

HAPPY CREEK MINERALS LTD.

Financial Statements

For the years ended January 31, 2021 and 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Happy Creek Minerals Ltd.,

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Happy Creek Minerals Ltd. (the "Company"), which comprise the statements of financial position as at January 31, 2021 and 2020, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at January 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our 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 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 Notes 1 and 2 in the financial statements, which indicate that the Company is in the development stage with no source of operating revenue and is dependent upon equity financing to maintain its current operations. As stated in Note 2, these events or conditions, along with other matters as set forth in Notes 1 and 2, 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", but does not include the financial statements and our auditor's report thereon.

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, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 Keith Macdonald.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
May 28, 2021

HAPPY CREEK MINERALS LTD.**Statements of Financial Position****January 31, 2021 and 2020**

	Note	January 31, 2021	January 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,619,953	\$ 1,244,063
Amounts receivable	5	73,569	30,680
Prepaid expenses		20,960	25,820
Marketable securities	8	9,660	192,640
Total current assets		1,724,142	1,493,203
Non-current assets			
Equipment	6	7,612	9,968
Right-of use-asset – office lease	16	28,293	43,726
Reclamation deposits	7	97,000	97,000
Exploration and evaluation properties	8	17,425,971	16,365,431
Total non-current assets		17,558,876	16,516,125
Total assets		\$ 19,283,018	\$ 18,009,328
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other accounts payable	9	\$ 100,867	\$ 28,809
Lease liability – current portion	16	17,304	14,258
Flow-through premium liability	10	106,074	100,469
Total current liabilities		224,245	143,536
Non-current liabilities			
Lease liability	16	15,564	32,886
Deferred tax liability	12	1,035,363	882,854
Total liabilities		1,275,172	1,059,276
Equity			
Share capital (net of subscriptions receivable)	11	23,485,951	22,128,758
Share option reserve	11	2,932,695	2,860,035
Deficit		(8,529,408)	(7,979,033)
Accumulated other comprehensive income (loss)		118,608	(59,708)
Total equity		18,007,846	16,950,052
Total equity and liabilities		\$ 19,283,018	\$ 18,009,328
Going concern	2		
Commitments	16		
Subsequent Events	17		

These financial statements are authorized for issue by the Board of Directors on May 28, 2021.

Approved by the Board of Directors:

“David Blann” Director “Rodger Gray” Director

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Statements of Loss and Comprehensive Loss
January 31, 2021 and 2020

		Years ended January 31,	
	Note	2021	2020
Revenue			
Interest income		\$ 1,414	\$ 8,288
Expenses			
Advertising and promotion		49,384	53,195
Conferences and travel		13,350	19,734
Management fees and salaries	13	247,747	228,109
Share-based payments	11, 13	-	200,890
Office and administration	16	167,914	124,490
Professional fees		57,230	40,889
		<u>535,625</u>	<u>667,307</u>
Loss before other items		(534,211)	(659,019)
Flow-through recovery	10	<u>136,345</u>	<u>73,221</u>
Loss before income taxes		(397,866)	(585,798)
Provision for income taxes			
Deferred income tax (expense) recovery	12	<u>(152,509)</u>	<u>36,431</u>
Net loss for the year		(550,375)	(549,367)
Realized gain on sale of marketable securities	8	93,143	12,100
Reversal of cumulative market value adjustment on marketable securities sold	8	75,513	(11,193)
Market value adjustment on marketable securities	8	<u>9,660</u>	<u>(108,820)</u>
Comprehensive loss for the year		<u>\$ (372,059)</u>	<u>\$ (657,280)</u>
Basic and diluted loss per share		<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding		<u>108,377,760</u>	<u>97,546,743</u>

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.**Statements of Cash Flows****January 31, 2021 and 2020**

	Years Ended January 31,	
	2021	2020
CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES		
Net loss for the year	\$ (550,375)	\$ (549,367)
Items not involving cash:		
Deferred income tax (recovery)	152,509	(36,431)
Depreciation - equipment	2,356	2,356
Depreciation – right-of-use asset	15,433	15,433
Share-based payments	-	200,890
Flow-through recovery	(136,345)	(73,221)
	(516,422)	(440,340)
Changes in non-cash working capital items:		
Amounts receivable	(42,889)	(23,072)
Prepaid expenses	4,860	35,108
Trade and other accounts payable	32,480	(21,646)
	(521,971)	(449,950)
FINANCING ACTIVITIES		
Issuance of shares	1,669,497	1,529,264
Share issuance costs	(97,694)	(109,072)
Repayment of lease liability	(14,276)	(12,015)
	1,557,527	1,408,177
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation properties	(1,020,962)	(388,330)
Mineral exploration tax credits (“METC”) received	-	51,922
Increase in reclamation deposits	-	(8,000)
Proceeds on disposal of marketable securities	361,296	68,947
	(659,666)	(275,461)
Increase in cash and cash equivalents	375,890	682,766
Cash and cash equivalents, beginning of year	1,244,063	561,297
Cash and cash equivalents, end of year	\$ 1,619,953	\$ 1,244,063
Supplemental Cash Flow Information:		
Accounts payable related to exploration and evaluation expenditures	\$ 50,340	\$ 10,762
Warrants issued as finder’s fee	72,660	33,990
	\$ 123,000	\$ 44,752
Cash and Cash Equivalents Consist of:		
Cash	\$ 32,784	\$ 318,190
Guaranteed investment certificates	1,155,000	855,000
Money market fund	432,169	70,873
	\$ 1,619,953	\$ 1,244,063

