

**DOUBLEVIEW CAPITAL CORP.**  
**(An Exploration Company)**

**FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**

**FOR THE YEAR ENDED FEBRUARY 28, 2017**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Doubleview Capital Corp.:

We have audited the accompanying financial statements of Doubleview Capital Corp. which comprise the statements of financial position as at February 28, 2017 and February 29, 2016, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Doubleview Capital Corp. as at February 28, 2017 and February 29, 2016, and the results of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Doubleview Capital Corp.'s ability to continue as a going concern.

A handwritten signature in black ink that reads "DMCL".

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
June 28, 2017

**DOUBLEVIEW CAPITAL CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
For the years ended

	February 28, 2017	February 29, 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 146,743	\$ 373,407
Prepaid expenses and deposits	138,150	-
Amounts receivable (Note 4)	57,979	7,044
<b>Total current assets</b>	<b>342,872</b>	<b>380,451</b>
<b>Non-current</b>		
Exploration and evaluation assets (Note 9)	4,827,500	4,056,142
Reclamation bonds (Note 9)	54,500	37,500
Equipment (Note 5)	5,718	720
<b>Total non-current assets</b>	<b>4,887,718</b>	<b>4,094,362</b>
<b>Total assets</b>	<b>\$ 5,230,590</b>	<b>\$ 4,474,813</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6 and 8)	\$ 284,579	\$ 410,338
Flow-through premium liability (Note 7 and 13)	12,500	-
<b>Total current liabilities</b>	<b>297,079</b>	<b>410,338</b>
<b>Non-current</b>		
Convertible notes (Note 10 )	658,089	-
<b>Total liabilities</b>	<b>955,168</b>	<b>410,338</b>
<b>EQUITY</b>		
Share capital (Note 7)	7,173,247	6,280,757
Obligation to issue shares	-	2,000
Share-based payment reserve (Note 7)	1,224,230	1,108,513
Deficit	(4,122,055)	(3,326,795)
<b>Total equity</b>	<b>4,275,422</b>	<b>4,064,475</b>
<b>Total liabilities and equity</b>	<b>\$ 5,230,590</b>	<b>\$ 4,474,813</b>

**Going concern** (Note 1)

**Commitments** (Note 9, 13 and 16)

**Approved and authorized by the Board on June 28, 2017:**

*"Farshad Shirvani"*

Farshad Shirvani, Director

*"Andrew Rees"*

Andrew Rees, Director

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

**DOUBLEVIEW CAPITAL CORP.**

## STATEMENTS OF COMPREHENSIVE LOSS

(EXPRESSED IN CANADIAN DOLLARS)

For the years ended

	February 28, 2017	February 29, 2016
<b>Expenses</b>		
Amortization (Note 5)	\$ 1,074	\$ 150
Consulting fees (Note 8)	9,400	37,622
Directors fees (Note 8)	124,800	124,800
Finance fees (Note 10)	147,076	-
Interest (Note 10)	2,265	-
Investor relations (Note 8)	300,178	33,512
Office and administrative	5,675	25,379
Professional fees	69,854	117,539
Property investigation costs (Note 8)	8,426	8,704
Rent (Note 8)	18,000	18,000
Salaries and wages	29,961	39,285
Stock-based compensation (Note 7 and 8)	52,838	217,973
Transfer agent and filing fees	23,316	30,149
	<u>792,863</u>	<u>653,113</u>
<b>Other items</b>		
Impairment of exploration and evaluation assets (Note 9)	32,985	486,071
Flow-through share premium (Note 7)	(53,000)	(142,625)
Other	(329)	-
Gain on settlement of obligation to issue shares	(2,000)	-
Change in fair value of convertible notes (Note 10)	8,661	-
Foreign exchange loss	16,080	-
	<u>(795,260)</u>	<u>(996,559)</u>
<b>Net and comprehensive loss for the year</b>		
	<u>(795,260)</u>	<u>(996,559)</u>
<b>Loss per common share - basic and diluted</b>	\$ (0.01)	\$ (0.02)
<b>Weighted average number of common shares outstanding - basic and diluted</b>	71,385,625	66,154,085

