

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

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

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF DOUBLEVIEW GOLD CORP.

Opinion

We have audited the financial statements of Doubleview Gold Corp. (the "Company"), which comprise:

- the statements of financial position as at February 28, 2021 and February 29, 2020;
- the statements of comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the 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, 2021 and February 29, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 Company in accordance with the ethical requirements that are relevant to our audit of 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$990,658 during the year ended February 28, 2021 and, as of that date, the Company has a deficit of \$6,760,547. 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.

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, 2021

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DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)

STATEMENTS OF FINANCIAL POSITION

(EXPRESSED IN CANADIAN DOLLARS)

AS AT

	February 28, 2021	February 29, 2020
ASSETS		
Current		
Cash and cash equivalents (Note 12)	\$ 2,927,904	\$ 459,154
Amounts receivable (Note 4)	139,953	42,305
Marketable securities (Note 5)	-	50,000
Total current assets	<u>3,067,857</u>	<u>551,459</u>
Non-current		
Exploration and evaluation assets (Note 10)	6,848,050	5,423,123
Reclamation bond (Note 10)	101,750	74,500
Equipment (Note 6)	1,314	858
Total non-current assets	<u>6,951,114</u>	<u>5,498,481</u>
Total assets	<u>\$ 10,018,971</u>	<u>\$ 6,049,940</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 240,974	\$ 481,797
Flow through share liability (Note 14)	300,004	-
Total current liabilities	<u>540,978</u>	<u>481,797</u>
Non-current		
Restoration obligation (Note 11)	76,979	76,979
Total liabilities	<u>617,957</u>	<u>558,776</u>
EQUITY		
Share Capital (Note 8)	13,503,401	9,165,240
Reserves (Note 8)	2,658,160	2,095,813
Deficit	(6,760,547)	(5,769,889)
Total equity	<u>9,401,014</u>	<u>5,491,164</u>
Total liabilities and equity	<u>\$ 10,018,971</u>	<u>\$ 6,049,940</u>

Approved and authorized by the Board on June 28, 2021:

"Farshad Shirvani" Director
Farshad Shirvani

"Andrew Rees" Director
Andrew Rees

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

DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)

STATEMENTS OF COMPREHENSIVE LOSS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED

	February 28, 2021	February 29, 2020
Expenses		
Amortization (Note 6)	\$ 1,189	\$ 1,620
Consulting fees (Note 9)	165,649	26,500
Director's fees (Note 9)	233,000	120,000
Corporate development	58,295	22,066
Office and administrative (Note 9)	33,219	12,109
Professional fees	49,957	37,144
Rent (Note 9)	21,600	18,000
Stock based compensation (Note 8)	609,529	285,196
Transfer agent & filing fees	43,625	28,270
	<u>1,216,063</u>	<u>550,905</u>
Other items		
Impairment of exploration and evaluation assets (Note 10)	13,916	-
Fair value loss on marketable securities (Note 5)	50,000	-
Flow-through share premium recovery (Note 14)	(289,321)	(152,736)
	<u>(225,405)</u>	<u>(152,736)</u>
Net loss for the year	<u>\$ 990,658</u>	<u>\$ 398,169</u>
Loss per common share - basic and diluted	<u>\$ 0.01</u>	<u>\$ 0.00</u>
Weighted average number of common shares outstanding - basic and diluted	<u>121,170,361</u>	<u>109,574,419</u>

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

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

	Share Capital				
	No. of Shares	Amount	Reserves	Deficit	Total
Balance February 28, 2019	107,210,922	\$8,597,713	\$1,810,163	\$ (5,371,720)	\$5,036,156
Shares issued for private placement	4,460,000	401,000	77,581	-	478,581
Shares issued for stock options	860,000	166,527	(77,127)	-	89,400
Stock based compensation	-	-	285,196	-	285,196
Loss for the year	-	-	-	(398,169)	(398,169)
Balance February 29, 2020	112,530,922	9,165,240	2,095,813	(5,769,889)	5,491,164
Shares issued for private placement	16,775,180	3,920,754	-	-	3,920,754
Shares issued for stock options	1,350,000	250,531	(113,531)	-	137,000
Shares issued for warrants	4,007,549	343,020	-	-	343,020
Share issuance costs	-	(109,795)	-	-	(109,795)
Finders warrants	-	(66,349)	66,349	-	-
Stock based compensation	-	-	609,529	-	609,529
Loss for the year	-	-	-	(990,658)	(990,658)
Balance February 28, 2021	134,663,651	\$13,503,401	\$2,658,160	\$ (6,760,547)	\$9,401,014

