

# CARIBOO ROSE RESOURCES LTD.

## **Condensed Interim Financial Statements**

For the three and six months ended August 31, 2021 and 2020

Unaudited

(Expressed in Canadian dollars)

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### **NOTICE TO READER:**

These condensed interim financial statements have not been reviewed by the Company's external auditors. These statements have been prepared by and are the responsibility of the Company's management.

**Cariboo Rose Resources Ltd.**  
**Condensed Interim Statements of Financial Position**  
(Unaudited – Expressed in Canadian dollars)

	August 31, 2021	February 28, 2021
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,245,764	\$ 1,505,082
Accounts receivable	19,304	19,360
Option proceeds receivable	-	20,000
	<b>1,265,068</b>	<b>1,544,442</b>
<b>Investments (Note 4)</b>	<b>6,719</b>	<b>7,964</b>
<b>Exploration and evaluation assets (Note 3)</b>	<b>999,918</b>	<b>788,202</b>
<b>Project deposits (Note 3)</b>	<b>45,370</b>	<b>30,750</b>
<b>Equipment</b>	<b>9,451</b>	<b>9,451</b>
<b>Right-of-use asset (Note 5)</b>	<b>123,510</b>	<b>138,910</b>
<b>Receivable from Eastfield Resources Ltd. (Note 9)</b>	<b>12,000</b>	<b>12,000</b>
	<b>\$ 2,462,036</b>	<b>\$ 2,531,719</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 41,620	\$ 41,640
Lease obligations - current (Note 5)	25,000	28,550
Payable to related parties (Note 9)	22,256	14,089
	<b>88,876</b>	<b>84,279</b>
Lease obligations – long term (Note 5)	114,368	124,220
	<b>203,244</b>	<b>208,499</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6)	2,452,640	2,452,640
Warrant reserve (Note 6)	510,937	510,937
Options reserve (Note 6)	364,928	364,928
Accumulated other comprehensive loss	(12,759)	(11,514)
<b>Deficit</b>	<b>(1,056,954)</b>	<b>(993,771)</b>
	<b>2,258,792</b>	<b>2,323,220</b>
	<b>\$ 2,462,036</b>	<b>\$ 2,531,719</b>

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

## Cariboo Rose Resources Ltd.

### Condensed Interim Statements of Loss and Comprehensive Loss For the Three and Six Months Ended August 31, 2021 and 2020

(Unaudited – Expressed in Canadian dollars)

	Three Months Ending		Six Months Ending	
	August 31, 2021	August 31, 2020	August 31, 2021	August 31, 2020
<b>Expenses</b>				
Consulting	\$ 10,000	\$ 8,050	\$ 18,000	\$ 16,100
Depreciation (Note 5)	7,700	7,630	15,400	15,260
Interest and bank charges	75	68	120	150
Investor relations	2,333	2,374	3,456	9,135
Legal and audit	2,077	1,665	2,077	3,089
Office	1,909	-	3,148	-
Salaries and benefits	6,409	6,274	12,808	12,345
Transfer and filing fees	1,127	3,011	2,599	3,988
<b>Loss before the following</b>	<b>31,630</b>	<b>29,072</b>	<b>57,608</b>	<b>60,067</b>
<b>Other (income)/expense</b>				
Interest income	(86)	(44)	(95)	(51)
Interest expense on lease obligations (Note 6)	2,530	3,510	5,670	7,020
Other Income		(28,225)	-	(30,155)
<b>NET LOSS</b>	<b>34,074</b>	<b>4,313</b>	<b>63,183</b>	<b>36,881</b>
<b>OTHER COMPREHENSIVE LOSS (INCOME)</b>				
Items that will not be reclassified to net income or loss				
Change in fair value of equity investments (Note 4)	2,737	141	1,245	(3,484)
<b>COMPREHENSIVE LOSS</b>	<b>\$ 36,811</b>	<b>\$ 4,454</b>	<b>\$ 64,428</b>	<b>\$ 33,397</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>\$ (0.001)</b>	<b>\$ (0.000)</b>	<b>\$ (0.001)</b>	<b>\$ (0.001)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted</b>	<b>47,461,888</b>	<b>47,461,888</b>	<b>47,461,888</b>	<b>47,461,888</b>

