

**DOUBLEVIEW GOLD CORP. (formerly “Doubleview Capital Corp.”)  
(An Exploration Company)**

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

**FOR THE SIX MONTHS ENDED AUGUST 31, 2020**

These Financial Statements have been prepared in accordance with International Financial Reporting Standards. WE HEREBY GIVE NOTICE that our condensed interim financial statements for the six month period ended August 31, 2020 which follow this notice have not been reviewed by an auditor.

**DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)**  
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
(UNAUDITED – PREPARED BY MANAGEMENT, EXPRESSED IN CANADIAN DOLLARS)  
AS AT

	August 31, 2020	February 29, 2020 (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,067,911	\$ 459,154
Prepaid expenses and deposits	40,000	-
Amounts receivable (Note 3)	1,043,427	42,305
Marketable securities (Note 4)	50,000	50,000
Total current assets	<u>2,201,338</u>	<u>551,459</u>
<b>Non-current</b>		
Exploration and evaluation assets (Note 9)	5,580,699	5,423,123
Reclamation bond	101,750	74,500
Office Equipment (Note 5)	138	858
Total non-current assets	<u>5,682,587</u>	<u>5,498,481</u>
<b>Total assets</b>	<u>\$ 7,883,925</u>	<u>\$ 6,049,940</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 269,953	\$ 481,797
Flow through share liability	312,940	-
Total current liabilities	<u>582,893</u>	<u>481,797</u>
<b>Non-current</b>		
Restoration obligation (Note 10)	76,979	76,979
Total liabilities	<u>659,872</u>	<u>558,776</u>
<b>EQUITY</b>		
Share Capital (Note 7)	11,075,178	9,165,240
Reserves (Note 7)	2,245,727	2,095,813
Deficit	(6,096,852)	(5,769,889)
	<u>7,224,053</u>	<u>5,491,164</u>
<b>Total liabilities and equity</b>	<u>\$ 7,883,925</u>	<u>\$ 6,049,940</u>

Approved and authorized by the Board on October 30, 2020:

<u>“Farshad Shirvani”</u> Farshad Shirvani	Director	<u>“Andrew Rees”</u> Andrew Rees	Director
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The accompanying notes are an integral part of these condensed interim financial statements.

**DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)**  
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS  
(UNAUDITED – PREPARED BY MANAGEMENT, EXPRESSED IN CANADIAN DOLLARS)  
FOR THE SIX MONTHS ENDED AUGUST 31,

	Three Months ended August 31,		Six Months ended August 31,	
	2020	2019	2020	2019
<b>Expenses</b>				
Amortization (Note 5)	\$ 360	\$ 405	\$ 720	\$ 810
Consulting fees	62,874	8,100	65,374	12,600
Director's fees (Note 8)	30,000	30,000	60,000	60,000
Investor relations	25,369	530	31,907	1,359
Office and administrative	5,336	(343)	6,239	2,159
Professional fees	9,993	6,489	19,533	8,001
Rent (Note 8)	5,400	4,500	10,800	9,000
Stock based compensation (Note 7)	-	-	124,151	180,022
Transfer agent & filing fees	6,378	10,121	8,239	16,276
<b>Net (income) loss for the period</b>	<b>\$ 145,710</b>	<b>\$ 59,802</b>	<b>\$ 326,963</b>	<b>\$ 290,227</b>
<b>Loss per common share - basic and diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>113,337,687</b>	<b>108,070,922</b>	<b>112,934,305</b>	<b>107,936,248</b>

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

**DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)**  
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY  
(UNAUDITED – PREPARED BY MANAGEMENT, EXPRESSED IN CANADIAN DOLLARS)

