

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

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

**FOR THE YEARS ENDED February 28, 2019 and 2018**



## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF DOUBLEVIEW CAPITAL CORP.

#### *Opinion*

We have audited the financial statements of Doubleview Capital Corp. (the "Company"), which comprise the statement of financial position as at February 28, 2019, and the statements of comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

#### *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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the management in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Matter*

The financial statements of the Company for the year ended February 28, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 28, 2018.

#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$884,421 during the year ended February 28, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that 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 of Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. 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 IFRS, 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.

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## *Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Hervé Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia  
June 28, 2019

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**DOUBLEVIEW CAPITAL CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**AS AT FEBRUARY 28**

|  | 2019                | 2018                |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| <b>Current</b>                                       |                     |                     |
| Cash and cash equivalents                            | \$ 54,928           | \$ 564,712          |
| Prepaid expenses and deposits                        | -                   | 137,651             |
| Amounts receivable (Note 4, 8)                       | 22,449              | 26,405              |
| Total current assets                                 | <u>77,377</u>       | <u>728,768</u>      |
| <b>Non-current</b>                                   |                     |                     |
| Exploration and evaluation assets (Note 9)           | 5,121,517           | 4,688,414           |
| Reclamation bond                                     | 74,500              | 54,500              |
| Equipment (Note 5)                                   | 2,478               | 4,098               |
| Total non-current assets                             | <u>5,198,495</u>    | <u>4,747,012</u>    |
| <b>Total assets</b>                                  | <u>\$ 5,275,872</u> | <u>\$ 5,475,780</u> |
| <b>LIABILITIES</b>                                   |                     |                     |
| <b>Current</b>                                       |                     |                     |
| Accounts payable and accrued liabilities (Note 6, 8) | \$ 204,399          | \$ 240,229          |
| Flow through share liability (Note 13)               | 35,317              | 137,700             |
| Total current liabilities                            | <u>239,716</u>      | <u>377,929</u>      |
| <b>EQUITY</b>  |                     |                     |
| Share Capital (Note 7)                               | 8,597,713           | 8,357,395           |
| Reserves (Note 7)                                    | 1,810,163           | 1,227,755           |
| Deficit  | (5,371,720)         | (4,487,299)         |
|  | <u>5,036,156</u>    | <u>5,097,851</u>    |
| <b>Total liabilities and equity</b>                  | <u>\$ 5,275,872</u> | <u>\$ 5,475,780</u> |

**Going concern** (Note 1)

**Commitments** (Note 9, 15)

**Subsequent events** (Note 16)

**Approved and authorized by the Board on June 28, 2019:**

\_\_\_\_\_  
*"Farshad Shirvani"* Director  
 Farshad Shirvani

\_\_\_\_\_  
*"Andrew Rees"* Director  
 Andrew Rees

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**

|   | 2019               | 2018              |
|---|--------------------|-------------------|
| <b>Expenses</b>   |                    |                   |
| Amortization (Note 5)   | \$ 1,620           | \$ 1,620          |
| Consulting fees (Note 8)  | 35,075             | 22,748            |
| Director's fees (Note 8)  | 120,000            | 120,000           |
| Interest (Note 10)  | -                  | 16,357            |
| Investor relations  | 81,209             | 170,831           |
| Office and administrative (Note 8)  | 7,801              | 16,094            |
| Professional fees   | 48,208             | 69,108            |
| Property investigation costs  | -                  | 6,617             |
| Rent (Note 8)   | 18,000             | 18,000            |
| Stock-based compensation (Note 7)   | 629,476            | -                 |
| Transfer agent & filing fees  | 38,235             | 25,263            |
|   | <u>979,624</u>     | <u>466,638</u>    |
| <b>Other items</b>  |                    |                   |
| Flow-through share premium recovery   | (102,383)          | -                 |
| Write-off of prepaids   | 35,650             | -                 |
| Gain on write-off of payables   | (28,470)           | -                 |
| Other items   | -                  | (376)             |
| Loss on settlement of obligation to issue shares                                | -                  | 2,000             |
| Foreign exchange on notes (Note 10)   | -                  | (104,460)         |
| Foreign exchange loss   | -                  | 1,442             |
|   | <u>-</u>           | <u>1,442</u>      |
| <b>Net loss for the year</b>  | <u>\$ 884,421</u>  | <u>\$ 365,244</u> |
| <b>Loss per common share - basic and diluted</b>                                | <u>\$ 0.01</u>     | <u>\$ 0.00</u>    |
| <b>Weighted average number of common shares outstanding - basic and diluted</b> | <u>105,295,004</u> | <u>88,596,000</u> |

