DISTRICT COPPER

FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
JANUARY 31, 2019

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

DISTRICT COPPER CORP.

INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian Dollars)

	As at January 31, 2019	As at October 31, 2018
ASSETS		
Current Assets		
Cash	**$ 79,576**	$ 373,434
GST receivable	**6,326**	12,406
Total Current Assets	**85,902**	385,840
Reclamation Deposits (Note 5)	**212,000**	212,000
Exploration and Evaluation Assets (Note 6)	**12,231,033**	12,079,631
Total Assets	**$ 12,528,935**	$ 12,677,471
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 96,088**	$ 158,194
Flow-through premium liability (Note 8)	**10,805**	43,484
Total Current Liabilities	**106,893**	201,678
Decommissioning Provision (Note 7)	**235,800**	235,327
Total Liabilities	**342,693**	437,005
Shareholders' Equity		
Share capital (Note 8)	**18,581,403**	18,581,403
Share-based payment reserve	**247,970**	247,970
Deficit	**(6,643,131)**	(6,588,907)
Total Shareholders' Equity	**12,186,242**	12,240,466
Total Liabilities and Shareholders' Equity	**$ 12,528,935**	$ 12,677,471

Nature and continuance of operations (Note 1)
Subsequent events (Note 13)

These financial statements were approved and authorized for issue by the Board of Directors on March 20, 2019 by:

"Jevin Werbes"	"Chris Healey"
Chief Executive Officer	Director

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

DISTRICT COPPER CORP.

INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(Expressed in Canadian Dollars)

		Three Months Ended January 31, 2019		Three Months Ended January 31, 2018
Operating Expenses				
Accretion (Note 7)	**$**	**473**	$	23
Consulting		**60,400**		52,750
Director fees		**5,000**		3,000
Office		**5,947**		1,760
Professional fees		**4,380**		3,828
Promotion and entertainment		**-**		1,092
Rent		**5,250**		5,250
Shareholder communications		**2,659**		8,050
Transfer agent and regulatory fees		**3,178**		2,254
Loss Before Non-Operating Items		**87,287**		77,007
Non-Operating Items				
Flow-through premium income (Note 8)		**(32,679)**		-
Interest income		**(384)**		(384)
Net and Comprehensive Loss		**54,224**		76,623
Basic and Diluted Loss per Share	**$**	**0.00**	$	0.00
Weighted Average Number of Shares Outstanding – Basic and Diluted		**84,241,618**		55,121,266

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

DISTRICT COPPER CORP.

INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	Shares	Amount	Share-Based Payment Reserve	Deficit	Total Equity
Balance, November 1, 2017:	55,121,266	$ 16,263,603	$ 247,970	$ (5,919,352)	$ 10,565,221
Shares issued for cash	25,220,352	2,049,980	-	-	2,049,980
Flow-through premium liability	-	(161,759)	-	-	(161,759)
Shares issued for property	3,900,000	624,000	-	-	624,000
Share issuance costs	-	(167,421)	-	-	(167,421)
Net loss for the year	-	-	-	(669,555)	(669,555)
Balance, October 31, 2018	**84,241,618**	**$ 18,581,403**	**$ 247,970**	**$ (6,588,907)**	**$ 12,240,466**
Net loss for the period	-	-	-	(54,224)	(54,224)
Balance, January 31, 2019	**84,241,618**	**$ 18,581,403**	**$ 247,970**	**$ (6,643,131)**	**$ 12,186,242**

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

DISTRICT COPPER CORP.
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018
Cash Used in Operating Activities		
Net loss	**$ (54,224)**	$ (76,623)
Items not affecting cash:		
Accretion	**473**	23
Flow-through premium income	**(32,679)**	-
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	**6,080**	24,232
GST receivable	**7,666**	(2,335)
Cash Used in Operating Activities	**(72,684)**	(54,703)
Cash Used in Investing Activities		
Exploration and evaluation assets	**(221,174)**	(1,993)
Cash Used in Investing Activities	**(221,174)**	(1,993)
Cash Provided by Financing Activities		
Proceeds from share issuances, net	**-**	-
Cash Provided by Financing Activities	**-**	-
Decrease in cash for the period	**(293,858)**	(56,696)
Cash, beginning of year	**373,434**	72,048
Cash, End of Period	**$ 79,576**	$ 15,352

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

1. NATURE OF OPERATIONS

District Copper Corp. (**"District"** or the **"Company"**) was incorporated under the Canada Business Corporations Act on June 16, 2000 and is listed on the TSX Venture Exchange (**"TSX:V"**).