	Share Capital				
	No. of Shares	Amount	Reserves	Deficit	Total
<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>
Shares issued for stock options	860,000	166,527	(77,127)	-	89,400
Stock based compensation (Note 7)	-	-	180,022	-	180,022
Loss for the period	-	-	-	(290,227)	(290,227)
<b>Balance August 31, 2019</b>	<b>108,070,922</b>	<b>\$8,764,240</b>	<b>\$1,913,058</b>	<b>\$ (5,661,947)</b>	<b>\$5,015,351</b>
Shares issued for private placement	4,460,000	401,000	77,581	-	478,581
Stock based compensation (Note 7)	-	-	105,174	-	105,174
Loss for the period	-	-	-	(107,942)	(107,942)
<b>Balance February 29, 2020</b>	<b>112,530,922</b>	<b>9,165,240</b>	<b>2,095,813</b>	<b>(5,769,889)</b>	<b>5,491,164</b>
Shares issued for private placement	9,018,815	1,984,139	-	-	1,984,139
Shares issued for stock options	325,000	56,128	(23,628)	-	32,500
Share issuance costs	-	(80,938)	-	-	(80,938)
Finders warrants	-	(49,391)	49,391	-	-
Stock based compensation (Note 7)	-	-	124,151	-	124,151
Loss for the period	-	-	-	(326,963)	(326,963)
<b>Balance August 31, 2020</b>	<b>121,874,737</b>	<b>\$11,075,178</b>	<b>\$2,245,727</b>	<b>\$ (6,096,852)</b>	<b>\$7,224,053</b>

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

**DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)**  
CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
(UNAUDITED – PREPARED BY MANAGEMENT, EXPRESSED IN CANADIAN DOLLARS)  
FOR THE SIX MONTHS ENDED AUGUST 31,

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (326,963)	\$ (290,227)
Items not affecting cash		
Amortization	720	810
Stock based compensation	124,151	180,022
Changes in non-cash working capital items:		
Prepaid expenses	(40,000)	-
Accounts receivable	(60,200)	19,584
Accounts payable and accrued liabilities	(211,844)	(849)
Net cash used in operating activities	<u>(514,136)</u>	<u>(90,660)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issuance, net	1,275,219	-
Proceeds on the exercise of stock options	32,500	89,399
Net cash from financing activities	<u>1,307,719</u>	<u>89,399</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Expenditure on exploration and evaluation assets, net of recoveries	(157,576)	242,570
Net cash used for investing activities	<u>(184,826)</u>	<u>242,570</u>
<b>Net increase (decrease) in cash during the period</b>	<b>608,757</b>	<b>241,309</b>
<b>Cash, beginning of period</b>	<b>459,154</b>	<b>54,928</b>
<b>Cash, end of period</b>	<b><u>\$1,067,911</u></b>	<b><u>\$296,237</u></b>

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

**DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED – PREPARED BY MANAGEMENT, EXPRESSED IN CANADIAN DOLLARS)  
FOR THE SIX MONTHS ENDED AUGUST 31,

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**1. CORPORATE INFORMATION AND GOING CONCERN**

Doubleview Gold Corp. (formerly 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”). On May 8, 2020, the Company changed its name from Doubleview Capital Corp. to Doubleview Gold Corp. under the symbol “DBG”.

The head office and principal address of the Company is 822-470 Granville Street, Vancouver, British Columbia, Canada V6C 1V5. 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. As at August 31, 2020, the Company has cash and cash equivalents of \$1,067,911 (February 29, 2020- \$459,154) on hand and working capital of \$1,618,446 (February 29, 2020– \$69,662). For the six months ended August 31, 2020 and the year ended February 29, 2020, the Company incurred net losses of \$326,963 and \$398,169, respectively. 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 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 condensed interim financial statements for the six months ended August 31, 2020, have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’. The condensed interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended February 29, 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company’s annual financial statements for the year ended February 29, 2020.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

**DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)**  
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
 (UNAUDITED – PREPARED BY MANAGEMENT, EXPRESSED IN CANADIAN DOLLARS)  
 FOR THE SIX MONTHS ENDED AUGUST 31,

**2. BASIS OF PREPARATION** (cont'd...)

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on October 30, 2020.

b) Basis of Measurement

These condensed interim 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, this financial statement has been prepared using the accrual basis of accounting.