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

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

|   | Share Capital      |                    |                    |                       |                    |
|---|--------------------|--------------------|--------------------|-----------------------|--------------------|
|   | No. of<br>Shares   | Amount             | Reserves           | Deficit               | Total              |
| <b>Balance February 28, 2017</b>                    | <b>80,944,256</b>  | <b>\$7,173,247</b> | <b>\$1,224,230</b> | <b>\$ (4,122,055)</b> | <b>\$4,275,422</b> |
| Shares issued for private placements                | 23,686,666         | 1,330,400          | -                  | -                     | 1,330,400          |
| Flow-through share premium                          |                    | (125,200)          | -                  | -                     | (125,200)          |
| Share issuance costs                                | -                  | (17,527)           | -                  | -                     | (17,527)           |
| Finders warrants                                    | -                  | (3,525)            | 3,525              | -                     | -                  |
| Loss for the year                                   | -                  | -                  | -                  | (365,244)             | (365,244)          |
| <b>Balance February 28, 2018</b>                    | <b>104,630,922</b> | <b>8,357,395</b>   | <b>1,227,755</b>   | <b>(4,487,299)</b>    | <b>5,097,851</b>   |
| Shares issued for exploration and evaluation assets | 1,970,000          | 132,250            | -                  | -                     | 132,250            |
| Shares issued for the exercise of stock options     | 610,000            | 108,068            | (47,068)           | -                     | 61,000             |
| Stock-based compensation (Note 7)                   | -                  | -                  | 629,476            | -                     | 629,476            |
| Loss for the year                                   | -                  | -                  | -                  | (884,421)             | (884,421)          |
| <b>Balance February 28, 2019</b>                    | <b>107,210,922</b> | <b>\$8,597,713</b> | <b>\$1,810,163</b> | <b>\$ (5,371,720)</b> | <b>\$5,036,156</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**

|  | 2019              | 2018             |
|--|-------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                   |                  |
| Net loss for the year  | \$ (884,421)      | \$ (365,244)     |
| Items not affecting Cash   |                   |                  |
| Amortization   | 1,620             | 1,620            |
| Interest   | -                 | 16,357           |
| Stock-based compensation   | 629,476           | -                |
| Foreign exchange on notes  | -                 | (104,460)        |
| Flow-through share premium recovery                                  | (102,383)         | -                |
| Gain on write-off of payables  | (28,470)          | -                |
| Write-off of prepaids  | 35,650            | -                |
| Changes in non-cash working capital items:                           |                   |                  |
| Prepaid expenses   | 102,001           | 500              |
| Accounts receivable  | (17,131)          | 31,574           |
| Accounts payable and accrued liabilities                             | (7,360)           | (44,350)         |
| Net cash used in operating activities                                | <u>(271,018)</u>  | <u>(464,003)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |                   |                  |
| Proceeds from shares issued for private placements, net              | -                 | 1,312,873        |
| Proceeds on the exercise of stock options                            | 61,000            | -                |
| Interest and note repayment  | -                 | (569,987)        |
| Net cash from financing activities                                   | <u>61,000</u>     | <u>742,886</u>   |
| <b>CASH FLOWS FOR INVESTING ACTIVITIES</b>                           |                   |                  |
| Reclamation bonds  | (20,000)          | -                |
| Expenditure on exploration and evaluation assets, net of tax credits | (279,766)         | 139,086          |
| Net cash used for investing activities                               | <u>(299,766)</u>  | <u>139,086</u>   |
| <b>Net increase (decrease) in cash during the year</b>               | (509,784)         | 417,969          |
| <b>Cash and cash equivalents, beginning of year</b>                  | <u>564,712</u>    | <u>146,743</u>   |
| <b>Cash and cash equivalents, end of year</b>                        | <u>\$54,928</u>   | <u>\$564,712</u> |
| <b>Supplemental cash flow information</b>                            |                   |                  |
| GST Refund transferred to BCMETC                                     | \$ 21,087         | \$ -             |
| Shares issued for exploration and evaluation assets                  | <u>\$ 132,250</u> | <u>\$ -</u>      |

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

**DOUBLEVIEW CAPITAL CORP.**

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

For the years ended February 28, 2019 and 2018

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**1. CORPORATE INFORMATION AND GOING CONCERN**

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 1T2. 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. As at February 28, 2019, the Company has cash of \$54,928 on hand and a working capital of deficiency of \$162,339. For the year ended February 28, 2019, the Company incurred a net loss of \$884,421. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the going concern basis of accounting be inappropriate. These adjustments could be material.