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Statements of Changes in Equity
January 31, 2021 and 2020

		Common Shares		Share Option Reserve	Accumulated other comprehensive income (loss)	Deficit	Total equity
	Note	Number	Amount				
			\$	\$	\$	\$	\$
February 1, 2019		93,456,476	20,878,427	2,625,155	48,205	(7,429,666)	16,122,121
Private placement – flow-through shares	11	6,793,572	951,100	-	-	-	951,100
Flow-through premium	10	-	(135,871)	-	-	-	(135,871)
Private placement – non flow-through shares	11	4,779,664	573,560	-	-	-	573,560
Subscriptions received		-	4,604	-	-	-	4,604
Share issuance costs		-	(143,062)	33,990	-	-	(109,072)
Share-based payments		-	-	200,890	-	-	200,890
Net loss for the year		-	-	-	-	(549,367)	(549,367)
Other comprehensive loss		-	-	-	(107,913)	-	(107,913)
January 31, 2020		<u>105,029,712</u>	<u>22,128,758</u>	<u>2,860,035</u>	<u>(59,708)</u>	<u>(7,979,033)</u>	<u>16,950,052</u>
 February 1, 2020		105,029,712	22,128,758	2,860,035	(59,708)	(7,979,033)	16,950,052
Private placement – flow-through shares	11	14,195,000	1,419,500	-	-	-	1,419,500
Flow-through premium	10	-	(141,950)	-	-	-	(141,950)
Private placement – non flow-through shares	11	2,777,743	249,997	-	-	-	249,997
Share issuance costs		500,000	(170,354)	72,660	-	-	(97,694)
Net loss for the year		-	-	-	-	(550,375)	(550,375)
Other comprehensive income		-	-	-	178,316	-	178,316
January 31, 2021		<u>122,502,455</u>	<u>23,485,951</u>	<u>2,932,695</u>	<u>118,608</u>	<u>(8,529,408)</u>	<u>18,007,846</u>

The number of shares issued at January 31, 2021 and 2020 is comprised as follows:

	2021	2020
Shares considered previously issued (Note 11.2)	122,661,955	105,239,212
Issued and held by the Company (Note 11.5)	(159,500)	(209,500)
Issued and outstanding with other shareholders	122,502,455	105,029,712

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the years ended January 31, 2021 and 2020

1. NATURE OF OPERATIONS

Happy Creek Minerals Ltd. (“Happy Creek” or the “Company”) was incorporated under the laws of British Columbia on November 17, 2004 and is in the exploration stage of the development of its mineral property interests. The Company’s registered office is Suite 460 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

The Company’s principal business activity is the exploration and development of mineral properties. At the date of these financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property. The Company is in the development stage with no source of operating revenue and is dependent upon equity financing on terms that are acceptable to the Company, to maintain its current operations. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “HPY.V”.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties (as described in Note 1) related to events or conditions that cast significant doubt upon the Company’s ability to continue as a going concern.

The Company’s ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. BASIS OF PRESENTATION

These financial statements have been prepared on a historical cost basis. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these financial statements and are based on International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

The policies applied in these financial statements are based on IFRS issued and outstanding as of January 31, 2021.

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
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3.1. Basis of measurement

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(i) Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment.

(ii) Exploration and evaluation properties and impairment

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation properties. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely and exploration and evaluation properties should be impaired. Management has assessed impairment indicators on the Company's exploration and evaluation properties and has concluded that no impairment indicators existed as of January 31, 2021.

(iii) Right-of-use-asset / Lease liability

The measurement of the lease liability includes the two-year extension option (exercised on November 30, 2020) included in the original lease agreement because management was reasonably certain that the landlord would agree to another two-year extension when the existing lease extension expired on November 30, 2020. The increase in base rent included in the measurement of the lease liability is based on the increase in base rent for the second year of the existing lease extension. The incremental rate of borrowing of 12% used in the measurement of the lease liability was based on management's best estimate of the Company's cost of debt.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

HAPPY CREEK MINERALS LTD.
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4.2 Equipment

Equipment is recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. Costs of additions and improvements are capitalized. An item of equipment is derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds and the carrying amount of the asset is recognized in profit or loss.

