FenixOro Gold Corp.

(Formerly "American Battery Metals Corp.")

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended February 28, 2021 and February 29, 2020

(Expressed in Canadian Dollars)

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
FenixOro Gold Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of FenixOro Gold Corp. (the Company), which comprise the consolidated statements of financial position as at February 28, 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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

Material Uncertainty Relating to Going Concern
We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of $4,398,094 during the year ended February 28, 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 Matter
The financial statements of the Company for the year ended February 29, 2020, were audited by another auditor, who expressed an unmodified opinion on those statements on June 29, 2020.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
June 28, 2021

FenixOro Gold Corp.
(Formerly American Battery Metals Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	February 28, 2021	February 29, 2020
Assets		
Current assets		
Cash	$ 706,328	$ 1,431,494
Accounts receivable (note 7)	-	25,251
HST receivable	21,975	48,068
Prepaid expenses	273,495	120,608
Total current assets	1,001,798	1,625,421
Property and equipment (note 5)	144,340	-
Exploration and evaluation assets (note 6)	8,188,594	-
Total Assets	$ 9,334,732	$ 1,625,421
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 1,067,048	$ 72,746
Accrued liabilities	72,312	12,000
Total Liabilities	1,139,360	84,746
Shareholders' Equity		
Share capital (note 9(b))	13,308,393	3,960,583
Reserves (notes 9 (d)(e)(f))	1,612,331	297,351
Shares to be issued (note 6)	390,000	-
Accumulated other comprehensive income	106,951	-
Accumulated deficit	(7,222,303)	(2,717,259)
Total shareholders' equity	8,195,372	1,540,675
Total Liabilities and Equity	$ 9,334,732	$ 1,625,421

Nature of operations and going concern (note 1)
Contingency (note 14)
Subsequent event (note 16)

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

Approved by the Board of Directors:

Director: John Carlesso

Director: David Mitchell

FenixOro Gold Corp.

(Formerly American Battery Metals Corp.)

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended February 28, 2021 and February 29, 2020
(Expressed in Canadian Dollars)

	Year Ended February 28, 2021	Year Ended February 29, 2020
Expenses		
Administration expenses	498,298	39,599
Advertising and promotion	330,968	677,289
Consulting (note 11)	892,060	281,810
Exploration expenditures	$ 1,315,652	$ 150,567
Filing and transfer agent fees	87,011	41,085
Investor communications	34,096	94,954
Professional fees	377,568	136,753
Stock-based compensation	1,054,207	14,744
Depreciation (note 5)	6,275	-
Loss before other items	(4,596,135)	(1,436,801)
Foreign exchange gain (loss)	91,090	(7,717)
Write off of loan receivable	-	(250,000)
Write off of exploration and evaluation assets	-	(302,152)
Net loss for the year	$ (4,505,045)	$ (1,996,670)
Other comprehensive income		
Items that will be recycled to profit or loss:		
Foreign currency translation adjustment	106,951	-
Comprehensive loss for the year	$ (4,398,094)	$ (1,996,670)
Loss per share - basic and diluted	$ (0.07)	$ (0.07)
Weighted average number of shares outstanding	64,281,618	26,701,164

