Copperbank Resources Corp.

Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READERS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the accompanying condensed consolidated interim financial statements.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the Company’s management.

Copperbank Resources Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	**September 30, 2018**	**December 31, 2017**
		$	$
Assets			
Current assets			
Cash		54,730	83,607
Other receivable		42,821	52,464
Prepaid expenses and deposit		18,152	47,691
		115,703	183,762
Note receivable	9	-	8,326
Property and equipment	7	246,194	-
Reclamation deposit		8,422	2,509
Resource properties	6	12,430,026	7,305,080
Total Assets		12,800,345	7,499,677
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		793,843	381,875
Note payable, current	6(c)	64,725	-
Due to related parties	8	11,572	29,994
		870,140	411,869
Note payable, non-current	6(c)	129,450	-
		999,590	411,869
Shareholders' equity (deficiency)			
Share capital	5	22,707,189	17,141,602
Reserves		23,213,931	22,743,237
Deficit		(34,120,365)	(32,797,031)
		11,800,755	7,087,808
Shareholders' Equity and Liabilities		12,800,345	7,499,677

Nature of operations and going concern	1
Subsequent events	12

Approved and authorized for issuance by the Board of Directors on November 27, 2018

"Tony Ricci"
Director

"Giulio Bonifacio"
Director

See accompanying notes to the condensed consolidated interim financial statements

Copperbank Resources Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

		Three months ended September 30,		**Nine months ended September 30,**	
	Note	**2018**	**2017**	**2018**	**2017**
		$	$	$	$
EXPENSES					
Consulting and management fees		172,437	140,174	386,193	471,921
Filing fees and shareholders' services		9,890	20,550	27,326	36,664
Insurance		1,975	4,421	6,135	10,421
Mineral property maintenance/consulting	6(b)	48,859	47,370	61,681	56,281
Office and administration		17,964	9,435	27,460	24,880
Promotion, advertisement and shareholder relations		25,718	24,257	101,118	54,843
Professional fees		88,273	43,298	129,386	89,653
Rental		2,673	5,790	22,807	28,224
Share-based compensation	5	324,530	125,300	485,130	318,000
Travel		35,138	44,169	76,098	70,753
Net loss		(727,457)	(464,764)	(1,323,334)	(1,161,640)
Other comprehensive loss:					
Exchange gain (loss) on translating foreign operations		(14,747)	(2,412)	(14,436)	(3,029)
Comprehensive loss		(742,204)	(467,176)	(1,337,770)	(1,164,669)
Loss per share, basic and diluted		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of outstanding shares		223,002,055	176,880,576	199,521,238	164,614,230

See accompanying notes to the condensed consolidated interim financial statements

Copperbank Resources Corp.
Consolidated statements of changes in equity (deficiency)
(Unaudited - Expressed in Canadian dollars)

	Common shares		Reserves					Total
	Number	**Amount**	**Warrants**	**Options**	**Other**	**Accumulated other comprehen-sive loss**	**Deficit**	
		$	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2016	145,614,830	13,519,605	2,672,391	209,409	16,182,235	3,190,271	(31,280,704)	4,493,207
Issuance of shares for debt	1,675,000	183,000	–	–	–	–	–	183,000
Issuance of shares for cash	31,840,033	2,992,765	77,600	–	–	–	–	3,070,365
Shared-based compensation	–	–	–	318,000	–	–	–	318,000
Translation from the foreign subsidiary	–	–	–	–	–	(3,029)	–	(3,029)
Net loss	–	–	–	–	–	–	(1,161,640)	(1,161,640)
September 30, 2017	**179,129,863**	**16,695,370**	**2,749,991**	**527,409**	**16,182,235**	**3,187,242**	**(32,442,344)**	**6,899,903**
December 31, 2017	182,831,788	17,141,602	2,749,991	621,735	16,182,235	3,189,276	(32,797,031)	7,087,808
Share-based compensation	–	–	–	485,130	–	–	–	485,130
Share issuance for cash	15,627,143	1,093,900		–	–	–	–	1,093,900
Share issuance for acquisition of mineral interests	68,795,181	4,471,687						4,471,687
Translation from the foreign subsidiary	–	–	–	–	–	(14,436)	–	(14,436)
Net loss	–	–	–	–	–	–	(1,323,334)	(1,323,334)
September 30, 2018	**267,254,112**	**22,707,189**	**2,749,991**	**1,106,865**	**16,182,235**	**3,174,840**	**(34,120.365)**	**11,800,755**