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

DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)
STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (990,658)	\$ (398,169)
Items not affecting cash		
Amortization	1,189	1,620
Stock based compensation	609,529	285,196
Impairment of exploration and evaluation assets	13,916	
Fair value adjustment on marketable securities	50,000	-
Flow-through share premium	(289,321)	(152,736)
Changes in non-cash working capital items:		
Amounts receivable	(97,648)	(19,856)
Accounts payable and accrued liabilities	(384,218)	(131,674)
Net cash used in operating activities	<u>(1,087,211)</u>	<u>(415,619)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance, net of share issuance costs	4,400,284	596,000
Proceeds on the exercise of warrants	343,020	-
Proceeds on the exercise of stock options	137,000	89,400
Net cash from financing activities	<u>4,880,304</u>	<u>685,400</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Increase in reclamation bonds	(27,250)	-
Purchase of office equipment	(1,645)	-
Expenditure on exploration and evaluation assets, net of recoveries	(1,295,448)	134,445
Net cash (used in) from investing activities	<u>(1,324,343)</u>	<u>134,445</u>
Net increase in cash and cash equivalents during the year	2,468,750	404,226
Cash and cash equivalents, beginning of year	459,154	54,928
Cash and cash equivalents, end of year	\$ 2,927,904	\$ 459,154
Cash	\$ 2,927,904	\$ 159,154
Cash equivalent	\$ -	\$ 300,000
Supplemental cash flow information		
Exploration and evaluation asset additions in accounts payable	\$ 265,677	\$ 409,072
Shares received as exploration and evaluation asset option proceeds	\$ -	\$ 50,000
Restoration obligation capitalized to exploration and evaluation assets	\$ -	\$ 76,979

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

DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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 February 28, 2021, the Company has a deficit of \$6,760,547 (February 29, 2020 - \$5,769,889). For the years ended February 28, 2021 and February 29, 2020, the Company incurred net losses of \$990,658 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 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”). The significant accounting policies set out in note 3 have been applied consistently to all periods presented. These financial statements were authorized for issue by the Board of Directors on June 28, 2021.

b) Basis of measurement

These financial statements have been prepared on a historical cost 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, except for cash flow information.

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. The Company's cash and cash equivalents, amounts receivable excluding GST, reclamation bonds and accounts payable and accrued liabilities are designated at amortized cost.

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. The Company's marketable securities are designated at FVTPL.

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 profit or loss.

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 in profit or loss.

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

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

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

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

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

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.

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.

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

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) Non-monetary transactions

Shares issued for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, shares issued for consideration will be valued at the quoted market price at the date of issuance.

h) Share-based compensation 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 compensation. Otherwise, share-based compensations are measured at the fair value of goods or services received.

i) 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...)

j) Site closure and restoration obligation

The Company records the present value of estimated costs of legal and constructive obligations required to restore mining and other operations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation of affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the mining operations location. When the liability is initially recognized, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are expensed when the inventory item is recognized in cost of goods sold. Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects the current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in profit or loss as part of interest expenses. Additional disturbances or changes in reclamation costs are recognized as additions or charges to the corresponding assets and reclamation liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their present value and recognized in profit or loss as extraction progresses.

Change to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the reclamation liability and asset to which it relates if the initial estimate was originally recognized as part of an asset.

Any reduction in the reclamation liability and therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the reclamation liability and therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the assets. If, the estimate for the revised mine assets net of reclamation provisions exceeds the recoverable value, the portion of the increase is charged directly to expense.

k) 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.

l) 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.

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

l) Significant estimates and assumptions (cont'd...)

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 share-based compensation, fair value measurements for financial instruments, and provisions for restoration and environmental obligations.

Share-based compensation

The fair value of share-based compensation 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.

