

# CARIBOO ROSE RESOURCES LTD.

## **Financial Statements**

For the Years ended February 28, 2022 and 2021  
(Expressed in Canadian dollars)

110-325 Howe Street,  
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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 28, 2022 and February 28, 2021, the statements of loss (income) and comprehensive loss (income), 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 28, 2022 and February 28, 2021, 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 28, 2022, 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.

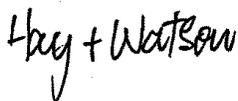
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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  
June 27, 2022

**Cariboo Rose Resources Ltd.**  
**Statements of Financial Position**  
As at February 28, 2022 and 2021  
(Expressed in Canadian dollars)

	2022	2021
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 956,902	\$ 1,505,082
Accounts receivable	116,131	19,360
Option proceeds receivable (Note 5)	-	20,000
	<b>1,073,033</b>	<b>1,544,442</b>
<b>Investments</b> (Note 4)	<b>5,226</b>	<b>7,964</b>
<b>Exploration and evaluation assets</b> (Note 5)	<b>1,078,692</b>	<b>788,202</b>
<b>Project deposits</b> (Note 5)	<b>45,370</b>	<b>30,750</b>
<b>Equipment</b>	<b>10,335</b>	<b>9,451</b>
<b>Right-of-use asset</b> (Note 6)	<b>106,926</b>	<b>138,910</b>
<b>Receivable from Eastfield Resources Ltd.</b> (Note 10)	<b>12,000</b>	<b>12,000</b>
	<b>\$ 2,331,582</b>	<b>\$ 2,531,719</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 48,879	\$ 41,640
Lease obligations - current (Note 6)	32,819	28,550
Payable to related parties (Note 10)	18,514	14,089
	<b>100,212</b>	<b>84,279</b>
<b>Lease obligations –</b> (Note 6)	<b>91,401</b>	<b>124,220</b>
	<b>191,613</b>	<b>208,499</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (Note 7)	<b>2,452,640</b>	<b>2,452,640</b>
<b>Warrant reserve</b> (Note 7)	<b>510,937</b>	<b>510,937</b>
<b>Options reserve</b> (Note 7)	<b>476,420</b>	<b>364,928</b>
<b>Accumulated other comprehensive loss</b>	<b>(14,252)</b>	<b>(11,514)</b>
<b>Deficit</b>	<b>(1,285,776)</b>	<b>(993,771)</b>
	<b>2,139,969</b>	<b>2,323,220</b>
	<b>\$ 2,331,582</b>	<b>\$ 2,531,719</b>

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 Loss and Comprehensive Loss**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

	2022	2021
<b>Expenses</b>		
Depreciation (Note 6)	\$ 31,984	\$ 30,768
Consulting	38,333	32,833
Interest and bank charges	184	262
Investor relations	12,451	12,660
Office	6,220	7,642
Professional fees	41,802	42,454
Salaries and benefits	25,571	25,199
Share-based compensation (Note 7)	111,492	-
Transfer and filing fees	12,639	15,197
	<b>280,676</b>	<b>167,015</b>
<b>Finance (income)/expense</b>		
Interest income	(112)	(80)
Interest expense on lease obligations (Note 6)	11,441	13,233
	<b>11,329</b>	<b>13,153</b>
<b>Other (income)</b>		
Tax deductions sold to investors (Note 7)	-	(30,155)
<b>NET LOSS</b>	<b>292,005</b>	<b>150,013</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Items that will not be reclassified to net income or loss		
Change in fair value of equity investments (Note 4)	2,738	9,847
<b>COMPREHENSIVE LOSS</b>	<b>\$ 294,743</b>	<b>\$ 159,860</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>\$ 0.006</b>	<b>\$ 0.003</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted</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.**  
**Statements of Changes in Shareholders' Equity**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital (Note 7)	Warrant Reserve (Note 7)	Options Reserve (Note 7)	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balances, February 29, 2020	47,461,888	\$ 2,452,640	\$ 510,937	\$ 364,928	\$ (786,932)	\$ (78,187)	\$ 2,463,386
Change in fair value of investments (Note 4)	-	-	-	-	9,847	-	9,847
Reclassification of realized loss on disposal of investment (Note 4)	-	-	-	-	765,571	(765,571)	-
Net loss for the year	-	-	-	-	-	(150,013)	(150,013)
<b>Balances, February 28, 2021</b>	<b>47,461,888</b>	<b>\$ 2,452,640</b>	<b>\$ 510,937</b>	<b>\$ 364,928</b>	<b>\$ (11,514)</b>	<b>\$ (993,771)</b>	<b>\$ 2,323,220</b>
Change in fair value of investments (Note 4)	-	-	-	-	(2,738)	-	(2,738)
Share based compensation (Note 7)	-	-	-	111,492	-	-	111,492
Net loss for the year	-	-	-	-	-	(292,005)	(292,005)
<b>Balances, February 28, 2022</b>	<b>47,461,888</b>	<b>\$ 2,452,640</b>	<b>\$ 510,937</b>	<b>\$ 476,420</b>	<b>\$ (14,252)</b>	<b>\$ (1,285,776)</b>	<b>\$ 2,139,969</b>