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

FenixOro Gold Corp.
(American Battery Metals Corp.)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Shares to be Issued	Reserves	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Number	Amount					
Balance, February 28, 2019	**16,920,001**	**$ 842,619**	**-**	**$ 205,998**	**$ -**	**$ (720,588)**	**$ 328,029**
Shares issued for cash	10,303,471	3,004,515	-	-	-	-	3,004,515
Shares issuance costs	250,000	(263,445)	-	76,609	-	-	(186,836)
Shares issued on warrants exercised	3,339,900	376,894	-	-	-	-	376,894
Share-based compensation	-	-	-	14,744	-	-	14,744
Comprehensive loss for the year	-	-	-	-	-	(1,996,670)	(1,996,670)
Balance, February 29, 2020	**30,813,372**	**$ 3,960,583**	**$ -**	**$ 297,351**	**$ -**	**$ (2,717,258)**	**$ 1,540,676**
Shares issued pursuant to acquisition of Fenix (note 9)	31,000,000	6,045,000	-	-	-	-	6,045,000
Shares issued for private placement	3,234,800	970,440	-	-	-	-	970,440
Share issuance costs	-	(50,197)	-	-	-	-	(50,197)
Replacement warrants issued	-	-	-	498,836	-	-	498,836
Shares issued for services	200,000	39,000	-	-	-	-	39,000
Shares issued on warrants exercised	13,313,571	1,800,154	-	-	-	-	1,800,154
Shares to be issued	-	-	390,000	-	-	-	390,000
Shares issued on broker warrants exercised	490,700	185,350	-	-	-	-	185,350
Fair value of broker warrants exercised	-	92,338	-	(92,338)	-	-	-
Shares issued on stock options exercised	600,000	120,000	-	-	-	-	120,000
Fair value of stock options exercised	-	145,725	-	(145,725)	-	-	-
Stock-based compensation (note 9)	-	-	-	1,054,207	-	-	1,054,207
Net loss and comprehensive loss for the year	-	-	-	-	106,951	(4,505,045)	(4,398,094)
Balance, February 28, 2021	**79,652,443**	**$ 13,308,393**	**$ 390,000**	**$ 1,612,331**	**$ 106,951**	**$ (7,222,303)**	**$ 8,195,372**

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

FenixOro Gold Corp.
(American Battery Metals Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended February 28, 2021	Year ended February 29, 2020
Operating Activities		
Net loss for the period	$ (4,505,045)	$ (1,996,670)
Items not affecting cash:		
Stock-based compensation	1,054,207	14,744
Shares for service	39,000	-
Depreciation	6,275	-
Write off of loan receivable	-	250,000
Write off of exploration and evaluation assets	-	302,152
Changes in non-cash working capital:		
HST receivable	26,093	(38,995)
Accounts receivable	(101,516)	(25,251)
Accounts payable and accrued liabilities	100,958	36,982
Prepaid expenses	32,785	(120,608)
Cash (used in) operating activities	(3,347,243)	(1,577,646)
Investing Activities		
Purchase of property and equipment	(150,615)	-
Loan receivable	-	(250,000)
Pre-acquisition advance to Fenix Gold	(347,940)	-
Cash acquired on acquisition	74,060	-
Exploration and evaluation assets	-	(23,532)
Cash (used in) investing activities	(424,495)	(273,532)
Financing Activities		
Proceeds from issuance of common shares, net	920,243	2,817,689
Proceeds from the exercise of warrants	1,800,154	376,885
Proceeds from the exercise of broker warrants	185,350	-
Proceeds from the exercise of stock options	120,000	-
Cash provided by financing activities	3,025,747	3,194,574
Change in cash during the year	(745,991)	1,343,396
Impact of foreign exchange on cash	20,825	-
Cash, beginning of the year	1,431,494	88,098
Cash, end of the year	$ 706,328	$ 1,431,494

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

1. Nature of operations and going concern

FenixOro Gold Corp. (formerly American Battery Metals Corp.)(the "Company"),was incorporated on March 2, 2017 under the laws of the province of British Columbia. The Company's principal business activity is the exploration for mineral resources, in Colombia.

Effective November 29, 2018, the Company's shares traded on the Canadian Securities Exchange (the "CSE") under the trading symbol "FDIV".Effective March 11, 2019, the Company changed its name from First Division Ventures Inc. to American Battery Metals Corp. and was traded under the symbol "ABC" on the CSE. Effective May 21, 2020, the Company changed its name to FenixOro Gold Corp and is traded under the symbol "FENX" on the CSE.

The Company's registered office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1, Canada.

On May 19, 2020, the Company completed a transaction (the "Transaction") of Fenix Gold Inc. ("Fenix"). Fenix was previously a private Canadian company focused on acquiring gold projects in Colombia. As part of the Transaction, the Company issued 29,000,000 common shares to the shareholders of Fenix in exchange for all the issued and outstanding shares of Fenix. The Company also issued 2,000,000 common shares pursuant to a finder's fee agreement. In addition, the Company also issued 4,006,095 warrants.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the year ended February 28, 2021, the Company incurred a net loss of $4,505,045 (February 29, 2020 - $1,996,670). As at February 28, 2021, the Company had an accumulated deficit of $7,222,304 (February 29, 2020 - $2,717,259); the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods.