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

**DOUBLEVIEW CAPITAL CORP.**  
**STATEMENT OF CHANGES IN EQUITY**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	<u>Share capital</u>			Share-based		
	Number of	Amount	Obligation to	payment	Deficit	Total
	shares		issue shares	reserve		
<b>Balance at February 28, 2015</b>	<b>59,148,633</b>	<b>\$ 5,253,112</b>	<b>\$ 2,500</b>	<b>\$ 768,874</b>	<b>\$ (2,330,236)</b>	<b>\$ 3,694,250</b>
Shares issued for exploration and evaluation assets (Note 7)	425,000	47,750	-	-	-	47,750
Shares issued for private placements (Note 7)	5,119,167	910,500	(500)	-	-	910,000
Flow-through share premium (Note 7)	-	(142,625)	-	-	-	(142,625)
Share issuance costs (Note 7)	-	(56,566)	-	-	-	(56,566)
Finders' warrants (Note 7)	-	(33,365)	-	33,365	-	-
Share issued for exercise of warrants (Note 7)	2,520,000	252,000	-	-	-	252,000
Share issued for exercise of stock options (Note 7)	265,000	49,951	-	(23,451)	-	26,500
Warrants issued for exploration and evaluation assets (Note 9)	-	-	-	111,752	-	111,752
Stock-based compensation (Note 7)	-	-	-	217,973	-	217,973
Net loss for the year	-	-	-	-	(996,559)	(996,559)
<b>Balance at February 29, 2016</b>	<b>67,477,800</b>	<b>6,280,757</b>	<b>2,000</b>	<b>1,108,513</b>	<b>(3,326,795)</b>	<b>4,064,475</b>
Shares issued for private placements (Note 7)	13,466,456	1,077,316	-	-	-	1,077,316
Flow-through share premium (Note 7)	-	(65,500)	-	-	-	(65,500)
Share issuance costs (Note 7)	-	(96,830)	-	-	-	(96,830)
Finders' warrants (Note 7)	-	(22,496)	-	22,496	-	-
Warrants issued for finance fees (Note 10)	-	-	-	40,383	-	40,383
Settlement of obligation to issue shares	-	-	(2,000)	-	-	(2,000)
Stock-based compensation (Note 7)	-	-	-	52,838	-	52,838
Net loss for the year	-	-	-	-	(795,260)	(795,260)
<b>Balance at February 28, 2017</b>	<b>80,944,256</b>	<b>\$ 7,173,247</b>	<b>\$ -</b>	<b>\$ 1,224,230</b>	<b>\$ (4,122,055)</b>	<b>\$ 4,275,422</b>

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

**DOUBLEVIEW CAPITAL CORP.**  
**STATEMENTS OF CASH FLOWS**  
(EXPRESSED IN CANADIAN DOLLARS)  
For the years ended

	February 28, 2017	February 29, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (795,260)	\$ (996,559)
Items not affecting cash		
Amortization	1,074	150
Interest	2,265	-
Stock-based compensation	52,838	217,973
Impairment of exploration and evaluation assets	32,985	486,071
Flow-through share premium	(53,000)	(142,625)
Gain on settlement	(2,000)	-
Accrued finance fees	58,833	-
Warrants issued for finance fees	40,383	-
Change in fair value of convertible notes	8,661	-
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(138,150)	15,000
Amounts receivable	(50,935)	129,576
Accounts payable and accrued liabilities	(123,648)	36,020
Net cash used in operating activities	<u>(965,954)</u>	<u>(254,394)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issuances, net	980,486	1,122,935
Proceeds from convertible notes	588,330	-
Net cash provided by financing activities	<u>1,568,816</u>	<u>1,122,935</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Reclamation bonds	(17,000)	(20,000)
Purchase of equipment	(6,072)	(606)
Expenditure on exploration and evaluation assets, net of tax credits	(806,454)	(485,029)
Net cash used for investing activities	<u>(829,526)</u>	<u>(505,635)</u>
<b>Change in cash during the year</b>	(226,664)	362,906
<b>Cash, beginning of the year</b>	<u>373,407</u>	<u>10,501</u>
<b>Cash, end of the year</b>	<u>\$ 146,743</u>	<u>\$ 373,407</u>

**Supplemental cash flow information (Note 15)**

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

## **1. CORPORATE INFORMATION**

Doubleview Capital Corp. (the "Company") was incorporated under the *Business Corporations Act* on January 18, 2008 pursuant to the Business Corporation Act of British Columbia. The Company is engaged in the exploration and development of mineral properties in North America and has not yet determined whether its properties contain ore reserves that are economically recoverable. The Company trades on the TSX Venture Exchange ("TSX-V").

The head office and principal address of the Company is 880-409 Granville Street, Vancouver, British Columbia, Canada V6C 2T5. The Company's registered address and records office is Suite 704-595 Howe Street, Vancouver, British Columbia, V6C 2T5.

These financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated any revenues to date and has incurred ongoing losses.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in its exploration and evaluation assets or completing a financing, are being evaluated with the goal of funding ongoing activities and obtaining additional working capital.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") issued by the International Accounting Standards Board ("IASB").

