

# EASTFIELD RESOURCES LTD.

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

110-325 Howe Street,  
Vancouver, B.C. V6C 1Z7  
Tel: (604) 681-7913  
Fax: (604) 681-9855

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eastfield Resources Ltd.

### Opinion

We have audited the financial statements of Eastfield Resources Ltd. (the "Company"), which comprise the statements of financial position as at February 29, 2020 and February 28, 2019, the statements of loss and comprehensive 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the 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 include 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.

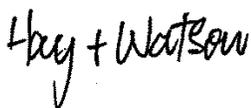
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 4, 2020

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

	2020	2019
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 271,396	\$ 471,465
Accounts receivable	17,348	88,622
Receivable from related parties (Note 12)	64,464	144,091
	<b>353,208</b>	704,178
<b>Investments</b> (Note 4)	<b>538,942</b>	661,871
<b>Exploration and evaluation assets</b> (Note 5)	<b>1,083,710</b>	954,479
<b>Equipment</b>	<b>5,701</b>	4,551
<b>Right-of-use asset</b> (Note 6)	<b>162,798</b>	-
<b>Investment in sub-leases</b> (Note 6)	<b>342,670</b>	-
<b>Promissory notes receivable</b> (Note 12)	-	300,237
<b>Project deposits</b> (Note 5)	<b>119,146</b>	127,646
	<b>\$ 2,606,175</b>	\$ 2,752,962
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 75,461	\$ 94,056
Payable to related parties (Note 12)	8,215	44,257
Lease obligations - current (Note 6)	76,276	-
	<b>159,952</b>	138,313
Lease obligations – long term (Note 6)	437,728	-
	<b>597,680</b>	138,313
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (Note 7)	<b>4,309,072</b>	4,220,272
<b>Warrant reserve</b> (Note 7)	<b>57,168</b>	57,168
<b>Options reserve</b> (Note 7)	<b>829,352</b>	815,352
<b>Accumulated other comprehensive (loss) income</b>	<b>(702,367)</b>	84,920
<b>Deficit</b>	<b>(2,484,730)</b>	(2,563,063)
	<b>2,008,495</b>	2,614,649
	<b>\$ 2,606,175</b>	\$ 2,752,962

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.

**Eastfield Resources Ltd.**  
**Statements of Loss and Comprehensive Loss**  
**For the Years Ended February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

	2020	2019
<b>Expenses</b>		
Depreciation (Note 6)	\$ 29,244	\$ -
Bank charges	1,732	1,452
Consulting	13,450	10,700
Dues and licenses	1,383	1,465
Investor relations	41,471	7,772
Legal and audit	43,426	38,236
Office	8,425	6,673
Rent	-	27,274
Salaries and benefits	23,855	18,477
Share-based compensation (Note 7)	14,000	10,632
Telephone	2,807	1,770
Transfer and filing fees	14,877	16,596
	<b>194,670</b>	<b>141,047</b>
<b>Other (income)/expense</b>		
Interest income	(16,367)	(32,902)
Interest income on sub-leases (Note 6)	(30,852)	-
Other income	(167)	(2,591)
Interest expense on lease obligations (Note 6)	45,288	-
Write-off of mineral property interests (Note 5)	-	121,400
<b>NET LOSS</b>	<b>192,572</b>	<b>226,954</b>
<b>OTHER COMPREHENSIVE (INCOME)/LOSS</b>		
Items that will not be reclassified to net income or loss		
Change in the fair value of equity investments (Note 4)	516,382	(277,692)
<b>COMPREHENSIVE (INCOME) LOSS</b>	<b>\$ 708,954</b>	<b>\$ (50,738)</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b> (Note 11)	<b>\$ 0.004</b>	<b>\$ 0.005</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted</b>	<b>46,336,015</b>	<b>44,894,919</b>