	Depreciation Rate
Computer equipment	45%
Off-road vehicle	12%
Mobile equipment	20%

The Company provides for depreciation using the straight-line method at rates designed to depreciate the cost of individual items over their estimated useful lives. Depreciation on operating assets is included in the statements of loss and comprehensive loss as a component of office and administration expenses. Depreciation on assets utilized in mineral exploration activities is capitalized as a cost of exploration and evaluation properties.

See Note 4.15

4.3 Exploration and Evaluation Properties

(i) Pre-license costs

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

(ii) Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes, on a property by property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not depreciated during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

4.4 Decommissioning and Restoration

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

HAPPY CREEK MINERALS LTD.
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Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at January 31, 2021, the Company has determined that it does not have any decommissioning and restoration obligations related to current or former operations in excess of the reclamation bonds held by the B.C. Ministry of Energy and Mines.

4.5 Impairment of Non-Financial Assets

For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value less costs to sell and its value in use, is estimated.

4.6 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.7 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition

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of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures are not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.8 Flow-through Shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures can be claimed by the investors rather than the company.

A flow-through common share comprises both the transfer of income tax deductions equal to the proceeds received on issue, and a common share with a deemed cost for tax purposes of nil. The issuer of these shares allocates the proceeds to their liability and equity components according to the respective fair values of each at the date of issuance, with the tax attribute considered a liability to the extent that a premium to market is obtained for the shares. Upon satisfaction of the spending requirements associated with the flow-through share agreements, a proportionate amount of the related flow-through liability recognized in previous periods in the statement of financial position will be reversed and the related deferred tax liability will be recognized. Any difference between the liability settled and the deferred tax liability recognized is accounted for as other income or income tax expense.

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4.9 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to share option reserve. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in share option reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in share option reserve.

4.10 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.11 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

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During the years ended January 31, 2021 and 2020, all the outstanding share options and warrants were anti-dilutive.

4.12 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital. Share issue costs incurred from the issuance of flow-through shares are charged directly to share capital and expense in proportion to the value of the Company's shares at time of issue and any flow-through share premium.

4.13 Comprehensive Income (Loss)

Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income includes gains and losses on re-measuring marketable securities.

4.14 Financial Instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Cash and cash equivalents are classified as subsequently measured at amortized cost.

Amounts receivable, exclusive of GST, are non-interest bearing and are recognized at the face amount, except when fair value is materially different, and are subsequently measured at amortized cost. Amounts receivable recorded are net of lifetime expected credit losses. The Company applies the simplified approach to determining expected credit losses, which requires expected credit losses to be recognized upon initial recognition of the receivables.

Investments in marketable equity securities are classified, at the Company's election, as subsequently measured at fair value through other comprehensive income. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the statement of financial position date.

Reclamation deposits are classified as subsequently measured at amortized cost.

(ii) Financial liabilities

Trade and other accounts payable are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables and lease liability are subsequently measured at amortized cost.

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4.15 Changes in Accounting Standards

IFRS 16 – Leases

The Company adopted the requirements of IFRS 16 Leases (“IFRS 16”) as of February 1, 2019. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize right of use assets and liabilities for leases. The Company elected to apply IFRS 16 using a modified retrospective approach; therefore, the comparative information was not restated and continues to be reported under IAS 17, Leases. The details of the new accounting policy and the impact of the policy change are described below.

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 over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

Right-of-use asset

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 and any initial direct costs incurred 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 re-measurements of the lease liability.

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. The lease liability is subsequently measured at amortized cost using the effective interest method.

Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee; the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early. The Company has elected to exclude non-lease components related to premises leases in the determination of the lease liability.

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

On the transition date of February 1, 2019, there was no impact on the Company’s financial statements. The reconciliation of the lease liability as at February 1, 2019 was as follows:

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	2020
Future aggregate minimum lease payments	\$ 74,460
Effect of discounting at the incremental rate of borrowing	(15,301)
Lease liability as at February 1, 2019	\$ 59,159

See Note 16.

5. AMOUNTS RECEIVABLE

The Company has amounts receivable from the Province of British Columbia due to statutory credits. These receivables are not financial assets.

