DISTRICT COPPER

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2019

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED 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.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	As at July 31, 2019	As at October 31, 2018
ASSETS		
Current Assets		
Cash	**$ 89,039**	$ 373,434
GST receivable	**5,566**	12,406
Total Current Assets	**94,605**	385,840
Reclamation Deposits (Note 5)	**212,000**	212,000
Exploration and Evaluation Assets (Note 6)	**2,726,695**	12,079,631
Total Assets	**$ 3,033,300**	$ 12,677,471
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 42,035**	$ 158,194
Flow-through premium liability (Note 8)	**26,236**	43,484
Total Current Liabilities	**68,271**	201,678
Decommissioning Provision (Note 7)	**236,745**	235,327
Total Liabilities	**305,016**	437,005
Shareholders' Equity		
Share capital (Note 8)	**20,226,201**	18,581,403
Share-based payment reserve	**38,798**	247,970
Deficit	**(17,536,715)**	(6,588,907)
Total Shareholders' Equity	**2,728,284**	12,240,466
Total Liabilities and Shareholders' Equity	**$ 3,033,300**	$ 12,677,471

Nature and continuance of operations (Note 1)

These financial statements were approved and authorized for issue by the Board of Directors on September 5, 2019 by

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

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

DISTRICT COPPER CORP.

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended		Nine Months Ended	
	July 31, 2019	July 31, 2018	**July 31, 2019**	July 31, 2018
Operating Expenses				
Accretion	**$ 473**	$ 23	**$ 1,418**	$ 69
Consulting fees (Note 10)	**51,600**	215,719	**177,448**	503,886
Director fees (Note 10)	**4,500**	5,500	**14,000**	14,500
Office	**4,393**	17,612	**16,244**	24,780
Professional fees	**-**	3,278	**28,791**	12,862
Promotion and entertainment	**-**	5,227	**42,100**	6,750
Rent	**5,250**	5,250	**15,750**	15,750
Shareholder communications	**4,382**	11,296	**10,769**	22,202
Transfer agent and regulatory	**1,696**	5,810	**31,200**	16,424
Travel	**-**	14,866	**-**	16,571
Loss Before Non-Operating Items	**72,294**	284,581	**337,720**	633,794
Non-Operating (Income)/Expenses				
Interest income	**(513)**	(482)	**(1,165)**	(1,084)
Flow through income	**(27,354)**	-	**(135,248)**	-
Property impairment (Note 6)	**11,015**	-	**10,961,850**	-
Net and Comprehensive Loss	**55,442**	284,099	**11,163,157**	632,710
Basic and Fully Diluted Loss per Share	**$ 0.00**	$ 0.00	**$ 0.10**	**$** 0.01
Weighted Average Number of Shares Outstanding	**136,241,618**	64,119,332	**117,193,999**	65,702,353

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

DISTRICT COPPER CORP.
CONDENSED 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**
Shares issued for cash	11,800,000	590,000	-	-	590,000
Flow-through premium liability	-	(118,000)	-	-	(118,000)
Shares issued for property	40,000,000	1,200,000	-	-	1,200,000
Shares issued for finders' fees	200,000	6,000	-	-	6,000
Broker finders' warrants	-	-	6,177	-	6,177
Reversal of share-based payment reserve	-	-	(215,349)	215,349	-
Share issuance costs	-	(33,202)	-	-	(33,202)
Net loss for the period	-	-	-	(11,163,157)	(11,163,157)
Balance, July 31, 2019	**136,241,618**	**$ 20,226,201**	**$ 38,798**	**$(17,563,715)**	**$ 2,728,284**

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

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

	Nine Months Ended July 31, 2019	Nine Months Ended July 31, 2018
Cash Used in Operating Activities		
Net loss	**$ (11,163,157)**	$ (632,710)
Items not affecting cash		
Accretion	**1,418**	69
Flow-through premium income	**(135,248)**	-
Impairment of Eaglehead	**10,961,850**	-
Changes in non-cash working capital items		
Accounts payable and accrued liabilities	**(47,049)**	(14,586)
GST receivable	**6,840**	(12,210)
Cash Used in Operating Activities	**(375,346)**	(659,437)
Cash Used in Investing Activities		
Exploration and evaluation assets (**"E&E"**)	**(478,024)**	(843,305)
Reclamation deposit	**-**	(32,000)
Cash Used in Investing Activities	**(478,024)**	(875,305)
Cash Provided by Financing Activities		
Proceeds from share issuances, net	**568,975**	2,389,556
Repayment of loans	**-**	(127,010)
Cash Provided by Financing Activities	**568,975**	2,262,546
Increase/(decrease) in cash for the period	**(284,395)**	727,804
Cash, beginning of year	**373,434**	72,048
Cash, End of Period	**$ 89,039**	$ 799,852

Disclosure of Non-Cash Transactions		
Broker warrants	**$ 6,177**	$ -
E&E assets in accounts payables	**40,322**	82,297
Reversal of share-based payment reserve	**215,349**	-
Shares issued for E&E assets	**1,200,000**	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

a) 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.

