

CARIBOO ROSE RESOURCES LTD.

Financial Statements

For the Years ended February 29, 2020 and February 28, 2019
(Expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cariboo Rose Resources Ltd.

Opinion

We have audited the financial statements of Cariboo Rose Resources Ltd. (the "Company"), which comprise the statements of financial position as at February 29, 2020 and February 28, 2019, the statements of (income) loss and comprehensive (income) loss, statements of changes in shareholders' equity and statements of 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 February 29, 2020 and February 28, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion & Analysis for the year ended February 29, 2020, 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

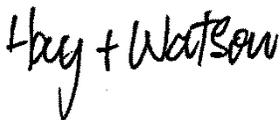
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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



Chartered Professional Accountants
Vancouver, BC, Canada
August 7, 2020

Cariboo Rose Resources Ltd.
Statements of Financial Position
As at February 29, 2020 and February 28, 2019
(Expressed in Canadian dollars)

	2020	2019
ASSETS		
Current		
Cash and cash equivalents	\$ 379,897	\$ 43,857
Accounts receivable	20,635	2,232
Investments (Note 4)	1,522,650	-
	1,923,182	46,089
Investments (Note 4)	1,742	45,731
Exploration and evaluation assets (Note 5)	614,373	1,709,181
Project deposits (Note 5)	10,500	10,500
Equipment	4,324	3,173
Right-of-use asset (Note 6)	162,798	-
Receivable from Eastfield Resources Ltd. (Note 11)	12,000	12,000
	\$ 2,728,919	\$ 1,826,674
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 34,211	\$ 58,639
Lease obligations - current (Note 6)	25,425	-
Payable to related parties (Note 11)	29,832	58,953
Other Liability (Note 7)	30,155	-
	119,623	117,592
Lease obligations – long term (Note 6)	145,910	-
	265,533	117,592
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	2,452,640	2,402,379
Warrant reserve (Note 7)	510,937	510,937
Options reserve (Note 7)	364,928	336,172
Accumulated other comprehensive loss	(786,932)	(35,097)
Deficit	(78,187)	(1,505,309)
	2,463,386	1,709,082
	\$ 2,728,919	\$ 1,826,674

Nature and continuance of operations (Note 1)

APPROVED BY THE BOARD

"J.W. Morton" Director

"D M Douglas" Director

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

Cariboo Rose Resources Ltd.

Statements of (Income) Loss and Comprehensive (Income) Loss

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

	2020	2019
Expenses		
Depreciation (Note 6)	\$ 29,244	\$ -
Consulting	28,450	10,700
Interest and bank charges	386	362
Investor relations	12,528	18,974
Legal and audit	41,999	28,126
Office	7,953	6,047
Rent	-	27,274
Salaries and benefits	23,855	17,558
Share-based compensation (Note 7)	28,756	6,000
Transfer and filing fees	13,946	14,814
Loss before the following	187,117	129,855
Other (income)/expense		
Interest income	(216)	(89)
Interest expense on lease obligations (Note 6)	14,436	-
Net gain on sale of mineral property	(1,616,222)	-
NET (INCOME) LOSS	(1,414,885)	129,766
OTHER COMPREHENSIVE (INCOME) LOSS		
Items that will not be reclassified to net income or loss		
Change in fair value of equity investments (Note 4)	739,598	22,806
COMPREHENSIVE (INCOME) LOSS	\$ (675,287)	\$ 152,572
BASIC (INCOME) LOSS PER SHARE	\$ (0.031)	\$ 0.003
DILUTED (INCOME) LOSS PER SHARE (Note 10)	\$ (0.028)	\$ 0.003
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic	46,075,148	45,796,888
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – diluted	49,950,148	45,796,888

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

Cariboo Rose Resources Ltd.
Statements of Changes in Shareholders' Equity
For the Years Ended February 29, 2020 and February 28, 2019
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital (Note 7)	Warrant Reserve (Note 7)	Options Reserve (Note 7)	Accumulated Other Comprehensive (Loss)/Income	Deficit	Total Shareholders' Equity
Balances, February 28, 2018	45,796,888	\$ 2,402,379	\$ 510,937	\$ 330,172	\$ (31,090)	\$ (1,356,744)	\$ 1,855,654
Share-based compensation	-	-	-	6,000	-	-	6,000
Change in fair value of investments (Note 4)	-	-	-	-	(22,806)	-	(22,806)
Reclassification of realized loss on disposal of investments (Note 4)	-	-	-	-	18,799	(18,799)	-
Net loss for the year	-	-	-	-	-	(129,766)	(129,766)
Balances, February 28, 2019	45,796,888	2,402,379	510,937	336,172	(35,097)	(1,505,309)	1,709,082
Private placement, net of share issue costs	1,665,000	80,416	-	-	-	-	80,416
Fair value of tax deductions sold during private placements (Note 7)	-	(30,155)	-	-	-	-	(30,155)
Share-based compensation	-	-	-	28,756	-	-	28,756
Change in fair value of investments (Note 4)	-	-	-	-	(739,598)	-	(739,598)
Reclassification of realized gain on disposal of investment (Note 4)	-	-	-	-	(12,237)	12,237	-
Net income for the year	-	-	-	-	-	1,414,885	1,414,885
Balances, February 29, 2020	47,461,888	\$ 2,452,640	\$ 510,937	\$ 364,928	\$ (786,932)	\$ (78,187)	\$ 2,463,386

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

Cariboo Rose Resources Ltd.