**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”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), as 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) Cash and cash equivalents

The Company considers cash and cash equivalents to be cash and highly liquid investments that can be readily converted into known amounts of cash, and which have an original term to maturity of less than twelve months.

b) Financial instruments

(i) *Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTOCI.

(ii) *Measurement*

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recorded at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities at FVTOCI

Financial assets and liabilities carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTOCI are included in other comprehensive income or loss in the period in which they arise.

(iii) *Impairment of Financial Assets at Amortized Cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significant, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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

b) Financial instruments (cont'd...)

(iv) *Derecognition*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive loss.

The Company adopted IFRS 9 *Financial Instruments* to account for its financial instruments on March 1, 2018 using the modified retrospective approach. The application of IFRS 9 had no material impact on the Company's financial statements.

The Company did a detailed assessment of its financial assets and liabilities as at March 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

|  | <i>Measurement Category</i> |                       |
|--|-----------------------------|-----------------------|
|  | <u>Under IAS 39</u>         | <u>Under IFRS 9</u>   |
|  | <b>Classification</b>       | <b>Classification</b> |
| Cash and cash equivalents                | Fair value – P&L            | Fair value – P&L      |
| Accounts receivable                      | Amortized cost              | Amortized cost        |
| Accounts payable and accrued liabilities | Amortized cost              | Amortized cost        |
| Reclamation bond deposit                 | Amortized cost              | Amortized cost        |

c) 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.

**DOUBLEVIEW CAPITAL CORP.**

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

For the years ended February 28, 2019 and 2018

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

c) Exploration and evaluation assets (cont'd...)

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.

d) 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.

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.

e) 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 asset and 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.

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

e) Income taxes (cont'd...)

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.

f) 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.

In circumstances where the Company has issued flow-through shares by way of a unit offering, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve first based on the fair value. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through share 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 share 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.

g) 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.

h) 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.

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

i) 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, 2019 and 2018, the Company does not have any provision for environmental rehabilitation.

j) Mining exploration tax credits ("METC")

The Company may periodically receive METC's for exploration expenses incurred in Canada. The METC's 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.

k) 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 but are not limited to 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.

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

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

l) 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, recovery of deferred tax assets 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.

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

m) 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.

n) Recent accounting pronouncements

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below and include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company intends to adopt these standards and interpretations when they become effective and is currently assessing their impact on the financial statements.

*IFRS 16 Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

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

n) Recent accounting pronouncements (cont'd...)

The main features of the new standard are as follows:

An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.

A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.

A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.

A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.

A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard is effective for the Company's annual period beginning March 1, 2019. The Company does not expect this new pronouncement to have a significant impact on its financial statements.

**4. AMOUNTS RECEIVABLE**

The Company's amounts receivable consists of the following:

|                                   | 2019             | 2018             |
|-----------------------------------|------------------|------------------|
| GST receivable                    | \$ 19,584        | \$ 23,540        |
| Due from related parties (Note 8) | 2,865            | 2,865            |
| <b>Total</b>                      | <b>\$ 22,449</b> | <b>\$ 26,405</b> |

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**5. EQUIPMENT**

Equipment is comprised of the following:

|                                     | Office<br>equipment | Computer<br>equipment | Total           |
|-------------------------------------|---------------------|-----------------------|-----------------|
| <b>Cost:</b>                        |                     |                       |                 |
| At February 28, 2017, 2018 and 2019 | \$ 1,210            | \$ 6,072              | \$ 7,282        |
| <b>Total</b>                        | <b>\$ 1,210</b>     | <b>\$ 6,072</b>       | <b>\$ 7,282</b> |
| <b>Accumulated amortization:</b>    |                     |                       |                 |
| At February 28, 2017                | \$ 670              | \$ 894                | \$ 1,564        |
| Amortization                        | 180                 | 1,440                 | 1,620           |
| At February 28, 2018                | \$ 850              | \$ 2,334              | \$ 3,184        |
| Amortization                        | 180                 | 1,440                 | 1,620           |
| At February 28, 2019                | \$ 1,030            | \$ 3,774              | \$ 4,804        |
| <b>Net book value:</b>              |                     |                       |                 |
| At February 28, 2017                | \$ 540              | \$ 5,178              | \$ 5,718        |
| At February 28, 2018                | \$ 360              | \$ 3,738              | \$ 4,098        |
| At February 28, 2019                | \$ 180              | \$ 2,298              | \$ 2,478        |