b) Continuance of Operations

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

During the nine months ended July 31, 2019, the Company incurred a net loss of $11,163,157 (October 31, 2018 - $669,555) and as at July 31, 2019 had an accumulated deficit of $17,536,715 (October 31, 2018 - $6,588,907). To date, the operations of the Company have been primarily funded through the issuance of common shares. The Company will require additional funding to maintain its operations for the upcoming fiscal year. If 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. Due to many external factors, including commodity prices and equity market conditions, it is not possible to predict whether future financings will be successful or available at all. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board (**"IASB"**). These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended October 31, 2018, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting polices were presented in note 3 of those annual financial statements, and have been consistently applied, except for the adoption of IFRS 9, starting on November 1, 2018, in preparation of these condensed

2. BASIS OF PRESENTATION (Continued)

interim financial statements. These financial statements were authorized for issue by the Board on September 5, 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. There was no material impact from adoption of this new standard.

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.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

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.

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
Other receivables	Loans and receivables – amortized cost	Amortized cost
Marketable securities	Available for sale	FVTPL
Reclamation deposits	Loans and receivables – amortized cost	Amortized cost
Accounts payable and accrued 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

3. CHANGES IN ACCOUNTING POLICIES (Continued)

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 July 31, 2019.

Accounting Standards Issued but not yet Applied

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to not classify leases as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019. The Company does anticipate that the application of IFRS 16 in the future will have a material impact on the amounts reported and disclosures made in the Company’s financial statements.

4. USE OF ESTIMATES AND JUDGEMENTS

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.

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

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.

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.

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

(Expressed in Canadian Dollars)

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

have adequately provided for the probable outcome of these matters; however, the 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 enough 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 the 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.

6. EXPLORATION AND EVALUATION ASSETS

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

		Stony Lake Property
Property acquisition costs, as at February 8, 2019	$	1,316,407
Deferred exploration costs, as at February 8, 2019		-
Balance as at February 8, 2019		**1,316,407**
Additions during the period		
Assays		13,137
Camp costs		236
Engineering and consulting		136,275
Geophysics		44,520
Travel		1,120
Total for the Period		**195,288**
Balance as at July 31, 2019	**$**	**1,511,695**

		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**

(Expressed in Canadian Dollars)

Additions during the period		
Camp costs		46,344
Engineering and consulting		32,865
Impairment of property		(10,961,850)
Storage		5,655
Travel		12,355
Total for the Period		**(10,864,631)**
Balance as at July 31, 2019	**$**	**1,215,000**

Mineral Properties		**Amount**
Eaglehead property		1,215,000
Stony Lake property		1,511,695
Balance of Mineral Properties as at July 31, 2019	**$**	**2,726,695**

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**

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Stony Lake Property

On February 8, 2019, the Company acquired Stony Lake for:

- 40,000,000 shares, valued at $1,200,000; and
- $112,407 in licence fees,
- $4,000 in claim fees.

The Stony Lake project covers approximately 13,025 ha, located in central Newfoundland. The project is subject to a 2.0% NSR if the price of gold is US $2,000 per ounce or less and a 3% NSR if the price of gold is $2,000 or greater per ounce.

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 (approximately 11,409 ha), 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.

In July 2014, four mineral tenures (approximately 2,130 ha.) were acquired from Copper Fox Metals Inc. ("**Copper Fox**") for $11,011. The four mineral tenures are subject to a separate 2.0% NSR payable to the initial vendor of the claims of which 1.5% of the NSR can be purchased for $1,000,000.

In March 2015, District amalgamated all mineral tenures making up the Eaglehead Project into one mineral tenure covering approximately 13,539 ha.

On May 8, 2018, District acquired four additional mineral tenures (approximately 2,416 ha) located contiguous to its 100% owned Eaglehead project for $15,000 and 3,900,000 shares. The vendor retains a 2% NSR on production from the project, with District retaining the right to re-purchase 1.5% of the 2% NSR for $1,000,000.

Impairment of Eaglehead

The Company has determined there were indicators of potential impairment for its Eaglehead property, including that District has no near-term plans to conduct further exploration on the property as well as the Company's decision to focus its efforts away from copper and towards gold exploration. The Company determined the Eaglehead property's recoverable amount based on the assets fair value less cost of disposal (**"FVLCD"**). Specifically, the Company looked at recent sales transactions of similar properties in Canada to estimate the FVLCD. The recoverable amount was estimated to be $1,215,000, resulting in an impairment of $10,961,850.

(Expressed in Canadian Dollars)

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 1.54% as at July 31, 2019 (October 31, 2018 – 2.41%) and a rate of inflation of 2.03% as at July 31, 2019 (October 31, 2018 – 1.60%).

The Company has estimated the net present value of this provision at July 31, 2019 to be $236,745. (October 31, 2018 - $235,327) based on a total undiscounted liability in 2021 of $241,000 (October 31, 2018 - $241,000).