### **b) Basis of measurement**

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### a) Financial instruments

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired, as follows:

**Fair value through profit or loss** - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing such financial assets in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss.

**Loans and receivables** - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost, less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

**Held-to-maturity investments** - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of comprehensive loss.

**Available-for-sale** - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired, as follows:

**Fair value through profit or loss** - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing such financial liabilities in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss.

**Other financial liabilities** - This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company's cash and receivables are classified as loans and receivables. The Company's trade payables and due to related party balance are classified as other financial liabilities.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

b) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation assets are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors. Costs not directly attributable to exploration and evaluation assets activities, including general administrative costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain mineral property expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made on the farmed-out properties on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation assets expenditures in respect of that project are deemed to be impaired. As a result, those mineral property expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized costs.

c) Impairment of equipment and exploration and evaluation assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.



**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

c) Impairment of equipment and exploration and evaluation assets (cont'd...)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

d) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e) Flow-through shares

The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions, the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and, accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability"). Provided that the Company has renounced the related expenditures or that there is a reasonable expectation that it will do so, the liability is reduced on a pro-rata basis as the expenditures are incurred and a deferred liability is recognized. The reduction to the flow-through tax liability is recognized in profit and loss as other income. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

f) Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

g) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributed to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. At February 28, 2017, the Company does not have any provision for environmental rehabilitation.

i) Mining exploration tax credits ("METCs")

The Company may periodically receive METCs for exploration expenses incurred in Canada. The METCs are reflected as a reduction of the carrying value of the corresponding exploration and evaluation asset at the earliest of when the assistance is received or receivable.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

j) Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful life of equipment, stock-based awards and payments, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

k) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

l) Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line method to charge the cost, less residual value, of the assets to their residual values over their estimated useful lives. The amortization rate applicable to equipment is 20% per annum.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a significant replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

m) Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

**DOUBLEVIEW CAPITAL CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
(EXPRESSED IN CANADIAN DOLLARS)  
For the year ended February 28, 2017

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**4. AMOUNTS RECEIVABLE**

The Company's amounts receivable consists of the following:

	February 28, 2017	February 29, 2016
GST receivable	\$ 55,114	\$ 7,044
Due from related parties (Note 8)	2,865	-
Total	\$ 57,979	\$ 7,044

**5. EQUIPMENT**

Equipment is comprised of the following:

	February 28, 2017	February 29, 2016
Cost	\$ 7,282	\$ 1,210
Accumulated depreciation	(1,564)	(490)
Total	\$ 5,718	\$ 720

Amortization of \$1,074 (2016 - \$150) was charged during the year ended February 28, 2017.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Company's accounts payable and accrued liabilities consist of the following:

	February 28, 2017	February 29, 2016
Accounts payable	\$ 85,078	\$ 123,318
Due to related parties (Note 8)	179,001	267,520
Accrued liabilities	20,500	19,500
Total	\$ 284,579	\$ 410,338

## 7. SHARE CAPITAL

- a) The authorized share capital of the Company consists of an unlimited number of common shares without par value and unlimited preferred shares without par value.
- b) Issued and outstanding common shares:

2016

During May 2015, the Company issued 2,852,500 flow-through units and 1,600,000 non-flow through units for total proceeds of \$810,500, of which \$500 had been recorded in obligation to issue shares during the year ended February 28, 2015. On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of \$142,625 that investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital of \$427,875. To February 28, 2016, the Company expended the full \$570,500 in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to \$Nil. Each unit was comprised of one common share and one-half share purchase warrant, with each full warrant exercisable to purchase one additional common share at \$0.28 per common share (amended to \$0.20 during the year ended February 29, 2016) for the period of 2 years and each full non-flow through warrant exercisable to purchase one additional common share at \$0.20 per common for a period of 2 years. The warrants are subject of accelerated expiry of 30 days, such that if at any time the average close price of the Company's common share is equal to, or a greater than, \$0.30 for 5 consecutive trading days at any time after 4 months of closing in respect to the non-flow-through warrants and \$0.40 for 5 consecutive trading days at any time after 4 months of closing in respect to the flow-through warrants. The Company paid \$46,800 in finders' fees and share issuance costs. The Company also issued 255,000 finders' warrants, exercisable into one common share at the price of \$0.20 per share for the period of 2 years. The Company allocated a fair value of \$28,841 to the finders' warrants.