Amortization of \$1,620 (2018 - \$1,620) was charged during the year ended February 28, 2019.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

|                                 | 2019              | 2018              |
|---------------------------------|-------------------|-------------------|
| Accounts payable                | \$ 50,051         | \$ 210,235        |
| Due to related parties (Note 8) | 139,348           | 14,994            |
| Accrued liabilities             | 15,000            | 15,000            |
| <b>Total</b>                    | <b>\$ 204,399</b> | <b>\$ 240,229</b> |

**DOUBLEVIEW CAPITAL CORP.**

## NOTES TO THE FINANCIAL STATEMENTS

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**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:

In August 2018, the Company the Company issued 650,000 common shares at a fair market value of \$43,810 for the acquisition of the Red Springs Property. In January 2019, the Company issued an additional 1,320,000 common shares at a fair market value of \$88,440 for the acquisition of the Red Springs Property. The October 2018 and February 2019, the Company issued 610,000 common shares for the exercise of stock options generating gross proceeds of \$61,000.

In October and November 2017, the Company issued 21,600,000 non-flow through units comprising of one common share and one full share purchase warrant for total proceeds of \$1,080,000. 11,600,000 warrants are exercisable to purchase one additional common share at \$0.05 per common share for a period of 5 years and 10,000,000 warrants are exercisable to purchase one additional common share at \$0.08 per common share for a period of 3.5 years.

In December 2017, the Company issued 2,086,666 flow-through units at a price of \$0.12 per unit for total proceeds of \$250,400. On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of \$125,200 that investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital of \$125,200. Each unit comprises of one common share and one share purchase warrant exercisable to purchase one additional common share at \$0.10 per common share in the first year and \$0.12 in the second year. The Company paid \$17,527 in finders' fees and share issuance cost and also issued 146,066 finders' warrants, exercisable into one common share at a price of \$0.10 per common share in the first year and \$0.12 in the second year. The Company allocated a fair value of \$3,525 to the finders' warrants.

- c) Reserves

Reserves represent the fair value of stock options or compensation warrants until such time that the share-based 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<br>February 28,<br>2019 | Weighted average<br>exercise price (\$) | Year ended<br>February 28,<br>2018 | Weighted average<br>exercise price (\$) |
|-----------------------|------------------------------------|---|------------------------------------|---|
| Beginning of the year | 6,855,000                          | 0.12                                    | 6,855,000                          | 0.12                                    |
| Granted               | 6,650,000                          | 0.11                                    | -                                  | -                                       |
| Exercised             | (610,000) <sup>[1]</sup>           | 0.10                                    | -                                  | -                                       |
| Expired               | (2,585,000)                        | 0.11                                    | -                                  | -                                       |
| End of the year       | 10,310,000                         | 0.11                                    | 6,855,000                          | 0.12                                    |

<sup>[1]</sup> The weighted average market price on the date of exercise was \$0.12 per share.

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

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

Options to acquire common shares at February 28, 2019 are as follows:

| Number Outstanding | Exercise Price | Expiry Date       |
|--------------------|----------------|-------------------|
| 1,310,000          | \$0.10         | May 20, 2019      |
| 300,000            | \$0.16         | February 20, 2020 |
| 1,020,000          | \$0.17         | April 27, 2020    |
| 390,000            | \$0.10         | August 13, 2020   |
| 700,000            | \$0.10         | April 29, 2021    |
| 2,790,000          | \$0.10         | April 12, 2023    |
| 2,000,000          | \$0.12         | September 5, 2023 |
| 1,800,000          | \$0.10         | November 14, 2023 |
| <b>10,310,000</b>  |                |                   |

The outstanding stock options have a weighted average remaining contractual life of 3.19 years (2018 – 1.47 years).