See accompanying notes to the condensed consolidated interim financial statements

Copperbank Resources Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

Nine months ended September 30,	**2018**	**2017**
	$	$
Operating Activities		
Net loss for the period	(1,323,334)	(1,161,640)
Items not involving cash		
Share issuance for consulting and management services	-	183,000
Share-based compensation	485,130	318,000
Changes in non-cash working capital		
Prepaid expenses and deposits	29,539	(24,749)
Receivable and note receivable	17,969	(3,725)
Due to related party	(18,422)	(26,231)
Accounts payable and accrued liabilities	183,127	(160,578)
Cash Used in operating Activities	(625,991)	(875,923)
Financing Activities		
Shares issuance for cash	1,093,900	3,070,365
Cash provided by financing Activities	1,093,900	3,070,365
Investing Activities		
Cash acquired through acquisition of mineral interest	3,529	–
Acquisition of Copper Creek Properties	(200,000)	–
Expenditure of resource properties	(282,357)	(2,054,207)
Cash used in investing activities	(478,828)	(2,054,027)
Effect of change in foreign currency	(17,958)	(1,839)
Net Increase (Decrease) in Cash	(28,877)	138,396
Cash, Beginning of Period	83,607	47,316
Cash, End of Period	**54,730**	185,712

See accompanying notes to the condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Copperbank Resources Corp. (the "Company" or "CopperBank") was incorporated on October 21, 2014 under the *Business Corporations Act* (British Columbia). The Company's registered office is Suite 2080 - 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Company's head office and principal address is located at Suite 2706 - 1011 West Cordova Street, Vancouver, British Columbia, V6B 0C2. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "CBK", and its principal business is the acquisition and development of mineral properties.

Going concern

These condensed consolidated interim financial statements have been prepared based on accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. The Company has recurring losses since inception. The Company will require additional financing either through equity or debt financing, sale of assets, joint venture arrangements or a combination thereof to meet its administrative costs and to continue to explore and develop its mineral properties. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of material uncertainties that cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern is in significant doubt.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and maintain an adequate level of financial resources to discharge its ongoing obligations. Management seeks to raise capital, when necessary, to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful, as it is dependent on prevailing capital market conditions and the availability of other financing opportunities.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements together with the comparative figures herein have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements do not include all the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended December 31, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements incorporate the accounts of the Company and its wholly owned subsidiaries, Enexco International Inc. ("Enexco US") (USA), 1016079 B.C Ltd. (Canada), Copperbank Resources Alaska Inc. (USA), Redhawk Resources, Inc. (Canada), Redhawk Copper Inc. (USA), Redhawk Resources (USA), Inc., and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

Copper Creek Project LLC (USA). A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.

Adoption of new accounting policies

The Company has not changed its accounting policies since its recent year ended December 31, 2018 and has applied accounting policies consistently for all periods presented except the adoption of IFRS 9 commencing January 1, 2018.

<u>IFRS 9 *Financial Instruments*</u>

IFRS 9 has replaced IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: “amortized cost”, “fair value through other comprehensive income”, or “fair value through profit or loss” (default). Equity instruments are classified and measured as “fair value through profit or loss” unless upon initial recognition elected to be classified as “fair value through other comprehensive income”. When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity’s own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at “amortized cost” or “fair value through other comprehensive income”, lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The are no impacts to the Company’s financial statements for the adoption of IFRS.

Accounting standards issued but not yet adopted

IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.

(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting standards issued but not yet adopted (continued)

- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Applicable to the Company's annual period beginning January 1, 2019.