Statements of Cash Flows

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

	2020	2019
Cash provided by (used in)		
Operating activities		
Net income (loss)	\$ 1,414,885	\$ (129,766)
Adjustments to reconcile net (income) loss from operating activities:		
Depreciation	29,244	-
Gain on sale of mineral property	(1,632,837)	-
Interest expense on lease obligations	14,436	-
Share-based compensation	28,756	6,000
	(145,516)	(123,766)
Changes in non-cash working capital components		
Accounts receivable	47,269	385
Accounts payable and accrued liabilities	(24,427)	6,660
Payable to related parties	(20,186)	47,245
	(142,860)	(69,476)
Investing activities		
Purchase of equipment	(38,150)	(1,599)
Mineral property acquisition costs	(7,155)	(5,630)
Mineral property exploration expenditures	(272,807)	(29,271)
Mineral property option proceeds	-	20,000
Proceeds from sale of investment	751,743	96,200
	433,631	79,700
Financing activities		
Shares issued for cash, net of issue costs	80,416	-
Lease payments	(35,147)	-
	45,269	-
INCREASE IN CASH AND CASH EQUIVALENTS	336,040	10,224
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	43,857	33,633
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 379,897	\$ 43,857
Supplemental cash flow information		
Interest received	\$ 216	\$ 89
Interest paid	14,436	-
Supplemental disclosure of non-cash investing activities		
Equity shares received on disposition of mineral property (Note 5)	\$ 2,970,000	\$ -
Supplemental disclosure of non-cash financing activities		
Acquisition of right-of-use asset through office lease	\$ 192,042	\$ -

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

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Cariboo Rose Resources Ltd. (the “Company”) is incorporated in the Province of British Columbia. Its principal business activities are the acquisition and exploration of gold, copper and other precious and base metal properties in Canada. The Company is in the process of actively exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company is considered to be in the exploration stage and does not have operating cash flows.

The Company’s shares are listed for trading on the TSX-Venture Exchange (the “Exchange”) under the symbol CRB. Its registered office is located at 110-325 Howe Street, Vancouver, British Columbia V6C 1Z7.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

2. BASIS OF PREPARATION

These financial statements were authorized for issue on August 7, 2020 by the directors of the Company.

Statement of Compliance

These financial statements for the years ended February 29, 2020 and February 28, 2019 have been prepared in accordance with and using accounting policies which are in full compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Standards Interpretations Committee (“IFRIC”), and as set out in the CPA Canada Handbook – Accounting (the “Handbook”).

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss or fair value through other comprehensive income, as described in Note 3, that have been measured at fair value, and are presented in Canadian dollars, the Company’s reporting currency and the functional currency of all of its operations.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Estimates and Judgments

The preparation of these financial statements required management to make estimates, judgments and assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Accounting Estimates and Judgments (continued)

Critical accounting estimates are estimates, judgments and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the recoverability of accounts receivable, determination of realizable amounts of deferred tax assets and liabilities, impairment of the carrying value of non-financial assets, estimation of provisions, measurement of the fair value of tax benefits sold and measurement of equity instruments and share-based compensation.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from equipment, the classification of financial instruments, and the recognition of deferred tax assets and liabilities.

(b) Cash and Cash Equivalents

Cash and cash equivalents may be comprised of cash, bank deposits or highly-liquid investments that are readily convertible into known amounts of cash.

(c) Financial Instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value, plus transaction costs if the financial instrument is not subsequently measured at fair value through profit and loss.

Financial assets are measured subsequently at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit and loss ("FVTPL") based on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Financial assets which are investments in equity instruments are measured subsequently at FVTPL unless they are not held for trading and are designated as FVOCI. Financial liabilities are measured subsequently at amortized cost, except for derivatives and certain other specified exceptions measured at FVTPL.

Financial instrument	Classification
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Receivable from Lorraine Copper Corp.	Amortized cost
Investments	Designated as FVOCI
Project deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Payable to related parties	Amortized cost
Lease obligations	Amortized cost

Financial instruments classified as amortized cost are measured at amortized cost using the effective interest method, adjusted as required for credit-impaired financial assets. Financial assets measured at amortized cost are subject to a loss allowance for expected credit losses resulting from default events that are possible within 12 months after the reporting date, or an allowance for lifetime expected credit losses where credit risk has increased significantly since initial recognition. Changes in the amount of expected credit losses are recognized as an impairment gain or loss in profit and loss.

