



FINANCIAL STATEMENTS

**FOR THE THREE AND SIX MONTHS ENDED
APRIL 30, 2020**

(Unaudited)

(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 April 30, 2020	As at October 31, 2019
ASSETS		
<u>Current Assets</u>		
Cash	\$ 49,127	\$ 50,184
GST receivable	7,495	25,196
Total Current Assets	56,622	75,380
<u>Non-Current Assets</u>		
Reclamation Deposits (Note 5)	212,000	212,000
Exploration and Evaluation Assets (Note 6)	2,711,370	2,782,725
Total Assets	\$ 2,979,992	\$ 3,070,105
LIABILITIES AND SHAREHOLDERS' EQUITY		
<u>Current Liabilities</u>		
Accounts payable and accrued liabilities	\$ 165,198	\$ 156,619
Flow-through premium liability (Note 8)	5,039	15,542
Total Current Liabilities	170,237	172,161
<u>Non-Current Liabilities</u>		
Decommissioning Provision (Note 7)	238,164	237,218
Total Liabilities	408,401	409,379
<u>Shareholders' Equity</u>		
Share capital (Note 8)	20,250,701	20,250,701
Share-based payment reserve	16,481	38,798
Deficit	(17,695,591)	(17,628,773)
Total Shareholders' Equity	2,571,591	2,660,726
Total Liabilities and Shareholders' Equity	\$ 2,979,992	\$ 3,070,105

Nature and continuance of operations (Note 1)

These financial statements were approved and authorized for issue by the Board of Directors on June 24, 2020 by:

"Jevin Werbes"

 Chief Executive Officer

"Chris Healey"

 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		Six Months Ended	
	April 30, 2020	April 30, 2019	April 30, 2020	April 30, 2019
<u>Operating Expenses</u>				
Accretion	\$ 473	\$ 473	\$ 946	\$ 946
Consulting fees (Note 10)	51,000	86,300	102,500	126,700
Director fees (Note 10)	1,500	4,500	6,500	9,500
Office	4,465	5,901	7,918	11,846
Professional fees	7,483	24,411	7,788	28,791
Promotion and entertainment	-	42,100	-	42,100
Rent	2,250	5,250	4,500	10,500
Shareholder communications	2,712	3,729	9,118	6,388
Transfer agent and regulatory	6,220	9,226	8,024	29,504
Loss Before Non-Operating Items	76,103	181,890	147,294	266,275
<u>Non-Operating Items</u>				
Flow through income	(4,004)	(75,216)	(10,503)	(107,894)
Interest income	(312)	(269)	(1,030)	(652)
Property impairment (Note 6)	-	10,950,834	-	10,950,834
Recovery of exploration expenses (Note 6)	-	-	(46,626)	-
Net and Comprehensive Loss	71,787	11,057,239	89,135	11,108,563
Basic and Fully Diluted Loss per Share				
	\$ 0.00	\$ 0.08	\$ 0.00	\$ 0.10
Weighted Average Number of Shares Outstanding				
	136,941,618	131,567,461	136,941,618	107,512,336

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
<u>Balance, November 1, 2018</u>	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 properties	40,700,000	1,224,500	-	-	1,224,500
Shares issued for finders' fees	200,000	6,000	-	-	6,000
Broker finders' warrants	-	-	6,177	-	6,177
Share issuance costs	-	(33,202)	-	-	(33,202)
Reversal of share-based payment reserve	-	-	(215,349)	215,349	-
Net loss for the year	-	-	-	(11,255,215)	(11,255,215)
Balance, October 31, 2019	136,941,618	\$ 20,250,701	\$ 38,798	\$ (17,628,773)	\$ 2,660,726
Reversal of share-based payment reserve	-	-	(22,317)	22,317	-
Net loss for the period	-	-	-	(89,135)	(89,135)
Balance, April 30, 2020	136,941,618	\$ 20,250,701	\$ 16,481	\$ (17,695,591)	\$ 2,571,591