During May 2015, the Company issued 666,667 units at a price of \$0.15 per unit for total of \$100,000. Each unit was comprised of one common share and one-half share purchase warrant, with each full warrant exercisable to purchase one additional common share at \$0.20 per common share for a period of 2 years. The warrants are subject of accelerated expiry of 30 days, such that if at any time the average close price of the Company's common shares is equal to, or greater than, \$0.35 for 5 consecutive trading days. The Company paid \$9,766 in finders' fees and share issuance costs. The Company also issued 40,000 finders' warrants, exercisable into one common share at the price of \$0.20 per share for the period of 2 years. The Company allocated a fair value of \$4,524 to the finders' warrants.

During November 2015, the Company issued 300,000 common shares with a fair value of \$31,500 under the terms of the agreement covering the Hat Property. The Company also issued 125,000 common shares with a fair value of \$16,250 as consideration for extending the due date of the final cash payment under the Hat Property agreement.

During the year ended February 29, 2016, the Company received net proceeds of \$26,500 from the exercise of 265,000 stock options. The fair value of \$23,451 originally recorded for these options was reclassified from the stock-based compensation reserve to share capital.

During the year ended February 29, 2016, the Company received net proceeds of \$252,000 for the exercise of 2,520,000 warrants.

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**7. SHARE CAPITAL (cont'd...)**

b) Issued and outstanding common shares (cont'd...):

2017

Between October and December 2016, the Company issued 6,550,000 flow-through units and 6,635,206 non-flow-through units at a price of \$0.08 per unit for total proceeds of \$1,054,816. On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of \$65,500 that investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital of \$458,500. To January 31, 2017, the Company expended \$424,000 in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to \$12,500. Each flow-through unit comprises of one common share and one-half share purchase warrant and each non-flow-through unit comprises of one common share and one full share purchase warrant. Each full warrant is exercisable to purchase one additional common share at \$0.15 per common share for a period of 2 years. The Company issued 281,250 shares with a fair value of \$22,500 and paid \$96,830 in finders' fees and share issuance costs. The Company also issued 564,750 finders' warrants, exercisable into one common share at a price of \$0.15 per share for a period of 2 years. The Company allocated a fair value of \$22,496 to the finders' warrants.

The Company also issued 450,000 warrants as a finance fee, at a fair value of \$40,383, for convertible notes (Note 10). The warrants are exercisable into one common share at a price of \$0.15 for a period of 2.5 years.

c) Share-based payment reserve

The share based payment reserve represents the fair value of stock options or compensation warrants until such time that the share-base instruments are exercised, at which time the corresponding amount is transferred to share capital.

d) Stock options

The Company has an incentive stock option plan that conforms to the requirements of the TSX-V. Options to purchase common shares have been granted to directors, officers, employees and consultants of the Company at exercise prices determined by the market value of the common shares on the date of the grant. The options vest immediately on the date of the grant or otherwise at the discretion of the Board.

The Company's stock options outstanding and exercisable are as follows:

	Year ended February 28, 2017	Weighted average exercise price (\$)	Year ended February 29, 2016	Weighted average exercise price (\$)
Beginning of the year	6,405,000	0.15	5,000,000	0.15
Granted	700,000	0.10	1,670,000	0.15
Expired	(250,000)	0.10	-	-
Exercised	-	-	(265,000)	0.10
End of the year	6,855,000	0.12	6,405,000	0.15

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**7. SHARE CAPITAL (cont'd...)**

d) Stock options (cont'd...)

Options to acquire common shares at February 28, 2017 are as follows:

Number Outstanding	Exercise Price	Expiry Date
1,035,000	\$ 0.11	May 21, 2018
1,165,000	\$ 0.10	October 21, 2018
200,000	\$ 0.10*	February 19, 2019
1,535,000	\$ 0.10*	May 20, 2019
550,000	\$ 0.16	February 20, 2020
1,200,000	\$ 0.17	April 27, 2020
470,000	\$ 0.10	August 13, 2020
700,000	\$ 0.10	April 29, 2021
<u>6,855,000</u>		

\*The Company re-priced 1,735,000 outstanding stock options from an exercise price of \$0.25 (in respect of 200,000 options) and \$0.20 (in respect of 1,535,000 options) to \$0.10, resulting in a further \$8,084 in stock-based compensation.

The outstanding stock options have a weighted average remaining contractual life of 2.48 years (2016 – 3.20 years).

On April 27, 2015, 1,200,000 stock options were granted to directors, officers, employees, and consultants of the Company which have an exercise price of \$0.17 per common share and expire April 27, 2020. On August 13, 2015, 470,000 stock options were granted to directors, officers, employees, and consultants of the Company which have an exercise price of \$0.10 per common share and expire August 13, 2020. The granting of these incentive stock options resulted in stock-based compensation expense, calculated using the Black-Scholes Option Pricing Model, of \$217,973 which was recorded as stock-based compensation expense. The assumptions used for the Black-Scholes Option Pricing Model valuation of stock options issued during the year ended February 29, 2016 were: a risk free interest rate of 1.00%, an expected life of 4 years, an annualized volatility of 164-168%, and a dividend yield of 0%.