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

**Eastfield 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 Income/(Loss)	Deficit	Total Shareholders' Equity
<b>Balance, February 28, 2018</b>	44,894,919	\$ 4,220,272	\$ 57,168	\$ 804,720	\$ (192,772)	\$ (2,336,109)	\$ 2,553,279
Share-based compensation (Note 7)	-	-	-	10,632	-	-	10,632
Change in fair value of investments (Note 4)	-	-	-	-	277,692	-	277,692
Net loss for the year	-	-	-	-	-	(226,954)	(226,954)
<b>Balance, February 28, 2019</b>	44,894,919	\$ 4,220,272	\$ 57,168	\$ 815,352	\$ 84,920	\$ (2,563,063)	\$ 2,614,649
Private Placement, net of share issue costs	1,800,000	88,800	-	-	-	-	88,800
Share-based compensation (Note 7)	-	-	-	14,000	-	-	14,000
Change in fair value of investments (Note 4)	-	-	-	-	(516,382)	-	(516,382)
Reclassification of realized gain on disposal of investments	-	-	-	-	(270,905)	270,905	-
Net loss for the year	-	-	-	-	-	(192,572)	(192,572)
<b>Balance, February 29, 2020</b>	<b>46,694,919</b>	<b>\$ 4,309,072</b>	<b>\$ 57,168</b>	<b>\$ 829,352</b>	<b>\$ (702,367)</b>	<b>\$ (2,484,730)</b>	<b>\$ 2,008,495</b>

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

**Eastfield Resources Ltd.**  
**Statements of Cash Flows**  
**For the Years Ended February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

<b>Cash provided by (used in)</b>	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Net loss	\$ (192,572)	\$ (226,954)
Adjustments to reconcile cash to net loss from operating activities:		
Depreciation	29,244	-
Interest income on sub-leases	(30,852)	-
Interest expense on lease obligations	45,288	-
Write-off of mineral property interests	-	121,400
Share-based compensation	14,000	10,632
	<b>(134,892)</b>	<b>(94,922)</b>
Changes in non-cash working capital components		
Accounts receivable	141,481	10,198
Promissory note interest receivable	(11,000)	(27,226)
Receivable from related parties	(72,765)	(99,720)
Payable to related parties	(16,018)	-
Accounts payable and accrued liabilities	(7,095)	52,674
	<b>(100,289)</b>	<b>(158,996)</b>
<b>Investing activities</b>		
Purchase of equipment	(1,150)	(1,600)
Mineral property acquisition costs	(338)	(1,552)
Mineral property exploration expenditures	(280,622)	(89,997)
Mineral property option proceeds	50,000	60,000
Exercise of warrants	(60,588)	-
Proceeds from sale of investments	130,761	-
Project deposits (recoveries)	8,500	(57,146)
	<b>(153,437)</b>	<b>(90,295)</b>
<b>Financing activities</b>		
Private placement, net of share issue costs	88,800	-
Net lease payments	(35,143)	-
	<b>53,657</b>	<b>-</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(200,069)</b>	<b>(249,291)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>471,465</b>	<b>720,756</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 271,396</b>	<b>\$ 471,465</b>
<b>CASH AND CASH EQUIVALENTS ARE COMPRISED OF:</b>		
Cash in bank	\$ 71,396	\$ 121,465
Short-term deposits	200,000	350,000
	<b>\$ 271,396</b>	<b>\$ 471,465</b>

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

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

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Eastfield Resources Ltd. (the “Company”) was 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 ETF. 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. 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 by the directors of the Company on August 4, 2020.

**Statement of Compliance**

These financial statements for the Company’s reporting periods 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 that have been measured at fair value (Note 3), 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) Consolidation

In August 2017, the Company dissolved its wholly-owned subsidiary, Eastfield Resources (U.S.A.) Inc., and as such, these financial statements are no longer consolidated.

(b) 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.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

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

(b) Accounting Estimates and Judgments (continued)

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.

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 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.

(c) 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.

(d) 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 classifies its financial instruments as follows:

<b>Financial instrument</b>	<b>Classification</b>
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Receivable from related parties	Amortized cost
Investments	Designated as FVOCI
Promissory notes receivable	Amortized cost
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 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.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

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

(d) Financial Instruments (continued)

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.

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 and generally accepted 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.

(e) Exploration and Evaluation Assets and Patented Claims

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 the statement of income/(loss) and comprehensive income/(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.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

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

(f) 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.

(g) 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.

(h) 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 currently material.

(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.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

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

(i) 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.

Technical equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Computer software	100%

(j) 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.

(iii) Sub-leases

Sub-lease arrangements where the head lease is short-term are classified as operating leases, otherwise they are classified by reference to the right-of-use asset arising from the head lease.

Sub-lease payments from operating sub-leases are recorded as income over the lease term.

Sub-lease arrangements that are classified as finance leases are recorded as an investment in the sub-lease on the sub-lease commencement date and recorded as the present value of the sub-lease payments, discounted using the implicit interest rate in the lease. If the implicit rate cannot be readily determined, the Company uses the same discount rate as the head lease. The investment in sub-leases will be reduced by the sub-lease payments net of interest income.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

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

(k) 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.