Financial assets are derecognized when the contractual rights to the cash flows expire, for certain transfers, or when there is no reasonable expectation of recovering the financial asset. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments (continued)

Fair value measurements are determined based on quoted prices when these are available or other appropriate valuation methods. Gains and losses on investments in equity instruments designated as FVOCI are recognized in other comprehensive income until they are derecognized. Dividends from these investments are recognized in profit and loss.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. Cash and cash equivalents and investments are measured and recognized in the statements of financial position using Level 1 inputs. There were no financial assets or liabilities measured and recognized in the statements of financial position at fair value that would have been categorized as Level 2 and 3 in the fair value hierarchy above.

(d) Exploration and Evaluation Assets

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. Costs accumulated relating to projects that are abandoned are written-off in the period in which a decision to discontinue the project is made. Pre-exploration costs are expensed in the year they are incurred.

All deferred mineral property interests are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs will be depleted using the unit-of-production method over the estimated life of the ore body based upon recoverable metals to be mined from estimated proven and probable reserves by property.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until the payments are made or received. Proceeds received on the sale or option of the Company's property interest is recorded as a reduction of the mineral property cost. When proceeds received in respect of a property exceed its carrying cost, such excess is recognized in net income or loss.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Joint Arrangements

The Company classifies its interests in joint arrangements as either joint operations or joint ventures. When making this assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

Where the interest is classified as a joint operation, the Company recognizes its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), any income from the sale or use of its share of the output of the joint operation, and any expenses (including its share of any expenses incurred jointly) that it has incurred in respect of its interest in the joint operation.

Where the interest is classified as a joint venture, the Company recognizes its interest as an investment and accounts for that investment using the equity method.

(f) Project Deposits

Project deposits consist of term deposits in favour of regulatory authorities held as site restoration deposits for mineral properties. These amounts are expected to be recovered on satisfactory completion of the related exploration activities.

(g) Provisions

(i) Environmental expenditures

The operations of the Company have been and may in the future be affected by changes in environmental regulations, including those relating to future reclamation and site restoration. The likelihood of new regulations and their overall effect on the Company are unknown and unpredictable. The Company plans to meet and, if possible, surpass standards set by legislation, by applying technically proven and economically feasible measures.

Environmental expenditures relating to ongoing environmental and reclamation programs are charged to operations as incurred, or depending on their future economic benefits, capitalized and amortized over the estimated remaining life of the related business operation, net of expected recoveries. These costs are recognized when the obligation is incurred and the fair value of the related costs is reasonably determinable. Management's estimate of reclamation and restoration costs has not been included in these financial statements as the amount is not significant.

(ii) Other provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Equipment

Equipment is recorded at cost less accumulated amortization. The Company records amortization on a declining balance basis at the following annual rates. The amortization rates are reduced by one-half in the years of acquisition and disposal.

Office equipment	20%
Computer software	100%

(i) Leases

(i) Initial measurement

A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. On the lease commencement date, the Company records a right-of-use asset at cost and a lease obligation at the present value of future lease payments, discounted using the implicit interest rate in the lease. If the implicit rate cannot be readily determined, the Company uses its incremental borrowing rate. The Company also adopts the practical expedient not to separate non-lease components from lease components and instead account for each lease component and any associated non-lease component as a single lease component. The cost of the right-of-use asset is comprised of the amount of the initial measurement of the lease liability, any lease payments made at or before the lease commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the underlying asset to the condition required by the terms and conditions of the lease. The lease payment is comprised of fixed payments less any lease incentives receivable, variable lease payments, residual value guarantee payments, exercise price of a purchase option if the Company is reasonably certain it will exercise the option, and penalties for early termination of the lease.

(ii) Subsequent measurement

A right-of-use asset is recorded at cost less accumulated depreciation and accumulated impairment write-downs and is depreciated on a straight-line basis over the shorter of its useful life or the lease term. The lease obligation is reduced by lease payments, net of interest on the lease liability and adjusted for any reassessment or lease modifications.

Leases with terms of less than one year or leases with low value underlying assets are recorded as operating leases. Lease payments under operating leases are recorded as expenses on a straight-line basis over the lease term.