6. EQUIPMENT

	Computer equipment	Off-road vehicle	Mobile equipment	Total
Cost				
Balance, February 1, 2020	\$ 5,101	\$ 38,078	\$ 23,965	\$ 67,144
Balance, January 31, 2021	5,101	38,078	23,965	67,144

Accumulated depreciation

Balance, February 1, 2020	5,101	28,110	23,965	57,176
Depreciation for the year	-	2,356	-	2,356
Balance, January 31, 2021	5,101	30,466	23,965	59,532
Net book value	\$ -	\$ 7,612	\$ -	\$ 7,612

	Computer equipment	Off-road vehicle	Mobile equipment	Total
Cost				
Balance, February 1, 2019	\$ 5,101	\$ 38,078	\$ 23,965	\$ 67,144
Balance, January 31, 2020	5,101	38,078	23,965	67,144

Accumulated depreciation

Balance, February 1, 2019	5,101	25,754	23,965	54,820
Depreciation for the year	-	2,356	-	2,356
Balance, January 31, 2020	5,101	28,110	23,965	57,176
Net book value	\$ -	\$ 9,968	\$ -	\$ 9,968

7. RECLAMATION DEPOSITS

As at January 31, 2021, the Company had reclamation deposits held in trust by the Province of British Columbia totalling \$97,000 (January 31, 2020 - \$97,000) with regards to its exploration of properties in British Columbia.

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8. EXPLORATION AND EVALUATION PROPERTIES

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation properties:

	Cariboo properties British Columbia	Highland Valley properties British Columbia	Total
February 1, 2019	\$ 8,474,012	\$ 7,544,249	\$ 16,018,261
Acquisition Costs			
Option and acquisition costs	-	-	-
Exploration Costs			
Assaying and petrographic	6,852	2,465	9,317
Geophysics	-	104,602	104,602
Communications	1,680	637	2,317
Field supplies	2,415	213	2,628
Geological and consulting	80,807	44,992	125,799
Mineral tenure costs	6,356	-	6,356
Field support and drilling	136,015	-	136,015
Food	149	357	506
Travel and accommodation	5,895	5,657	11,552
BC METC	(51,922)	-	(51,922)
January 31, 2020	8,662,259	7,703,172	16,365,431
Acquisition Costs			
Option and acquisition costs	-	-	-
Exploration Costs			
Assaying and petrographic	10,533	17,144	27,677
Geophysics	-	983	983
Communications	1,884	1,196	3,080
Field supplies	3,102	5,602	8,704
Geological and consulting	52,467	141,442	193,909
Permitting and consulting	995	30,582	31,577
Mineral tenure costs	500	-	500
Field support and drilling	61,057	160,569	221,626
Drilling	210,991	338,610	549,601
Travel and accommodation	10,472	12,411	22,883
January 31, 2021	\$ 9,014,260	\$ 8,411,711	\$ 17,425,971

As at January 31, 2021, cumulative METC rebates offset against deferred exploration and evaluation property costs totalled \$1,284,147 (January 31, 2020 - \$1,284,147).

The Company is required by the Government of British Columbia to incur a minimum amount of expenditures to maintain concessions. The minimum expenditure amount is based on the number of tenures and the length of time that the right to each concession has been held. Expenditures in excess of the required annual minimum may be carried over to future years and, subject to certain conditions, to other mineral tenures located in B.C.

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8.1 Highland Valley Mineral Property

The Highland Valley property is located northwest of Merritt and southwest of Logan Lake in south central B.C. In prior years, the Highland Valley Properties were presented as Rateria, West Valley, Abbott Lake Property and Tyner Lake Property. In 2018, Abbott Lake Property was grouped with West Valley and Tyner Lake Property was grouped with Rateria. Together Rateria and West Valley surround the south east, south and southwest sides of Teck Resources' Highland Valley copper mine property.

8.1.1 Rateria

During the year ended January 31, 2019, the Company acquired by staking for its own account, additional mineral claim tenures. The Rateria property is comprised of 31 mineral tenures totaling approximately 10,350 hectares.

Net Smelter Returns ("NSR") royalties on the Rateria property are as follows:

Rateria claims - 7 claims are subject to a 2.5% NSR royalty, payable to a maximum of \$3,000,000. The Company has the exclusive right to purchase 1% of the NSR royalty for \$2,000,000.

Sho claims - 1 claim is subject to a 2% NSR royalty with the Company having the exclusive right to purchase the NSR royalty at any time for \$3,000,000.

Tyner claims - 18 mineral claims are subject to a 2% NSR royalty with the Company having the exclusive right to purchase the NSR royalty for \$2,000,000.

8.1.2 West Valley

The West Valley property consists of 32 mineral tenures totaling approximately 14,957 hectares.

The NSR royalty on the West Valley property is as follows:

Abbott claims - 8 claims are subject to a 0.5% NSR royalty, with the Company having the exclusive right to purchase the NSR royalty for \$1,000,000.

8.2 Cariboo Mineral Property

The Company has a 100% interest in a group of mineral properties located northeast of 100 Mile House, in south central B.C. The Silverboss property surrounds the former past-producing Boss Mountain molybdenum mine property.