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

**Cariboo Rose Resources Ltd.**  
**Statements of Cash Flows**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

	2022	2021
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss	\$ (292,005)	\$ (150,013)
Adjustments to reconcile net loss from operating activities:		
Depreciation	31,984	30,768
Interest expense on lease obligations	11,441	13,233
Recovery of fair value of tax deductions sold to investors	-	(30,155)
Share-based compensation	111,492	-
	<b>(137,088)</b>	<b>(136,167)</b>
Changes in non-cash working capital components		
Accounts receivable	17,191	1,275
Accounts payable and accrued liabilities	7,239	7,429
Payable to related parties	6,198	(9,463)
	<b>(106,460)</b>	<b>(136,926)</b>
<b>Investing activities</b>		
Purchase of equipment	(883)	(5,127)
Project deposits	(14,620)	(20,250)
Mineral property acquisition costs	(5,176)	(809)
Mineral property exploration expenditures	(451,049)	(219,301)
Mineral property option proceeds	70,000	20,000
Proceeds from sale of investment	-	1,526,275
	<b>(401,728)</b>	<b>1,300,788</b>
<b>Financing activities</b>		
Net lease payments	(39,992)	(38,677)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(548,180)</b>	<b>1,125,185</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>1,505,082</b>	<b>379,897</b>
<b>CASH, END OF YEAR</b>	<b>\$ 956,902</b>	<b>\$ 1,505,082</b>

**SUPPLEMENTAL CASH FLOW INFORMATION (Note 9)**

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 28, 2022 and 2021**  
(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. Its registered office is located 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. 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**

These financial statements were authorized for issue on June 28, 2022 by the directors of the Company.

**Statement of Compliance**

These financial statements for the years ended February 28, 2022 and 2021 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 which may be measured at fair value, as described in Note 3(c), 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 28, 2022 and 2021**  
(Expressed in Canadian dollars)

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**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 are comprised of cash and bank deposits and may include 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.

The Company’s financial instruments are classified as amortized cost except for cash, which is classified as FVTPL, and investments, which are classified as FVOCI.

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.

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.

**Cariboo Rose Resources Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(c) Financial Instruments (continued)

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.

(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.

**Cariboo Rose Resources Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(e) Joint Arrangements (continued)

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.

(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%

**Cariboo Rose Resources Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

(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.

(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.

**Cariboo Rose Resources Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(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

Flow-through shares issued by the Company transfer the tax deductibility of qualifying mineral resource exploration and evaluation expenditures to investors. The sale of tax deductions is recognized as a liability at the time the flow-through shares are issued, at an amount equal to the fair value allocated using the relative fair value method. This liability is subsequently recognized as other income when the Company has fulfilled the obligation to pass on tax deductions by incurring the 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.

(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.

**Cariboo Rose Resources Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(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.

**4. INVESTMENTS**

The Company has the following investment in equity instruments measured at FVOCI:

	2022			2021		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Consolidated Woodjam Copper Corp.	49,772	\$ 19,478	\$ 5,226	49,772	\$ 19,478	\$ 7,964

The Company has irrevocably designated this investment in equity instruments as measured at FVOCI rather than FVTPL as it is not held for trading and the FVOCI classification is considered more appropriate for these strategic investments. The fair value of this equity investment is based on quoted market prices at the reporting dates which is a Level 1 fair value measurement.