2. Basis of preparation

The consolidated financial statements were authorized for issuance on June 28, 2021, by the directors of the Company.

(a) Statement of compliance

These financial statements, including comparative figures, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Basis of preparation (continued)

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In additional, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is also the Company's functional currency.

(c) Basis of consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(d) Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency. As of February 28, 2021, the functional currency was determined to be the Colombian peso for its subsidiaries.

(d) Significant estimates and assumptions

The preparation of these consolidated financial statements requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the consolidated 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 assumptions exist where there are significant risks of material adjustments to assets and liabilities in future accounting period, these include the recoverability of the carrying value of the exploration and evaluation assets, the measurements for financial instruments, and the recoverability of deferred tax assets.

3. Significant accounting policies

(a) Exploration and evaluation assets

Exploration costs incurred prior to the Company obtaining the legal right to explore an area are expensed in the period in which they are incurred.

3. Significant accounting policies (continued)

(a) Exploration and evaluation assets (continued)

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Property acquisition costs are capitalized. Exploration and evaluation costs, other than property acquisition costs, are expensed as incurred. When a decision is taken that a commercially viable mineral deposit has been established all further pre-production expenditures including evaluation costs are capitalized. Cash flows associated with exploration and evaluation expenditures are classified as operating activities in the statement of cash flows.

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

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 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.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

(b) Impairment of non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. Significant accounting policies (continued)

(b) Impairment of non-financial assets (continued)

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

(c) Income taxes

Current income tax:

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

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

Deferred tax:

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(d) Foreign currency translation

The functional currency of each entity is determined using the currency of the primary economic environment in which that entity operates.

The functional and presentation currency, as determined by management, of the Company is the Canadian dollar.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. Significant accounting policies (continued)

(e) Share Capital and common share purchase warrants

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 and share warrants, are classified as equity instruments. No separate valuation (i.e. "bifurcation") of the private placement warrants is made for accounting purposes at the time of issuance or at any time thereafter. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax. Agent warrants are reflected as transaction costs at their estimated issue date fair value as determined using the Black-Scholes option-pricing model. When agent warrants expire unexercised, the balance is transferred to deficit.

(f) Share-based compensation transactions

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issue, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based compensation reserve. The fair value of options is determined using the Black– Scholes Option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(g) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

(h) Financial instruments

Financial assets within the scope of IFRS 9 - Financial Instruments ("IFRS 9") are classified in the following measurement categories: amortized cost, FVTPL, or fair value through other comprehensive income ("FVTOCI"). Financial liabilities are classified in the following measurement categories: FVTPL, or amortized cost.

The following table summarizes the changes in the classification of the Company's financial instruments upon adoption of IFRS 9. The adoption of the new classification did not result in any changes in the measurement or carrying amount of the consolidated financial instruments.

For amounts receivable, the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Amounts receivable are written off when there is no reasonable expectation of recovery.

3. Significant accounting policies (continued)

(h) Financial instruments (continued)

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents and long-term investments are classified as financial assets measured at FVTPL.

ii. 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 at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's amounts receivable are classified as financial assets measured at amortized cost.

iii. Financial assets recorded at FVTOCI

Financial assets are recorded at FVTOCI when the change in fair value is attributable to changes in the Company's credit risk.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's amounts payable and other liabilities and unearned revenue do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

3. Significant accounting policies (continued)

(h) Financial instruments (continued)

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

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

Expected credit loss impairment model

For amounts receivable, the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Amounts receivable are written off when there is no reasonable expectation of recovery.

(i) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment for depreciation purposes. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of loss.

Expenditure to replace a component of an item of property equipment that is accounted for separately is capitalized and the existing carrying amount of the component written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in the consolidated statement of loss as incurred.