4. ACQUISITION OF MINERAL INTERESTS

In June 2018, The Company executed a definitive arrangement agreement ("Arrangement Agreement") pursuant to which the Company would acquire all of the issued and outstanding shares of Redhawk Resources, Inc. ("Redhawk"), a company listed on the NEX board of TSX Venture Exchange. CopperBank's acquisition of Redhawk (the "Transaction") and its Copper Creek Project ("Copper Creek") was effected by way of a plan of arrangement completed under the Business Corporations Act (British Columbia).

The Transaction completed on August 31 ,2018. Redhawk and its USA subsidiaries became subsidiaries of CopperBank. Redhawk ceased to be a reporting issuer under applicable Canadian securities laws. CopperBank issued 63,506,816 common shares of the Company (with market value of $4,127,943) to shareholders of Redhawk as consideration of the Transaction and 5,288,365 common shares (with market value of $343,744) in acquisition related costs. Copperbank also advanced $200,000 to cover expenses incurred by Redhawk prior to the closing. After the Transaction, CopperBank is approximately 75% owned by current CopperBank shareholders and 25% by former Redhawk shareholders.

The Company considers the Transaction an acquisition of properties with details as follows:

Proceeds of the acquisition:	
Issuance of 68,795,181 shares at $0.065/share	$4,471,687
Cash advanced to Redhawk	200,000
Total	$4,671,687
Assets acquired	
cash	$3,529
Receivable and prepaid	17,737
Reclamation bond	5,871
Property and equipment	248,287
Copper Creek Mineral Properties ("CCP")	4,820,929
Liabilities assumed	
Accounts payable	(228,841)
Loan payable	(195,825)
	$4,671,687

(Unaudited - Expressed in Canadian dollars)

5. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

In May 2018, the Company issued 15,627,143 common shares at $0.07 per share for gross proceeds of $1,093,000. No fees were paid with this financing.

In August and September 2018, the Company issued 68,795,181 shares of the Company in connection with the Transaction (Note 4).

c) Warrants

Continuity is as follow:

	Number outstanding	Expiry date	Exercise price
Outstanding and exercisable, December 31, 2016	74,238,001	October 20, 2019	$0.50 per share
Issued	5,173,366	August 21, 2022	$0.25 per share
Outstanding and exercisable, December 31, 2017	79,411,367		
Assumed on acquisition of Redhawk (Note 4)	356,115	March 14, 2019	$0.24 per share
Assumed on acquisition of Redhawk (Note 4)	3,762,396	August 24, 2019	$0.10 per share
Outstanding and exercisable, December 31, 2017	83,529,878		

As at September 30, 2018, the weighted average exercise price and remaining life of these warrants was $0.47 (2017/12/31 - $0.48) per share and 1.22 years (2017/12/31 – 1.99).

d) Options

The Company has a “rolling” stock option plan (the “Plan”) that allows the Company to grant options to its employees, directors, consultants and officers for a maximum of 10% of outstanding shares to be issued.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or officer, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of death, the option terminates at the earlier of twelve months after the date of death and the expiration of the option period. During the nine months ended September 30, 2018, the Company incurred share-based compensation of $485,130 in connection with options granted.

Continuity of the option outstanding is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2017	9,950,000	$0.10
Granted	9,350,000	$0.10
Assumed on acquisition of Redhawk (Note 4) (i)	3,340,400	$0.16
Cancelled	(500,000)	$0.10
Outstanding, September 30, 2018	22,140,400	$0.11
Exercisable, September 30, 2018	11,027,900	$0.12

(Unaudited - Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

As at September 30, 2018, the following stock options were outstanding:

Expiry Date	Exercise Price	Outstanding	Exercisable
February 28, 2019 (i)	$0.16	3,340,400	3,340,400 (ii)
February 5, 2020	$ 0.10	2,050,000	2,050,000
June 8, 2020	$ 0.10	500,000	500,000
April 11, 2021	$ 0.05	500,000	500,000
February 24, 2022	$0.10	5,750,000	4,312,500
July 28, 2022	$0.13	650,000	325,000
May 10 to May 21, 2023	$0.10	9,350,000	-
		22,140,400	11,027,900

The remaining contractual life of the Company's options as at September 30, 2018 was 3.23 (2017/12/31 – 3.63) years.

i)Pursuant to the acquisition of Redhawk (Note 4), these options to expire the lesser of six months from the acquisition date (August 31, 2018), or the actual expiry date of September 9, 2020.

ii) 25% of these options will vest six months from the date of grant and 25% every six months thereafter.