(j) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that its equipment or mineral exploration and evaluation assets may be impaired. If any indication of impairment exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset or CGU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Cariboo Rose Resources Ltd.
Notes to the Financial Statements
For the Years Ended February 29, 2020 and February 28, 2019
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of Non-Financial Assets (continued)

Impairment is recognized immediately in the statement of loss and comprehensive (income) loss. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

(k) Share Capital

Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(l) Flow-through Shares

The sale of tax deductions is recognized as a flow-through liability at the time the flow-through shares are issued, at an amount equal to the allocated fair value. This liability is subsequently recognized as a credit in "other income" when the Company has fulfilled the obligation to pass on tax deductions by incurring all eligible expenditures.

(m) Exploration Tax Credits

The Company may receive refundable exploration tax credits and grants from provincial jurisdictions in Canada equal to a specified rate of qualifying expenditures incurred on properties located within that jurisdiction. The Company records these exploration tax credits and grants as a reduction of qualifying expenditures as it incurs the related expenditures.

(n) Income Recognition

Interest from cash and cash equivalents is recorded on an accrual basis when collection is reasonably assured.

(o) Share-based Compensation

The Company has a stock option plan that is described in Note 7. All goods and services received in exchange for the grant of any share-based compensation are measured at their fair values. Where employees are rewarded using share-based compensation, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date, using the Black-Scholes option pricing model, and excludes the impact of non-market vesting conditions such as performance conditions. All share-based compensation is recognized as an expense in profit or loss with a corresponding credit to the option reserve, over the period during which the related share-based compensation vests. No amount is recognized for instruments which do not ultimately vest.

Consideration received on the exercise of share purchase options is recorded as share capital and the related amount originally recorded in options reserve is transferred to share capital.

(p) Income or Loss per Share

Income or loss per share is calculated using the weighted average number of common shares outstanding during the period. The computation of diluted income or loss per share is performed by presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted income or loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Comprehensive Income or Loss

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income or loss comprises net income or loss and other comprehensive income or loss. revaluation gains and losses on financial assets that are classified as FVOCI are included in other comprehensive income or loss until the asset is removed from the statement of financial position.

(r) Income Taxes

The provision for income taxes consists of current and deferred tax expense and is recorded in operations. Current income tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the reporting date, adjusted for amendments to estimates of taxes payable made in previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for: initial recognition of goodwill; initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

(s) New Accounting Standards and Interpretations

The following is a summary of new standards, amendments and interpretations that have been adopted during the year ended February 29, 2020:

(i) IFRS 16 Leases

On March 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. In accordance with this approach, the Company measured its lease liability for leases that were previously classified as operating leases at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate, and recorded a right-of-use asset at an amount equal to the lease liability. Under the modified retrospective approach, the comparative amounts are not restated and therefore there is no adjustment to retained earnings in these financial statements.

Upon transition to IFRS 16, the Company identified an office lease which was previously classified and accounted for as an operating lease under IAS 17 Leases and had estimated annual lease commitments of approximately \$28,000 per year. The Company measured the lease liability as at March 1, 2019 at the present value of the remaining lease payments using a discount rate of approximately 8.7%, the Company's estimated incremental borrowing rate, and recorded the right-of-use asset at a cost equal to the lease liability. On March 1, 2019, the lease liability and the right-of-use asset were recorded at \$192,042.

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New Accounting Standards and Interpretations (continued)

- (ii) IFRIC 23 Uncertainty Over Income Tax Treatments (effective for years beginning on or after January 1, 2019, early adoption permitted)

IFRIC 23 clarifies the application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. Adoption of this new interpretation did not have a material impact on the financial statements.

4. INVESTMENTS

The Company has the following investments in equity instruments:

	2020			2019		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Consolidated Woodjam Copper Corp.	49,772	\$ 19,478	\$ 1,742	49,772	\$ 19,478	\$ 4,231
Western Copper and Gold Corp	2,305,000	2,287,996	1,522,650	50,000	57,500	41,500
		2,307,474	1,524,392		76,978	45,731
Less: non-current portion		(19,478)	(1,742)		(76,978)	(45,731)
Current portion		\$ 2,287,996	\$ 1,522,650		\$ -	\$ -

The Company has irrevocably designated these investments in equity instruments as measured at FVOCI rather than FVTPL as they are not held for trading and the FVOCI classification is considered more appropriate for these strategic investments. The fair value of these equity investments is based on quoted market prices at the reporting dates. The current portion relates to those investments which the Company is reasonably likely to sell within the next 12 months.

Prior to the adoption of IFRS 9 on March 1, 2018, these investments in equity instruments were classified as available-for-sale. There was no impact on the measurement of these investments from the adoption of IFRS 9.

During the year ended February 29, 2020, the Company realized a gain on the sale of investments in equity instruments of \$12,237 (2019 – realized loss of \$18,799). The gain on sale of investments in the current year has been reclassified from accumulated other comprehensive income to deficit.

Subsequent to year end on March 2, 2020, the Company sold 2,000,000 of the Western Copper and Gold Corp. shares for gross proceeds of \$1,300,000.