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

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

**3. ACCOUNTS RECEIVABLE**

The Company's accounts receivable consists of the following:

	February 28, 2018	February 29, 2020
GST receivable	\$ 41,054	\$ 27,099
Share subscriptions receivable, net of commission of \$80,938 (Note 7)	940,922	-
Advance to drilling company	46,245	-
Due from related parties (Note 8)	15,206	15,206
<b>Total</b>	<b>\$ 1,043,427</b>	<b>\$ 42,305</b>

**4. MARKETABLE SECURITIES**

Marketable securities consist of investment in 500,000 (February 29, 2020 – 500,000) common shares of Mucho Cobre Resources Ltd. ("Mucho Cobre"). The fair value of the marketable securities has been determined by reference to Mucho Cobre's most recent equity financing, a Level 2 valuation of the fair value hierarchy. The fair value on initial recognition during the year ended February 29, 2020 was \$0.10 per share for a fair value of \$50,000. No amounts for unrealized gain/loss have been recorded during the six months ended August 31, 2020 as \$0.10 per share remains the estimated fair value of the shares as at August 31, 2020.

	August 31, 2020	February 29, 2020
Mucho Cobre Resource Ltd.	\$ 50,000	\$ 50,000

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**5. EQUIPMENT**

Equipment is comprised of the following:

	August 31, 2020	February 29, 2020
Cost	\$ 7,282	\$ 7,282
Accumulated amortization	(7,144)	(6,424)
<b>Total</b>	<b>\$ 138</b>	<b>\$ 858</b>

Amortization of \$720 (2019 - \$8105) was charged during the six months ended August 31, 2020.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	August 31, 2020	February 29, 2020
Accounts payable	\$ 227,151	\$ 337,952
Due to related parties (Note 8)	42,801	123,845
Accrued liabilities	-	20,000
<b>Total</b>	<b>\$ 269,952</b>	<b>\$ 481,797</b>

**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:

The Company issued 1,460,000 units on December 30, 2019 for total proceeds of \$146,000. Each unit was comprised of one common share and one share purchase warrant, with each warrant exercisable to purchase one additional common share at \$0.15 per common share for a period of 2 years. No value is assigned to the warrants.

The Company issued a further 860,000 common shares in March 2019 and May 2019 for the exercise of stock options generating gross proceeds of \$89,400.

The Company issued 3,000,000 flow-through units on September 20, 2019 for total proceeds of \$450,000. On issuance, the Company bifurcated the flow-through shares into i) share capital of \$255,000; ii) warrants of \$77,581 and; iii) a flow-through share premium of \$117,419 that investors pay for the flow-through feature, which is recognized as a liability. The flow-through share liability was reduced by \$117,419 as the Company expended the \$450,000 on eligible exploration expenditures during the year ended February 29, 2020. Each unit was comprised of one common share and one share purchase warrant, with each warrant exercisable to purchase one additional common share at \$0.15 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 share is equal to, or a greater than, \$0.25 for 5 consecutive trading days at any time after 4 months of closing.

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FOR THE SIX MONTHS ENDED AUGUST 31,

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

In August 2020, the Company issued 6,173,909 units at \$0.22 per unit and 2,844,906 flow-through units at \$0.33 per flow-through unit for total proceeds of \$2,297,079. Each unit was comprised of one common share and one share purchase warrant, with each warrant exercisable to purchase one additional common share at \$0.40 per common share for a period of 2 years. Each flow-through unit was comprised of one common share and one half of one share purchase warrant, with each warrant exercisable to purchase one additional common share at \$0.40 per common share for a period of 2 years. On issuance, the Company bifurcated the flow-through shares into share capital of \$625,879 and a flow-through share premium of \$312,940 that investors pay for the flow-through feature, which is recognized as a liability. The Company will pay commissions of \$80,938 and issued 325,180 finders' warrants, exercisable into one common share at the price of \$0.40 per share for a period of 2 years. The Company allocated a fair value of \$49,391 to the finders' warrants based on the Black-Scholes Option Pricing Model using the following assumptions: a risk-free interest rate: 0.25%, an expected life 2 years, an annualized volatility of 141.97%, and a dividend yield of 0%. Gross proceeds of \$1,021,860 had not been received as of August 31, 2020 and are included, net of commissions, in amounts receivable.

The Company issued a further 325,000 common shares in August 2020 for the exercise of stock options generating gross proceeds of \$32,500.