On April 29, 2016, the Company granted 700,000 incentive stock options to directors, officers, employees and consultants of the Company which have an exercise price of \$0.10 per common share and expire April 29, 2021. The granting of these incentive stock options resulted in stock-based compensation expense, calculated using the Black-Scholes Option Pricing Model, of \$44,754 which was recorded as stock based compensation expense. The assumptions used for the Black-Scholes Option Pricing Model valuation of stock options issued during the year ended February 28, 2017 were: a risk free interest rate: 0.50%, an expected life 5 years, an annualized volatility of 160%, and a dividend yield of 0%.

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**7. SHARE CAPITAL (cont'd...)**

e) Warrants

The Company's warrants outstanding are as follows:

	Year ended February 18, 2017	Weighted average exercise price (\$)	Year ended February 29, 2016	Weighted average exercise price (\$)
Beginning of the year	10,278,444	0.17	9,919,017	0.17
Issued	10,924,956	0.14	3,854,583	0.17
Exercised	-	-	(2,520,000)	0.10
Expired	(2,875,527)	0.20	(975,156)	0.15
End of the year	18,327,873	0.15	10,278,444	0.17

Warrants to acquire common shares at February 28, 2017 are as follows:

Number outstanding	Exercise price	Expiry date
175,000	\$ 0.20	March 4, 2017 *
21,000	\$ 0.20	March 4, 2017 *
766,116	\$ 0.20	March 19, 2017 *
483,884	\$ 0.20	March 20, 2017 *
150,000	\$ 0.20	March 20, 2017 *
784,000	\$ 0.20	April 29, 2017 *
100,000	\$ 0.20	May 4, 2017 *
1,250	\$ 0.20	May 4, 2017 *
373,333	\$ 0.20	May 28, 2017 *
1,623,334	\$ 0.15	September 16, 2018
1,925,000	\$ 0.15	October 17, 2018
6,635,206	\$ 0.15	October 31, 2018
3,275,000	\$ 0.15	October 31, 2018
477,250	\$ 0.15	October 31, 2018
87,500	\$ 0.15	December 30, 2018
450,000	\$ 0.15	August 1, 2019
1,000,000	\$ 0.10	September 4, 2020
18,327,873		

\*Subsequently expired, unexercised.

The outstanding warrants have a weighted average remaining contractual life of 1.53 years (2016 – 1.81 years).



## **8. RELATED PARTY TRANSACTIONS**

Details of the transactions between the Company and other related parties are disclosed below:

- a) Incurred directors fees of \$124,800 (2016 - \$124,800) to the CEO, President and director of the Company;
- b) Incurred rent of \$18,000 (2016 - \$18,000) to a company controlled by the CEO, President and director of the Company (Note 16);
- c) Recorded \$204,749 (2016 - \$313,388) in exploration and evaluation expenditures to a company controlled by the CEO, President and director of the Company (Note 9);
- d) Issued nil share purchase warrants (2016 - 1,000,000) with a fair value of \$Nil (2016 - \$111,752) to a director of the Company, pursuant to the Mount Milligan property option agreement (Note 9);
- e) Incurred property investigation costs of \$Nil (2016 - \$7,425) to a company controlled by the CEO, President and director of the Company;
- f) Incurred consulting fees of \$Nil (2016 - \$13,722) to officers of the Company;
- g) Incurred investor relation fees of \$4,695 (2016 - \$Nil) to the CEO, President and director of the Company; and
- h) Recorded \$36,762 (2016 - \$137,453) in stock-based compensation expense for stock options granted to directors and officers of the Company.

At February 28, 2017, recorded in accounts payable and accrued liabilities is \$179,001 (2016 - \$267,520) due to a company controlled by the CEO, President and director of the Company. Of this amount, \$16,876 is a short-term loan which is non-interest bearing, unsecured and has no fixed terms of repayment.

At February 28, 2017, recorded in amounts receivable is \$2,865 (2016 - \$Nil) due from companies controlled by the officers and directors of the Company.

## **9. EXPLORATION AND EVALUATION ASSETS**

### **Mount Milligan North Property**

On February 22, 2011, and effective upon TSX-V approval on July 22, 2011, the Company entered into an option agreement with 0895277 B.C. Ltd. ("0895277"), whereby the Company was granted an option to acquire a 100% interest in certain claims comprising the Mount Milligan North Property located in northwest Prince George, British Columbia.