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

## Cariboo Rose Resources Ltd.

### Condensed Interim Statements of Changes in Shareholders' Equity

For the Three and Six Months Ended August 31, 2021 and 2020

(Unaudited – Expressed in Canadian dollars)

	Number of Common Shares	Share Capital (Note 6)	Warrant Reserve (Note 6)	Options Reserve (Note 6)	Accumulated Other Comprehensive (Loss)/Income	Deficit	Total Shareholders' Equity
<b>Balances, February 29, 2020</b>	47,461,888	\$ 2,452,640	\$ 510,937	\$ 364,928	\$ (786,932)	\$ (78,187)	\$ 2,463,386
Reclassification of realized loss on disposal of investment (Note 3)	-	-	-	-	761,441	(761,441)	-
Change in fair value of investments (Note 3)	-	-	-	-	7,109	-	7,109
Net Loss for the period						(36,881)	(36,881)
<b>Balances, August 31, 2020</b>	47,461,888	2,452,640	510,937	364,928	(18,382)	(876,509)	2,433,614
Change in fair value of investments (Note 4)	-	-	-	-	6,868	-	6,868
Net loss for the period	-	-	-	-	-	(117,262)	(117,262)
<b>Balances, February 28, 2021</b>	47,461,888	2,452,640	510,937	364,928	(11,514)	(993,771)	2,323,220
Change in fair value of investments (Note 4)	-	-	-	-	(1,245)	-	(1,245)
Net (loss) for the period	-	-	-	-	-	(63,183)	(63,183)
<b>Balances, August 31, 2021</b>	<b>47,461,888</b>	<b>\$ 2,452,640</b>	<b>\$ 510,937</b>	<b>\$ 364,928</b>	<b>\$ (12,759)</b>	<b>\$ (1,056,954)</b>	<b>\$ 2,258,792</b>

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

**Cariboo Rose Resources Ltd.**  
**Condensed Interim Statements of Cash Flows**  
**For the Six Months Ended August 31, 2021 and 2020**  
(Unaudited – Expressed in Canadian dollars)

	2021	2020
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net (loss)	\$ (63,183)	\$ (36,881)
Adjustments to reconcile net (income) loss from operating activities:		
Depreciation	15,400	15,260
Other Income	-	(30,155)
Interest expense on lease obligations	5,670	7,020
	<b>(42,113)</b>	<b>(44,756)</b>
Changes in non-cash working capital components		
Accounts receivable	56	181
Accounts payable and accrued liabilities	(20)	4,014
Option proceeds receivable	20,000	-
Payable to related parties	8167	9,723
	<b>(13,910)</b>	<b>(30,838)</b>
<b>Investing activities</b>		
Purchase of equipment	-	(12,932)
Mineral property acquisition costs	(974)	(602)
Mineral property exploration expenditures	(210,742)	(158,153)
Project deposits	(14,620)	(23,000)
Mineral property option proceeds	-	20,000
Proceeds from sale of investment	-	1,526,275
	<b>(226,336)</b>	<b>1,351,588</b>
<b>Financing activities</b>		
Lease payments	(19,072)	(19,238)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>259,318</b>	<b>1,301,512</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>1,505,082</b>	<b>379,897</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 1,245,764</b>	<b>\$ 1,681,409</b>
<b>Supplemental cash flow information</b>		
Interest received	\$ 95	\$ 51
Interest paid	5,670	7,020

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

# **Cariboo Rose Resources Ltd.**

## **Notes to the Condensed Interim Financial Statements**

**For the Three and Six Months Ended August 31, 2021 and 2020**

(Expressed in Canadian dollars)

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### **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.

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. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company were unable to continue operations. Such adjustments and reclassifications could be material.

### **2. BASIS OF PREPARATION**

#### **Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting of International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The condensed interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended February 28, 2021, which have been prepared in accordance with IFRS.