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

Acquisition and exploration expenditures incurred on mineral properties for the year ended February 29, 2020 are as follows:

	<u>Carruthers Pass</u>	<u>Canadian Creek</u>	<u>Carbonate Hosted Gold</u>	<u>Lightning Strike</u>	<u>Other*</u>	<u>Total</u>
ACQUISITION COSTS						
Balance, beginning of the year	\$ 100,742	\$ 46,348	\$ 9,300	\$ 2,057	\$ 25,388	\$ 183,835
Incurred during the year	-	-	1,595	4,288	1,272	7,155
Disposal of mineral property	-	(46,348)	-	-	-	(46,348)
Balance, end of the year	100,742	-	10,895	6,345	26,660	144,642
EXPLORATION EXPENDITURES						
Expenditures for the year:						
Professional fees and field crews	8,400	15,200	42,200	76,360	25,280	167,440
Fees, permits and assessments	-	322	-	-	-	322
Geological	-	-	-	358	60	418
Rental of vehicles and equipment	10	-	4,847	7,023	1,470	13,350
Transportation and fuel	-	-	2,016	2,459	843	5,318
Field Equipment	-	-	131	1,260	368	1,759
Communications	-	11	-	-	-	11
Food and accommodation	-	-	4,416	7,061	1,814	13,291
Assaying	-	-	7,162	19,980	4,862	32,004
Other	-	-	113	393	24	530
	8,410	15,533	60,885	114,894	34,721	234,443
Balance, beginning of the year	76,969	1,814,414	202,329	800	210,654	2,305,166
Mineral exploration tax credits	-	-	(24,399)	(9,453)	(2,391)	(36,243)
Disposal of mineral property	-	(1,829,947)	-	-	-	(1,829,947)
Balance, end of the year	85,379	-	238,815	106,241	242,984	673,419
OPTION PROCEEDS						
Balance, beginning of year	(82,274)	(576,132)	(20,000)	-	(101,414)	(779,820)
Disposal of mineral property	-	576,132	-	-	-	576,132
Balance, end of year	(82,274)	-	(20,000)	-	(101,414)	(203,688)
TOTAL	\$ 103,847	\$ -	\$ 229,710	\$ 112,586	\$ 168,230	\$ 614,373

* Other includes the Pat, Cowtrail, Koster Dam and Coquigold claims.

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Acquisition and exploration expenditures incurred on mineral properties for the year ended February 28, 2019 are as follows:

	<u>Carruthers Pass</u>	<u>Canadian Creek</u>	<u>Other*</u>	<u>Total</u>
ACQUISITION COSTS				
Balance, beginning of the year	\$ 100,742	\$ 46,348	\$ 31,115	\$ 178,205
Incurred during the year	-	-	5,630	5,630
Balance, end of the year	100,742	46,348	36,745	183,835
EXPLORATION EXPENDITURES				
Expenditures for the year:				
Professional fees and field crews	800	6,800	21,300	28,900
Fees, permits and assessments	-	6,726	-	6,726
Geological	38	540	96	674
Rental of vehicles and equipment	-	-	1,854	1,854
Transportation and fuel	-	2,309	998	3,307
Communications	-	140	-	140
Food and accommodation	-	-	3,085	3,085
Freight	-	-	203	203
Assaying	-	-	5,221	5,221
Other	-	115	-	115
	838	16,630	32,757	50,225
Balance, beginning of the year	76,131	1,797,784	381,026	2,254,941
Balance, end of the year	76,969	1,814,414	413,783	2,305,166
OPTION PROCEEDS				
Balance, beginning of year	(82,274)	(576,132)	(101,414)	(759,820)
Proceeds from sale of claims	-	-	(20,000)	(20,000)
Balance, end of year	(82,274)	(576,132)	(121,414)	(779,820)
TOTAL	\$ 95,437	\$ 1,284,630	\$ 329,114	\$1,709,181

* Other includes the Pat, Cowtrail, Koster Dam, Carbonate Hosted Gold, Skookum Cobalt, Coquigold, and Lightning Strike claims.

Skookum Cobalt Project, Fort Steele Mining Division, British Columbia

The Skookum Cobalt Project claims were dropped during the year ended February 29, 2020.

Pat Claims, Cariboo Mining Division, British Columbia (2 claims covering 1,330 hectares)

The Company owns an undivided 100% interest in the Pat claims and is seeking an option partner to continue exploration.

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Canadian Creek Project, Whitehorse Mining District, Yukon (301 claims covering 5,871 hectares)

The Company, until recently, held a 100% interest in the Ana, Aztec, Koffee, Ice, Kana, Berg and Maya claims in the Whitehorse Mining District, subject to a requirement to pay 10% of all option payments and monetary benefits received from the Ana and Koffee claims to an underlying purchaser and a 5.0% net profits interest in the Ana claims to Casino Mining Corp. ("Casino").