6. RESOURCE PROPERTIES

The continuity of the mineral properties is as follow:

	Pyramid	Copper Creek	Total
	$	$	$
Balance, December 30, 2017	7,305,080	-	7,305,080
Acquisition (Note 4)	-	4,820,929	4,820,929
Annual option fees and maintenance of permits	197,130	31,935	229,065
Report and analysis	49,019	-	49,019
Management and study	11,538	-	11,538
Effect of change in foreign exchange rate	-	14,395	14,395
Balance, September 30, 2018	7,562,767	4,867,259	12,430,026

a) Pyramid property, Alaska

Option agreement with TAC

The Company, through an amalgamation with Full Metal Minerals (USA) Inc. ("Full Metal"), acquired its interest in the Pyramid Project in 2014. Full Metal has an option agreement ("Pyramid Agreement") with The Aleut Corporation ("TAC"), an Alaska Regional Native Corporation for the acquisition of a 100% interest in subsurface mineral rights covering the Pyramid project.

The commitment related to the Pyramid property is as follows:

1) Pay totally $345,000 in cash or shares of the Company from 2011 to 2017 (paid)

2) Incur $4,500,000 of exploration expenditures by December 31, 2016, which was been met.

In addition to the payments disclosed above, the Company agrees that during the option period, the Company will pay US$20,000 per period noted above for the rights to use materials on the property.

6. RESOURCE PROPERTIES (Continued)

a) Pyramid property, Alaska (continued)

On January 4, 2018, the Company entered into a first amendment ("First Amendment") to the Pyramid Agreement. The First Amendment is effective December 31, 2017. The exploration area has been modified to a division into the Pyramid District Lands ("Pyramid Lands") and San Diego Bay District ("SDB Lands"). The option period has been modified to (i) December 31, 2019 for the Pyramid Lands and (ii) December 31, 2020 for the SDB Lands. The following additional option payments and minimum exploration expenditures are required:

(i) Option Payments

- Before March 10, 2018, the Company shall pay TAC US$65,000 in cash (Paid in May 2018);
- Before March 10, 2019, the Company shall pay TAC US$70,000 in cash; and
- Before March 10, 2020, the Company shall pay TAC US$70,000 in cash.

(ii) Exploration Expenditures

- For the year ending December 31, 2018, the Company shall spend (i) US$1,000,000 on the Pyramid Lands and (ii) US$300,000 on the SDB Lands;
- For the year ending December 31, 2019, the Company shall spend (i) US$1,000,000 on the Pyramid Lands and (ii) US$300,000 on the SDB Lands; and
- For the year ending December 31, 2020, the Company shall spend (i) US$500,000 on SDB Lands.

During the quarter ended September 30, 2018, the exploration expenditures were further amended as follows:

- During the period January 1, 2018 to December 31, 2019, the Company shall spend (i) at least $2 million on the Pyramid Lands and (ii) at least $600,000 on the SBC Lands;
- During the year January 1 to December 31, 2020, the Company shall spend at least $500,000 on the SBC Lands.

<u>Option agreement with Antofagasta Minerals</u>

On August 6, 2010, Full Metal entered into an option agreement with Antofagasta Minerals to explore the Pyramid property claims. Antofagasta Minerals can earn an initial 51% interest by fulfilling the following:

1) Pay a total of US$200,000 by August 20, 2014 (received); and
2) Incur a total of US$6,000,000 in exploration expenditures by August 20, 2014 (incurred).