These financial statements were approved for issue by the Company’s board of directors on October 29, 2021

#### **Accounting estimates and judgments**

The preparation of these interim condensed financial statements required management to make estimates, judgments and assumptions that affect the reported amounts and other disclosures in these financial statements. Estimates and the underlying 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 of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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

Critical estimates are estimates 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 impairment of carrying values of equipment and exploration and evaluation assets, the determination of realizable amounts of deferred tax assets and liabilities, and the initial measurement at fair value for equity instruments and share-based compensation.

#### **Accounting estimates and judgments (continued)**

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 and the identification of potential indicators of impairment for exploration and evaluation assets.

# Cariboo Rose Resources Ltd.

## Notes to the Condensed Interim Financial Statements

For the Three and Six Months Ended August 31, 2021 and 2020

(Expressed in Canadian dollars)

### 3. EXPLORATION AND EVALUATION ASSETS

Acquisition and exploration expenditures incurred on mineral properties for the six months ended August 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
<b>ACQUISITION COSTS</b>		
Balance, beginning of period	\$ 145,451	\$ 144,642
Incurred during period	974	602
Balance, end of period	<u>146,425</u>	<u>145,244</u>
<b>EXPLORATION EXPENDITURES</b>		
Expenditures for the year:		
Administration	74	
Assaying	-	22,135
Communications	-	424
Drilling	30,000	
Equipment and vehicle rentals	6,881	6,974
Field equipment	3,565	1,715
Food and accommodations	11,713	14,751
Freight	398	572
Geological	338	-
Geophysical	61,438	-
Professional fees and field crews	75,660	108,428
Road Building	4,515	
Transportation and fuel	1,599	2,414
Trenching	12,773	
Other	1,788	740
	<u>210,742</u>	<u>158,153</u>
Balance, beginning of period	886,439	673,419
Balance, end of period	<u>1,097,181</u>	<u>831,572</u>
<b>OPTION PROCEEDS</b>		
Balance, beginning of period	(243,688)	(203,688)
Disposal of mineral property	-	(20,000)
Balance, end of period	<u>(243,688)</u>	<u>(223,688)</u>
<b>TOTAL</b>	<u>\$ 999,918</u>	<u>\$ 753,128</u>

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

On March 23, 2020 the company entered into an agreement with Black Shield Metals Corp. whereby Black Shield may earn a 60% interest in the Carbonate Hosted Gold Project by expending \$1,500,000 in exploration and making option payments of \$300,000 over a 66 month term. Upon earning a 60% interest Black Shield may increase its interest to 70% by making further payments totaling \$500,000 and completing a feasibility study within a further 24 months.

**Cariboo Rose Resources Ltd.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three and Six Months Ended August 31, 2021 and 2020**  
(Expressed in Canadian dollars)

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

***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.

***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.

In March 2021 the Company entered into an option agreement with Vizsla Copper Corp. that grants Vizsla Copper the right to earn a 60-per-cent interest in the Carruthers Pass project. To complete the option, Vizsla Copper is required to complete \$3-million in exploration and make \$650,000 in option payments over a five-year term.

***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.

***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.

In October 2020 Ameriwest exercised their option to acquire a 45% interest in the Koster Dam project upon completion of certain required qualifying expenditures pursuant to a restated and amended option and joint venture agreement dated October 26, 2018.

***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.

***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.

# Cariboo Rose Resources Ltd.

## Notes to the Condensed Interim Financial Statements

For the Three and Six Months Ended August 31, 2021 and 2020

(Expressed in Canadian dollars)

### 3. EXPLORATION AND EVALUATION ASSETS (continued)

#### Project Deposits

\$30,750 in term deposits, bearing interest at rates ranging from 0.20% to 0.75% and maturing between June 8, 2021 and March 7, 2022, 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.

### 4. INVESTMENTS

The Company has the following investments in equity instruments:

	August 31, 2021			February 28, 2021		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Consolidated Woodjam Copper Corp.	49,772	\$ 19,478	\$ 6,719	49,772	\$ 19,478	\$ 7,964
Less: non-current portion		(19,478)	(6,719)		(19,478)	(7,964)
Current portion		\$ -	\$ -		\$ -	\$ -

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.