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:

	6 months ended August 31, 2020	Weighted average exercise price (\$)	Year ended February 29, 2020	Weighted average exercise price (\$)
Beginning of the year	10,955,000	0.11	10,310,000	0.11
Granted	1,380,000	0.11	3,580,000	0.11
Exercised	(325,000)	0.10	(860,000)	0.10
Expired / cancelled	(1,035,000)	0.17	(2,075,000)	0.11
End of the period	10,975,000	0.11	10,955,000	0.11

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

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

Options to acquire common shares at August 31, 2020 and February 29, 2020 are as follows:

Exercise Price	Expiry Date	Number Outstanding August 31,2020	Number Outstanding February 29,2020
\$0.17	April 27, 2020	-	1,020,000
\$0.10	August 13, 2020	-	340,000
\$0.10	April 29, 2021	650,000	650,000
\$0.10	April 12, 2023	1,950,000	1,950,000
\$0.12	September 5, 2023	1,810,000	1,810,000
\$0.10	November 14, 2023	1,750,000	1,750,000
\$0.11	May 28, 2024	2,215,000	2,215,000
\$0.10	January 20, 2025	1,100,00	1,100,00
\$0.10	January 24, 2025	120,000	120,000
\$0.105	May 29, 2025	1,380,000	-
<b>Total</b>		<b>10,975,000</b>	<b>10,955,000</b>

The outstanding stock options have a weighted average remaining contractual life of 3.35 years (February 29, 2020 – 3.23 years).

When the Company issues stock options, it records a share-based payment compensation (“SBC”) expense in the year or period which the options are granted and/or vested. SBC expense is estimated using the following assumptions. The expected volatility assumption is based on the historical and implied volatility of the Company’s common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options’ expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common stock

During the six months ended August 31, 2020, the Company granted 1,380,000 incentive stock options to directors, officers, employees and consultants of the Company. The granting of these incentive stock options resulted in share-based compensation expense, calculated using the Black-Scholes Option Pricing Model, of \$124,151 which was recorded as share-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: 0.25%, an expected life 5 years, an annualized volatility of 130.65%, and a dividend yield of 0%.

During the year ended February 29, 2020, the Company granted 3,580,000 incentive stock options to directors, officers, employees and consultants of the Company. The granting of these incentive stock options resulted in share-based compensation expense, calculated using the Black-Scholes Option Pricing Model, of \$285,196 which was recorded as share-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: 1.75%, an expected life 5 years, an annualized volatility of 130.65%, and a dividend yield of 0%.

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

d) Warrants

The Company's warrants outstanding are as follows:

	6 months ended August 31, 2020	Weighted average exercise price (\$)	Year ended February 28, 2020	Year ended February 28, 2020
Beginning of the year	27,060,000	0.08	25,282,732	0.07
Issued	7,921,542	0.40	4,460,000	0.15
Expired	-	-	(2,682,732)	(0.15)
End of the period	34,981,542	0.15	27,060,000	0.08

Warrants to acquire common shares at August 31, 2020 and February 29, 2020 are as follows

Number Outstanding August 31, 2020	Number Outstanding February 29, 2020	Exercise price	Expiry date
1,000,000	1,000,000	\$ 0.10	September 4, 2020*
10,000,000	10,000,000	\$ 0.08	May 17, 2021
3,000,000	3,000,000	\$ 0.15	September 20, 2021
1,460,000	1,460,000	\$ 0.15	December 30, 2021
2,570,998	-	\$ 0.40	August 17, 2022
5,025,364	-	\$ 0.40	August 28, 2022
325,180	-	\$ 0.40	August 28, 2022
11,600,000	11,600,000	\$ 0.05	October 10, 2022
34,981,542	27,060,000		

\* These warrants were exercised subsequent to August 31, 2020.

The outstanding warrants have a weighted average remaining contractual life of 1.50 years (February 29, 2020 – 1.86).

The granting of the flow-through unit warrants calculated using the Black-Scholes Option Pricing Model, of \$77,581 which was recorded as addition to reserves. The assumptions used for the Black-Scholes Option Pricing Model valuation of warrants issued during the year were: a risk-free interest rate: 1.58%, an expected life 2 years, an annualized volatility of 79%, and a dividend yield of 0%.

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FOR THE SIX MONTHS ENDED AUGUST 31,

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**8. RELATED PARTY TRANSACTIONS**

Details of the transactions between the Company and other related parties during the six months ended August 31, 2020 and 2019 are disclosed below:

- a) Incurred director's fees of \$60,000 (2019 - \$60,000) to the CEO, President and director of the Company;
- b) Incurred rent of \$10,800 (2019-\$9,000) to a company controlled by the CEO and director of the Company;

At August 31, 2020, recorded in accounts payable is \$42,801 (February 28, 2020 - \$114,806) due to a company controlled by the CEO and director of the Company.