The Company maintains its head office at 142-1146 Pacific Blvd., Vancouver, British Columbia, Canada, V6Z 2X7.

The Company's principal business activity is the acquisition and exploration of mineral properties. The Company presently has no proven or probable reserves and based on information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (**"IFRS"**) and interpretations of the International Financial Reporting Interpretations Committee (**"IFRIC"**). These financial statements were authorized for issue by the Board on March 20, 2019.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar, being the currency of the economic environment of the Company's operations. The functional currency is also the presentation currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not clear from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

3. CHANGES IN ACCOUNTING POLICIES

On November 1, 2018, the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for the annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and Measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financials liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities remains unchanged.

i) Classification and Measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss (**"FVTPL"**), at fair value through other comprehensive income (**"FVTOCI"**) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial Assets at FVTPL

Financial assets are carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of operations and comprehensive loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial Assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial Assets at Amortized Cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current or non-current assets, based on their maturity date.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Financial assets are derecognized when they mature or are sold, and substantially all the risk and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of operations and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

New classification of the Company's financial instruments under IFRS 9 are:

Description	Classification Under IAS 39	New Classification Under IFRS 9
Cash and cash equivalents	Loans and receivables – amortized cost	Amortized cost
Trade and other receivables	Loans and receivables – amortized cost	Amortized cost
Marketable securities	Available for sale	FVTPL
Reclamation deposits	Loans and receivables – amortized cost	Amortized cost
Trade and other liabilities	Other liabilities – amortized cost	Amortized cost

ii) Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit loss if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve months expected credit loss. For trade receivables, the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. The Company had no material loss allowance at adoption or as at January 31, 2019.

4. USE OF ESTIMATES AND JUDGEMENTS

Recently Adopted Accounting Pronouncements

There have been no new accounting policies adopted by the Company that have had a significant impact on the financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

On an on-going basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Critical Accounting Estimates

The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Impairment

Assets, especially exploration and evaluation assets; are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the recoverable amount requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects (see Note 6).

Decommissioning Provisions

Management's best estimates regarding the decommissioning provisions are based on the current economic environment and future cash flows. Changes in estimates of contamination, restoration standards and restoration activities result in changes to provisions from period to period. Actual decommissioning provisions will ultimately depend on future prices and conditions.

Critical Judgments Used in Applying Accounting Policies

Going Concern

Financial statements are prepared on a going concern basis, unless management either intends to liquidate the Company or to cease trading or has no realistic alternative to do so. Assessment of the Company's ability to continue as a going concern requires the consideration of all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This information includes estimates of future cash flows and other factors, the outcomes of which are uncertain. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, those uncertainties are disclosed.

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is impaired in the statement of operations and comprehensive loss during the period the new information becomes available.

Income taxes

Significant judgment is required in determining the provision for future income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. RECLAMATION DEPOSITS

Per the Ministry of Mines requirements, the Company has three reclamation bonds held by Bank of Montreal and two deposits with the Minister of Mines totalling $212,000 (October 31, 2018 - $212,000), relating to the on-going and future exploration of the Eaglehead Property in British Columbia. The deposits will be refunded to the Company by the Minister of Mines upon completion of reclamation to the satisfaction of the British Columbia Inspector of Mines. The reclamation bonds are being held in term GIC deposits at various interest rates.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Mineral property expenditures for the period ended January 31, 2019 are:

		Eaglehead Property
Property acquisition costs, as at October 31, 2018	$	1,261,512
Deferred exploration costs, as at October 31, 2018		10,818,119
Balance as at October 31, 2018		**12,079,631**
Additions during the period:		
Camp costs		21,515
Engineering and consulting		10,865
Property acquisition		112,407
Storage		5,056
Travel		1,559
Total for the Period		**151,402**
Balance as at January 31, 2019	**$**	**12,231,033**

Mineral property expenditures for the year ended October 31, 2018 were:

