



**STUHINI EXPLORATION LTD.
FINANCIAL STATEMENTS
(expressed in Canadian Dollars)
FOR THE THREE AND NINE MONTHS
ENDED NOVEMBER 30, 2020 AND 2019**

**NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2020 & 2019**

The accompanying unaudited condensed interim financial statements of Stuhini Exploration Ltd. (the “Company”) for the three and nine months ended November 30, 2020 and 2019, have been prepared by, and are the responsibility of, the Company’s management.

The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim statements by an entity’s auditor. These unaudited condensed interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

As at	Note	November 30, 2020	February 29, 2020
ASSETS			
Current			
Cash		\$ 1,078,940	\$ 957,103
GST receivable		58,860	22,220
Prepaid expenses		45,107	9,455
Marketable securities	8	342,000	-
Total current		1,524,907	988,778
Exploration and evaluation assets	3	1,298,588	668,329
Reclamation bond	3	20,000	42,000
Property, plant, and equipment	4	467	841
Total assets		\$ 2,843,962	\$ 1,699,948
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable		\$ 4,057	\$ 7,272
Accrued liabilities		3,795	25,866
Due to related parties	7	9,781	48,841
Flow-through share premium liability	6	-	35,000
Total liabilities		17,633	116,979
Shareholders' equity			
Share capital	5	3,588,392	2,116,484
Reserves	5	204,469	124,556
Deficit		(966,532)	(658,071)
Total shareholders' equity		2,826,329	1,582,969
Total liabilities and shareholders' equity		\$ 2,843,962	\$ 1,699,948

Nature and continuance of operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on January 29, 2021:

"David O'Brien"
David O'Brien,
Director

"Josef Anthony Fogarassy"
Josef Anthony Fogarassy,
Director

STUHINI EXPLORATION LTD.
STATEMENTS OF NET AND COMPREHENSIVE LOSS
(UNAUDITED)
(Expressed in Canadian Dollars)



		Three months ended November 30,		Nine months ended November 30,	
	Note	2020	2019	2020	2019
Expenses:					
Advertising and promotion		\$ 9,113	\$ 2,770	\$ 42,817	\$ 15,611
Amortization	4	88	197	374	499
Consulting fees	7	9,112	16,954	30,433	30,619
Office expenses		3,491	1,505	8,544	6,223
Project investigation costs	3,7	2,110	39,709	19,933	78,958
Professional fees	7	21,243	50,016	48,770	78,366
Regulatory fees		3,155	7,449	29,366	25,389
Share-based compensation	5,7	5,726	39,744	111,064	55,667
Travel, meals, and entertainment		(1,192)	187	1,968	4,833
Operating expenses		(52,846)	(158,531)	(293,269)	(296,165)
Other items					
Unrealized loss on marketable securities	8	(66,000)	-	(66,000)	-
Loss on sale of mineral property	3	(10,051)	-	(10,051)	-
Gain on forgiveness of debt with related parties	7	15,000	-	15,000	-
Reversal of flow-through share premium	6	-	-	35,000	-
Interest expense		-	-	-	(1,943)
Part XII.6 tax	6	-	-	(730)	-
Net and comprehensive loss		\$ (113,897)	\$ (158,531)	\$ (320,050)	\$ (298,108)
Loss per share, basic and diluted					
		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of common shares outstanding, basic and diluted					
		18,477,853	12,198,495	16,407,784	9,438,687

STUHINI EXPLORATION LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)
(Expressed in Canadian Dollars)