The Company granted the following incentive stock options to directors, officers, employees and consultants of the Company during the year ended February 28, 2019:

- April 12, 2018, 2,850,000 options exercisable at \$0.10 per common share and expiring April 12, 2023;
- September 5, 2018, 2,000,000 options exercisable at \$0.12 per common share and expiring September 5, 2023; and
- November 14, 2018, 1,800,000 options exercisable at \$0.10 per common share and expiring November 14, 2023.

The granting of these incentive stock options resulted in stock-based compensation expense, calculated using the Black-Scholes Option Pricing Model, of \$629,476 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 were: a risk-free interest rate: 1.50%, an expected life 5 years, an annualized volatility of 151%, and a dividend yield of 0%.

e) Warrants

The Company's warrants outstanding are as follows:

|                       | Year ended<br>February 28,<br>2018 | Weighted<br>average<br>exercise price (\$) | Year ended<br>February 28,<br>2018 | Weighted<br>average<br>exercise price (\$) |
|-----------------------|------------------------------------|--|------------------------------------|--|
| Beginning of the year | 39,306,022                         | 0.10                                       | 18,327,873                         | 0.15                                       |
| Issued                | -                                  | -  | 23,832,732                         | 0.07                                       |
| Expired               | (14,023,290)                       | (0.15)                                     | (2,854,583)                        | 0.20                                       |
| End of the year       | 25,282,732                         | 0.07                                       | 39,306,022                         | 0.10                                       |

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

e) Warrants (cont'd...)

Warrants to acquire common shares at February 28, 2019 are as follows:

| Number outstanding | Exercise price | Expiry date       |
|--------------------|----------------|-------------------|
| 450,000            | \$ 0.15        | August 1, 2019    |
| 2,232,732          | \$ 0.10        | December 29, 2019 |
| 1,000,000          | \$ 0.10        | September 4, 2020 |
| 10,000,000         | \$ 0.08        | May 17, 2021      |
| 11,600,000         | \$ 0.05        | October 10, 2022  |
| 25,282,732         |                |                   |

The outstanding warrants have a weighted average remaining contractual life of 2.68 years (2018 – 2.60 years).

**8. RELATED PARTY TRANSACTIONS**

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

- a) Incurred director's fees of \$120,000 (2018 - \$120,000) to the CEO, President and director of the Company;
- b) Incurred rent of \$18,000 (2018 - \$18,000) to a company controlled by the CEO, President and director of the Company;
- c) Incurred office and administrative expenses of \$1,435 (2018 - \$8,907) to a company controlled by the CEO, President and director of the Company;
- d) Incurred consulting fees of \$8,000 (2018 - \$8,100) to a company controlled by the CFO of the Company.

At February 28, 2019, recorded in accounts payable and accrued liabilities is \$126,198 (2018 - \$36,711) due to a company controlled by the CEO, President and director of the Company.

At February 28, 2019, recorded in accounts payable and accrued liabilities is \$10,000 (2018 - \$Nil) due to the CEO, President and director of the Company.

At February 28, 2019, recorded in accounts payable and accrued liabilities is \$3,150 (2018 - \$4,200) to a company controlled by the CFO of the Company.

At February 28, 2019, recorded in amounts receivable is \$2,865 (2018 - \$2,865) due from companies controlled by the officers and directors of the Company.

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

### **Mount Milligan North Property**

The Company owns a 100% interest in the Mount Milligan North Property located in northwest Prince George, British Columbia.

During the year ended February 29, 2018, the Company capitalized \$13,915 to the Mount Milligan North Property.

### **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 February 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 through cash payment of \$100,000.

As at February 28, 2019, the Company has posted reclamation bonds totalling \$54,500 (2018 - \$54,500) with the Ministry of Energy and Mines for indemnification of site restoration of the Hat Property.

On June 19, 2018, the Company entered into a definitive Option Agreement with Hudbay Minerals Inc ("Hudbay"). Under the terms of the Option Agreement, Hudbay will be the operator and has the right to earn up to a 65% interest in the Hat Property on the following terms:

Hudbay may earn an initial 51% interest in the Hat Property (the "First Option"): by incurring a total of \$25,000,000 in exploration expenditures as follows:

- (i) \$2,000,000 in exploration expenditures by the first anniversary date,
- (ii) an additional \$5,000,000 in exploration expenditures by the second anniversary date,
- (iii) an additional \$7,000,000 in exploration expenditures by the third anniversary date, and
- (iv) an additional \$11,000,000 in exploration expenditures by the fourth anniversary date.