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

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

	Six Months Ended April 30, 2020	Six Month Ended April 30, 2019
<u>Cash Used in Operating Activities</u>		
Net loss	\$ (89,135)	\$ (11,108,563)
<u>Items not affecting cash</u>		
Accretion	946	946
Flow-through premium income	(10,503)	(107,894)
Impairment of Eaglehead	-	10,950,834
<u>Changes in non-cash working capital items</u>		
Accounts payable and accrued liabilities	(8,550)	(41,184)
GST receivable	17,700	(2,208)
Cash Used in Operating Activities	(89,542)	(308,069)
<u>Cash Used in Investing Activities</u>		
Exploration and evaluation assets ("E&E")	(12,814)	(406,501)
Recovery of exploration expenses	101,229	
Cash Used in Investing Activities	88,485	(406,501)
<u>Cash Provided by Financing Activities</u>		
Proceeds from share issuances, net	-	568,975
Cash Provided by Financing Activities	-	568,975
Decrease in cash for the period	(1,057)	(145,595)
Cash, beginning of year	50,184	373,434
Cash, End of Period	\$ 49,127	\$ 227,839
<u>Disclosure of Non-Cash Transactions</u>		
Broker warrants	\$ -	\$ 6,177
E&E assets in accounts payable	91,145	48,862
Reversal of share-based payment reserve	22,317	-
Shares issued for E&E assets	-	1,200,000

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

DISTRICT COPPER CORP.

Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (Expressed in Canadian Dollars)

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 June 24, 2020.

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.

DISTRICT COPPER CORP.

Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (Expressed in Canadian Dollars)

3. CHANGES IN ACCOUNTING POLICIES

New Accounting Standards

The Company adopted the following accounting standards that are effective for accounting periods beginning on or after January 1, 2019:

IFRS 16, Leases

IFRS 16, Leases (“**IFRS 16**”) was issued by the IASB on January 13, 2016 and replaced IAS 17, Leases. IFRS 16 eliminates the current dual accounting model for leases, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attracts interest, together with a new asset.

The Company does not have any leases and accordingly, there was no impact to the Company’s financial statements as a result of adopting this new standard.

4. USE OF ESTIMATES AND JUDGEMENTS

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.

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.

DISTRICT COPPER CORP.

Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (Expressed in Canadian Dollars)

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 (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.

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

DISTRICT COPPER CORP.

Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
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4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

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 the Bank of Montreal and two deposits with the Minister of Mines totalling \$212,000 (October 31, 2019 - \$212,000), relating to 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 six months ended April 30, 2020 are:

	Stony Lake Property	
Property acquisition costs, as at October 31, 2019	\$	1,340,907
Deferred exploration costs, as at October 31, 2019		226,818
Balance as at October 31, 2019	\$	1,567,725
<u>Additions during the period</u>		
Claims		400
Engineering and consulting		31,118
Geophysics		1,800
JEAP refund		(54,673)
Total for the Period	\$	(21,355)
Balance as at April 30, 2020	\$	1,546,370
<hr/>		
	Eaglehead Property	
Property acquisition costs, as at October 31, 2019	\$	1,215,000
Deferred exploration costs, as at October 31, 2019		-
Balance as at October 31, 2019		1,215,000

DISTRICT COPPER CORP.

Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (Expressed in Canadian Dollars)

Additions during the period

Eaglehead purchase deposit	(50,000)
Total for the Period	(50,000)
Balance as at April 30, 2020	\$ 1,165,000

Mineral Properties	Amount
Eaglehead property	1,165,000
Stony Lake property	1,546,370
Balance of Mineral Properties as at April 30, 2020	\$ 2,711,370

Mineral property expenditures for the year ended October 31, 2019 were:

	Stony Lake Property
Property acquisition costs, as at October 31, 2018	\$ -
Deferred exploration costs, as at October 31, 2018	-
Balance as at October 31, 2018	\$ -

Additions during the year

Assays	13,137
Camp costs	40,898
Engineering and consulting	126,265
Geophysics	46,518
Property acquisition	1,340,907
Total for the Year	\$ 1,567,725
Balance as at October 31, 2019	\$ 1,567,725

	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 year

Camp costs	47,031
Engineering and consulting	33,365
Impairment of property	(10,967,037)
Reports	4,000
Storage	5,655
Travel	12,355
Total for the Year	(10,864,631)

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Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (Expressed in Canadian Dollars)

Balance as at October 31, 2019	\$ 1,215,000
Mineral Properties	Amount
Eaglehead property	1,215,000
Stony Lake property	1,567,725
Balance of Mineral Properties as at October 31, 2019	\$ 2,782,725

Stony Lake Property

On February 8, 2019, the Company acquired the Stony Lake property 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 is 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 above US \$2,000 per ounce.