Impairment is recognized immediately in the statement of income/(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.

(l) 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.

(m) 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 to other income when the Company has fulfilled the obligation to pass on tax deductions by incurring all eligible expenditures.

(n) 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.

(o) Income Recognition

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

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

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

(p) 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 exclude 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.

(q) Income/(Loss) per Share

Income/(loss) per share is calculated using the weighted average number of common shares outstanding during the period. The computation of diluted earnings 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 loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

(r) 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. Financial assets that are classified as fair value through other comprehensive income have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position.

(s) 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.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

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

(s) Income Taxes (continued)

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 are related to taxes levied by the same tax authority on the same taxable entity.

(t) 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 \$114,000 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 was measured and recorded at \$578,639, the right-of-use asset was measured and recorded at \$192,042 and the investment in sub-leases was measured and recorded at \$386,597.

(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.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

**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
Cariboo Rose Resources Ltd.	208,000	\$ 14,925	\$ 10,400	208,000	\$ 14,925	\$ 6,240
Consolidated Woodjam Copper Corp.	12,501,805	815,127	437,563	3,229,245	351,499	274,486
Consolidated Woodjam Copper Corp. (warrants, exercise price \$0.10, expiry date September 15, 2020)	350,000	3,500	-	350,000	3,500	-
Sun Metals Corp.	866,462	384,633	90,979	-	-	-
Lorraine Copper Corp.	-	-	-	1,094,560	113,432	257,222
Lorraine Copper Corp. (warrants, exercise price \$0.10, exercised prior to expiry date)	-	-	-	510,000	31,469	69,911
Ely Gold Royalties Inc.	-	-	-	300,000	39,000	54,000
Fort St. James Nickel Corp.	-	-	-	57	-	12
		<b>1,218,185</b>	<b>538,942</b>		<b>553,825</b>	<b>661,871</b>
Less: current portion		-	-		-	-
		<b>\$ 1,218,185</b>	<b>\$ 538,942</b>		<b>\$ 553,825</b>	<b>\$ 661,871</b>

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, Lorraine Copper Corp. was acquired by Sun Metals Corp. a company listed on the TSX Venture Exchange, and each Lorraine Copper Corp. common share and share purchase warrant was exchanged for 0.54 common share/share purchase warrant of Sun Metals Corp.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**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>Indata</u>	<u>Zymo</u>	<u>Other*</u>	<u>Total</u>
<b>ACQUISITION COSTS</b>				
Balance, beginning of the year	\$ 141,513	\$ 311,506	\$ 51,676	\$ 504,695
Incurred during year	-	-	338	338
Balance, end of the year	<u>141,513</u>	<u>311,506</u>	<u>52,014</u>	<u>505,033</u>
<b>EXPLORATION EXPENDITURES</b>				
Expenditures for the year:				
Professional fees and field crews	12,800	28,000	66,200	107,000
Geological	-	792	-	792
Rental of vehicles and equipment	-	5,566	812	6,378
Freight	-	-	126	126
Field equipment	-	291	218	508
Transport and fuel	-	179	722	902
Communications	347	-	721	1,068
Food and accommodation	-	469	1,625	2,094
Assaying	-	719	6,831	7,550
	<u>13,147</u>	<u>36,016</u>	<u>77,255</u>	<u>126,418</u>
Balance, beginning of the year	150,436	498,232	631,199	1,279,867
Reversal of mineral exploration tax credit overaccrual	6,767	19,816	37,392	63,975
Balance, end of the year	<u>170,350</u>	<u>554,064</u>	<u>745,846</u>	<u>1,470,260</u>
<b>OPTION PROCEEDS</b>				
Balance, beginning of the year	(231,250)	(461,000)	(137,833)	(830,083)
Proceeds received during the year	(20,000)	-	(30,000)	(50,000)
Write-off of payable to optionee	-	-	(11,500)	(11,500)
Balance, end of the year	<u>(251,250)</u>	<u>(461,000)</u>	<u>(179,333)</u>	<u>(891,583)</u>
	<u>\$ 60,613</u>	<u>\$ 404,570</u>	<u>\$ 618,527</u>	<u>\$ 1,083,710</u>