Depreciation is charged to the consolidated statement of loss based on the cost, less estimated residual value, of the asset on a straight-line basis over the estimated useful life. Depreciation commences when the assets are available for use.

The estimated useful lives are as follows:

Vehicles 3 – 5 years

3. Significant accounting policies (continued)

New standards adopted

Amendments to IAS 1 - Presentation of financial statements (“IAS 1”) and IAS 8 - Accounting policies, changes in accounting estimates and errors (“IAS 8”)

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term ‘material’ to ensure consistency.

The Company adopted the amendments to IAS 1 effective March 1, 2020, which did not have a material impact on the Company’s unaudited condensed interim consolidated financial statements.

Definition of a Business (Amendments to IFRS 3)

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs
- narrow the definition of a business and the definition of outputs
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business

This amendment is effective for annual periods beginning on or after January 1, 2020. The Company adopted this policy and there was no impact to the consolidated financial statements.

4. Critical Accounting judgements

Critical judgments in applying the Company's accounting policies

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies are as follows:

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates are made by management and external consultants considering current costs, technology and enacted legislation.

Functional currency

Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. The functional currency of the parent is the Canadian dollar. The Company has determined the functional currency of its Colombian subsidiaries to be the Colombian peso.

Impairment of exploration and evaluation assets

Management reviews the carrying values of exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may not be recoverable. The recoverable amount of cash-generating units for an exploration stage company requires various subjective assumptions. These assumptions may change significantly over time when new information becomes available and may cause original estimates to change.

Business combinations

Determination of whether a group of assets acquired and liabilities assumed constitute the acquisition of a business or an asset may require the Company to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 Business Combinations.

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility, expected life of the instrument, forfeiture rate, and future risk-free rate. Because the Company's stock options and warrants have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

(Expressed in Canadian Dollars)

5. Property and equipment

Cost	Construction and building	Computer	Equipment	Total
Balance, March 1, 2020	$ -	$ -	$ -	$ -
Addition	113,470	12,858	23,422	149,750
Impact of foreign exchange	656	74	135	865
Balance, February 28, 2021	$ 114,126	$ 12,932	$ 23,557	$ 150,615

Accumulated depreciation	Construction and building	Computer	Equipment	Total
Balance, March 1, 2020	$ -	$ -	$ -	$ -
Depreciation for the period	4,728	536	976	6,240
Impact of foreign exchange	27	3	5	35
Balance, February 28, 2021	$ 4,755	$ 539	$ 981	$ 6,275

Net book value	Construction and building	Computer	Equipment	Total
Balance, March 1, 2020	$ -	$ -	$ -	$ -
Balance, February 28, 2021	$ 109,371	$ 12,393	$ 22,576	$ 144,340

6. Exploration and evaluation assets

The Company's exploration and evaluation assets are as follows:

	Columbia	United States	Total
Balance, February 28, 2019	$ -	$ 278,620	$ 278,620
Additions	-	23,532	23,532
Write off	-	(302,152)	(302,152)
Balance, February 29, 2020	$ -	$ -	$ -
Additions (note 8)	8,188,594	-	8,188,594
Write off	-	-	-
Balance, February 28, 2021	$ 8,188,594	$ -	$ 8,188,594

6. Exploration and evaluation assets (continued)

Temple Mountain Property, Utah, USA

On February 6, 2019, the Company entered an option agreement with GeoXplor Corp.("GeoXplor") to acquire 100% of GeoXplor's interest in the Temple Mountain property ("Temple Mountain Property")located in Emery County,Utah. Under the agreement, the Company was to pay USD$635,000 of which US$60,000 was paid, issue 3,250,000 shares of which 500,000 were issued and meet exploration expenditure requirements.

During the year ended February 29, 2020, the Company has determined it was not going to continue exploring the property; therefore, the Company wrote off the carrying value of the property.