**Cariboo Rose Resources Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

**5. EXPLORATION AND EVALUATION ASSETS**

Acquisition and exploration expenditures incurred on mineral properties for the year ended February 28, 2022 and 2021 are:

	2022	2021
<b>ACQUISITION COSTS</b>		
Balance, beginning of year	\$ 145,451	\$ 144,642
Incurred during year	5,176	809
Balance, end of year	<u>150,627</u>	<u>145,451</u>
<b>EXPLORATION EXPENDITURES</b>		
Expenditures for the year:		
Assaying	57,070	38,549
Communications	-	868
Drilling	159,169	-
Field Equipment	4,053	1,777
Food and accommodations	24,393	17,163
Freight	1,621	572
Geological	1,088	-
Geophysical	61,438	-
Other	5,604	739
Professional fees and field crews	119,370	143,228
Rental of vehicles and equipment	9,196	7,300
Road building	7,065	-
Transportation and fuel	2,433	2,824
Trenching	12,772	-
	<u>465,272</u>	<u>213,020</u>
Mineral exploration tax credit	(109,958)	-
Balance, beginning of year	886,439	673,419
Balance, end of year	<u>1,241,753</u>	<u>886,439</u>
<b>OPTION PROCEEDS</b>		
Balance, beginning of year	(243,688)	(203,688)
Property option proceeds	(70,000)	(40,000)
Balance, end of year	<u>(313,688)</u>	<u>(243,688)</u>
<b>TOTAL</b>	<b><u>\$ 1,078,692</u></b>	<b><u>\$ 788,202</u></b>

*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 Basin Uranium Corp. (formally Black Shield Metals Corp.) whereby Basin Uranium Corp. 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 Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

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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.

On December 22, 2021 the company entered into an agreement with CMP Mining Inc.. (formally Vanadium 23 Capital Corp.) whereby CMP Mining Inc. may earn a 70% interest in the Coquigold Project by expending \$2,500,000 in exploration and making option payments of \$250,000 over a four-year term.

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

The 100% owned Cowtrail Property is located in southcentral British Columbia and lies contiguous with the Woodjam copper-gold porphyry project owned by Consolidated Woodjam Copper.

***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.

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

In October 2020 Ameriwest Lithium Inc. (formally Oakley Ventures now ISM Resources Corp.) 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. Cariboo Rose has a 55% interest in the joint venture.

***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 Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

**5. Exploration and evaluation assets (continued)**

*Project Deposits*

\$45,370 in term deposits, bearing interest at rates ranging from 0.20% to 0.75% and maturing between June 6, 2022 and March 16, 2023, 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:

<b>Right-of-use Asset</b>	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	-	(31,984)	(31,984)
<b>Balance February 28, 2022</b>	<b>\$ 198,922</b>	<b>\$ (91,996)</b>	<b>\$ 106,926</b>

**Lease Obligations**

2022	\$ 41,707
2023 to 2025	100,336
Total future payments	142,043
Less: interest	(17,823)
Lease obligations	124,220
Less: current portion	(32,819)
Lease obligations – long term	\$ 91,401

**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 was recorded as a liability as at February 29, 2020 and has been recognized on the statement of (income) loss and comprehensive (income) loss as other income for the year ended February 28, 2021.

**Cariboo Rose Resources Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

**7. SHARE CAPITAL** (continued)

**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 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.

A summary of changes in common share purchase options for the years ended February 28, 2022 and 2021 is:

	2022		2021	
	Number of Share Options	Weighted Average Exercise Price	Number of Share Options	Weighted Average Exercise Price
Balance, beginning of the year	3,875,000	\$ 0.09	3,875,000	\$ 0.09
Granted	2,320,000	0.06	-	-
Expired	(1,675,000)	0.10	-	-
Options exercisable, end of the year	<b>4,520,000</b>	<b>\$ 0.07</b>	3,875,000	\$ 0.09

The following common share purchase options are outstanding at February 28, 2022:

Expiry Date	Options Outstanding			Options Exercisable	
	Number of Share Options	Exercise price (\$)	Weighted Average Remaining Life (Years)	Number of Share Options	Exercise price (\$)
September 26, 2023	300,000	0.05	1.58	300,000	0.05
December 19, 2024	750,000	0.05	2.81	750,000	0.05
August 29, 2026	550,000	0.11	4.50	550,000	0.11
September 15, 2026	770,000	0.06	4.55	770,000	0.06
January 17, 2027	100,000	0.20	4.89	100,000	0.20
February 23, 2027	950,000	0.06	4.99	950,000	0.06
October 5, 2027	500,000	0.11	5.62	500,000	0.11
	<b>3,920,000</b>	<b>0.07</b>	<b>4.23</b>	<b>3,920,000</b>	<b>0.07</b>

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 28, 2022 was \$0.05 using the following weighted average inputs and assumptions:

	2022
Share price	0.06
Exercise price	0.06
Risk-free interest rate	1.37%
Expected share price volatility	113%
Expected average period until exercise	5 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.