Hudbay must also deliver a resource estimate by the fourth anniversary date to exercise the First Option.

Hudbay may earn an additional 4% interest (cumulative 55% interest) in the Hat Property (the "Second Option") by:

- incurring a total of \$15,000,000 in exploration expenditures by the seventh anniversary date;
- completing pre-feasibility study by the seventh anniversary date; and
- paying \$1,000,000 in cash to the Company by the seventh anniversary date.

Hudbay may earn an additional 10% interest (cumulative 65% interest) in the Hat Property by completing a feasibility study by the tenth anniversary date (the "Third Option"). Under the terms of the Option Agreement, Hudbay may, on a one-time basis, elect to defer one year of exploration expenditures to a later date without extending the length of the agreement or the timeline for earning an interest in the Hat Property.

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

Upon exercise of the First Option, the Second Option or the Third Option, Hudbay may elect to form a joint venture with the Company in respect of the Hat Property. If Hudbay elects not to proceed with the Second Option, The Company has the right to purchase a 2% interest from Hudbay for \$500,000, which would result in the Company holding a 51% interest in the project and becoming the operator.

On September 25, 2018, the definitive Option Agreement was amended to allow the Company to incur \$200,000 in expenditures on the Property on or before December 31, 2018.

**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.

On June 27, 2018, the Company entered into an amended agreement with a director of the Company with regards to the Red Springs property in which all previous cash payments and exploration expenditure commitments were waived and replaced with a single cash payment of \$132,000 on or before August 8, 2020.

In August 2018 and January 2019, the Company issued 650,000 common shares at a fair value of \$43,810 and 1,320,000 shares at a fair value of \$88,440 for the acquisition of the property.

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

**Summary of exploration and evaluation assets:**

| Acquisition costs                               | Mount Milligan |                   |                      | Total             |
|---|----------------|-------------------|----------------------|-------------------|
|   | North Property | Hat Property      | Red Springs property |                   |
| <b>Balance as at February 28, 2017 and 2018</b> | \$ 1           | \$ 370,750        | \$ 3,780             | <b>374,531</b>    |
| Acquisition costs incurred:                     |                |                   |                      |                   |
| For shares                                      | -              | -                 | 132,250              | 132,250           |
| Impairment of property                          | -              | -                 | -                    | -                 |
| <b>Balance as at February 28, 2019</b>          | <b>\$ 1</b>    | <b>\$ 370,750</b> | <b>\$ 136,030</b>    | <b>\$ 506,781</b> |

  

| Exploration costs                      | Mount Milligan   |                     |                      | Total               |
|--|------------------|---------------------|----------------------|---------------------|
|  | North Property   | Hat Property        | Red Springs Property |                     |
| <b>Balance as at February 28, 2017</b> | -                | 4,447,956           | 5,013                | <b>4,452,969</b>    |
| Exploration costs incurred             |                  |                     |                      |                     |
| Surveys, mapping, sampling and other   | -                | 11,567              | -                    | 11,567              |
| BC METC                                | -                | (150,653)           | -                    | (150,653)           |
| <b>Balance as at February 28, 2018</b> | <b>\$ -</b>      | <b>\$ 4,308,870</b> | <b>\$ 5,013</b>      | <b>\$ 4,313,883</b> |
| Exploration costs incurred             |                  |                     |                      |                     |
| Surveys, mapping, sampling and other   | 13,915           | 223,722             | 42,129               | 279,766             |
| Other                                  | -                | 21,087              | -                    | 21,087              |
| <b>Balance as at February 28, 2019</b> | <b>\$ 13,915</b> | <b>\$ 4,553,679</b> | <b>\$ 47,142</b>     | <b>\$ 4,614,736</b> |
| <b>Total at February 28, 2018</b>      | <b>\$ 1</b>      | <b>\$ 4,679,620</b> | <b>\$ 8,793</b>      | <b>\$ 4,688,414</b> |
| <b>Total at February 28, 2019</b>      | <b>\$ 13,916</b> | <b>\$ 4,924,429</b> | <b>\$ 183,172</b>    | <b>\$ 5,121,517</b> |

**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.

|                            | 2019 | 2018       |
|----------------------------|------|------------|
| Balance, beginning of year | \$ - | \$ 658,089 |
| Interest accrued           | -    | 16,357     |
| Interest paid              | -    | (12,481)   |
| Loan Repayment             | -    | (557,505)  |
| Foreign exchange           | -    | (104,460)  |
| Balance, end of year       | \$ - | \$ -       |

In September 2017, the Company paid \$557,505 (US\$454,624) to settle the outstanding Notes and accrued interest.