In prior years, the Cariboo Mineral Property was presented as:

- Silver Boss, Fox, Hen, Art-DL and Hawk Property;
- Gus Property;
- Grey Property; and
- Eye Property

In 2018, Gus Property was grouped with Silver Boss and Grey Property was grouped with Hawk Property.

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8.2.1 Silver Boss, Hen-Art-DL, Fox and Black Riders Property

The Silverboss property consists of 38 mineral tenures totalling approximately 10,711 hectares. The Hen-Art-DL property consists of 13 mineral tenures totalling approximately 6,047 hectares and the Fox property consists of 36 mineral tenures totalling approximately 17,245 hectares. The Black Riders property consists of 6 mineral tenures totaling approximately 2,564 hectares and adjoins to the east and is considered part of the Fox property. See 8.2.4.

The Silverboss, Hen-Art-DL, Fox and Black Riders property mineral tenures all adjoin and are contiguous and together total 36,567 hectares.

Three of these mineral claims (Gus Property) are subject to a 1.5% NSR royalty which the Company can buy back for \$1,500,000.

8.2.2 Hawk Property

The Hawk property consists of 19 mineral tenures totaling approximately 1,976 hectares.

Three of these mineral claims (Grey Property) are subject to a 2% NSR royalty of which the Company can buy back 1% for \$1,000,000.

8.2.3 Eye Property

The Eye property consists of 1 mineral tenure and totals approximately 119 hectares.

8.2.4 NSR Royalties

In 2005, the Company acquired a property comprised of five groups of mineral claims – Silver Boss (32 claims), Fox (38 claims), Hen and Art-DL (12 claims) and Hawk (22 claims). These mineral claims are subject to a 2.5% NSR royalty of which the Company can buy back 1% for \$2,000,000. See 8.2.1.

8.3 Revelstoke District Properties

8.3.1 Silver Dollar Property

In 2013, the Company acquired a 100% interest in 17 claims known as the Silver Dollar Property, located in the Revelstoke Mining District, British Columbia.

On May 11, 2016, the Company entered into the Silver Dollar Property Option Agreement (the “Option Agreement”) with Explorex Resources Inc. (“Exlorex”) (now Raffles Financial Group Limited). The Option Agreement was amended on November 8, 2016 and again on April 11, 2017. Pursuant to the Option Agreement, as amended, the Company granted to Explorex the sole and exclusive right and option to acquire an undivided 100% interest in and to the Silver Dollar Property subject to a 1% NSR royalty. Explorex exercised the option by paying \$20,000 in cash, issuing 1,100,000 common shares of Explorex to the Company and incurring \$100,000 in exploration expenditures.

Pursuant to the Option Agreement:

- Explorex granted a right of first refusal to the Company for any future financings that Explorex carries out to finance the mining work to be carried out on the property; and
- If the Company stakes any claim that is located, in whole or in part, within two kilometers of the perimeter of the property it shall be offered to Explorex at the staking cost.

See 8.4.

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8.4 Marketable Securities

In January 2020, Explorex and Origen entered into an arrangement agreement (the “AA”) and in closing of the AA entered into a transaction (the “Arrangement”) whereby Explorex shareholders would be issued Origen shares in consideration for the transfer of assets to Origen and the assumption of liabilities by Origen on completion of the Arrangement. In March 2020, Explorex received shareholder approval for its Arrangement with Origen and its acquisition of all of the outstanding shares of Raffles Financial Private Ltd. (“RFP”). Following the Arrangement and the transfer of assets to Origen, Explorex completed the following transactions to facilitate the acquisition of RFP:

- All Explorex shareholders retained their Explorex shares and received one Origen share for every two Explorex shares held;
- Origen became a new reporting issuer and applied for listing of the Origen shares on the Canadian Securities Exchange (the “CSE”); and
- Explorex completed a name change to Raffles Financial Group Limited (“RFG”) and a share consolidation at the ratio of approximately 25.94:1.

As a result of these transactions, the Company received 442,000 Origen shares and it held 34,069 RFG shares. At January 31, 2021, the Company owned 42,000 shares of Origen (January 31, 2020 – 840,000 shares of Explorex and 200,000 shares of Jiulian Resources Inc.), the shares of which are traded on the CSE (2020 – the TSX-V).

	January 31, 2021	January 31, 2020
Marketable securities – fair value	\$ 9,660	\$ 192,640
Marketable securities – cost	-	268,153

9. TRADE AND OTHER ACCOUNTS PAYABLE

	January 31, 2021	January 31, 2020
Financial Liabilities		
Trade payables	\$ 72,922	\$ 11,245
Payroll accruals	1,765	(436)
Accrued liabilities	26,180	18,000
	\$ 100,867	\$ 28,809

All amounts are short term. The carrying value of trade payables, payroll accruals and accrued liabilities is considered a reasonable approximation of fair value.