	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance, February 28, 2019	5,700,000	\$ 460,000	\$ 37,654	\$ (226,584)	\$ 271,070
Initial public offering	4,083,000	816,600	-	-	816,600
Share issuance costs	-	(164,152)	24,412	-	(139,740)
Private placements	2,500,000	500,000	-	-	500,000
Share issuance costs	-	(59,653)	-	-	(59,653)
Shares issued on exercise of options	410,000	58,648	(17,648)	-	41,000
Share-based compensation	-	-	55,667	-	55,667
Net and comprehensive loss for the period	-	-	-	(298,108)	(298,108)
Balance, November 30, 2019	12,693,000	1,611,443	100,085	(524,692)	1,186,836
Private placements	1,400,000	308,000	-	-	308,000
Share issuance costs	-	(15,959)	-	-	(15,959)
Flow-through share premium	-	(35,000)	-	-	(35,000)
Shares issued for property	800,000	248,000	-	-	248,000
Share-based compensation	-	-	24,471	-	24,471
Net and comprehensive loss for the period	-	-	-	(133,379)	(133,379)
Balance, February 29, 2020	14,893,000	2,116,484	124,556	(658,071)	1,582,969
Private placements	3,000,000	1,350,000	-	-	1,350,000
Share issuance costs	-	(21,298)	-	-	(21,298)
Shares issued for property	200,000	28,000	-	-	28,000
Shares issued on exercise of options	160,000	46,446	(13,884)	-	32,562
Shares issued on exercise of warrants	224,853	68,760	(23,790)	-	44,970
Share-based compensation	-	-	117,587	-	117,587
Gain on debt forgiven by a shareholder	-	-	-	11,589	11,589
Net and comprehensive loss for the period	-	-	-	(320,050)	(320,050)
Balance, November 30, 2020	18,477,853	\$ 3,588,392	\$ 204,469	\$ (966,532)	\$ 2,826,329

STUHINI EXPLORATION LTD.
STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Expressed in Canadian Dollars)



	Nine months ended November 30,	
	2020	2019
Cash flows used in operating activities		
Loss for the period	\$ (320,050)	\$ (298,108)
Items not affecting cash used in operations		
Amortization	374	499
Accrued interest	-	1,943
Reversal of flow-through share premium	(35,000)	-
Options granted for services	6,523	-
Share-based compensation	111,064	55,667
Gain on forgiveness of debt with related parties	(15,000)	-
Unrealized loss on marketable securities	66,000	-
Loss on sale of mineral property	10,051	-
Changes in non-cash working capital items		
GST receivable	(36,640)	739
Prepaid expenses	(35,652)	12,647
Accounts payable	(3,215)	30,169
Accrued liabilities	(22,071)	(13,993)
Net cash used in operating activities	(273,616)	(210,437)
Cash flows used in investing activities		
Exploration and evaluation assets	(978,310)	(53,850)
Funds paid for security bond	(20,000)	-
Net cash used in investing activities	(998,310)	(53,850)
Cash flows provided by financing activities		
Issuance of common shares for cash, net of issuance costs	1,328,702	1,117,207
Issuance of common shares on exercise of options	32,562	41,000
Issuance of common shares on exercise of warrants	44,970	-
Due to related parties	(12,471)	(39,134)
Repayment of related party loans	-	(113,688)
Net cash provided by financing activities	1,393,763	1,005,385
Increase in cash	121,837	741,098
Cash, beginning	957,103	14,163
Cash, ending	\$ 1,078,940	\$ 755,261
Non-cash transactions:		
Shares received on sale of mineral interests	\$ 408,000	\$ -
Shares issued for property	\$ 28,000	\$ -
Gain on debt forgiven by a shareholder	\$ 11,589	\$ -

STUHINI EXPLORATION LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(UNAUDITED)
(Expressed in Canadian Dollars)



1. NATURE AND CONTINUANCE OF OPERATIONS

Stuhini Exploration Ltd. (the “Company”), was incorporated under the *Business Corporations Act* (British Columbia) on July 7, 2017. The Company is focused on acquisition, exploration, and development of mineral properties in the Province of British Columbia (“BC”) and the Yukon, Canada. Effective May 23, 2019, the Company’s shares (“Common Shares”) began trading on the TSX Venture Exchange (“Exchange”) under the symbol “STU”.