\* Other properties include Iron Lake, Hidden One, Hedge Hog, Antler Gold, and CR.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**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>Indata</u>	<u>Zymo</u>	<u>Other*</u>	<u>Total</u>
<b>ACQUISITION COSTS</b>				
Balance, beginning of the year	\$ 140,483	\$ 310,984	\$ 53,126	\$ 504,593
Incurred during year	1,030	522	-	1,552
Write-off of mineral property interests	-	-	(1,450)	(1,450)
Balance, end of the year	<u>141,513</u>	<u>311,506</u>	<u>51,676</u>	<u>504,695</u>
<b>EXPLORATION EXPENDITURES</b>				
Expenditures for the year:				
Professional fees and field crews	18,400	42,800	56,190	117,390
Fees, permits and assessments	-	63	-	63
Geological	775	-	-	775
Rental of vehicles and equipment	-	5,833	740	6,573
Transport and fuel	-	16	593	609
Communications	-	-	58	58
Food and accommodation	-	338	780	1,118
Assaying	-	-	3,663	3,663
	<u>19,175</u>	<u>49,050</u>	<u>62,024</u>	<u>130,249</u>
Balance, beginning of the year	136,090	459,122	697,865	1,293,077
Mineral exploration tax credits	(4,829)	(9,940)	(8,740)	(23,509)
Write-off of mineral property interests	-	-	(119,950)	(119,950)
Balance, end of the year	<u>150,436</u>	<u>498,232</u>	<u>631,199</u>	<u>1,279,867</u>
<b>OPTION PROCEEDS</b>				
Balance, beginning of the year	(211,250)	(461,000)	(97,833)	(770,083)
Proceeds received during the year	(20,000)	-	(40,000)	(60,000)
Balance, end of the year	<u>(231,250)</u>	<u>(461,000)</u>	<u>(137,833)</u>	<u>(830,083)</u>
	<u>\$ 60,699</u>	<u>\$ 348,738</u>	<u>\$ 545,042</u>	<u>\$ 954,479</u>

\* Other properties include Iron Lake, Okeover (OK), Hidden One, Naggie, Hedge Hog, Antler Gold, CR and Howell.

***Indata Property, Omineca Mining Division, British Columbia***

The Company has a 91.3% interest in the Indata property. Imperial Metals Corporation (“Imperial Metals”), owns the remaining 8.7% interest. This interest will be reduced if Imperial Metals fails to make its proportionate share of exploration and other payments on the property.

On June 20, 2018, the Company entered into an option agreement with Prophecy Potash Corp. (“Prophecy Potash”) whereby Prophecy Potash may earn a 60% interest in the Indata property by making \$250,000 in cash payments, issuing \$150,000 in shares and completing \$2,000,000 in exploration work over a five-year period ending June 20, 2023. \$20,000 was received upon signing the option agreement.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

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

*Zymo Property, Skeena Mining Division, British Columbia*

The Company holds a 100% interest in the Zymo property.

**Other Properties**

*Iron Lake Property, Clinton Mining Division, British Columbia*

The Company acquired 100% of the Iron Lake property from Canevex Resources Ltd. Canevex Resources Ltd. is owned by two directors of the Company. The Company has reserved a 1.5% net smelter royalty for the vendors.

On June 20, 2018, the Company entered into an option agreement with GK Resources Ltd. (“GK Resources”) whereby GK Resources may earn a 60% interest in the Iron Lake property by making \$400,000 in cash payments, issuing \$250,000 in shares and completing \$3,000,000 in exploration work over a five-year period ending June 20, 2023. \$20,000 was received upon signing the option agreement.

*Other Properties British Columbia*

The Company owns a 100% interest in the Hedge Hog, Antler Gold, CR properties (collectively referred to as the Big Valley project) and Hidden One properties.

In November 2017, the Company entered into an option agreement with Surge Exploration Inc. (formerly Copper Creek Gold Corp.) (“Surge Exploration”) whereby Surge Exploration can earn a 60% interest in the Hedge Hog property by making payments totaling \$350,000, making share issuances or cash payments valued at an additional \$150,000 and completing \$2,500,000 in exploration work by November 17, 2022. As Surge Exploration did not fulfill its obligations during the year ended February 29, 2020, the option agreement was terminated and the \$11,500 payable to Surge Exploration was written off.

During the year ended February 28, 2019, the Company’s interests in the Naggie property expired and were not renewed. As a result, the Company recorded a write-off of \$121,400 in its mineral property interests.