10. FLOW THROUGH SHARE PREMIUM LIABILITY

The Company periodically issues flow through shares, to fund Canadian exploration programs, with any resulting flow through premium recorded as a flow through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of flow through premium is recorded as income. Based on Canadian tax law, the Company is required to spend the amounts raised on eligible exploration expenditures by the end of the year subsequent to the date the expenditures were renounced.

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The following is a continuity schedule of the liability portion of the flow-through share issuances:

	Issued on		
	September 24, 2019	November 19, 2020	Total
Balance February 1, 2020	\$ 100,469	\$ -	\$ 100,469
Premium liability incurred on flow-through shares issued	-	141,950	141,950
Reduction of flow-through share liability on incurring qualifying expenditures	(100,469)	(35,876)	(136,345)
Balance January 31, 2021	\$ -	\$ 106,074	\$ 106,074

	Issued on		
	December 28, 2018	September 24, 2019	Total
Balance February 1, 2019	\$ 37,819	\$ -	\$ 37,819
Premium liability incurred on flow-through shares issued	-	135,871	135,871
Reduction of flow-through share liability on incurring qualifying expenditures	(37,819)	(35,402)	(73,221)
Balance January 31, 2020	\$ -	\$ 100,469	\$ 100,469

11. EQUITY

11.1 Authorized Share Capital

Unlimited number of common shares with no par value.

11.2 Shares Issued

Shares issued and outstanding as at January 31, 2021 are 122,661,955 (January 31, 2020 – 105,239,212).

During the year ended January 31, 2021, the following share transactions occurred:

- i. On November 19, 2020, the Company completed a non-brokered private placement, issuing 14,195,000 flow-through common shares (each a “FT Share”) at a price of \$0.10 per FT Share for gross proceeds of \$1,419,500 and 2,777,743 non-flow-through shares (each a “NFT Share”) at a price of \$0.09 for gross proceeds of \$249,997, for combined proceeds of \$1,669,497. Cash finders’ fees of \$97,694 were paid, and 500,000 common shares and 1,384,393 finders’ warrants were issued as part of the financing. Each warrant entitles the holder to purchase one additional common share for a three-year period at a price of \$0.12. The finders’ warrants were ascribed a value of \$72,660.

During the year ended January 31, 2020, the following share transactions occurred:

- i. On September 24, 2019, the Company completed a non-brokered private placement, issuing 6,793,572 flow-through common shares (each a “FT Share”) at a price of \$0.14 per FT Share for gross proceeds of \$951,100 and 4,779,664 non-flow-through shares (each a “NFT Share”) at a price of \$0.12 for gross proceeds of \$573,560, for combined proceeds of \$1,524,660. Cash finders’ fees of \$109,189 were paid and 618,000 finders’ warrants were issued as part of the financing. Each warrant entitles the holder to purchase one additional common share for a two-year period at a price of \$0.17. The finders’ warrants were ascribed a value of \$33,990.

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11.3 Warrants

The following warrants were outstanding:

	Warrants	Exercise Price
February 1, 2019	547,991	\$ 0.30
Issued – finder's	618,000	0.17
Expired	(524,171)	0.30
January 31, 2020	641,820	0.17
Issued	16,972,743	0.12
Issued – finder's	1,384,393	0.12
Expired	(23,820)	0.30
January 31, 2021	18,975,136	\$ 0.12

Expiry date	Warrants	Exercise Price
September 24, 2021	618,000	\$ 0.17
November 19, 2023	16,972,743	0.12
November 19, 2023	1,384,393	0.12
	18,975,136	\$ 0.12

At January 31, 2021, the weighted-average remaining life of the outstanding warrants was 2.73 years (2020 – 1.62 years).

The fair value of the share purchase warrants granted during the year ended January 31, 2021 and the year ended January 31, 2020 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	Year Ended January 31, 2021	Year Ended January 31, 2020
Strike price	\$0.12	\$ 0.17
Risk free interest rate	0.30%	1.52%
Expected warrant life (years)	3.00 years	2.00 years
Expected stock price volatility	104.56%	101.13%
Dividend payments during life of option	Nil	Nil
Expected forfeiture rate	Nil	Nil

11.4 Share-based Compensation

The Company has adopted an incentive share option plan for the benefit of directors, officers and employees, which options, to acquire up to 10% of the issued share capital at the award date, may be granted to eligible optionees from time to time. Additional shares have also been issued to consultants of the Company, as part of their compensation arrangement. Share options granted have a term of between one and five years, vest immediately or over time and have an exercise price determined by the directors. The Company's policy is that the exercise price may not be less than the closing quoted price of the Company's common shares traded through the facilities of the exchange on which the Company's common shares are listed.