On November 2, 2016, the Company received title to the 55 Casino B claims and then sold 9 of those claims to Western Copper and Gold Corporation ("Western Copper") in consideration for 500,000 Western Copper common shares reducing the claim block to 301 claims.

On July 29, 2019 the Company completed a transaction with Casino, now a wholly owned subsidiary of Western Copper, whereby Casino purchased all the remaining mineral claims comprising the Canadian Creek property from the Company. Total consideration received for the mineral claims consisted of three million common shares of Western Copper, which had a share price of \$0.99 per share on that date.

Carruthers Pass Project, Omineca Mining Division, British Columbia (8 claims covering 3,250 hectares)

The Company acquired a 100% interest in the 3,250-hectare Carruthers Pass property from Freeport McMoRan Explorations ("Freeport") by completing \$750,000 in exploration expenditures and issuing \$120,000 in shares and cash. Freeport retains a 2.5% net smelter royalty interest, which may be reduced to 1% with a cash payment by the Company of \$1,500,000.

Cowtrail Property, Cariboo Mining Division, British Columbia (32 claims covering 4,400 hectares)

In 2011 Dajin Resources Corp. ("Dajin") earned a 65% interest in the Cowtrail property by completing \$1,000,000 in exploration expenditures, issuing 50,000 shares and paying \$110,000 in cash to the Company. In March 2018 Dajin transferred its interest in the Cowtrail property to Cariboo Rose subject to a requirement to share any third party option proceeds with Dajin on a 50%-50% basis for a period of three years. Other than this requirement Cariboo Rose now owns a 100% interest in the project.

Carbonate Hosted Gold Project, Clinton Mining Division, British Columbia (6 claims covering 3,302 hectares)

The company owns an undivided 100% interest in the Carbonate Hosted Gold claims. On November 21, 2017 the company entered into an option agreement with a ZP Mining Inc. ("ZP Mining") whereby ZP Mining could earn a 60% interest in the Carbonate Hosted Gold property by completing \$1.5 million in exploration work and making \$300,000 in payments over a 5.5 year term. The agreement with ZP mining was terminated on October 22, 2018 resulting in Cariboo Rose retaining a 100% interest in the project.

Koster Dam Project, Clinton Mining Division, British Columbia (10 claims covering 4,535 hectares)

On June 30, 2017, the Company entered into an option agreement with Oakley Ventures Inc. ("Oakley Ventures"), whereby Oakley Ventures can earn a 45% interest in the Koster Dam project by completing \$110,495 in exploration work within 12 months. Oakley can then increase its ownership from 45% to 50% with a payment of \$50,000.

Cariboo Rose Resources Ltd.
Notes to the Financial Statements
For the Years Ended February 29, 2020 and February 28, 2019
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5. EXPLORATION AND EVALUATION ASSETS (continued)

*.Coquigold Project, Nicola Mining Division, British Columbia,
(12 claims covering 1,497 hectares)*

The company has staked three claim blocks, subsequently consolidated into two blocks, adjacent to the Coquihalla Highway in response to the recent success being achieved at the Shovelnose gold project owned and operated by Westhaven Ventures Inc. The claims have attributes identified by the BC Geological survey which suggest they are targets for epithermal precious metal mineralization.

*Lightning Strike Project, Clinton Mining Division, British Columbia
(14 claims covering 3,735 hectares)*

The Company has staked 14 claims covering 3,735 hectares, 60 kilometres northeast of the community of 100 mile house, BC.

Project Deposits

\$10,500 in term deposits, bearing interest at rates ranging from 0.60% to 1.25% and maturing between July 14, 2020 and February 20, 2021, are provided as reclamation bonds for the above mineral properties. The term deposits will continue to be renewed to comply with the requirements of the BC Ministry of Energy, Mines and Petroleum Resources (the “Ministry”). As these reclamation bonds are required to be in place while the Company has ownership of these mineral properties, they are recorded as non-current assets.

6. RIGHT-OF-USE ASSET AND LEASE OBLIGATIONS

The Company leases office space under a lease agreement which expires on June 30, 2025. The Company’s right-of-use asset and estimated future lease payments over the remaining term of the lease are:

Right-of-use Asset	Cost	Accumulated Depreciation	Carrying Amount
Balance, February 28, 2019	\$ -	\$ -	\$ -
Additions	192,042	29,244	162,798
Balance February 29, 2020	\$ 192,042	\$ 29,244	\$ 162,798

Lease Obligations	
2020	\$ 38,563
2021 to 2025	159,878
Subsequent to 2025	13,688
Total future payments	212,129
Less: interest	(40,794)
Lease obligations	171,335
Less: current portion	(25,425)
Lease obligations – long term	\$ 145,910

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

For the Years Ended February 29, 2020 and February 28, 2019

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7. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Unlimited preferred shares without par value

Private Placement

On January 15, 2020, the Company completed a private placement consisting of 1,665,000 flow-through common shares at a price of \$0.05 per share for total consideration \$83,250. The estimated fair value of the tax deductions sold to investors in connection with the issue of flow-through shares was \$30,155 which has been recorded as a liability as at February 29, 2020 and will be recognized as other income when the related expenditures have been incurred and their tax deductibility transferred to the investors.