Fish Lake Property, Nevada, USA

On September 25, 2017, the Company entered into an option agreement with Bearing Lithium Corp. ("Bearing"), whereby the Company has the option to acquire 50% of Bearing's interest in 81 lode mineral claims located in Esmeralda County in the State of Nevada, known as the "Fish Lake Property".Under the amended agreement, the Company was to pay $20,000 (paid), issue 3,000,000 common shares (none issued) and meet exploration expenditure requirements. The Company paid an additional $10,000 on the signing of the amendment.

The Company has determined it is not going to continue exploring the property; therefore, the Company wrote off the carrying value of the property.

Abriaqui project, Colombia

On May 19, 2020, through the acquisition of Fenix Gold Inc., a private company ("Fenix") the Company acquired the Abriaqui project (note 5) which consists of four mining claims. Two claims are 100% owned by Fenix and two are held through its subsidiaries,pursuant to a joint venture agreement with a local mining co-operative whereby Fenix, through its subsidiaries,has indirectly acquired a 35% ownership interest and has the right to earn-in up to a 90% interest in the claim (50% ownership upon completion of a USD$50,000 subtraction report and production facility, and USD$100,000 payment; 90% ownership upon USD$900,000 exploration expenses and USD$100,000 payment).

Polo Resources Ltd., Colombia

On August 25, 2020, the Company acquired the rights to certain mineral claims from Polo Resources Ltd. The 848ha package of four claims is contiguous with and west and northwest adjacent to FenixOro's Abriaqui Project. The Company has acquired the mining claims by issuance of 1,000,000 common shares at $0.39 Canadian plus legal fees. These shares have not been issued as of February 28, 2021.

7. Loan receivable

On April 29, 2019, the Company entered a non-binding letter of intent (the "LOI") to acquire a 90% interest in E.U. Energy Corp. ("E.U. Energy"), an Ontario company which holds a 100% interest in the Viken Project in Northern Sweden.

On May 14, 2019, the Company entered into a loan agreement with E.U. Energy Corp., whereby the Company advanced of $250,000 to E.U. Energy. The loan is collateralized by mineral licenses located close to Ostersund, Sweden, related to Viken vanadium deposit. The loan is non-interest bearing and is repayable in full upon the earlier of:

- May 14, 2020, subject to extension upon mutual agreement of the Lender and Borrower; and
- An event of default occurring as per the executed loan agreement.

At February 29, 2020, the Company determined that E.U. Energy has a limited ability to repay the loan receivable amount. Therefore, the Company has recorded a $250,000 write off of the loan receivable in the statement of comprehensive loss.

(Expressed in Canadian Dollars)

8. Acquisition of Fenix Gold Inc.

On May 19, 2020, the Company completed the acquisition (the "Transaction") of Fenix. Fenix is focused on operating, developing, exploring and acquiring properties in Columbia.The Transaction was completed by way of an amalgamation of Fenix with a wholly-owned subsidiary of the Company. This represents a fundamental change for the Company with Fenix shareholders representing 47% of the Company.

The Company issued 29,000,000 common shares to the shareholders of Fenix as consideration for all the issued and outstanding shares of Fenix. The Company also issued 2,000,000 common shares to certain parties for their work in arranging the Transaction.The 31,000,000 total shares were determined to have a fair value of $6,045,000 using the share price of $0.195 at the date that the shares were issued. In addition, legal expenses totaling $59,038 were capitalized as part of the Transaction.

An aggregate of 3,846,785 outstanding warrants of Fenix were replaced with 4,006,095 common share purchase warrants of the Company exercisable at a price of $0.20 until the date that is 2 years from closing date of the Transaction. The Company fair valued the replacement warrants at $498,838 using the Black Scholes valuation model with an expected life of 2 years, exercise price of $0.20, volatility of 130% and a discount rate of 0.30%.

The Company had advanced USD$250,000 to Fenix on signing of the acquisition agreement which was eliminated on consolidation on the completion of the Transaction as an intercompany balance.

Cost of acquisition:	
Fair value of shares issued	$ 5,655,000
Fair value of finder's shares	390,000
Fair value of replacement warrants	498,838
Advances and other costs incurred for the purpose of acquisition	406,978
	$ 6,950,816
Fair value of assets acquired net of liabilities	
Cash	$ 74,060
Accounts receivable	48,957
Prepaid expenses	9,948
Liabilities	(953,656)
Excess recorded as exploration and evaluation assets	7,771,507
Net assets	$ 6,950,816

Liabilities acquired included $267,281 due to the CEO of the Company.