The Company’s head office and registered office address is 1245 Broadway W., Unit 105, Vancouver, BC V6H 1G7.

These condensed interim financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company’s ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These condensed interim financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern. These adjustments could be material.

Risks related to the rapid expansion of the COVID-19 pandemic

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which continues to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

a) Statement of Compliance and Basis of Presentation

These unaudited condensed interim financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards (“IFRS”) IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The unaudited condensed interim financial statements, prepared in conformity with accounting policies consistent with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual financial statements. Since the unaudited condensed interim financial statements do not include all disclosures required by the IFRS for annual financial statements, they should be read in conjunction with the Company’s audited annual financial statements for the reporting period ended February 29, 2020.

b) Basis of Measurement and Use of Estimates

The unaudited condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs except for cash flow information. All amounts are expressed in Canadian dollars, the Company’s functional and reporting currency.

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

STUHINI EXPLORATION LTD.

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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)**

c) Accounting standards issued but not yet effective

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company's unaudited condensed interim financial statements. The Company intends to adopt the standards when they become effective. The Company has not yet determined the impact of these standards on its financial statements but does not anticipate that the impact will be significant.

3. EXPLORATION AND EVALUATION ASSETS

As of November 30, 2020, the Company's interest in exploration and evaluation assets consisted of the Ruby Creek and the Que Properties. The costs incurred on the Company's exploration and evaluation properties are summarized as follows:

	Metla Property	Ruby Creek Property	Que Property	Total
Total exploration and evaluation assets, February 29, 2020	\$ 409,134	\$ 259,195	\$ -	\$ 668,329
Option payments	-	-	28,000	28,000
Professional fees	-	-	6,165	6,165
Mineral tenure/lease payments	-	53,908	-	53,908
Sub-total, acquisition costs	-	53,908	34,165	88,073
Deferred exploration costs:				
Assaying	-	76,249	16,555	92,804
Camp and travel	-	67,049	3,013	70,062
Drilling	-	-	47,000	47,000
Equipment use/rental	-	146,008	1,470	147,478
Geology	-	487,976	106,000	593,976
Sub-total, deferred exploration costs	-	777,282	174,038	951,320
Reclassification to assets held for sale	(409,134)	-	-	(409,134)
Total exploration and evaluation assets, November 30, 2020	\$ -	\$ 1,090,385	\$ 208,203	\$ 1,298,588

STUHINI EXPLORATION LTD.

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**3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

	Metla Property	Ruby Creek Property	Que Property	Total
Total exploration and evaluation assets, February 28, 2019	\$ 395,064	\$ -	\$ -	\$ 395,064
Option payments	-	248,000	-	248,000
Mineral tenure/lease payments	255	8,085	-	8,340
Sub-total, acquisition costs	255	256,085	-	256,340
Deferred exploration costs:			-	
Assaying	7,878	-	-	7,878
Camp and travel	35,041	-	-	35,041
Equipment use/rental	300	-	-	300
Geology	23,603	3,110	-	26,713
Sub-total, deferred exploration costs	66,822	3,110	-	69,932
Exploration tax credit	(53,007)	-	-	(53,007)
Total exploration and evaluation assets, February 29, 2020	\$ 409,134	\$ 259,195	\$ -	\$ 668,329

Metla Property

On July 7, 2017, the Company entered into a purchase and sale agreement (the "Metla Agreement") with Barry Hanslit, a major shareholder of the Company, whereby the Company issued 883,333 Common Shares, with a fair value of \$53,000, in exchange for title to the Metla Creek Claims (the "Metla Property"). The Metla Property consists of seven contiguous mineral claims, located approximately 150 kilometres ("km") south of the town of Atlin, BC. In connection with the Metla Property, the Company was required to purchase a \$42,000 reclamation bond.