During the year ended May 31, 2013, Antofagasta Minerals completed all required cash payments and exploration expenditures, and therefore earned a 51% interest in the Pyramid property. All exploration expenditures were incurred by the Company and subsequently reimbursed by Antofagasta Minerals. The schedule of Pyramid mineral property costs does not include these costs.

Antofagasta Minerals can further earn an additional 14% interest for a total aggregate 65% interest by preparing and delivering at its sole cost, a scoping study costing a minimum of US$4,000,000 in expenditures within two years of earning a 51% initial interest. Antofagasta Minerals can then earn an additional 15% interest for a total 80% interest by funding at its sole cost a feasibility study on the Pyramid property project within two years after obtaining the additional 15% interest. Antofagasta Minerals is also required to reimburse the Company for certain of its obligations relating to the Aleut Agreement – Pyramid, the Shumagin Letter Agreement and the TDX Agreement (collectively, the "Property Agreements").

6. RESOURCE PROPERTIES (Continued)

a) Pyramid property, Alaska (continued)

Reacquisition of Antofagasta Minerals' interest

March 5, 2014 (the "Assignment Date"), Full Metal reacquired the 51% interest in the Pyramid property (the "Assignment Agreement") previously earned by Antofagasta Minerals under the 2010 option agreement discussed above.

i) Certain provisions in the Assignment Agreement, if triggered, would require the First Assignment Payment to become due and payable within 15 days after the occurrence of an accelerating event. The accelerating event is defined in the Assignment Agreement as not maintaining in good standing, one or all, the Property Agreements, with the term "good standing" having a meaning as defined in each of the Property Agreements regarding the terms and conditions of default.

ii) Shumagin Agreement – Pyramid Surface Rights: On August 5, 2011, Full Metal and Shumagin Corporation, an Alaska Native Village Corporation, signed an agreement for a surface rights mining Exploration Agreement and Option to Lease in respect of the Pyramid property. The agreement terms include annual cash payments totaling US$290,000 through December 31, 2016 (paid).

In February 2018, the Company entered into a first amendment to the Assignment Agreement. The First Amendment is effective December 31, 2017. The following additional option payments are required:

- Before March 10, 2018, the Company shall pay Shumagin US$80,000 in cash (Paid in May 2018);
- Before March 10, 2019, the Company shall pay TAC US$80,000 in cash; and
- Before March 10, 2020, the Company shall pay TAC US$80,000 in cash.

iii) TDX Agreement – Pyramid Surface Rights:
On July 15, 2010, Full Metal and TDX Pyramid LLC ("TDX Pyramid"), an affiliate of an Alaska Native Village Corporation, signed an Exploration Agreement with Option to Lease covering surface lands at the Pyramid property. Under this agreement, the Company must make an initial option payment of US$15,000 (paid by Antofagasta Minerals) upon the effective date of the agreement, and annual cash payments totaling US$171,000 over seven years, of which US$52,000 has been paid from 2012 through 2014 (paid by Antofagasta Minerals). At any time prior to December 31, 2016, the Company may enter into a Lease Agreement with TDX Pyramid. On or before the effective date of the lease and then on or before each anniversary during the term of the lease until there is commercial production, the Company shall pay to TDX Pyramid an annual rental equal to 10% of the fair market value of the lease area.

The Company terminated the surface right agreement during 2016 with US$100,000 (paid)

In July 2017, the Company entered into an amendment for the Assignment Agreement with respect to its interest in the Pyramid Property with Antofagasta Minerals. Total consideration, after the amendment is comprised of the following:

- Payment of US$ 150,000 cash and issuance of 1,000,000 common shares of the Company to Antofagasta Minerals by March 4, 2019.
- Payment of US$ 5,500,000 cash upon the occurrence of a construction decision in respect of the Pyramid Project.
- Payment of US$2,500,000 cash upon the commencement of commercial production in respect of the Pyramid Project.

(Unaudited - Expressed in Canadian dollars)

6. RESOURCE PROPERTIES (Continued)

b) Contact Property, Nevada

The Company owns a 100% interest in the Contact property located in Elko County, Nevada.