Total share options granted during the year ended January 31, 2021 were Nil (year ended January 31, 2020 – 3,050,000). Total share-based payments recognized for the fair value of share options granted, vested and approved by the shareholders during the year ended January 31, 2021 was \$Nil (year ended January 31, 2020 - \$200,890).

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The fair value of the share options granted during the year ended January 31, 2021 and the year ended January 31, 2020 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	Year Ended January 31, 2021	Year Ended January 31, 2020
Strike price	N/A	\$0.17
Risk free interest rate	N/A	1.58%
Expected option life (years)	N/A	5 years
Expected stock price volatility	N/A	104.25%
Dividend payments during life of option	N/A	Nil
Expected forfeiture rate	N/A	Nil

Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of a company's shares. Expected volatility has been estimated based on historical volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

The following stock options issued under the employee stock option plan were outstanding:

	Options	Exercise price
February 1, 2019	5,600,000	\$ 0.21
Issued	3,050,000	0.17
Cancelled/expired	(3,450,000)	0.19
January 31, 2020 (Exercisable – 5,200,000)	5,200,000	0.20
Issued	-	
January 31, 2021 (Exercisable – 5,200,000)	5,200,000	\$ 0.20

Expiry date	Options	Exercise Price
October 27, 2022	2,150,000	\$ 0.24
October 17, 2024	2,300,000	0.17
January 16, 2025	750,000	0.17
	5,200,000	\$ 0.20

At January 31, 2021, the weighted average remaining life of the outstanding options was 2.83 years (2020 – 3.83 years).

11.5 Normal Course Issuer Bid

On May 7, 2018, the Company received approval to conduct a normal course issuer bid (the "Bid") through facilities of the TSX-V to purchase up to 4,615,948 of the 92,318,976 issued and outstanding common shares of the Company, representing 5% of the Company's issued and outstanding common shares. The Company paid the market price at the time of acquisition for the common shares acquired under the Bid. The Bid took place beginning May 7, 2018 and terminated on May 7, 2019. At January 31, 2019 and May 7, 2019, the Company had repurchased 159,500 shares at a cost of \$24,696. These shares have not been cancelled and returned to treasury and are being held in a brokerage account.

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12. INCOME TAXES

The income tax provision differs from the amount computed by applying the statutory rates to pre-tax income as a result of the following:

For the year ended January 31,	2021	2020
Expected tax recovery at a rate of 27% (2020 – 27%)	\$ 107,424	\$ 158,165
Increase (decrease) resulting from:		
Non-deductible expenses, net	24,133	(37,761)
Temporary differences, net	25,395	27,891
Deferred taxes applicable to flow-through expenditures	(152,509)	36,431
Valuation allowance	(156,952)	(148,295)
Income tax recovery (expense)	<u>\$ (152,509)</u>	<u>\$ 36,431</u>

The deferred tax liability is comprised of the following tax affected temporary differences:

As at January 31,	2021	2020
Exploration and evaluation properties	\$ (3,417,102)	\$ (3,130,351)
Non-capital losses carried forward	2,318,034	2,174,715
Marketable securities	(1,304)	10,219
Equipment	15,632	15,632
Share issuance costs	49,377	46,931
Net recognized deferred tax liability	<u>\$ (1,035,363)</u>	<u>\$ (882,854)</u>

The Company has Canadian non-capital losses of approximately \$8,584,000 for income tax purposes which expire as follows:

Year of origin	Non-capital loss	Year of expiry
2006	\$ 34,000	2026
2007	348,000	2027
2008	647,000	2028
2009	609,000	2029
2010	574,000	2030
2011	772,000	2031
2012	639,000	2032
2013	666,000	2033
2014	633,000	2034
2015	613,000	2035
2016	394,000	2036
2017	493,000	2037
2018	463,000	2038
2019	659,000	2039
2020	514,000	2040
2021	526,000	2041
	<u>\$ 8,584,000</u>	

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13. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	Nature of the relationship
Standard Metals Exploration Ltd. ("Standard")	Standard is a private company controlled by an officer and director of the Company. Standard provides geological exploration and management consulting services to the Company.
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Directors.

	Geological exploration services	Management services
Services provided for the year ended January 31, 2021:		
Chief executive officer	\$ -	\$ 64,106
Chief financial officer	-	36,000
Corporate Secretary	-	21,808
Directors	10,411	15,000
Standard	7,150	-
	\$ 17,561	\$ 136,914

	Geological exploration services	Management services
Services provided for the year ended January 31, 2020:		
Chief executive officer	\$ -	\$ 63,960
Chief financial officer	-	37,000
Standard	8,439	-
	\$ 8,439	\$ 100,960

Key management compensation includes:

	Year ended January 31,	
	2021	2020
Management fees and salaries	\$ 136,914	\$ 100,960
Share-based payments	-	183,440
	\$ 136,914	\$ 284,400

At January 31, 2021 and 2020, there were no amounts payable to key management personnel.

