Management fees	$	206,440	$	231,100
Consulting fees		70,000		63,200
Share-based payments		-		142,040
Total compensation	**$**	**276,440**	**$**	**436,340**

Due to related parties
As of February 28, 2022, $123,822 (February 28, 2021 - $74,550) was included in trade payables and accrued liabilities for fees owed to related parties. As of February 28, 2022, the Company prepaid $13,125 for management fees billed by CEO.

During the year ended February 28, 2022, the Company advanced a loan of $50,000 (year ended February 28, 2021 - $150,000) to an officer of the Company. The loan is non-interest bearing and due on September 1, 2023. The loan that was outstanding as of February 28, 2021 was fully repaid in the year ended February 28, 2022.

During the year ended February 28, 2022, the Company advanced a loan of $5,040 to a legal entity with a director in common. The loan is non-interest bearing and repayable within 12 months from the commencement date. The loan was fully repaid in June 2022.

During the year ended February 28, 2021, the Company issued a loan of $55,482 to a Company with an officer in common. The loan is non-interest bearing and repayable on demand. During the year ended February 28, 2022, the Company received a loan repayment of $55,482.

NOTE 10 – FINANCIAL INSTRUMENTS

Fair values
When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying values of cash, restricted cash, receivables, loans receivable, trade payables and accrued liabilities approximate their fair values due to the immediate or short-term nature of these instruments. There has been no significant change in credit and market interest rates since the date of its receipt.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates.

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

Financial assets	
Cash	Amortized cost
Restricted cash	Amortized cost
Receivables	Amortized cost
Loans receivable	Amortized cost
Financial liabilities	
Trade payables and accrued liabilities	Amortized cost

Capital and Risk Management
The Company's objective and polices for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may issue new equity instruments or raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the executive team under policies approved by the Board of Directors. The executive team identifies and evaluates financial risks in close cooperation with the Board of Directors.

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. The Company's interest-bearing debt instrument has a fixed interest rate and is not subject to interest rate cash flow risk. As of February 28, 2022, the Company is not exposed to significant interest rate risk.

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 generally relies on external financing or key management to provide sufficient liquidity to meet budgeted operating requirements. The following table sets forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	$ 199,078	$ 199,078	$ 199,078	$ -	$ -
Total	**$ 199,078**	**$ 199,078**	**$ 199,078**	**$ -**	**$ -**

Taking into consideration the Company's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Company is continuing to review its needs to seek financing opportunities in accordance to its capital risk management strategy.

Foreign currency risk
Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from current conversions is not significant and therefore does not hedge its foreign exchange risk.

Expressed in Canadian Dollars except otherwise noted

NOTE 11 – SEGMENT REPORTING

All the Company's operations are in the resource sector. The Company's mineral exploration and evaluation operations are based in Canada and Mexico. The non-current and total assets identifiable within these geographical areas are as follows:

		February 28, 2022		February 28, 2021
Canada	$	4,800,257	$	5,261,299
Mexico		-		1,289,848
Total non-current assets	**$**	**4,800,257**	**$**	**6,551,147**

The Company's assets by country are as follows:

		February 28, 2022		February 28, 2021
Canada	$	5,025,900	$	5,796,231
Mexico		-		1,289,848
Total assets	**$**	**5,025,900**	**$**	**7,086,079**

NOTE 12 – INCOME TAXES

The total income tax recovery (expense) recorded in the consolidated financial statements differs from the amount computed by applying the combined federal and provincial tax rates of 27% (2021 – 27%) to income (loss) before tax as follows:

		2022		2021
Loss before taxes	$	(4,267,040)	$	(3,517,571)
Statutory income tax rate		27%		27%
Expected recovery at statutory rate	$	(1,152,000)	$	(950,000)
Increase (decrease) in taxes resulting from:				
Non-taxable expenditures and other	$	573,000	$	118,000
Origination and reversal of temporary differences		579,000		732,000
Income tax expense (recovery)	**$**	**-**	**$**	**-**

Deferred income tax assets are recorded to the extent that the realization of the related tax benefit is probable based on estimated future earnings. Deferred income tax assets have not been recognized with respect to the following deductible temporary differences:

		2022		2021
Non-capital loss carried forward	$	5,303,000	$	3,985,000
Share issuance costs		107,000		282,000
Exploration and evaluation assets		2,323,000		1,322,000
Property and equipment		6,000		5,000
Total		**7,739,000**		**5,594,000**
Unused deferred tax asset		(7,739,000)		(5,594,000)
	$	**-**	**$**	**-**

The Company has non-capital losses of $5,303,000 as of February 28, 2022 (as of February 28, 2021 – $3,985,000) which are available to reduce future year's taxable income. The non-capital losses will commence to expire in 2027 through 2042 if not utilized. Management estimates future income using forecasts based on the based available current information.

NOTE 13 – EVENTS AFTER REPORTING PERIOD

On March 4, 2022, the Company issued 1,250,000 common shares of the Company to settle trade payables and accrued liabilities in the aggregate amount of $62,500.

On April 14, 2022, the Company issued 546,500 common shares of the Company to settle trade payables and accrued liabilities in the aggregate amount of $27,325.

On May 16, 2022 and June 23, 2022, the Company terminated the Cecilia Agreement the Sunset Property option agreement respectively.