On August 24, 2020, the Company entered into a mineral claims purchase agreement (the "Purchase Agreement") for the sale of 100% of its interest in the Metla Property to Brixton Metals Corporation ("Brixton"). The Purchase Agreement was subject to acceptance for filing by the Exchange which was received on October 1, 2020, and the Agreement became effective on October 10, 2020.

Based on the Agreement, the Company agreed to sell the Metla Property in exchange for 1,200,000 common shares of Brixton valued at \$408,000 (based on the fair market value of the shares on October 10, 2020, being \$0.34 per share) and \$42,000 in cash. In lieu of the \$42,000 cash portion of the Purchase Agreement, the Company agreed to refund Brixton the \$42,000 it originally paid for the Metla Reclamation Bond. The transaction resulted in a loss of \$10,051.

The Company retains a 1.0% net smelter returns royalty on the Metla Property.

Ruby Creek Property

On July 30, 2019, the Company entered into an option agreement (the "Ruby Creek Option Agreement") with Global Drilling Solutions Inc. ("Global Drilling"), a private BC Company wholly owned by Mr. Hanslit, whereby the Company was granted a right to acquire a 100% interest in Global Drilling's Ruby Creek Property (the "Ruby Creek Option"). The Ruby Creek Option Agreement was conditional on first, the approval by the disinterested shareholders of the Company, which was received at the Company's November 28, 2019, Annual General Meeting, and second acceptance for filing of the Ruby Creek Option Agreement by the Exchange, which was received on December 31, 2019. The Ruby Creek Property, as acquired, consisted of 50 contiguous mineral claims of which one is a mining lease, located within the Atlin Mining Division, approximately 20 km east of Atlin.

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**3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)****Ruby Creek Property (Continued)**

Based on the Ruby Creek Option Agreement, to fully exercise its Ruby Creek Option, the Company is required to issue a total of 7,300,000 of the Company's Common Shares and make cash payments for a total of \$1,060,000 over a four-year term, as detailed in the table below. Upon exercise of the Ruby Creek Option, Global Drilling would be entitled to a 1% net smelter returns royalty on the Ruby Creek Property.

Date	Shares	Cash Payments
December 31, 2019 (shares issued)	800,000	\$ -
On or before December 31, 2020 ⁽¹⁾	1,250,000	-
On or before December 31, 2021	1,750,000	120,000
On or before December 31, 2022	1,750,000	300,000
On or before December 31, 2023	1,750,000	640,000
Total	7,300,000	\$ 1,060,000

(1) The Company exercised its second Ruby Creek option on December 30, 2020, by issuing 1,250,000 Common Shares as required under the Ruby Creek Option Agreement. The Common Shares were valued at \$512,500 (based on \$0.41 per share, the market value of the Company's Common Shares on December 30, 2020).

During the nine-month period ended November 30, 2020, the Company paid \$52,824 in annual lease payments for the Ruby Creek Property, \$1,084 to acquire an additional claim, which was added to the property, and spent \$777,282 in deferred exploration costs associated with the summer exploratory program.

During the third quarter of its Fiscal 2021 year, the Company was required to purchase a \$20,000 reclamation bond in connection with the Ruby Creek Property.

Que Property

On February 17, 2020, the Company entered into an option agreement (the "Que Option Agreement"), whereby the Company was granted a right to acquire a 100% interest in the Que Property (the "Que Option") located in south-central Yukon. The Que Option Agreement was amended and restated with the vendors on February 28, 2020 (the "Amended Que Option Agreement"). The Que Option Agreement, as amended and restated, was conditional on acceptance for filing by the Exchange, which was received on April 1, 2020. The Que Property consists of 108 mineral claims and is 2,246 hectares in size. The Company staked an additional 1,996 hectares bringing the entire claims package to approximately 4,243 hectares.