		Eaglehead Property
Property acquisition costs, as at October 31, 2017	$	622,512
Deferred exploration costs, as at October 31, 2017		9,968,915
Balance as at October 31, 2017		**10,591,427**
Additions during the year:		
Assays		40,194
Camp costs		48,801
Engineering and consulting		366,689
Property acquisition		639,000
Reclamation obligation		199,112
Storage		6,370
Supplies		3,871
Surveys		25,235
Transportation		7,438
Travel		109,337
Wages		42,157
Total for the Year		**1,488,204**
Balance as at October 31, 2018	**$**	**12,079,631**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Eaglehead Property

The Company entered into an agreement, effective October 31, 2005, with two former directors of the Company to acquire a 100% interest in the Eaglehead Property, subject to a 2.5% net smelter return ("**NSR**") royalty. The Eaglehead property is located near the Dease Lake area of north central British Columbia. The Earn-in Option was fulfilled by the Company in 2011 as a result of which the claims became 100% owned and controlled by the Company subject to a 2.5% NSR royalty of which 1.5% can be purchased by the Company for $2,000,000.

The Eaglehead property, as originally acquired mineral titles (approximately 12,556 ha.), and four mineral tenures (approximately 981 ha.) acquired from Copper Fox Metals Inc. ("**Copper Fox**") in 2014, for $11,011, were consolidated into one mineral tenure. The 981 ha portion of the project is subject to a separate 2.0% NSR, of which 1.5% of the NSR be purchased for $1.0 million.

The four mineral tenures (approximately 2,416 ha) acquired in 2018 is subject to a separate 2% NSR royalty payable to the vendor, one and one-half (1.5%) of which may be purchased for $1,000,000.

On May 8, 2018, District acquired four additional mineral tenures located contiguous to its 100% owned Eaglehead project.

Highlights of the transaction were:

- Purchase price consisted of $15,000 **(paid)** and 3,900,000 shares **(issued)** of District,
- The vendor will retain a 2% NSR on production from the project;
- District retains the right to re-purchase up to 1.5% of the 2% NSR for a purchase price of $1,000,000.

7. DECOMMISSIONING PROVISION

The decommissioning provision for the Eaglehead exploration and evaluation asset was estimated by management based on the Company's ownership interest, the estimated timing of the costs to be incurred in future periods, the Company's risk free interest rate of 2.08% as at January 31, 2019 (October 31, 2018 – 2.41%) and a rate of inflation of 1.57% as at January 31, 2019 (October 31, 2018 – 1.60%).

The Company has estimated the net present value of this provision at January 31, 2019 to be $235,800. (October 31, 2018 - $235,327) based on a total undiscounted liability in 2021 of $241,000 (October 31, 2018 - $241,000).

		January 31, 2019		October 31, 2018
Balance, Beginning of Year	**$**	**235,327**	$	36,123
Accretion		**473**		92
Revision of estimate		**-**		199,112
Balance, End of Period	**$**	**235,800**	$	235,327

8. SHARE CAPITAL

a) *Authorized*

An unlimited number of common shares without par value.

b) *Issued and Outstanding*

During the three months ended January 31, 2019, there were no shares issued by the Company.

During the year ended October 31, 2018, the Company incurred the following share issuances:

- On March 29, 2018, the Company issued 18,750,000 units at $0.08 per unit, pursuant to a private placement, for gross proceeds of $1,500,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at $0.12 until March 29, 2020.

  The warrants have an early acceleration provision wherein the warrants will become callable on 21 days' notice in the event the Company's shares trade at a price of $0.25 per share or greater for a 30 day trading period.

  Finders' fees of $48,048, filing fees of $7,500 and legal fees of $47,608 were paid with respect to this financing.

- On May 8, 2018, the Company issued 3,900,000 common shares at a value of $624,000 for contiguous mineral tenures at the Eaglehead property.

- On July 12, 2018 the Company issued 6,470,352 flow-through shares, pursuant to a private placement, for gross proceeds of $549,980.

  Finders' fees of $30,000, filing fees of $1,382, legal fees of $32,883 and the issuance of 352,942 finders' warrants were paid with respect to this financing. The fair value of the finders' warrants was immaterial.

  Each finders' warrant is exercisable into one common share at $0.085 until July 12, 2020.