Provisions for restoration and environmental obligations

The Company assesses its site closure reclamation provisions at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent, cost and timing of rehabilitation activities, technological changes. Regulatory changes, cost increases as compared to the changes of inflation rate and discount rates. These uncertainties may result in future expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future reclamation costs required.

Fair value measurement of financial instruments

The Company's marketable securities are recorded in the statements of financial position at fair value. Management uses their judgment to select a variety of methods and make assumptions that are not always supported by quantifiable market prices or rates. Judgment is required in order to determine the appropriate valuation methodology and inputs into the valuation model used. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistently and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in these financial statements. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of various assets and liabilities.

Recoverable value of exploration and evaluation assets

At each reporting date, the Company assesses its exploration and evaluation assets for possible impairment, to determine if there is any indication that the carrying amounts of the assets may not be recoverable. An assessment is also made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. Determination as to whether and how much an asset is impaired, or no longer impaired, involves management estimates on highly uncertain matters, such as future commodity prices, discount rates, production profiles, operating costs, future capital costs and reserves. A material adjustment to the carrying value of the Company's exploration and evaluation assets could arise as a result of changes to these estimates and assumptions.

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

m) 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.

Going concern

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.

Recovery of deferred tax assets

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.

Impairment of long-lived assets

Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's property and equipment and mineral properties.

In respect of the carrying value of equipment recorded on the consolidated statements of financial position, management has determined that it continues to be appropriately recorded as there have been no obsolescence or physical damage of the assets, and there are no indications that the value of the assets have declined more than what is expected from the passage of time or from normal use.

In respect of costs incurred for its mineral properties, management has determined that exploratory drilling, evaluation, development and related costs incurred, which have been capitalized, continue to be appropriately recorded on the consolidated statements of financial position at its carrying value, net of any impairments.

Mining exploration tax credits and flow-through expenditures

The Company is eligible for refundable tax credits on qualified resource expenditures incurred in the province of British Columbia (the "Province"). Uncertainties exist with respect to the interpretation of tax regulations which could be disallowed by the Province in the calculation of credits. The calculation of the Company's refundable tax credits involves significant estimates and judgment on items whose tax treatment cannot be verified until a notice of assessment and subsequent payments have been received from the Province. Differences between management's estimates and the final assessment could result in adjustments to the mining exploration tax credit and the future income tax expense.

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

m) Significant judgments (cont'd...)

The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures.

Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

n) 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.

4. AMOUNTS RECEIVABLE

The Company's amounts receivable consists of the following:

	February 28, 2021	February 29, 2020
GST receivable	\$ 99,183	\$ 27,099
Due from related parties (Note 9)	15,205	15,206
Due from third parties	25,565	-
Total	\$ 139,953	\$ 42,305

5. MARKETABLE SECURITIES

Marketable securities consist of investment in 500,000 (February 29, 2020 – 500,000) common shares of Mucho Cobre Resources Ltd. ("Mucho Cobre"). As at February 29, 2020, the fair value of the marketable securities had 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. During the year ended February 28, 2021, the Company recognized an unrealized loss of \$50,000 as a fair value adjustment to the marketable securities. The fair value of \$nil has been determined by reference to Level 3 of the fair value hierarchy.

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5. MARKETABLE SECURITIES (cont'd...)

	February 28, 2021	February 29, 2020
Mucho Cobre Resource Ltd.	\$ -	\$ 50,000

6. EQUIPMENT

Equipment is comprised of the following:

	Office Equipment	Computer Equipment	Total
Cost:			
At February 29, 2020 and February 28, 2019	\$ 1,210	\$ 6,072	\$ 7,282
Additions	\$ 1,645	\$ -	\$ 1,645
At February 28, 2021	\$ 2,855	\$ 6,072	\$ 8,927
Accumulated amortization:			
At February 28, 2019	\$ 1,030	\$ 3,774	\$ 4,804
Amortization	\$ 180	\$ 1,440	\$ 1,620
At February 29, 2020	\$ 1,210	\$ 5,214	\$ 6,424
Amortization	\$ 331	\$ 858	\$ 1,189
At February 28, 2021	\$ 1,541	\$ 6,072	\$ 7,613
Net book value:			
At February 29, 2020	\$ -	\$ 858	\$ 858
At February 28, 2021	\$ 1,314	\$ -	\$ 1,314