Share Purchase Options

The Company issues options to directors, officers, and employees of the Company, and persons who provide ongoing services to the Company, under an incentive stock option plan. On June 18, 2018, the Board of Directors of the Company elected to replace the existing share purchase option plan with a plan where the maximum number of outstanding share purchase options is equal to 10% of the Company's issued and outstanding common shares. This election was approved by the shareholders at the Company's AGM held on November 7, 2018. Share option terms issued under this stock option plan are at the discretion of the Board of Directors and generally include contractual lives of five years and exercise prices based on the fair market value of the common shares at the grant date. Options will normally vest entirely on the date of grant for directors, officers and employees and at the rate of 25% on the date of the grant and 25% every three months thereafter for consultants.

Common share purchase options and weighted average exercise prices are as follows:

	2020		2019	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of the year	3,750,000	\$ 0.10	3,450,000	\$ 0.11
Granted	750,000	0.05	300,000	0.05
Cancelled	(625,000)	0.10	-	-
Balance, end of the year	3,875,000	\$ 0.09	3,750,000	\$ 0.10
Options exercisable, end of the year	3,875,000	\$ 0.09	3,750,000	\$ 0.10

The following common share purchase options are outstanding at February 29, 2020:

Expiry Date	Options Outstanding			Options Exercisable	
	Number of shares	Exercise price (\$)	Weighted Average Remaining Life (Years)	Number of shares	Exercise price (\$)
December 13, 2021	1,675,000	0.10	1.79	1,675,000	0.10
September 26, 2023	300,000	0.05	3.58	300,000	0.05
December 19, 2024	750,000	0.05	4.81	750,000	0.05
August 29, 2026	550,000	0.11	6.50	550,000	0.11
January 17, 2027	100,000	0.20	6.89	100,000	0.20
October 5, 2027	500,000	0.11	7.62	500,000	0.11
	3,875,000	0.09	4.06	3,875,000	0.09

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

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7. SHARE CAPITAL (continued)

Share Purchase Options (continued)

The Company determines the fair value of the options granted using the Black-Scholes option pricing model. The weighted average grant date fair value of options granted during the year ended February 29, 2020 was \$0.04 (2019 - \$0.02) using the following weighted average inputs and assumptions:

	<u>2020</u>	<u>2019</u>
Share price	\$0.05	\$0.02
Exercise price	\$0.05	\$0.05
Risk-free interest rate	1.32%	2.22%
Expected share price volatility	130%	171%
Expected average period until exercise	5 years	3 years

The effects of early exercise were incorporated in the estimate of the expected life of the common share purchase options. Expected volatility was determined based on historic volatility of the Company's share price over a period ending on the grant date of the instrument and commensurate with the instrument's expected life. Other features of common share purchase options granted did not affect the calculation of grant date fair value.

Share Purchase Warrants

Common share purchase warrants and weighted average exercise prices are as follows:

	2019	
	Number of Shares	Weighted Average Exercise Price
Balance, beginning of the year	11,604,200	\$ 0.12
Expired	(11,604,200)	0.12
Balance, end of the year	-	\$ -

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8. INCOME TAXES

The Company's deferred tax assets and liabilities arise from the following items:

	<u>2020</u>	<u>2019</u>
Deferred tax assets (liabilities) arising from:		
Losses deductible against future taxable income	\$ -	\$ 373,870
Capital losses deductible against future capital gains	-	2,538
Investments	105,716	4,151
Equipment	660	1,613
Exploration and evaluation assets	(57,620)	(78,337)
Share issue costs	7,394	14,645
Valuation allowance	(56,150)	(318,480)
Net deferred tax assets (liabilities)	\$ -	\$ -

The reconciliation of the provision for income taxes is as follows:

(Income) loss before income taxes	\$ (1,414,885)	\$ 129,766
Combined federal and provincial statutory income tax rates	27.0%	27.0%
Income tax (expense) recovery based on combined statutory income tax rates	\$ (382,019)	\$ 35,037
Add (deduct):		
Tax effect of losses not recognized	-	(40,668)
Taxable amounts	(777,675)	-
Expenses deductible for tax purposes	364,237	7,251
Net effect of items that are not taxable or deductible	421,309	(1,620)
Tax effect of capital and non-capital losses utilized	374,148	-
Provision for (recovery of) income taxes	\$ -	\$ -

The Company has resource related expenditures (Canadian Exploration Expenses) of approximately \$372,000, most of which can be deducted at a 100% rate and which can be used to offset future Canadian taxable income and can be carried forward indefinitely.