At August 31, 2020, recorded in accounts payable and accrued liabilities is \$Nil (February 29, 2020- \$9,039) due to the CEO, President and director of the Company.

At August 31, 2020, recorded in amounts receivable is \$15,206 (February 29, 2020- \$15,206) due from companies controlled by the CEO, CFO and directors of the Company.

Amounts payable and receivable from related parties are non-interest bearing and do not contain specified terms of repayment.

Effective April 1, 2013, the Company approved an employment agreement, whereby the Company is required to pay \$120,000 per annum to the CEO 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).

**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 28, 2019, 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").

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.

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

As at February 29, 2020, the Company has posted reclamation bonds totalling \$81,750 (February 28, 2019 - \$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.

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.

In accordance with the Option Agreement, Hudbay paid the Company \$139,000 (2019- \$NIL) consulting fees, scheduled BCMETC refunds of \$334,215 and option payments of \$100,000 during the year ended February 29, 2020 which has been recorded against the capitalized property costs.

On July 28, 2019, the Company announced that the Option Agreement between Hudbay and the Company was terminated. The Company resumed its own exploration on the Hat Copper-Gold Porphyry Property in fall of 2019.

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

**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) \$250,000 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.

On December 4, 2018, the Company entered into an option agreement with 1169787 BC Ltd. (later changed its name to Mucho Cobre Resources Inc.) and was amended on March 30, 2020. Mucho Cobre will acquire a 60% interest on the Company's 90% owned Red Springs Property. In order to exercise the option, Mucho Cobre is required to:

- a) Pay an aggregate of \$500,000 to the Company as follows:
  - i) \$65,000 on March 30, 2020 (paid);
  - ii) \$25,000 on or before the second anniversary of the date of the amending agreement;
  - iii) \$60,000 on or before the third anniversary of the date of the amending agreement;
  - iv) \$125,000 on or before the fourth anniversary of the date of the amending agreement; and
  - v) \$275,000 on or before the fifth anniversary of the date of the amending agreement.
  
- b) Issue an aggregate 2,000,000 common shares (the "Shares") to the Company as follows:
  - i) 250,000 Shares on the date of this Agreement; (issued)
  - ii) 250,000 Shares on or before the first anniversary of the date of this Agreement; (issued)
  - iii) 250,000 Shares on or before the second anniversary of the date of this Agreement;
  - iv) 500,000 Shares on or before the third anniversary of the date of this Agreement; and
  - v) 750,000 Shares on or before the fourth anniversary of the date of this Agreement.

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

- c) Incur aggregate exploration expenditures of \$4,000,000 as follows:
- i) \$150,000 of Exploration Expenditures on or before the first anniversary of the amending agreement;
  - ii) an additional \$350,000 of Exploration Expenditures on or before the second anniversary of the amending agreement;
  - iii) an additional \$1,000,000 of Exploration Expenditures on or before the third anniversary of the amending agreement;
  - iv) an additional \$1,000,000 of Exploration Expenditures on or before the fourth anniversary of the amending agreement;
  - v) an additional \$1,500,000 of Exploration Expenditures on or before the fifth anniversary of the amending agreement.

The Company will retain a 0.5% NSR upon commencement of commercial production, of which 0.5% of the NSR may be purchased for \$600,000.

**Summary of exploration and evaluation assets:**

Acquisition costs	Mount Milligan		Red Springs property	Total
	North Property	Hat Property		
<b>Balance as at February 29, 2020 and August 31, 2020</b>	\$ 1	\$ 370,750	\$ 136,030	\$ 506,781

  