**Cariboo Rose Resources Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

**8. INCOME TAXES**

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

	<u>2022</u>	<u>2021</u>
Deferred tax assets (liabilities) arising from:		
Non-capital losses deductible against future taxable income	\$ 128,023	\$ 30,467
Capital losses deductible against future capital gains	192,982	102,832
Investments	3,611	1,555
Equipment	1,303	1,303
Exploration and evaluation assets	(115,760)	(88,821)
Other deferred tax assets	-	143
Net deferred tax assets	<u>210,159</u>	<u>47,479</u>
Valuation allowance	<u>(210,159)</u>	<u>(47,479)</u>
Deferred tax assets recognized	<u>\$ -</u>	<u>\$ -</u>

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

Net (loss) income before income taxes	\$ (292,005)	\$ 150,013
Combined federal and provincial statutory income tax rates	<u>27.0%</u>	<u>27.0%</u>
Income tax recovery (expense) based on combined statutory income tax rates	\$ (78,841)	\$ 40,504
Add (deduct):		
Tax effect of losses not recognized	47,811	(30,467)
Taxable amounts not included in net income	-	-
Expenses deductible for tax purposes	(10,798)	(17,693)
Net effect of items that are not taxable or deductible	41,828	7,656
Tax effect of non-capital losses utilized	-	-
(Recovery of) provision for income taxes	<u>\$ -</u>	<u>\$ -</u>

The Company has non-capital losses of approximately \$474,000 for income tax purposes, which may be used to reduce taxable income of future years. If unused, these non-capital losses will expire in 2042. The Company also has available net capital losses of approximately \$381,000 which may be used to reduce capital gains in future years and which can be carried forward indefinitely.

In addition, the Company has resource related expenditures (Canadian Exploration Expenses) of approximately \$646,000, 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. SUPPLEMENTAL CASH FLOW INFORMATION**

	<u>2022</u>	<u>2021</u>
<b>Other supplemental cash flow information</b>		
Interest received	\$ 112	\$ 80
Interest paid	11,441	13,233

**Cariboo Rose Resources Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

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**10. 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 ended February 28, 2022, amounts payable for rent, salaries, telephone, office, consulting, convention and travel costs to Eastfield amounted to \$118,062 (2021 - \$113,775). At February 28, 2022, payable to related parties included \$10,460 (2021 - \$9,461) payable to Eastfield.

During the year ended February 28, 2022, geological services totaling \$271,510 (2021 - \$220,213) 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 February 28, 2022, payable to related parties included \$8,054 (2021 - \$4,628) payable to Mincord.

During the year ended February 29, 2020, 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 receivable from Eastfield at February 28, 2022.

Remuneration in the form of share-based compensation for key management personnel for the year ended February 28, 2022 was \$68,467 (2021 - \$Nil).

**11. 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, mineral exploration project deposits, option proceeds, and tax credit receivable from the Government of British Columbia. The Company considers the credit risk from these instruments to be minimal and has not recognized an expected credit loss allowance in these financial statements. As at February 28, 2022 and 2021, none of the Company's financial instruments subject to credit risk were past due or impaired.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become 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 2) and financial leverage.

**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.

**Cariboo Rose Resources Ltd.**  
**Notes to the Financial Statements**  
**For the Years Ended February 28, 2022 and 2021**  
(Expressed in Canadian dollars)

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**11. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)**

**Market Risk (continued)**

(i) Interest Rate Risk

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

The Company 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 flows from these investments is limited because these investments are generally highly liquid securities with short-term maturities. As at February 28, 2022 and 2021, 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's Venture Exchange and are monitored by management with decisions on sale taken at the board.

**12. 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.

**13. SUBSEQUENT EVENTS**

On May 31, 2022 the company optioned a 60% interest in the Cowtrail Property to BRS Mining Resources Limited. To exercise the option BRS must make payments of \$400,000 in cash, \$400,000 in cash or shares and complete \$2,000,000 in work over a three-year term. A work program of \$150,000 is required in the first year.