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	February 28, 2021	February 29, 2020
Accounts payable	\$ 132,785	\$ 337,952
Due to related parties (Note 9)	86,189	123,845
Accrued liabilities	22,000	20,000
Total	\$ 240,974	\$ 481,797

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8. SHARE CAPITAL

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

During the year ended February 28, 2021, the Company:

- i) Issued 8,079,364 units at \$0.22 per unit and 2,904,906 flow-through units at \$0.33 per flow-through unit for total proceeds of \$2,736,079. 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 units into share capital of \$778,385, \$nil value to the warrants, and a flow-through share premium of \$180,234 that investors pay for the flow-through feature, which is recognized as a liability. The Company issued 322,420 finders' warrants, exercisable into one common share at the price of \$0.40 per share for a period of 2 years. The finders' warrants have a fair value of \$48,972 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%.
- ii) Issued a further 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. On issuance, the Company bifurcated the flow-through units into share capital of \$1,090,909, \$nil value to the warrants, and a flow-through share premium of \$409,091 that investors pay for the flow-through feature, which is recognized as a liability. The Company issued 108,800 finders' warrants, exercisable into one common share at the price of \$0.40 per share for a period of 2 years. The finders' warrants have a fair value of \$17,377 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%.
- iii) Incurred \$109,795 in cash share issuance costs relating to the private placements above.
- iv) Issued 1,350,000 common shares for the exercise of stock options for proceeds of \$137,000 and 4,007,549 common shares for the exercise of warrants for proceeds of \$343,020.

During the year ended February 29, 2020, the Company:

- i) 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.
- ii) 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.

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8. SHARE CAPITAL (cont'd...)

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

During the year ended February 29, 2020, the Company:

iii) 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.

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.

When the Company issues stock options, it records a stock-based 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-V. 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 shares during the term of the options.

During the year ended February 28, 2021, the Company granted 3,955,000 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 \$609,529 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 stock-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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8. SHARE CAPITAL (cont'd...)

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

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

	Year ended February 28, 2021	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	3,955,000	0.18	3,580,000	0.11
Exercised	(1,350,000)	0.10	(860,000)	0.10
Expired / cancelled	(1,090,000)	0.17	(2,075,000)	0.11
End of the year	12,470,000	0.13	10,955,000	0.11

Options to acquire common shares at February 28, 2021 and February 29, 2020 are as follows:

Exercise Price	Expiry Date	Number Outstanding February 28,2021	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	625,000	650,000
\$0.10	April 12, 2023	1,550,000	1,950,000
\$0.12	September 5, 2023	1,780,000	1,810,000
\$0.10	November 14, 2023	1,625,000	1,750,000
\$0.11	May 28, 2024	2,215,000	2,215,000
\$0.10	January 20, 2025	1,000,000	1,100,000
\$0.10	January 24, 2025	120,000	120,000
\$0.105	May 29, 2025	980,000	-
\$0.22	November 2, 2025	2,575,000	-
Total		12,470,000	10,955,000

The outstanding stock options have a weighted average remaining contractual life of 3.21 years (February 29, 2020 – 3.23 years).

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8. SHARE CAPITAL (cont'd...)

e) Warrants

The Company's warrants outstanding are as follows:

	Year ended February 28, 2021	Weighted average exercise price (\$)	Year ended February 29, 2020	Weighted average exercise price (\$)
Beginning of the year	27,060,000	0.08	25,282,732	0.07
Issued	13,481,220	0.40	4,460,000	0.15
Exercised	(4,007,549)	0.09	-	-
Expired	-	-	(2,682,732)	0.15
End of the year	36,533,671	0.20	27,060,000	0.08

Warrants to acquire common shares at February 28, 2021 and February 29, 2020 are as follows

Number Outstanding February 28, 2021	Number Outstanding February 29, 2020	Exercise price	Expiry date
-	1,000,000	\$ 0.10	September 4, 2020
7,000,000	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
5,340,235	-	\$ 0.40	August 28, 2022
2,044,255	-	\$ 0.40	September 24, 2022
11,600,000	11,600,000	\$ 0.05	October 10, 2022
3,518,183	-	\$ 0.40	October 23, 2022
36,533,671	27,060,000		

The outstanding warrants have a weighted average remaining contractual life of 1.20 years (February 29, 2020 – 1.86).