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These transactions were in the normal course of operations and measured at their exchange amounts, being the amounts agreed to by the parties to the transactions.

14. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its cash and cash equivalents and share capital. The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no bank credit facility. The Company is not subject to any externally imposed capital requirements.

There have not been any changes to the Company's capital management policy during the year.

15. RISK MANAGEMENT

15.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain title to and explore its mineral properties. The capital structure of the Company consists of cash and cash equivalents and share capital.

b. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

c. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at January 31, 2021, the Company's working capital is \$1,605,971 (excluding flow-through premium liability), and it has a long-term lease liability. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2021, the Company had cash and cash equivalents of \$1,619,953 to settle trade and other accounts payable of \$100,867 and lease liability of \$17,304.

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d. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals such as copper, molybdenum, tungsten, gold and silver.

15.2 Fair Values

The carrying values of cash and cash equivalents, amounts receivable (excluding GST), reclamation deposits, and trade and other accounts payable approximate fair values due to their short-term to maturity nature or the ability to readily convert to cash. Marketable securities are carried at fair value.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All financial instruments (excluding lease liability) are classified as Level 1 items. Lease liability is classified as a Level 3 item.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

16. COMMITMENTS

16.1 Right-of-Use-Asset / Lease Liability

The Company has an operating lease for office premises expiring on November 30, 2020 and the option for a two-year extension was exercised. Monthly lease payments include base rent, operating costs and property taxes.

(a) Right-of-use asset

As at January 31, 2021 and 2020, the right-of-use asset recorded for the Company's office premises is as follows:

	2021		2020	
Balance – beginning of the year	\$	43,726	\$	-
IFRS 16 adoption		-		59,159
Depreciation		(15,433)		(15,433)
Balance – end of year	\$	28,293	\$	43,726

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(b) Lease liability

As at January 31, 2021 and 2020, the minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	2021	2020
Undiscounted minimum lease payments:		
Less than one year	\$ 19,153	\$ 19,153
Two to three years	16,434	36,834
	<u>35,587</u>	<u>55,987</u>
Effect of discounting	<u>(2,719)</u>	<u>(8,843)</u>
Present value of minimum lease payments	32,868	47,144
Less current portion	<u>(17,304)</u>	<u>(14,258)</u>
Long-term portion	\$ 15,564	\$ 32,886

(c) Lease liability continuity

The net change in the lease liability is as follows:

	2021	2020
Balance – beginning of the year	\$ 47,144	\$ -
IFRS 16 adoption	-	59,159
Cash flows:		
Principal payments	<u>(14,276)</u>	<u>(12,015)</u>
Balance – end of year	\$ 32,868	\$ 47,144

During the year ended January 31, 2021, interest of \$4,758 (2020 – \$6,458) is included in office and administration.

16.2 Termination of Service Agreements

The Company has a management and administrative services agreement with its President and CEO. In the event that the Company terminates this agreement without cause, it must make a lump sum payment of \$60,000, based on his current salary.

The Company has a professional services agreement with its CFO. In the event that the Company terminates this agreement, it must make a final payment of \$5,000 to the CFO.

17. SUBSEQUENT EVENTS

On March 23, 2021, the Company granted 3,950,000 share options to officers, directors and advisors of the Company that can be exercised at a price of \$0.10 per share until March 23, 2026. These options vest immediately.

On May 3, 2021, the Company entered into a finder agreement (the “FA”) with a consultant (the “Finder”) whereby the Finder was engaged, on a non-exclusive basis, as a business advisor with respect to providing services to the Company in pursuing a divestiture, merger, reorganization, consolidation, joint venture,

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partnership, financing or other business combination (a “Transaction”). As compensation for providing these services, the Finder was paid \$7,500 on signing and upon closing of any Transaction:

- the introduction to the Company and completion of which are substantially the results of the efforts of the Finder;
- which has been approved by the Company’s board of directors; and
- which has received final acceptance by the TSX-V and any other applicable regulatory authorities,

the Company will pay the Finder a success fee (ranging from 3% to 7%) based on the specified formula of the gross amount of each Transaction. In the event the Transaction comprises a private placement, the same percentage as is payable in cash, will be issued in share purchase warrants with the same terms as the warrants issued to subscribers in the financing. The FA expires on the first to occur of the termination of the engagement by either the Company or the Finder or on September 3, 2021, unless extended by mutual written agreement. The FA can be terminated at any time by either party giving 30 days written notice to the other. If within 12 months of termination of the FA there is a closing of a Transaction with an investor introduced to the Company by the Finder, the Finder will receive the full applicable fees as described above.