**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, 2019, the Company’s financial instruments are comprised of cash, amounts receivable, accounts payable and due to related parties. The carrying value of amounts receivable, accounts payable and due to related parties 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:

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

### **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 cash equivalents and amounts receivables.

The Company's cash and cash equivalents are held with 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, 2019 the Company had a cash balance of \$54,928 (2018 - \$564,712) to settle current liabilities of \$239,716 (2018 - \$377,929). Company does not have enough funds to cover the current financial liabilities and will be required to obtain additional financing. All 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.

### **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, the Company is not exposed to any significant foreign exchange risk.

### **Sensitivity analysis**

The carrying value of cash, amounts receivable, accounts payable and accrued liabilities 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.

## 13. INCOME TAXES

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

|  | 2019         | 2018         |
|--|--------------|--------------|
| Loss for the year                                | \$ (884,421) | \$ (365,244) |
| Statutory tax rate                               | 27.00%       | 26.00%       |
| Expected income tax recovery                     | (238,794)    | (94,963)     |
| Non-deductible items                             | 170,012      | -            |
| Unused tax losses and tax offsets not recognized | (216,911)    | 86,000       |
| Other differences                                | 285,693      | 8,963        |
| Deferred income tax recovery                     | \$ -         | \$ -         |

The Company has the following deferred income tax assets and liability:

|                                     | 2019         | 2018         |
|-------------------------------------|--------------|--------------|
| Deferred income tax asset:          |              |              |
| Loss carry-forward                  | \$ 2,241,000 | \$ 1,804,000 |
| Share issuance costs                | 15,000       | 28,000       |
| Total deferred income tax assets    | \$ 2,256,000 | \$ 1,832,000 |
| Deferred income tax liability:      |              |              |
| Exploration and evaluation assets   | \$ 1,030,000 | \$ 992,000   |
| Total deferred income tax liability | \$ 1,030,000 | \$ 992,000   |

**DOUBLEVIEW CAPITAL CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
(EXPRESSED IN CANADIAN DOLLARS)  
For the years ended February 28, 2019 and 2018

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

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

|           | Exploration<br>and evaluation assets | Loss carry forward  | Share issuance costs |
|-----------|--------------------------------------|---------------------|----------------------|
| 2020      | \$ -                                 | \$ -                | \$ 40,682            |
| 2021      | -                                    | -                   | 22,871               |
| 2028      | -                                    | 17,035              | 3,505                |
| 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      | -                                    | 1,622,725           | -                    |
| 2038      | -                                    | 614,399             | -                    |
| 2039      | -                                    | 307,612             | -                    |
| No expiry | 1,285,843                            | -                   | -                    |
|           | <b>\$ 1,285,843</b>                  | <b>\$ 8,300,504</b> | <b>\$ 67,058</b>     |

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, 2019, the Company received \$Nil (2018 - \$250,400) 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 \$Nil (2018 - \$125,200) was recorded as a deferred liability. During the year ended February 28, 2019, the Company incurred and renounced expenditures of \$279,766 (2018 - \$Nil). These expenditures will not be available to the Company for future deduction from taxable income. Accordingly, the flow-through premium liability was reduced by \$102,383 (2018 - \$Nil) to \$35,317 (2018 - \$137,700).

As at February 28, 2019, the Company is committed to expend a further \$70,634 of the flow-through share proceeds from flow-through shares issued during prior years 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, 2019, the Company has approximately \$6,937,000 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.

#### **14. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in Canada. All of its long term assets are located in Canada.

#### **15. 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).

#### **16. SUBSEQUENT EVENTS**

Subsequent to February 28, 2019;

- a) 860,000 stock options were exercised at a price of \$0.10 and \$0.12 per share, for total gross proceeds of \$89,400;
- b) The Company granted 2,360,000 stock options with an exercise price of \$0.11 for a term of five years; and
- c) 1,310,000 options were cancelled/expired unexercised.