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9. RELATED PARTY TRANSACTIONS

Details of the transactions between the Company and other related parties during the years ended February 28, 2021 and February 29, 2020 are disclosed below:

- a) Incurred director's fees and bonuses of \$233,000 (February 29, 2020 - \$120,000) to the CEO, President and director of the Company;
- b) Incurred rent of \$21,600 (February 29, 2020 - \$18,000) to a company controlled by the CEO and director of the Company;
- c) Incurred office and administrative charges of \$9,150 (February 29, 2020 - \$4,193) to a company controlled by the CEO and director of the Company; and
- d) Incurred consulting fees of \$6,000 (February 29, 2020 - \$4,500) to a company controlled by the CFO of the Company.

At February 28, 2021, the Company:

- e) Recorded in accounts payable is \$71,765 (February 29, 2020 - \$114,806) due to a company controlled by the CEO and director of the Company;
- f) Recorded in accounts payable and accrued liabilities is \$14,424 (February 29, 2020 - \$9,039) due to the CEO, President and director of the Company; and
- g) Recorded in amounts receivable is \$15,205 (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.

On December 15, 2020, the Company entered into an employment agreement with Farshad Shirvani for the roles of CEO and President. Mr. Shirvani's annual base salary is \$200,000. Under the terms of the agreement, Mr. Shirvani is entitled to a \$100,000 bonus and severance in the amount of two years annual base salary.

10. 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, 2021, management decided not to pursue this project and accordingly, recorded an impairment of \$13,916 in accordance with Level 3 of the fair value hierarchy.

Hat Property

On September 9, 2011, 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.

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10. EXPLORATION AND EVALUATION ASSETS (cont'd...)

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, 2021, the Company has posted reclamation bonds totalling \$81,750 (February 29, 2020 - \$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 in 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 Property in fall of 2019.

During the year ended February 28, 2021, the Company recorded incidental income of \$32,000 (February 29, 2020 - \$nil) against the property relating to use of the camp site by a third-party drilling company.

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10. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Red Springs Property

On September 23, 2013, 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 (paid through issuance of shares).

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.

10. 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.

As at February 28, 2021, the Company has posted a reclamation bond totalling \$20,000 (February 29, 2020 - \$20,000) with the Ministry of Energy and Mines for indemnification of site restoration of the Red Springs Property.

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10. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Acquisition costs	Mount Milligan		Red Springs property	Total
	North Property	Hat Property		
Balance as at February 29, 2020, and February 28, 2019	\$ 1	\$ 370,750	\$ 136,030	506,781
Impairment	(1)	-	-	(1)
Balance as at February 28, 2021	\$ -	\$ 370,750	\$ 136,030	\$ 506,780

Exploration costs	Mount Milligan		Red Springs Property	Total
	North Property	Hat Property		
Balance as at February 28, 2019	\$ 13,915	\$ 4,553,679	\$ 47,142	4,614,736
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
Balance as at February 29, 2020	\$ 13,915	\$ 4,902,135	\$ 292	\$ 4,916,342
Exploration costs incurred				
Surveys, mapping, sampling and other	-	1,415,984	2,889	1,418,873
BC Mining Credit repayment	-	116,970	-	116,970
Cash received from Mucho Cobre	-	-	(65,000)	(65,000)
Recoveries	-	(32,000)	-	(32,000)
Impairment	(13,915)	-	-	(13,915)
Balance as at February 28, 2021	\$ -	\$ 6,403,089	(61,819)	\$ 6,341,270
Total at February 29, 2020	\$ 13,916	\$ 5,272,885	\$ 136,322	\$ 5,423,123
Total at February 28, 2021	\$ -	\$ 6,773,839	\$ 74,211	\$ 6,848,050

11. 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, 2020, upon initial recognition, was \$76,979.

As at February 28, 2021, the restoration obligation amounted to \$76,979.