9. Share capital

(a) Authorized – Unlimited Common shares without par value;

(b) Issued and outstanding

During the year ended February 28, 2021 the following issuances occurred:

On May 19, 2020, the Company issued 31,000,000 common shares pursuant to the acquisition of Fenix. (Note 6)

On May 20, 2020, the Company issued 200,000 common shares with a fair value of $39,000 pursuant to a financial consulting agreement with Leede Jones Gable Inc.

9. Share capital (continued)

(b) Issued and outstanding (continued)

During the year ended February 28, 2021, the Company issued 13,313,571 common shares pursuant to the exercise of share purchase warrants for proceeds of $1,800,154. The share purchase warrants exercised had an original fair value of $nil recorded in the reserve.

During the year ended February 28, 2021, the Company issued 490,700 common shares pursuant to the exercise of share purchase broker warrants for proceeds of $185,350. The broker warrants exercised had an original fair value of $91,309 recorded in the reserve which had been reclassified to share capital upon exercise of the broker warrants.

During the year ended February 28, 2021, the Company issued 600,000 common shares pursuant to the exercise of stock options for proceeds of $120,000. The stock options exercised had an original fair value of $145,725 recorded in the reserve which had been reclassified to share capital upon exercise of the stock options.

On February 17, 2021, the Company issued 3,234,800 units for gross proceeds of $970,440. Each unit is comprised of one common share and one share purchase warrant, entitling the holder to purchase one additional common share at an exercise price of $0.35 until February 17, 2023. The Company incurred legal fees associated with the private placement of $50,196 that have been recorded as share issuance costs.

During the year ended February 29, 2020, the following issuances occurred:

On March 4, 2019, the Company issued 6,017,000 units for gross proceeds of $1,504,250. Each unit is comprised of one common share and one share purchase warrant, entitling the holder to purchase one additional common share at an exercise price of $0.50 until September 4, 2020. In connection with the financing, the Company paid aggregate finders' fees of $72,675 and issued 322,620 brokers'warrants.The brokers'warrants were valued at $61,398 using the Black Scholes option pricing model using an expected life of 18 months, volatility of 140%, risk-free interest rate of 1.75% and expected dividends of $nil. The Company issued an additional 250,000 common shares for finders' fees at $0.30 per share valued at $75,000. The Company incurred legal fees associated with the private placement of $12,541 that have been recorded as share issuance costs.

On June 14, 2019, the Company issued 4,286,471 units for gross proceeds of $1,500,265. Each unit is comprised of one common share and one share purchase warrant, entitling the holder to purchase one additional common share at an exercise price of $0.50 until June 14, 2020. In connection with the financing, the Company paid aggregate finders' fees of $63,520 and issued 92,914 brokers' warrants. The brokers' warrants were valued at $15,225 using the Black Scholes option pricing model using an expected life of 1year, volatility of 150%, risk-free interest rate of 1.44% and expected dividends of $nil. The Company incurred legal fees associated with the private placement of $77,853 that have been recorded as share issuance costs.

During the year ended February 29, 2020, the Company issued 3,339,900 common shares pursuant to the exercise of share purchase warrants for proceeds of $376,885. The share purchase warrants exercised had an original fair value of $nil recorded in the reserve.