*Project Deposits*

\$28,646 in deposits provided to the Ministry of Energy and Mines of British Columbia (“the Ministry”) and \$90,500 in term deposits, bearing interest at rates ranging from 0.30% to 1.25% and maturing between May 25, 2020 and May 12, 2021, are provided as reclamation bonds for the above mineral properties. The term deposits will continue to be renewed to comply with the Ministry’s requirements. As these reclamation bonds are required to be in place whilst the Company has ownership of these mineral properties, they are recorded as non-current assets.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

**6. RIGHT-OF-USE ASSET, LEASE OBLIGATIONS AND INVESTMENT IN SUB-LEASES**

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 as follows:

<b>Right-of-use Asset</b>	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	\$ 115,689
2021 to 2025	479,634
Subsequent to 2025	41,063
Total future payments	636,386
Less: interest	(122,382)
Lease obligations	514,004
Less: current portion	(76,276)
Lease obligations – long term	\$ 437,728

The Company sub-leases a portion of its office space to two companies, Cariboo Rose Resources Ltd. and Consolidated Woodjam Copper Corp., with directors and officers in common. These sub-lease agreements have the same lease term as the head lease described above.

**Investment in Office Sub-leases**

Balance, February 28, 2019	\$ -
Additions	386,597
	386,597
Sub-lease payments received	(74,779)
Interest income	30,852
Balance, February 29, 2020	\$ 342,670

**7. SHARE CAPITAL**

**Authorized**

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

**Private Placement**

On June 14 2019, the Company completed a private placement consisting of 1,800,000 units at a price of \$0.05 per unit, for total consideration of \$90,000. Each unit consisted of one common share and one share purchase warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.10 until June 13, 2021. The Company paid cash finders' fee of \$1,200 in connection with this private placement.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(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. 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 are 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.

A summary of changes in common share purchase options for the years ended February 29, 2020 and February 28, 2019 is:

	2020		2019	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of the year	3,340,000	\$ 0.08	4,030,000	\$ 0.09
Granted	700,000	0.05	300,000	0.05
Cancelled/Expired	(765,000)	0.09	(990,000)	0.10
Balance, end of the year	3,275,000	0.08	3,340,000	0.08
Options exercisable, end of the year	3,275,000	\$ 0.08	3,340,000	\$ 0.08

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

Expiry Date	Options Outstanding		Weighted Average Remaining Life (Years)	Options Exercisable	
	Number of shares	Exercise price (\$)		Number of shares	Exercise price (\$)
July 31, 2021	780,000	0.13	1.42	780,000	0.13
April 30, 2023	350,000	0.10	3.17	350,000	0.10
September 26, 2023	300,000	0.05	3.58	300,000	0.05
November 24, 2024	545,000	0.05	4.74	545,000	0.05
December 19, 2024	700,000	0.05	4.80	700,000	0.05
January 17, 2027	100,000	0.10	6.89	100,000	0.10
October 10, 2027	500,000	0.05	7.62	500,000	0.05
	<b>3,275,000</b>		<b>4.19</b>	<b>3,275,000</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 29, 2020 was \$0.02 (2019 - \$0.03) using the following weighted average inputs and assumptions:

	2020	2019
Share price	\$0.035	\$0.050
Exercise price	\$0.05	\$0.05
Risk-free interest rate	1.32%	2.22%
Expected share price volatility	173%	119%
Expected average period until exercise	5 years	3 years
Expected dividend yield	-	-

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

**7. SHARE CAPITAL (continued)**

**Share Purchase Options (continued)**

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 the 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**

The Company has warrants outstanding entitling the holders to purchase of 1,800,000 common shares at a price of \$0.10 per share until June 13, 2021.

**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 incomes	\$ 557,295	\$ 447,705
Investments	93,048	(5,148)
Equipment	87,297	87,111
Exploration and evaluation assets	(68,004)	(34,917)
Valuation allowance	(669,636)	(494,751)
Net deferred tax assets (liabilities)	\$ -	\$ -

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

	<u>2020</u>	<u>2019</u>
Income/(loss) before income taxes	\$ (192,572)	\$ (226,954)
Combined federal and provincial statutory income tax rates	27%	27%
Tax provision/(recovery) of income taxes based on combined statutory income tax rates	(51,994)	(61,277)
Add (deduct):		
Tax effect of losses not recognized	9,337	-
Recognition of previously unrecognized tax losses	-	25,629
Net effect of items that are not taxable or deductible	42,657	35,648
(Recovery of) provision for income taxes	\$ -	\$ -

The Company has non-capital losses of approximately \$1.6 million and capital losses of approximately \$0.4 million for income tax purposes, which may be used to reduce taxable income in future years. If unused, these non-capital losses will expire between 2020 and 2040. The capital losses can be carried forward indefinitely.