12. FINANCIAL INSTRUMENTS AND RISK

Fair value

IFRS 7 *Financial Instruments: Disclosures* 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, 2021, 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 3 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 February 28, 2021, the Company had \$nil (February 29, 2020 – \$300,000) invested in Canadian dollar denominated guaranteed investment certificates ("GICs") redeemable in 6 months. Interest of 1.48% is accrued during the GIC term.

12. 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 February 28, 2021, the Company had a cash and cash equivalents balance of \$2,927,904 (February 29, 2020- \$459,154) to settle current liabilities of \$540,978 (February 29, 2020 – \$481,797). The Company will be required to obtain additional financing in the future. All the Company's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

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 not significant.

(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.

13. 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.

DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

14. INCOME TAXES

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

	2021	2020
Loss for the year	\$ (990,658)	\$ (398,169)
Statutory tax rate	27.00%	27.00%
Expected income tax recovery	(267,478)	(107,506)
Non-deductible items	164,573	77,022
Under(over) provided in prior years	1,025,286	(77,835)
Unused tax losses and tax offsets	(1,150,613)	248,891
Temporary differences	228,232	(140,572)
Deferred income tax recovery	\$ -	\$ -

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at February 28, 2021 and February 29, 2020 are as follows:

	2021	2020
Deferred income tax asset:		
Loss carry-forwards	\$ 1,328,000	\$ 1,104,000
Flow-through share liability	81,000	-
Share issuance costs	18,000	-
Total deferred income tax assets	\$ 1,427,000	\$ 1,104,000
Deferred income tax liability:		
Exploration and evaluation assets	\$ 1,427,000	\$ 1,104,000
Total deferred income tax liability	\$ 1,427,000	\$ 1,104,000

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

	Exploration and evaluation assets	Loss carry forwards	Share issuance costs
2022-2025	\$ -	\$ -	\$ 91,000
2028	-	17,000	-
2029	-	2,000	-
2030	-	10,000	-
2031	-	100,000	-
2032	-	234,000	-
2033	-	283,000	-
2034	-	721,000	-
2035	-	651,000	-
2036	-	781,000	-
2037	-	721,000	-
2038	-	614,000	-
2039	-	191,000	-
2040	-	276,000	-
2041	-	316,000	-
No expiry	1,594,000	-	-
	\$ 1,594,000	\$ 4,917,000	\$ 91,000

DOUBLEVIEW GOLD CORP. (FORMERLY DOUBLEVIEW CAPITAL CORP.)
NOTES TO THE FINANCIAL STATEMENTS
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14. INCOME TAXES (cont'd...)

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, 2021, the Company received \$2,458,619 (February 29, 2020 - \$450,000) from the issue of flow-through shares. The incremental proceeds, or "premium", of \$589,325 (February 29, 2020 - \$117,419) was recorded as a deferred liability. During the year ended February 28, 2021, the Company incurred expenditures of \$1,418,873 (February 29, 2020 - \$852,062) of which \$1,210,275 (February 29, 2020 - \$520,634) were renounced. These expenditures will not be available to the Company for future deduction from taxable income. Accordingly, the flow-through premium liability was reduced by \$289,321 (February 29, 2020 - \$152,736) to \$300,004 (February 29, 2020 - \$Nil).

As at February 28, 2021, the Company is committed to expend a further \$1,248,344 (2020 - \$Nil) of the flow-through share proceeds from flow-through shares issued during the year on qualifying exploration expenditures.

b) Provision for deferred tax

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at February 28, 2021, the Company has approximately \$4,917,000 in non-capital loss-carryforwards 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.

15. 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.

16. 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. The Company counterclaimed against the supplier. The Company reached a settlement with the supplier and on July 31, 2020, a court order was entered by consent dismissing the claim and counterclaim.

17. COVID-19

In March 2020 there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business and continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

18. SUBSEQUENT EVENTS

Subsequent to February 28, 2021,

- a) the Company issued 250,000 common shares for options exercised for proceeds of \$27,500 and 10,279,272 common shares for warrants exercised for proceeds of \$1,594,209;
- b) the Company granted options to purchase 1,650,000 common shares at a price of \$0.55 per share expiring on May 19, 2026; and
- c) options to acquire 625,000 common shares expired unexercised.