During the year ended February 29, 2016, the Company agreed to amend the option agreement with 0895277 whereby the Company would earn a 100% option in the Mount Milligan North Property in consideration for the issuance of 1,000,000 share purchase warrants, exercisable at \$0.10 per common share until September 4, 2020. The Company recorded a fair value of \$111,752 to the warrants using the Black-Scholes Option Pricing Model, which had been recorded as an acquisition cost. The assumptions used for the Black-Scholes Option Pricing Model valuation for the warrant issue were: a risk free interest rate of 1.00%, an expected life of 5 years, an annualized volatility of 158%, and a dividend yield of 0%. The Company then exercised its option and earned a 100% option in the Mount Milligan North Property.

During the year ended February 29, 2016, the Company determined the Mount Milligan North Property to be impaired and recorded an impairment charge of \$486,071.

**9. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Hat Property**

On August 29, 2011, and effective September 9, 2011 upon TSX-V approval, the Company entered into an option agreement whereby the Company was granted an option to acquire a 100% interest in the Hat Property located in the Sheslay District of north-western British Columbia. The Hat Property is subject to a 2% Net Smelter Royalty ("NSR"). The Company may repurchase 1% of the NSR on or before September 9, 2017 upon payment of \$1,500,000.

During the year ended January 29, 2016, the Company issued 300,000 common shares with a fair value of \$31,500 under the terms of the option agreement and also issued 125,000 common shares with a fair value of \$16,250 as consideration for extending the due date of the final cash payment under the Hat Property agreement.

During the year ended February 28, 2017, the Company earned a 100% interest in the Hat Property.

As at February 28, 2017, the Company has posted reclamation bonds totalling \$54,500 (2016 - \$37,500) with the Ministry of Energy and Mines for indemnification of site restoration of the Hat Property.

**Red Springs Property**

On September 8, 2013, and effective September 23, 2013 upon TSX-V approval. The Company entered into an option agreement with a director of the Company whereby the Company was granted an option to acquire a 90% interest in certain claims comprising the Red Springs property, located in the Omineca district of British Columbia. In order to exercise the option, the Company was required to:

- a) Pay an aggregate \$127,000 as follows:
  - i) \$7,000 on or before August 8, 2014;
  - ii) \$15,000 on or before August 8, 2015;
  - iii) \$25,000 on or before August 8, 2016;
  - iv) \$35,000 on or before August 8, 2017; and
  - v) \$45,000 on or before August 8, 2018.
  
- b) Issue an aggregate 800,000 common shares of the Company as follows:
  - i) 50,000 common shares on TSX-V approval (issued at a fair value for \$3,000);
  - ii) 100,000 on or before August 8, 2014 (issued at a fair value of \$15,000);
  - iii) 150,000 on or before August 8, 2015;
  - iv) 200,000 on or before August 8, 2016; and
  - v) 300,000 on or before August 8, 2017.
  
- c) Incur aggregate exploration expenditures of \$650,000 as follows:
  - i) \$100,000 on or before August 8, 2014;
  - ii) \$100,000 on or before August 8, 2015;
  - iii) \$100,000 on or before August 8, 2016;
  - iv) \$100,000 on or before August 8, 2017; and
  - v) \$650,000 on or before August 8, 2018.

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**9. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Red Springs Property** (cont'd...)

To February 28, 2017, the Company has not made the required payments, issued the required shares, nor met the required exploration expenditures on the Red Springs Property and is currently in the process of re-negotiating the terms of the option agreement. During the year ended February 28, 2017, the Company determined certain claims comprising the Red Springs Property lapsed, and, accordingly, the Company recorded an impairment charge of \$32,985 (2016 - \$Nil).

Summary of exploration and evaluation assets:

	Mount Milligan North Property	Hat Property	Red Springs Property	Total
<b><u>Acquisition costs:</u></b>				
Balance as at February 28, 2015	\$ 230,000	\$ 173,000	\$ 18,000	\$ 421,000
For cash	-	50,000	-	50,000
For shares/warrants	111,752	47,750	-	159,502
Impairment	(341,751)	-	-	(341,751)
Balance as at February 29, 2016	1	270,750	18,000	288,751
For cash	-	100,000	-	100,000
Impairment	-	-	(14,220)	(14,220)
Balance as at February 28, 2017	\$ 1	\$ 370,750	\$ 3,780	\$ 374,531
<b><u>Exploration costs:</u></b>				
Balance as at February 28, 2015	\$ 141,995	\$ 3,582,713	\$ 1,200	\$ 3,725,908
Surveys, mapping, and sampling	2,325	14,871	-	17,196
Drilling	-	618,343	-	618,343
Geological consulting	-	32,375	-	32,375
BCMETS	-	(482,111)	-	(482,111)
Impairment	(144,320)	-	-	(144,320)
Balance as at February 29, 2016	-	3,766,191	1,200	3,767,391
Surveys, mapping, and sampling	-	224,774	6,720	231,494
Drilling	-	222,465	-	222,465
Geological consulting	-	234,526	15,858	250,384
Impairment	-	-	(18,765)	(18,765)
Balance as at February 28, 2017	\$ -	\$ 4,447,956	\$ 5,013	\$ 4,452,969
Total at February 29, 2016	\$ 1	\$ 4,036,941	\$ 19,200	\$ 4,056,142
Total at February 28, 2017	\$ 1	\$ 4,818,706	\$ 8,793	\$ 4,827,500