		July 31, 2019		October 31, 2018
Balance, Beginning of Year	**$**	**235,327**	$	36,123
Accretion		**1,418**		92
Revision of estimate		**-**		199,112
Balance, End of Period	**$**	**236,745**	$	235,327

8. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Issued and Outstanding

During the nine months ended July 31, 2019, the Company incurred the following share issuance:

- 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.

  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 consecutive day trading period at any time after June 9, 2019.

  Finders' fees of 200,000 shares, valued at $6,000, 300,000 warrants, valued at $6,177, exercisable at $0.05 until August 8, 2020, and legal fees of $21,025 were paid with respect to this financing.

  The value of the finders' warrants was calculated using Black Sholes option pricing model with an exercise price of $0.05, an expected life of 18 months, a volatility rate of 188.10% and a risk-free rate of 1.77%.

8. SHARE CAPITAL (continued)

In connection with this placement, a $118,000 flow-through premium liability was incurred as a result of there being a $0.02 premium per share sold. The liability will be extinguished once all the flow-through money raised has been spent on the Stony Lake project. As of July 31, 2019, the remaining flow-through premium liability was $26,236 (October 31, 2018 - $Nil), with the reduction of $64,410 recorded as flow-through premium income in fiscal 2019.

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 July 31, 2019, the remaining flow-through premium liability was $Nil (October 31, 2018 - $43,484), with the reduction of $161,759 recorded as flow-through premium income in fiscal 2018 and 2019.

c) *Warrants*

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

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

	Nine Months Ended July 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	**(4,250,000)**	**0.100**	-	-
Issued	**9,150,000**	**0.058**	19,102,942	0.119
Balance, End of Period	**28,252,942**	**$ 0.100**	23,352,942	$ 0.116

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

Number of Warrants Outstanding	**Warrant Exercise Price**	**Warrants Exercisable as of July 31, 2019**	**Warrant Expiry Date**
18,750,000	0.120	18,750,000	March 29, 2020
352,942	0.085	352,942	July 12, 2020
6,200,000	0.050	6,200,000	August 8, 2020
2,950,000	0.075	2,950,000	August 8, 2020
28,252,942	**$ 0.100**	**28,252,942**	

As at July 31, 2019, the weighted average remaining contractual life of the share purchase warrants was 0.784 years (October 31, 2018 – 1.218 years) and the weighted average exercise price was $0.100 (October 31, 2018 - $0.116).

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 nine months ended July 31, 2019 and the year ended October 31, 2018 is as follows:

(Expressed in Canadian Dollars)

9. SHARE BASED PAYMENTS (continued)

	Nine Months Ended July 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	**(1,850,000)**		**0.14**	-		-
Granted	**-**		**-**	-		-
Balance, End of Period	**500,000**	**$**	**0.10**	2,350,000	$	0.13

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

Number of Options Outstanding		**Option Exercise Price**	**Options Exercisable as of July 31, 2019**	**Option Expiry Date**
325,000	$	0.10	325,000	April 29, 2020
175,000	$	0.10	175,000	October 16, 2020
500,000	**$**	**0.10**	**500,000**	

As at July 31, 2019, the weighted average remaining contractual life of the options was 0.91 years (October 31, 2018 – .94 years) and the weighted average exercise price was $0.10 (October 31, 2018 - $0.13).

On July 9, 2019, 1,850,000 options expired with a weighted average exercise price of $0.14.

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.

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 nine months ended July 31, 2019 and the year ended October 31, 2018, the Company did not issue any options to employees.

(Expressed in Canadian Dollars)

9. SHARE BASED PAYMENTS (continued)

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 nine months ended July 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 July 31, 2019, included in accounts payable and accrued liabilities is $Nil (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 a director of the Company and $39,660 (October 31, 2018 - $43,053) owing to Copper Fox.

For the nine months ended July 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 July 31, 2019 and October 31, 2018, coupled with the nine months ended July 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.

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

	Nine Month Ended July 31, 2019	Nine Month Ended July 31, 2018
Statement of Operations Items		
Consulting fees	**$ 153,000**	$ 118,667
Director fees	**14,000**	14,500
Total	**$ 167,000**	$ 133,167

(Expressed in Canadian Dollars)

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 nine months ended July 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 July 31, 2019		As at October 31, 2018	
	Input Level	**Carrying Amount**	**Estimated Fair value**	Carrying Amount	Estimated Fair Value
Financial Assets					
Cash	**1**	**$ 89,039**	**$ 89,039**	$ 373,434	$ 373,434
Total		**$ 89,039**	**$ 89,039**	$ 373,434	$ 373,434

Fair Value

The estimated fair values of accounts payables 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

12. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT DISCLOSURES (Continued)

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) *Credit Risk*

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) *Liquidity Risk*

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 enough capital in order to meet short term obligations. As at July 31, 2019, the Company has cash totalling $89,039 (October 31, 2018 - $373,434) and current financial liabilities of $42,035 (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.

If 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) *Market Risk*

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.

12. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT DISCLOSURES (Continued)

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 July 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.