Based on the Amended Que Option Agreement, to fully exercise its Que Option, the Company was required to issue a total of 2,950,000 Common Shares and make cash payments for a total of \$380,000 over a four-year term to the Que vendors. Upon receipt of assays showing no significant mineralization from a shallow early stage 2-hole drill program, the Company commenced renegotiating the Amended Que Option Agreement. The further amended and restated option agreement (the "Que Amendment 2") was announced on October 26, 2020. The table below compares the initial Amended Que Option Agreement schedule of the Option payments and the renegotiated terms under the Que Amendment 2:

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**3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)****Que Property (Continued)**

Date	Amended Que Option Agreement		Que Amendment 2	
	Shares	Cash Payment	Shares	Cash Payment
April 1, 2020 (shares issued)	200,000	\$ -	200,000	\$ -
1st Anniversary of Approval	300,000	-	50,000	-
2nd Anniversary of Approval	450,000	-	75,000	-
3rd Anniversary of Approval	500,000	140,000	112,500	-
4th Anniversary of Approval	1,500,000	240,000	125,000	\$35,000
5th Anniversary of Approval	-	-	375,000	60,000
Total	2,950,000	\$ 380,000	937,500	\$95,000

During the nine-month period ended November 30, 2020, the Company spent \$174,038 associated with an airborne geophysical program on selected portions of the Que Property and a small-scale drilling program; and paid an additional \$6,165 in legal and regulatory fees for amendments of the Que Option.

4. PROPERTY, PLANT AND EQUIPMENT

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

	Office Equipment		Total
Cost			
Balance, February 29, 2020 and November 30, 2020	\$	1,935	\$ 1,935
Accumulated Amortization			
Balance, February 28, 2019	\$	399	\$ 399
Additions		695	695
Balance, February 29, 2020		1,094	1,094
Additions		374	374
Balance, November 30, 2020	\$	1,468	\$ 1,468
As at February 29, 2020	\$	841	\$ 841
As at November 30, 2020	\$	467	\$ 467

5. SHARE CAPITAL**Authorized share capital**

- Unlimited number of Common Shares without par value.

STUHINI EXPLORATION LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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**5. SHARE CAPITAL (CONTINUED)****Share issuances during the nine-month period ended November 30, 2020**

On April 1, 2020, pursuant to the Amended Que Option Agreement, the Company issued 200,000 Common Shares at a deemed price of \$0.14 per Common Share to the vendors of the Que Property (Note 3).

On August 14, 2020, the Company closed its non-brokered private placement financing (the “August Financing”) by issuing 1,000,000 Common Shares that qualify as “flow-through shares” for the purposes of the Income Tax Act (Canada) (the “Flow-through Shares”) at a price of \$0.55 per Flow-through Share, and 2,000,000 Common Shares at a price of \$0.40 per Common Share for aggregate gross proceeds of \$1,350,000. The Company recorded \$21,298 in legal and regulatory costs associated with the August Financing.

During the nine months ended November 30, 2020, the Company issued 224,853 Common Shares on exercise of warrants for total cash proceeds of \$44,970. The warrants were originally valued at \$23,790.

During the nine months ended November 30, 2020, the Company issued 160,000 Common Shares on exercise of the options to acquire Common Shares that were granted to a company controlled by a former Director of the Company. The Company received \$32,562 on exercise of the share purchase options, which were originally valued at \$13,884.

Stock purchase options

The Company has adopted a Rolling Stock Option Plan (the “Plan”) pursuant to which options may be granted to directors, officers, employees, and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding Common Shares at the time of the grant. Options granted under the Plan, including vesting and the term, are determined by, and at the discretion of, the Board of Directors.

On August 6, 2019, the Company granted options to acquire up to 600,000 Common Shares to its officers, directors, and consultants. These options vest quarterly in equal amounts starting on November 6, 2019, over a 12-month period from the date of grant and expire on August 6, 2024. During the nine-month period ended November 30, 2020, the Company recognized \$29,314 as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 7).