  In connection with this placement, a $161,759 flow-through premium liability was incurred as a result of there being a $0.025 premium per share sold. The liability will be extinguished once all the flow-through money raised has been spent on the Eaglehead project. As of January 31, 2019, the remaining flow-through premium liability was $10,805 (October 31, 2018 - $43,484), with the reduction of $150,954 recorded as flow-through premium income in fiscal 2018 and 2019.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

c) Warrants

A summary of changes in share purchase warrants for the three months ended January 31, 2019 and the year ended October 31, 2018 is as follows:

	Three Months Ended January 31, 2019		Year Ended October 31, 2018	
	Number of Warrants Outstanding	**Weighted Average Exercise Price**	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, Beginning of Year	**23,352,942**	**$ 0.116**	4,250,000	$ 0.100
Expired	**-**	**-**	-	-
Issued	**-**	**-**	19,102,942	0.119
Balance, End of Period	**23,352,942**	**$ 0.116**	23,352,942	$ 0.116

As at January 31, 2019 share purchase warrants outstanding and exercisable are as follows:

Number of Warrants Outstanding	**Warrant Exercise Price**	**Warrants Exercisable as of January 31, 2019**	**Warrant Expiry Date**
4,250,000	$ 0.100	4,250,000	February 28, 2019
18,750,000	0.120	18,750,000	March 29, 2020
352,942	0.085	352,942	July 12, 2020
23,352,942	**$ 0.116**	**23,352,942**	

As at January 31, 2019, the weighted average remaining contractual life of the share purchase warrants was 0.966 years (October 31, 2018 – 1.218 years) and the weighted average exercise price was $0.116 (October 31, 2018 - $0.116).

(Expressed in Canadian Dollars)

9. SHARE BASED PAYMENTS

Stock Options

The Company has a fixed stock option plan which follows the policies of the TSX:V regarding stock option awards granted to directors, officers, employees and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

A summary of changes in stock options for the three months ended January 31, 2019 and the year ended October 31, 2018 is as follows:

	Three Months Ended January 31, 2019		Year Ended October 31, 2018	
	Number of Options Outstanding	**Weighted Average Exercise Price**	Number of Options Outstanding	Weighted Average Exercise Price
Balance, Beginning of Year:	**2,350,000**	**$ 0.13**	2,350,000	$ 0.13
Expired	**-**	**-**	-	-
Granted	**-**	**-**	-	-
Balance, End of Period	**2,350,000**	**$ 0.13**	2,350,000	$ 0.13

As at January 31, 2019, options outstanding for the purchase of common shares are as follows:

Number of Options Outstanding		**Option Exercise Price**	**Options Exercisable as of January 31, 2019**	**Option Expiry Date**
1,725,000	$	0.14	1,725,000	July 9, 2019
450,000	$	0.10	450,000	April 29, 2020
175,000	$	0.10	175,000	October 16, 2020
2,350,000	**$**	**0.13**	**2,350,000**	

As at January 31, 2019, the weighted average remaining contractual life of the options was 0.69 years (October 31, 2018 – .94 years) and the weighted average exercise price was $0.13 (October 31, 2018 - $0.13).

Compensation costs attributable to the granting and vesting of share options are measured at fair value and expensed with a corresponding increase to share-based payment reserve. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in share-based payment reserve is recorded as an increase to share capital. Upon expiry, the amounts recorded for share-based compensation are transferred to deficit from the share-based payment reserve.

9. SHARE BASED PAYMENTS (continued)

Options Issued to Employees

The fair value measured at the grant date is determined using a Black-Scholes option pricing model that considers the exercise price, expected forfeitures, the term of the option, the share price at grant date, the expected volatility of the underlying share, the dividend yield and the risk free interest rate of the option.

During the three months ended January 31, 2019 and the year ended October 31, 2018, the Company did not issue any options to employees.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

During the three months ended January 31, 2019 and the year ended October 31, 2018, the Company did not issue any options to non-employees.

10. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling of the Company's activities, and include executive directors, as well as entities controlled by such persons.

At January 31, 2019, included in accounts payable and accrued liabilities is $5,000 (October 31, 2018 – $3,125) owing to a company controlled by a director, $Nil (October 31, 2018 – $4,725) owing to a company controlled by an officer, $1,500 (October 31, 2018 - $19,275) owing to an officer and a director of the Company and $39,160 (October 31, 2018 - $43,053) owing to Copper Fox.