(Expressed in Canadian Dollars)

9. Share capital (continued)

(c) Share purchase warrants

During the year ended February 28, 2021, total common share purchase warrants of 7,230,896 (February 29, 2020 – 10,303,471) were issued with a residual value of $nil (February 29, 2020 - $nil). Replacement warrants totaling 4,006,095 were granted related to the acquisition of Fenix. At February 28, 2021, the Company had the following share purchase warrants outstanding and exercisable:

	Number of warrants outstanding	Weighted average exercise price ($)
Balance, February 28, 2019	12,200,000	$ 0.100
Issued	10,303,471	0.155
Exercised	(3,339,900)	(0.113)
Balance, February 29, 2020	19,163,571	0.128
Issued	7,240,896	0.267
Exercised	(13,313,571)	0.135
Expired	(1,000,000)	0.155
Balance, February 28, 2021	12,090,896	$ 0.200

Date of expiry	Exercise price ($)	February 28, 2021	February 29, 2020
June 14, 2020	0.155	-	3,943,571
July 10, 2020	0.155	-	5,580,000
November 27, 2021	0.100	4,850,000	9,640,000
May 19, 2022	0.200	4,006,095	-
February 17, 2023	0.350	3,234,800	-
		12,090,895	19,163,571

(d) Brokers' warrants

	Number of warrants outstanding	Weighted average exercise price ($)
Balance, February 28, 2019	200,000	$ 0.100
Issued	415,534	0.155
Balance, February 29, 2020	615,534	$ 0.400
Expired	(124,834)	0.240
Exercised	(490,700)	0.340
Balance, February 28, 2021	-	$ -

(Expressed in Canadian Dollars)

9. Share capital (continued)

(e) Stock options

On May 25, 2020, the Company granted 5,165,000 stock options to certain directors, consultants and officers with an exercise price of $0.26 and expiry date of May 25, 2025. The options fully vest on May 25, 2021.

On June 24, 2020, the Company granted 300,000 stock options to certain consultants of the Company. The options are exercisable at a price of $0.405 per share and expire after 5 years. The options vest on December 24, 2020.

The Company had the following stock options outstanding and exercisable:

	Number of warrants outstanding	Weighted average exercise price ($)
Balance, February 28, 2019	700,000	$ 0.20
Granted	115,000	0.16
Balance, February 29, 2020	815,000	$ 0.19
Granted	5,465,000	0.27
Exercised	(600,000)	0.20
Balance, February 28, 2021	5,680,000	$ 0.26

For the year ended February 28, 2021, the Company recognized share-based compensation expense of $1,054,207, (February 29, 2020 - $14,744) related to stock options.

Date of expiry	Exercise price	February 28, 2021	February 29, 2020
November 27, 2023	0.200	-	100,000
December 10, 2023	0.200	100,000	600,000
January 9, 2025	0.155	85,000	85,000
January 13, 2025	0.165	30,000	30,000
May 25, 2025	0.260	5,165,000	-
June 24, 2025	0.405	300,000	-
		5,680,000	815,000

The weighted average fair value of the options granted and the assumptions used in the Black-Scholes Option Pricing Model are as follows:

Year ended February 28,	2021	2020
Risk-free interest rate	0.30%-0.38%	1.60%
Estimated life	5 years	5 years
Expected volatility	125% - 130%%	140%
Expected dividend yield	0%	0%

(Expressed in Canadian Dollars)

9. Share capital (continued)

(f) Shares in escrow

Pursuant to the Fenix acquisition, (note 6), the Company entered into an escrow agreement with certain insiders and shareholders. Pursuant to the escrow agreement, A total aggregate of 23,981,061 shares (the "Escrowed Shares"), have been placed into escrow pursuant to the Escrow Agreements. Fifty percent of the Escrowed Shares held pursuant to the Voluntary Escrow Agreement will be released in four months following the Listing Date, and ten percent of the Escrowed Shares will be released every thirty days thereafter. As at February 28, 2021, 5,278,964 common shares remain held in escrow.

10. Capital disclosure

The Company defines its capital as shareholders' equity. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities.

In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. Related party transactions

Related parties include the Board of Directors, officers, key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel are those having authority and directors (executive and non-executive) of the Company. During the year ended February 28, 2021 and February 29, 2020, the following related party transactions took place:

	Year ended February 28, 2021	**Year ended February 29, 2020**
Consulting	$ 372,223	$ 185,050
Stock-based compensation	759,427	11,539
Professional fees	28,750	-
	$ 1,160,400	$ 196,589

During the year ended February 28, 2021, the Company expensed accounting fees of $28,750, (2020 – $nil) to Marrelli Support Services Inc., a company which the CFO is related to. As at February 28, 2021 the Company owed $35,769 (February 29, 2020 - $nil) to Marrelli Support Services Inc. for accounting fees.