The following assumptions were used to estimate the weighted average fair values for the options granted to the Company’s officers and directors:

	August 6, 2019
Expected Life of the Options	5 years
Average Risk-Free Interest Rate	1.21%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	100%
Weighted Average Grant Date Fair Value	\$0.15

The following assumptions were used to estimate the weighted average fair values for the options granted to the Company’s consultants:

	Period ended November 30, 2020	February 29, 2020
Expected Life of the Options	5 years	5 years
Average Risk-Free Interest Rate	0.32% - 1.59%	1.07% - 1.39%
Expected Dividend Yield	Nil	Nil
Average Expected Stock Price Volatility	100%	100%
Weighted Average Grant Date Fair Value	\$0.38	\$0.16

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**5. SHARE CAPITAL (CONTINUED)****Stock purchase options (Continued)**

On February 28, 2020, the Company granted options to acquire up to 425,000 Common Shares to its officers, directors, and consultants. These options vest quarterly in equal amounts starting on May 28, 2020, over a 12-month period from the date of grant and expire on February 28, 2025. During the nine-month period ended November 30, 2020, the Company recognized \$81,750 as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 7).

The following assumptions were used to estimate the weighted average fair values for the options granted to the Company's officers and directors:

	February 28, 2020
Expected Life of the Options	5 years
Average Risk-Free Interest Rate	1.07%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	100%
Weighted Average Grant Date Fair Value	\$0.16

The following assumptions were used to estimate the weighted average fair values for the options granted to the Company's consultants:

	Period ended	
	November 30, 2020	February 29, 2020
Expected Life of the Options	5 years	5 years
Average Risk-Free Interest Rate	0.40% - 1.46%	1.07%
Expected Dividend Yield	Nil	Nil
Average Expected Stock Price Volatility	100%	100%
Weighted Average Grant Date Fair Value	\$0.47	\$0.16

On May 15, 2020, the Company granted an option to acquire up to 50,000 Common Shares to a consultant for investor relations services. These options vested upon grant and are exercisable for a period of two years at \$0.25 per Common Share. The Company recognized \$6,523 as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model, using the following assumptions:

	May 15, 2020
Expected Life of the Option	2 years
Average Risk-Free Interest Rate	0.28%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	100%
Grant Date Fair Value	\$0.25

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**5. SHARE CAPITAL (CONTINUED)****Stock purchase options (Continued)**

A continuity of options for the nine months ended November 30, 2020, and for the year ended February 29, 2020, are as follows:

	Nine months ended November 30, 2020		Year ended February 29, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning	1,405,000	\$0.22	890,000	\$0.14
Granted	50,000	\$0.25	1,025,000	\$0.22
Exercised	(160,000)	\$0.20	(410,000)	\$0.10
Expired	(50,000)	\$0.23	(80,000)	\$0.10
Forfeited	-	-	(20,000)	\$0.20
Options outstanding, ending	1,245,000	\$0.22	1,405,000	\$0.22
Options exercisable, ending	1,138,750	\$0.21	680,000	\$0.20

The options outstanding and exercisable at November 30, 2020, are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life	Expiry Date
280,000	280,000	\$ 0.20	0.47	May 21, 2021
535,000	535,000	\$ 0.20	3.68	August 6, 2024
380,000	273,750	\$ 0.25	4.25	February 28, 2025
50,000	50,000	\$ 0.25	1.46	May 15, 2022
1,245,000	1,138,750		3.05	

6. FLOW-THROUGH SHARE PREMIUM LIABILITY

	November 30, 2020
Balance, February 29, 2020	\$ 35,000
Reversal recognized upon expenditures being incurred	(35,000)
Balance, November 30, 2020	\$ -

On December 20, 2019, the Company closed its non-brokered private placement financing by issuing 1,400,000 Flow-through Shares at a price of \$0.22 per Flow-through Share for aggregate gross proceeds of \$308,000 (the "Flow-through Financing"). The premium received on the shares issued was determined to be \$35,000 and was recorded as a share capital reduction. An equivalent premium liability was recorded and was being reduced as and when the qualified exploration expenditures occurred. During the nine-month period ended November 30, 2020, the Company recorded \$35,000 in income that resulted from the flow-through share premium, and \$730 in Part XII.6 taxes associated with the renunciation of the exploration expenditures under the look-back rule.