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**10. CONVERTIBLE NOTES**

On February 1, 2017, the Company issued convertible notes (the “Notes”) totalling \$588,330 (USD \$450,000).

The Notes bear interest at an annual rate of 5%, compounded, calculated quarterly and payable on maturity, are unsecured and repayable by August 1, 2018. At any time before the maturity date, the Notes are convertible at the option of the holder into fully paid and non-assessable shares (the “Conversion Shares”) of the Company, subject to certain conditions, at a conversion price of \$0.10 (USD \$0.078) (the “Conversion Price”). Upon conversion, the Company will also issue share purchase warrants equal to 75% of the Conversion Shares. Each warrant is exercisable at a price of \$0.15 per share for a period of 30 months from the date of issuance.

The Company has the right to settle the Notes at any time by paying an amount equal to 110% of the principal, interest and any other amounts owing in connection with the Notes. The Company may, at its election, pay any accrued and unpaid interest through the issuance of common shares of the Company at a discounted market price, as defined by the rules of the TSX-V as the market price less a maximum discount based on a minimum closing price of \$0.05. The Company also has the right to force conversion of the Notes after 4 months from the issue date, provided that for the preceding 10 trading days the volume weighted average price for common shares was more than 150% of the Conversion Price. The Company also has the right to accelerate the expiration date of the aforementioned warrants on 15 days written notice after 4 months from the issue date, provided that for the preceding 10 trading days the volume weighted average price for common shares is equal to greater than \$0.30 and the Company has not forced conversion.

The Notes are denominated in a currency other than the Company’s functional currency. Therefore, the option to convert into shares and warrants is an embedded derivative as the criteria to be classified as equity is not met. The Company has elected to account for the entire Note at fair value through profit or loss rather than separating the embedded derivative from the host contract. The Company estimated the fair value of the Note on issuance at the transaction price. At February 28, 2017, because the Company’s share price was more than the Conversion Price, the fair value was determined based on the value of the principal of the loan outstanding, plus accrued interest and the 10% additional payment the Company would be required to settle the outstanding obligation for cash. The fair value of the Note was also adjusted to reflect the impact of foreign exchange.

At the date of issuance, the Company paid finance fees of \$47,860. The Company also issued 450,000 warrants which were accounted for at a fair value of \$40,383 using the Black-Scholes Option Pricing Model with the following assumptions: a risk free interest rate of 0.77%, an expected life of 2.50 years, an annualized volatility of 133%, and a dividend yield of 0%. These costs have been expensed.

	Total
Balance, February 28, 2015 and February 29, 2016	\$ -
Proceeds from Notes	588,330
Finance fee – additional payment	58,833
Interest	2,265
Change in fair value	8,661
<b>Balance, February 28, 2017</b>	<b>\$ 658,089</b>

## **11. FINANCIAL INSTRUMENTS AND RISK**

### ***Fair value***

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

As at February 28, 2017, the Company's financial instruments are comprised of cash, receivables, accounts payable and Notes. The carrying value of receivables and accounts payable approximate their fair values due to the relatively short periods to maturity of these financial instruments.

### ***Risk management***

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### ***Credit risk***

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash and receivables.

The Company's cash are held through a Canadian chartered bank, which are high-credit quality financial institutions. Receivables are primarily due from the Government of Canada and credit risk is assessed as low.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2017, the Company had a cash balance of \$146,743 to settle current liabilities of \$297,079. The Company will require additional financing to be able to meet its financial obligations. All of the Company's financial liabilities have contractual maturities of 30 days or less are due on demand and are subject to normal trade terms. Liquidity risk is assessed as high.

## **11. FINANCIAL INSTRUMENTS AND RISK (cont'd...)**

### ***Market risk***

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

#### (a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and interest-bearing debt at fixed rates. Interest rate risk is considered to be low.