12. Segmented information

IFRS 8 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ('CODM'). The CODM has been determined to be the Company's CEO as he is primarily responsible for the allocation of resources and the assessment of performance.

The CODM uses net (loss) income, as reviewed at periodic business review meetings, as the key measure of the Company's results as it reflects the Company's underlying performance for the period under evaluation.

The CODM's primary focus for review and resource allocation is the Company as a whole and not any component part of the business. Having considered these factors, management has judged that the Company comprises two operating segments under IFRS 8. As such, the disclosures required under IFRS 8 for the consolidated financial statements are shown on the face of the consolidated statement of loss and comprehensive loss and consolidated statement of financial position.

Geographical Breakdown

Februray 28, 2021

	Canada	Columbia	Total
Assets	$ 1,027,355	$ 8,307,377	$ 9,334,732
Liabilities	$ 306,387	$ 832,973	$ 1,139,360
Net Loss	$(2,963,258)	$(1,541,787)	$ (4,505,045)

13. Financial instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk - The Company's credit risk is primarily attributable to its liquid financial assets. The Company's primary exposure to credit risk is on its cash. Cash are held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

Liquidity Risk – Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves to meet its liquidity requirements. Historically, the Company's sole source of funding has been the issuance of equity securities, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. All of the Company's financial liabilities are due within a year.

Interest rate risk – Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash earns interest income at variable rates. The fair value of cash is minimally affected by changes in short term interest rates.

Foreign currency risk - Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk to the extent that certain monetary financial instruments and other assets are denominated in United States dollars. The Company has not entered any foreign currency contracts to mitigate this risk, as it believes this risk is minimized by the minimal amount of cash held in United States funds.

(Expressed in Canadian Dollars)

13. Financial instruments (continued)

Commodity price risk –The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

Fair Value - The Company has various financial instruments comprised of cash, receivables and accounts payable and accrued liabilities.

14. Contingency

On April 30, 2020, Califfi Capital Corp. ("Califfi"), a capital pool company listed on the TSX Venture Exchange (the "Exchange"), filed a statement of claim in the British Columbia Supreme Court against, inter alia, Fenix, alleging breach of contract and breach of a duty of good faith, resulting from the failure of the parties to complete a business combination, which would have constituted the "qualifying transaction" of Califfi (as that term is defined under the policies of the Exchange). Fenix had previously signed a letter of intent with Califfi with respect to a proposed business combination, which letter of intent expired pursuant to its terms on May 15, 2019. On June 17, 2020, Fenix filed a statement of defence in the B.C. Supreme Court, and intends to defend any and all claims relating to this litigation, which it considers baseless. Fenix is seeking to have the claim dismissed and to have Califfi be responsible for any costs Fenix may incur.

15. Income taxes

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

	2021	2020
Loss before income taxes for the year	$ (4,505,045)	$ (1,996,670)
Statutory tax rate	26.5%	26.5%
Income tax recovery	(1,216,362)	(539,101)
Non-deductible expenditures	42,303	230
Share issue costs	-	(91,374)
Adjustments to prior years provision versus tax returns	-	140,680
Unrecognized tax benefit	-	489,565
Permanent differences	2,174,482	-
True-up to prior year tax returns	86,099	-
Share issuance cost booked to equity	(13,302)	-
Deferred tax asset not recognized	(1,073,220)	-
Deferred income tax recovery	$ -	$ -

The Company has approximately $999,187 of non-capital losses available, which expiry between 2034 and 2039 and may be applied against future taxable income for income tax purposes. The Company also has approximately $2,399,462 of Canadian cumulative exploration and development expenses which are available for deduction, indefinitely, against future taxable income for income tax purposes. The Company also has foreign exploration tax losses of approximately $196,433.

16. Subsequent event

Subsequent to February 28, 2021, 700,000 warrants were exercised on March 4, 2021.