Exploration costs	North		Red Springs Property	Total
	Property	Hat Property		
<b>Balance as at February 28, 2019</b>	\$ 13,915	\$ 4,553,679	\$ 47,142	<b>4,614,736</b>
Restoration obligation	-	76,979	-	76,979
Exploration costs incurred				
Surveys, mapping, sampling and other	-	848,912	3,150	852,062
BC Mining Credit	-	(4,220)	-	(4,220)
Shares received from Mucho Cobre	-	-	(50,000)	(50,000)
Recoveries from Hudbay	-	(573,215)	-	573,215
<b>Balance as at February 29, 2020</b>	\$ 13,915	\$ 4,902,135	\$ 292	<b>4,916,342</b>
Exploration costs incurred				
Surveys, mapping, sampling and other	-	219,687	2,889	222,576
Cash received from Mucho Cobre	-	-	(65,000)	(65,000)
<b>Balance as at August 31, 2020</b>	\$ 13,915	\$ 5,121,822	-\$ 61,819	<b>5,073,918</b>
<b>Total at February 29, 2020</b>	\$ 13,916	\$ 5,272,885	\$ 136,322	<b>5,423,123</b>
<b>Total at August 31, 2020</b>	\$ 13,916	\$ 5,492,572	\$ 74,211	<b>5,580,699</b>

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## **10. RESTORATION OBLIGATION**

During the year-ended February 29, 2020, the Company recognized a restoration obligation of \$76,979.

The provision represents the present value of reclamation costs related to the Hat property, which are expected to be incurred up to 2025. These provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual reclamation costs will ultimately depend upon future market prices for the necessary reclamation work required that will reflect market conditions at the relevant time.

The undiscounted value of these obligations was \$81,750 as at February 29, 2020. Using a discount rate of 1.21%, the present value of the site closure and reclamation provisions recognized on February 29, 2019, upon initial recognition, was \$76,979. There was no change as at August 31, 2020.

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

### **Fair value**

IFRS 7 Financial Instruments 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 August 31, 2020, the Company's financial instruments are comprised of cash and cash equivalents, amounts receivable excluding GST receivable, marketable securities, reclamation bonds and accounts payable and accrued liabilities. The carrying value of cash and cash equivalents, amounts receivable and accounts payable approximate their fair values due to the relatively short periods to maturity of these financial instruments. Marketable securities represent shares held in a private company and measured at Level 2 of the fair value hierarchy.

### **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 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.

As at August 31, 2020, the Company had \$30,000- (February 29, 2020 - \$300,000) invested in Canadian dollar denominated guaranteed investment certificates ("GICs") which redeemable in 6 months. Interest of 1.48% is accrued during the GIC term.

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

**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 August 31, 2020, the Company had a cash and cash equivalents balance of \$1,067,911 (February 29, 2020- \$459,154) to settle current liabilities of \$582,892 (February 29, 2020 – \$481,797). The 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 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.

**12. CAPITAL MANAGEMENT**

The Company manages its cash and cash equivalents 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. 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.

**14. LEGAL DISCLOSURES**

During the year ended February 29, 2020, the Company was subject to a legal claim by a supplier for unpaid fees of \$140,000 relating to drilling services rendered on the Hat property. As of August 31, 2020, the Company has accrued the full amount as a payable however the outcome of the legal proceeding remains unknown.

**15. SUBSEQUENT EVENTS**

- 1) Warrants to acquire 1,000,000 common shares at \$0.10 per share were exercised subsequent to August 31, 2020.
- 2) Since August 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.
- 3) In September 2020, the Company issued 1,905,455 units at \$0.22 per unit and 60,000 flow-through units at \$0.33 per flow-through unit for total proceeds of \$437,800. Each unit was comprised of one common share and one share purchase warrant, with each warrant exercisable to purchase one additional common share at \$0.40 per common share for a period of 2 years. Each flow-through unit was comprised of one common share and one half of one share purchase warrant, with each warrant exercisable to purchase one additional common share at \$0.40 per common share for a period of 2 years. The Company will pay finder’s fees of \$24,464 and issued 108,800 finders’ warrants, exercisable into one common share at the price of \$0.40 per share for a period of 2 years.
- 4) In October 2020, the Company issued 1,245,455 units at \$0.22 per unit and 4,545,455 flow-through units at \$0.33 per flow-through unit for total proceeds of \$1,774,000. Each unit was comprised of one common share and one share purchase warrant, with each warrant exercisable to purchase one additional common share at \$0.40 per common share for a period of 2 years. Each flow-through unit was comprised of one common share and one half of one share purchase warrant, with each warrant exercisable to purchase one additional common share at \$0.40 per common share for a period of 2 years.