### 5. 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 29, 2020	\$ 192,042	\$ (29,244)	\$ 162,798
Remeasure adjustment	6,880		6,880
Additions	-	(30,768)	(30,768)
Balance February 28, 2021	\$ 198,922	\$ (60,012)	\$ 138,910
Additions	-	(15,400)	(15,400)
<b>Balance August 31, 2020</b>	<b>\$ 198,922</b>	<b>\$ (75,412)</b>	<b>\$ 123,510</b>
<b>Lease Obligations</b>			
2021	\$ 19,325		
2022 to 2025	142,043		
Total future payments	161,368		
Less: interest	(22,000)		
Lease obligations	139,368		
Less: current portion	(25,000)		
<b>Lease obligations – long term</b>	<b>\$ 114,368</b>		

**Cariboo Rose Resources Ltd.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three and Six Months Ended August 31, 2021 and 2020**  
(Expressed in Canadian dollars)

**6. SHARE CAPITAL**

**Authorized**

Unlimited common shares without par value  
Unlimited preferred shares without par value

**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. 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.

A summary of changes in common share purchase options for the six months ended August 31, 2021 and 2020 is:

	<b>Six months ended August 31, 2021</b>		Six months ended August 31, 2020	
	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>	Number of Shares	Weighted Average Exercise Price
Balance, beginning of the period	<b>3,875,000</b>	<b>\$ 0.09</b>	3,875,000	\$ 0.09
Changes	-	-	-	-
Options exercisable, end of the period	<b>3,875,000</b>	<b>\$ 0.09</b>	3,875,000	\$ 0.09

The following common share purchase options are outstanding at August 31, 2021:

<b>Expiry Date</b>	<b>Options Outstanding</b>			<b>Options Exercisable</b>	
	<b>Number of shares</b>	<b>Exercise price (\$)</b>	<b>Weighted Average Remaining Life (Years)</b>	<b>Number of shares</b>	<b>Exercise price (\$)</b>
December 13, 2021	1,675,000	0.10	0.28	1,675,000	0.10
September 26, 2023	300,000	0.05	2.07	300,000	0.05
December 19, 2024	750,000	0.05	3.30	750,000	0.05
August 29, 2026	550,000	0.11	5.00	550,000	0.11
January 17, 2027	100,000	0.20	5.38	100,000	0.20
October 10, 2027	500,000	0.11	6.11	500,000	0.11
	<b>3,875,000</b>	<b>0.09</b>	<b>2.56</b>	<b>3,875,000</b>	<b>0.09</b>

**Share Purchase Warrants**

There were no common share purchase warrants outstanding at August 31, 2021

**7. 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.

# **Cariboo Rose Resources Ltd.**

## **Notes to the Condensed Interim Financial Statements**

**For the Three and Six Months Ended August 31, 2021 and 2020**

(Expressed in Canadian dollars)

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### **8. DILUTED INCOME OR LOSS PER SHARE**

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 three months ended August 31, 2021.

### **9. 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 six months ended August 31, 2021, amounts payable for rent, salaries, telephone, office, consulting, convention and travel costs to Eastfield amounted to \$54,764 (six months ended August 31, 2020 - \$56,923). At August 31, 2021, payable to related parties included \$9,680 (February 28, 2021 - \$9,461) payable to Eastfield.

During the six months ended August 31, 2021, geological services totaling \$151,824 (six months ended May 31, 2020 - \$163,649) 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. At August 31, 2021, payable to related parties included \$12,575 (February 28, 2021 - \$6,281) 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 August 31, 2021.

### **10. 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.

#### **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 5. The Company manages liquidity risk through the management of its capital structure (Note 11) and financial leverage.

#### **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 August 31, 2021 and 2020 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 August 31, 2021 and 2020.

# **Cariboo Rose Resources Ltd.**

## **Notes to the Condensed Interim Financial Statements**

**For the Three and Six Months Ended August 31, 2021 and 2020**

(Expressed in Canadian dollars)

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### **10. 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 August 31, 2021 and 2020, 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.

### **11. 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.