The change in the statutory tax rate from 2018 to 2019 is due to an increase in the British Columbia provincial tax rate during the year.

In addition, the Company has resource related expenditures (Canadian Exploration Expenses) of \$830,000, most of which can be deducted at a 100% rate and which can be used to offset future taxable income and can be carried forward indefinitely.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

**9. SUPPLEMENTAL CASH FLOW INFORMATION**

	<u>2020</u>	<u>2019</u>
<b>Non-cash investing activities</b>		
Shares received in settlement of promissory notes, accrued interest and receivables	\$ 463,628	\$ -
Acquisition of investment in sub-leases through sub-lease arrangement	386,597	-
<b>Non-cash financing activities</b>		
Acquisition of right-of-use asset through office lease	\$ 192,042	\$ -
<b>Other supplemental cash flow information</b>		
Interest received	\$ 5,367	\$ 4,845
Interest paid	45,288	-

**10. SEGMENTED DISCLOSURES**

The Company operates in one industry segment, the acquisition and exploration of mineral properties, within one geographical area, Canada. For the years ended February 29, 2020 and February 28, 2019, all income was earned and all expenses were incurred in Canada and all non-current assets were held in Canada.

**11. 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 years ended February 29, 2020 and February 28, 2019.

**12. RELATED PARTY DISCLOSURES**

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

The Company is related to Cariboo Rose Resources Ltd. ("Cariboo Rose") and Consolidated Woodjam Copper Corp. ("Woodjam") through common directors and officers. In the normal course of business, the Company will enter into transactions with Cariboo Rose and Woodjam for the use of equipment, services and rental of office space. During the year, recoveries of rent, salaries, telephone, office, consulting, convention and travel costs were \$75,696 (2019 - \$70,068) from Cariboo Rose and \$74,453 (2019 - \$71,824) from Woodjam. At February 29, 2020, accounts receivable included \$11,138 (2019 - \$32,243) receivable from Cariboo Rose and \$53,328 (2019 - \$103,735) receivable from Woodjam.

During the year ended February 29, 2020, geological services amounting to \$126,122 (2019 - \$129,344) 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 on a project-by-project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, transportation and mobilization costs. At February 29, 2020, accounts payable included \$4,413 (2019 - \$15,611) payable to Mincord.

During the year, payments of \$41,350 (2019 - \$42,800) were made to the Chief Financial Officer, who is also a director of the Company, for accounting services. Of this amount, \$27,900 was recovered from other related companies during the year ended February 29, 2020 (2019 - \$32,100)

Salaries and benefits of \$17,337 (2019 - \$12,678) were paid to a spouse of a director for office administration services provided.

Remuneration for key management personnel included \$14,000 (2019 - \$10,632) in share-based compensation.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

**12. RELATED PARTY DISCLOSURES (continued)**

On December 17, 2014, the Company advanced \$50,000 to Woodjam as an unsecured promissory note. On July 28, 2015, August 31, 2015 and November 29, 2016, the Company also advanced \$100,000, \$10,000 and \$60,000, respectively, to Woodjam as unsecured promissory notes. As at February 28, 2019, the total principal and accrued and unpaid interest receivable on these unsecured promissory notes was \$300,237. During the year ended February 29, 2020, the Company earned \$11,000 (2019 - \$27,226) of interest income related to these unsecured promissory notes. On November 15, 2019, the Company received 9,272,560 common shares of Woodjam at a deemed price of \$0.05 per share to settle the outstanding promissory note, accrued interest and accounts receivable totaling \$463,628.

**13. 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 14) 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.

(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.

(iii) Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation as it has a limited number of transactions denominated in foreign currencies.

**Eastfield Resources Ltd.**  
**Notes to the Financial Statements**  
**February 29, 2020 and February 28, 2019**  
(Expressed in Canadian dollars)

---

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

**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 tax credit receivable from the Government of British Columbia. As such, the Company considers the risk of these receivables to be minimal and has not recognized an expected credit loss allowance on these financial instruments. The Company's promissory notes receivable is due from a related, publicly traded mineral exploration company (Note 12). 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.

**14. 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 regard 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 its control.

**15. 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.