#### (b) Foreign currency rate risk

While the Company is domiciled in Canada and its capital is raised in Canadian dollars. However, the Company has debt denominated in USD (Note 10). Accordingly, the Company is exposed to foreign exchange risk.

### ***Sensitivity analysis***

The carrying value of cash, receivables and accounts payable approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

## **12. CAPITAL MANAGEMENT**

The Company manages its cash and common shares as capital. The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the on-going business objectives including, but not limited to pursuing the exploration of its exploration and evaluation assets, funding of future growth opportunities, and pursuit of new acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company manages its capital structure by issuing new shares, adjusting capital spending or disposing of assets. In addition, management of the Company's capital structure is facilitated through its financial and operational forecasting processes. The forecast of the Company's future cash flows is based on estimates of commodity prices, forecast capital and operating expenditures, and other investing and financing activities. The forecast is regularly updated based on new commodity prices and other changes, which the Company views as critical in the current environment.

The Company is not subject to any externally imposed capital requirements and there have not been any changes to capital management from the prior year.

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**13. INCOME TAXES**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2017	2016
Loss for the year	\$ (795,260)	\$ (996,559)
Statutory tax rate	26.00%	26.00%
Expected income tax recovery	(206,768)	(259,105)
Non-deductible items	2,210	19,590
Tax benefit not recognized in current year loss	418,000	204,179
Other differences	(323,682)	(112,994)
Impact of flow-through share renunciation	110,240	148,330
Deferred income tax recovery	\$ -	\$ -

The Company has the following significant deductible temporary differences for which no deferred tax asset has been recognized:

	2017	2016
Exploration and evaluation assets	\$ (992,000)	\$ (1,004,000)
Loss carry-forward	1,707,000	1,312,000
Share issuance costs	38,000	27,000
	\$ 753,000	\$ 335,000

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**13. INCOME TAXES** (cont'd...)

The tax pools relating to these deductible temporary differences expire as follows:

	Exploration and evaluation assets	Loss carry forward	Share issuance costs
2018	\$ -	\$ -	\$ 51,502
2019	-	-	45,208
2020	-	-	30,679
2021	-	-	19,366
2028	-	17,035	-
2029	-	1,500	-
2030	-	9,556	-
2031	-	100,496	-
2032	-	302,733	-
2033	-	358,499	-
2034	-	1,713,931	-
2035	-	2,077,183	-
2036	-	1,174,835	-
2037	-	809,132	-
No expiry	1,012,913	-	-
	\$ 1,012,913	\$ 6,564,900	\$ 146,755

a) Flow-through shares

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended February 28, 2017, the Company received \$524,000 from the issue of flow-through shares. Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", of \$65,500 was recorded as a deferred charge. During the year ended February 28, 2017, the Company has incurred and renounced expenditures of \$424,000. These expenditures will not be available to the Company for future deduction from taxable income. Accordingly, the flow-through premium liability was reduced to \$12,500.

As at February 28, 2017, the Company is committed to expend a further \$100,000 of the flow-through share proceeds from flow-through shares issued during the current year on qualifying exploration expenditures.

b) Provision for deferred tax

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at

February 28, 2017, the Company has approximately \$6,564,900 in non-capital losses that can be offset against taxable income in future years which begin expiring at various dates commencing in 2028. The potential future tax benefit of these losses has not been recorded as a full-future tax asset valuation allowance has been provided due to the uncertainty regarding the realization of these losses.

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**14. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in Canada.

**15. SUPPLEMENTAL CASH FLOW DISCLOSURE**

The Company issued nil (2016 - 425,000) common shares and nil warrants (2016 – 1,000,000) with a fair value of \$Nil (2016 - \$47,750) and \$Nil (2016 - \$111,752), respectively, during the year ended February 28, 2017, pursuant to property option agreements.

The Company recorded finder's warrants at a fair value of \$22,496 (2016 - \$33,365), which were recorded as share issuance costs.

The Company reclassified of \$Nil (2016 - \$23,451) to share capital from reserves, which represents the fair value of options and warrants exercised during the year.

The Company recorded \$162,964 (2016 - \$160,853) in accounts payable and accrued liabilities for expenditures on exploration and evaluation assets.

**16. COMMITMENTS**

- a) Effective July 1, 2011, the Company approved an office facility service agreement, whereby the Company is required to pay \$1,500 per month for rent to a company controlled by the CEO, President, and director of the Company.
- b) Effective April 1, 2013, the Company approved an employment agreement, whereby the Company is required to pay \$120,000 per annum to the CEO, President, and director of the Company. Pursuant to the agreement, the Company is required to pay a severance equal to two years of salary (\$240,000).