For the three months ended January 31, 2019, $Nil (October 31, 2018 - $6,250) was paid and capitalized to Eaglehead for services rendered by a company that is controlled by a director.

As at January 31, 2019 and October 31, 2018, coupled with the three months ended January 31, 2019 and 2018, the Company incurred the following capitalizations and expenditures for key management personnel and the companies that are directly controlled by them.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (Continued)

	As at January 31, 2019		As at October 31, 2018	
Statement of Financial Position Item:				
Exploration and evaluation assets	**$**	**-**	$	6,250
Total	**$**	**-**	$	6,250

	Three Month Ended January 31, 2019		Three Month Ended January 31, 2018	
Statement of Operations Items:				
Consulting fees	**$**	**51,000**	$	38,500
Director fees		**5,000**		3,000
Total	**$**	**56,000**	$	41,500

11. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of share capital, share options and warrants. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management.

The mineral property in which the Company currently has an interest in is in the exploration stage; as such, the Company is dependent on external financing to fund its activities. Additional sources of funding, which may not be available on favourable terms, if at all, include share equity and debt financings; equity, debt or property level joint ventures; and sale of interests in existing assets. In order to carry out the planned exploration and development and pay for operating expenses, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended January 31, 2019. The Company is not subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments; all held within major Canadian financial institutions.

12. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT DISCLOSURES

The Company's financial assets, measured at fair value, are as follows:

		As at January 31, 2019		As at October 31, 2018	
	Input Level	**Carrying Amount**	**Estimated Fair value**	Carrying Amount	Estimated Fair Value
Financial Assets:					
Cash	**1**	**$ 79,576**	**$ 79,576**	$ 373,434	$ 373,434
Total		**$ 79,576**	**$ 79,576**	$ 373,434	$ 373,434

12. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT DISCLOSURES (Continued)

Fair Value

The estimated fair values of accounts payables, loan payable and promissory note approximate their respective carrying values due to the immediate or relatively short period to maturity.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Significant unobservable (no market data available) inputs which are supported by little or no market activity.

Risk Management

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are as follows:

a) <u>Credit Risk</u>

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places cash with the high credit quality financial institutions. The Company considers its exposure to credit risk to be insignificant.

b) <u>Liquidity Risk</u>

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk and requirements by maintaining sufficient cash balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at January 31, 2019, the Company has cash aggregating $79,576 (October 31, 2018 - $373,434) and current financial liabilities of $96,088 (October 31, 2018 - $158,194) which have contractual maturities of 30 days or less. The Company will require additional sources of equity, joint venture partnership or debt financing to fund ongoing operations and the exploration and development of its mineral properties.

In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the statement of financial position. It is not possible to predict, due to many external factors including commodity prices and equity market conditions, as to whether future financing will be successful or available at all.

c) <u>Market Risk</u>

i) Interest Rate Risk

The Company manages its interest rate risk by obtaining commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and short term investments.

ii) *Foreign Exchange Risk*

The Company's functional currency and the reporting currency is the Canadian dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at January 31, 2019, the Company held no financial assets or liabilities which were denominated in currencies other than the Canadian dollar.

iii) *Commodity Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. SUBSEQUENT EVENTS

- On February 8, 2019, the Company issued 5,900,000 flow-through units and 5,900,000 non-flow-through units at a cost of $0.05 each per unit, pursuant to a private placement, for gross proceeds of $590,000. Each flow-through unit consists of one common share and one-half share purchase warrant, which can be exercised at $0.075 until August 8, 2020. Each non-flow-through unit consists of one common share and one share purchase warrant, which can be exercised at $0.05 until August 8, 2020.

13. SUBSEQUENT EVENTS (continued)

The warrants have an early acceleration provision wherein the warrants will become callable on 21 days' notice in the event the Company's shares trade at a price of $0.12 per share or greater for a 14 day trading period at anytime after June 9, 2019.

Finders' fees of 200,000 shares and 300,000 warrants exercisable at $0.05 until August 8, 2020 and legal fees of $21,025 were paid with respect to this financing.

- On February 8, 2019, District issued 40,000,000 shares to compete the Stony Lake acquisition (see August 15, 2018 news release.)