On May 29, 2019, District acquired two additional properties. The Duffitt and the Island Pond properties are located contiguous to and within the Stony Lake gold project. The Duffitt Claims were acquired for 300,000 common shares at a value of \$10,500 and a 0.75% NSR royalty from production. The Island Pond claims were acquired for a cash payment of \$4,000, 400,000 common shares at a value of \$14,000 and a 2.0% NSR royalty from production. District has retained the right to purchase one half of this NSR for \$1,000,000.

On April 15, 2020, District Copper received \$54,673 refund, from the Government of Newfoundland's Junior Exploration Assistance Program ("JEAP"). A portion of the qualifying mineral expenditures that were incurred on the Stony Lake property during 2019 were returned to the Company.

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.

In July 2014, four mineral tenures were acquired from Copper Fox Metals Inc. ("Copper Fox") for \$11,011. The four mineral tenures are subject to a separate 2% NSR payable to the initial vendor of the claims of which one half (1%) 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.

DISTRICT COPPER CORP.

Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

On May 8, 2018, District acquired three additional mineral tenures located contiguous to its 100% owned Eaglehead project for \$15,000 and 3,900,000 shares valued at \$624,000. 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.

During Q1 2020, the Company received a British Columbia Mining and Exploration Tax Credit (“**BCMETS**”) net refund of \$46,626 that has been recorded as a recovery of exploration expenses that were previously written off.

On February 10, 2020, the Company entered into a property sales agreement with Northern Fox Copper Inc. (“**Northern Fox**”), a wholly owned subsidiary of Copper Fox Metals Inc., where District has agreed to sell to the Northern Fox all of its right, title and interest in and to 6 contiguous mineral claims covering approximately 15,956 hectares of lands located in the Liard Mining Division of northern British Columbia, historically referred to by District as the Eaglehead Property.

The sale is subject to the reservation a 0.5% net smelter return royalty for District on any future production. The consideration due and payable to District for the Eaglehead Property is the total sum of \$1,200,000, plus the assumption by Northern Fox of the reclamation bonds in the amount of \$212,000, which has been deposited by District with the Ministry of Mines and BMO.

Under the terms of the agreement, Northern Fox has paid a non-refundable deposit of \$50,000 upon signing the agreement. An additional \$150,000 will be paid upon the closing of the agreement and the balance of the purchase price in the amount of \$1,000,000 will be payable in three annual installments of \$340,000, \$330,000 and \$330,000, respectively, on each anniversary of the closing date.

The \$1,000,000 unpaid portion of the purchase price is guaranteed by Copper Fox and is to be secured by a general security agreement to be registered against the assets and undertaking of Northern Fox. The assets of Northern Fox include 33,283,264 common shares of District Copper. The disposition of the Eaglehead Property will by definition and under TSX Policies be considered a non-arm’s length transaction as Northern Fox currently owns 24.40% of the issued and outstanding shares of District, and no longer has Board representation on District, as Elmer Stewart and Mike Smith, both directors for Copper Fox, resigned before the purchase agreement was signed.

On February 13, 2020, Copper Fox paid a non-refundable deposit of \$50,000 towards the purchase of the Eaglehead property.

Once the Company receives regulatory approval from the Minister of Mines, which is expected in Q4 2020, the deal will be finalized.

DISTRICT COPPER CORP.

Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (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 0.88% as at April 30, 2020 (October 31, 2019 – 1.32%) and a rate of inflation of 1.70% as at April 30, 2020 (October 31, 2019 – 1.90%).

The Company has estimated the net present value of this provision at April 30, 2020 to be \$237,691. (October 31, 2019 - \$237,218) based on a total undiscounted liability in 2021 of \$241,000 (October 31, 2019 - \$241,000).

	April 30, 2020	October 31, 2019
Balance, Beginning of Year	\$ 237,218	\$ 235,327
Accretion	946	1,891
Balance, End of Period	\$ 238,164	\$ 237,218

8. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Issued and Outstanding

There were no shares issued during the six months ended April 30, 2020.

During the year ended October 31, 2019, the Company incurred the following share issuances:

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

The warrants have an early acceleration provision wherein the warrants are callable upon 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 consecutive 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 with an exercise price of \$0.05 per share, an expected life of 18 months, a volatility rate of 188.10% and a risk-free rate of 1.77%.

DISTRICT COPPER CORP.

Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

A flow through premium liability of \$118,000 was recorded, which will be extinguished once the entirety of the flow-through money raised has been spent on qualifying exploration expenditures. As of April 30, 2020, the remaining flow-through premium liability was \$5,039, with the reduction of \$112,961 recorded as flow-through premium income in fiscal 2020 and 2019.

- On February 8, 2019, the Company issued 40,000,000 shares at a value of \$1,200,000 in exchange for the Stony Lake property.
- On May 29, 2019, the Company issued 700,000 shares at a value of \$24,500 in exchange for the Duffitt and Island Pond properties.

c) Warrants

A summary of changes in share purchase warrants for the six months ended April 30, 2020 and the year ended October 31, 2019 are as follows:

	Six Months Ended April 30, 2020		Year Ended October 31, 2019	
	Number of Warrants Outstanding	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, Beginning of Year	28,252,942	\$ 0.100	23,352,942	\$ 0.116
Expired	(18,750,000)	0.120	(4,250,000)	0.100
Issued	-	-	9,150,000	0.058
Balance, End of Period	9,502,942	\$ 0.059	28,252,942	\$ 0.100

As at April 30, 2020 share purchase warrants outstanding and exercisable are as follows:

Number of Warrants Outstanding	Warrant Exercise Price	Warrants Exercisable as of April 30, 2020	Warrant Expiry Date
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
9,502,942	\$ 0.059	9,502,942	

On March 29, 2020, 18,750,000 warrants expired.

As at April 30, 2020, the weighted average remaining contractual life of the share purchase warrants was 0.271 years (October 31, 2019 – 0.532 years) and the weighted average exercise price was \$0.059 (October 31, 2019 - \$0.100).

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9. SHARE BASED PAYMENTS

d) 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 six months ended April 30, 2020 and the year ended October 31, 2019 are as follows:

	Six Months Ended April 30, 2020		Year Ended October 31, 2019	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
<u>Balance, Beginning of Year</u>	500,000	\$ 0.10	2,350,000	\$ 0.13
Expired	(325,000)	0.10	(1,850,000)	0.14
Granted	-	-	-	-
Balance, End of Period	175,000	\$ 0.10	500,000	\$ 0.10

As at April 30, 2020, options outstanding for the purchase of common shares are as follows:

Number of Options Outstanding	Option Exercise Price	Options Exercisable as of April 30, 2020	Option Expiry Date
175,000	\$ 0.10	175,000	October 16, 2020
175,000	\$ 0.10	175,000	

On April 29, 2020, 325,000 options expired.

As at April 30, 2020, the weighted average remaining contractual life of the options was 0.46 years (October 31, 2019 – .66 years) and the weighted average exercise price was \$0.10 (October 31, 2019 - \$0.10).

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.

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(Unaudited) (Expressed in Canadian Dollars)

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 six months ended April 30, 2020 and the year ended October 31, 2019, 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 six months ended April 30, 2020 and the year ended October 31, 2019, 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 April 30, 2020, included in accounts payable and accrued liabilities is \$30,625 (October 31, 2019 – \$26,875) owing to a company controlled by a director, \$9,450 (October 31, 2019 – \$14,175) owing to a company controlled by an officer, \$Nil (October 31, 2019 - \$4,500) owing to a former director of the Company and \$41,660 (October 31, 2019 - \$39,660) owing to Copper Fox.

For the six months ended April 30, 2020 and 2019, the Company incurred the following expenditures for key management personnel and the companies that are directly controlled by them.

	Six Months Ended April 30, 2020	Six Months Ended April 30, 2019
<u>Statement of Operations Items</u>		
Consulting fees	\$ 102,500	\$ 102,000
Director fees	5,000	9,500
Total	\$ 107,500	\$ 111,500

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Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (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 properties in which the Company currently has an interest in are 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 April 30, 2020. 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:

	Input Level	As at April 30, 2020		As at October 31, 2019	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<u>Financial Assets</u>					
Cash	1	\$ 49,127	\$ 49,127	\$ 50,184	\$ 50,184
Total		\$ 49,127	\$ 49,127	\$ 50,184	\$ 50,184

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

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Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (Expressed in Canadian Dollars)

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 April 30, 2020, the Company has cash totalling \$49,127 (October 31, 2019 - \$50,184) and accounts payable and accrued liabilities of \$165,198 (October 31, 2019 - \$156,619) 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.

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Notes to the Financial Statements for the Three and Six Months Ended April 30, 2020 and 2019
(Unaudited) (Expressed in Canadian Dollars)

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 April 30, 2020, 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.