On August 14, 2020, as part of its August Financing, the Company issued 1,000,000 Flow-through Shares at a price of \$0.55 per Flow-through Share. The Company determined that the shares issued did not result in a premium, as the Flow-through Shares were issued at a price below the fair market value.

STUHINI EXPLORATION LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(UNAUDITED)
(Expressed in Canadian Dollars)

**7. 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 responsibility for planning, directing and controlling the activities of the Company as a whole.

The Company incurred the following transactions with related parties, including key management personnel:

	November 30, 2020	November 30, 2019
Consulting fees paid or accrued to the Company's CEO	\$ 18,000	\$ 12,710
Accounting fees paid or accrued to the Company's CFO	\$ 6,250	\$ 4,500
Consulting fees paid to the Company's Corporate Secretary	\$ 12,434	\$ 10,671
Deferred exploration costs paid or accrued to an entity controlled by the common-law spouse of the Company's co-founder and majority shareholder	\$ 18,000	\$ 12,710
Share-based compensation for options granted to directors and officers (Note 5)	\$ 86,802	\$ 45,380

In addition to the above transactions, on November 30, 2020, Ms. Janet Miller, the common-law spouse of the Company's co-founder and majority shareholder, forgave \$15,000 the Company owed to her on account of project management fees. The Company recognized \$15,000 as gain on forgiveness of debt included in the statement of net and comprehensive loss.

On November 30, 2020, Global Drilling forgave \$11,589 the Company accrued as payable on account of patent fees associated with the mining claim included as part of the Ruby Creek Property. The Company recognized \$11,589 as part of retained earnings included in the statement of shareholders equity.

Amounts due to related parties consist of amounts owed directly to the officers and directors of the Company for the professional services or for the expenses incurred on behalf of the Company. These amounts are unsecured, non-interest bearing, and due on demand. At November 30, 2020, the Company owed a total of \$9,781 (February 29, 2020 - \$48,841) to its related parties.

8. MARKETABLE SECURITIES

The Company's marketable securities consist of 1,200,000 common shares of Brixton (the "BBB Shares"), which the Company received on sale of its Metla Property. BBB Shares are listed on the TSX Venture Exchange under the symbol "BBB".

At initial recognition, the Company recorded the shares at \$408,000 (based on the fair market value of the BBB Shares on October 10, 2020, being \$0.34 per share).

At November 30, 2020, the investment in BBB Shares was valued at \$342,000 based on the closing market share price of \$0.285. The Company records its marketable securities as Fair Value Through Profit or Loss ("FVTPL"). During the nine-month period ended November 30, 2020, the Company recorded a loss of \$66,000 on revaluation of its securities to their fair market value.

9. FINANCIAL INSTRUMENTS AND RISKS

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

9. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

The Company has classified its cash as measured at fair value in the statements of financial position using level 1 inputs. Accounts payable and amounts due to related parties are classified as other liabilities, and their fair values approximate their carrying values due to the short terms to maturity.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, which is held with a high-credit quality financial institution and amounts receivable from the Government of Canada. As such, the Company's credit risk exposure is minimal.

Market risk:

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

i. Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal interest rate risk as it has no interest accumulating financial assets that may become susceptible to interest rate fluctuations.

ii. 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 has minimal financial risk arising from fluctuations in foreign exchange rates as the Company does not own foreign currency denominated financial assets or liabilities.

iii. Equity price risk:

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risk as a result of its investment in marketable securities following the sale of the Metla Property in exchange for common shares of Brixton.

Liquidity risk:

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. As at November 30, 2020, the Company had cash of \$1,078,940 to settle current financial liabilities of \$17,633. The Company's management believes that this cash will be sufficient to sustain the Company's operations for the next twelve-month period.