9. SEGMENTED DISCLOSURES

The Company operates in one industry segment, the acquisition and exploration of mineral properties, within Canada. Mineral properties and other capital assets are located in Canada.

10. DILUTED INCOME OR LOSS PER SHARE

For the year ended February 29, 2020, the Company's diluted income per share is calculated assuming the exercise of the outstanding options as at February 29, 2020.

For the year ended February 28, 2019, the Company's diluted loss per share is equal to its basic loss per share. Outstanding share purchase options and warrants could potentially dilute basic loss per share in the future but were not included in the calculation of diluted loss per share because they are antidilutive for the year ended February 28, 2019.

Cariboo Rose Resources Ltd.

Notes to the Financial Statements

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11. RELATED PARTY DISCLOSURES

Related party transactions are recorded at the exchange amount as agreed to by the parties.

In the normal course of business, the Company will enter into transactions with a related company, Eastfield Resources Ltd. ("Eastfield"), for the use of equipment, services and rental of office space. The Company is related to Eastfield through common key management personnel. During the year, amounts payable for rent, salaries, telephone, office, consulting, convention and travel costs to Eastfield amounted to \$80,290 (2019 - \$71,845). At February 29, 2020, payable to related parties included \$11,474 (2019 - \$31,324) payable to Eastfield.

During the year, geological services totaling \$225,820 (2019 - \$43,639) were provided to the Company by Mincord Exploration Consultants Ltd. ("Mincord"), a geological service company owned by two directors of the Company. Mincord's relationship with the Company is non-exclusive and without retainer, and Mincord is used on a project by project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, and transportation and mobilization costs. The amounts for geological and exploration services also include payments for services on properties managed by the Company on behalf of joint venturers. In addition, the Company purchased \$37,000 (2019 - \$nil) in equipment from Mincord, which was subsequently sold to Western Copper in conjunction with the sale of the Canadian Creek mineral property. At February 29, 2020, payable to related parties included \$18,357 (2019 - \$27,292) payable to Mincord.

During the year ended February 29, 2012, the Company transferred reclamation bonds totaling \$12,000, which had been released by the Ministry of Energy, Mines and Petroleum Resources, to Eastfield. This amount remains a receivable from Eastfield at February 29, 2020.

Remuneration for key management personnel included \$26,839 (2019 - \$6,000) in share-based compensation.

12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain risks, which include credit, liquidity, and market risk. The risks related to financial instruments are managed by the senior management of the Company under policies and directions approved by the Board of Directors.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at large Canadian financial institutions. The Company's receivables consist mostly of Goods and Services Tax due from the federal government of Canada and mineral exploration project deposits and tax credit receivable from the Government of British Columbia. As such, the Company considers this risk to be minimal and has not recognized an expected credit loss allowance in these financial instruments. As at February 29, 2020 and February 28, 2019, none of the Company's financial instruments subject to credit risk were past due or impaired.

The Company has determined that the expected credit losses on its accounts receivable and project deposits are not significant and accordingly has not recognized an allowance for expected credit losses as at February 29, 2020 and February 28, 2019.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities and payable to related parties are due within the current operating period. The Company's lease obligations are due as set out in Note 6. The Company manages liquidity risk through the management of its capital structure (Note 13) and financial leverage.

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12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risk is comprised of two types of risk: interest rate risk, and equity price risk.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk when holding fixed rate short term deposits of varying maturities. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash equivalents investments is limited because these investments are generally highly liquid securities with short-term maturities. As at February 29, 2020 and February 28, 2019, the Company considers its exposure to interest rate risk to be minimal.

(ii) Equity Price Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its investment in equity instruments. All of the Company's listed equity investments (Note 4) are common shares of companies listed on the Toronto Stock Exchange and the Toronto Stock Exchange's Venture Exchange and are monitored by management with decisions on sale taken at the board level.

13. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

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

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company currently has sufficient capital resources to meet its administrative overhead expenses through its current operating period and it is confident it can raise additional funds to undertake all of its planned business activities. Actual funding requirements may vary from those planned due to a number of factors. Management believes it will be able to raise capital as required in the long term, but recognizes that there will be risks involved that may be beyond their control.

Cariboo Rose Resources Ltd.

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14. EVENTS AFTER THE REPORTING PERIOD

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a pandemic. The spread of COVID-19 has created significant volatility in the Canadian and world markets and has the potential to have a significant and far-reaching effect on the Canadian and world economies, interest rates, and other financial measures. The Company will continue to monitor the ongoing developments regarding the COVID-19 pandemic and the potential impact on the Company's financial statements.