This property was fully impaired during fiscal 2015. The Company incurred $61,681 for the permit maintenance and a study to the Contact Property during the nine months ended September 30, 2018.

c) Copper Creek Mineral Properties, Arizona

i) The Company acquired 100% of the Copper Creek Project from Redhawk with a fair value of 4,794,719 (Note 4).

ii) D & G Mining Agreement - In November 2005, Redhawk entered into a lease-to-purchase agreement with a third party for additional property within the Copper Creek boundaries. Redhawk paid US$80,000 in both 2006 and 2007 and was required to pay US$100,000 in November 2008 and annually thereafter until the end of year fifteen. In May 2018, the agreement was amended to reduce the annual payments to US$50,000.

Redhawk has the option to purchase the property for US$3,000,000. Commencing January 1, 2022, 50% of the yearly lease payments made prior to exercising the option to purchase will be applied against the purchase price in the event that Redhawk exercises its property purchase option.

iii) Freeport Mineral Corporation Agreement - In April 2007, Redhawk entered into a purchase agreement with Freeport Mineral Corporation ("Freeport") to acquire additional mining claims within the Copper Creek boundaries. The additional mining claims are subject to a 1% Net Smelter Return royalty.

In conjunction with Redhawk's acquisition of mining claims from Freeport, Redhawk entered into a promissory note. The promissory note with the principal amount of USD 1,525,594 is repayable over 11 years and bears interest at 5% per annum. On May 30, 2018, Redhawk entered into an amendment to the Fourth Workout Agreement with Freeport. The substance of the amended agreement is a conversion of interest and principal owing to Freeport into production decision royalty payments. The total will be $3,000,000 USD paid in six equal annual instalments of $500,000 USD per annum. The payments are contingent upon Redhawk or successors achieving a defined commercial production of minerals.

As a result of this amendment, no liabilities in connection with this promissory note has been recorded as at September 30, 2018.

iv) Morgan Agreements - In December 2012, Redhawk acquired patented land from two unrelated parties for total consideration of US $1.2 million. As at September 30, 2018, Redhawk is required to pay the following:

	Current	Non-current	
December,	2019	2020	2021
	$	$	$
USD	50,000	50,000	50,000
Canadian equivalent	64,725	64,725	64,725

(Unaudited - Expressed in Canadian dollars)

7. PROPERTY AND EQUIPMENT

The Company acquired the following land and building with the Redhawk acquisition on August 31, 2018 (Note 4):

	8/31/2018	Foreign exchange adjustment	9/30/2018
	$	$	$
Building	215,649	(1,818)	213,831
Land	32,638	(275)	32,363
	248,287	(2,093)	246,194

8. RELATED PARTY TRANSACTIONS

For the nine months ended September 30, 2018 and 2017, the Company incurred the following transactions with key management members and the directors of the Company:

	Nature	2018 $	2017 $
Key management	Rent	6,000	18,000
Key management	Management fees	340,031	253,000
Directors	Technical services for the mineral properties	20,191	27,230
Key management and directors	Share-based payments	388,621	186,000

Included in the Company's due to related party is an amount owing to key management members of $11,572 (2017/12/31 - $29,994). Due to related party has the same terms as the Company's trade payable, which is unsecured and non-interest-bearing and due with no specific terms.

9. NOTE RECEIVABLE

During the year ended December 31, 2016, the Company sold a vehicle that was fully depreciated for total proceeds of US$25,000. The Company received US$10,000 cash, $1,000 rent credits and a US$14,000 promissory note. The promissory note was paid through the issuance of a five-year note receivable bearing interest at 4% per annum for US$14,000, with blended monthly payments of $257. As at September 30, 2018, the note was fully repaid.

10. SEGMENTED INFORMATION

The Company operates primarily in one business segment, which is the exploration and development of resource properties located in the United States. The Company's non-current assets were $12,658,432 (2017/12/31 - $7,307,589), which comprised mainly of resource properties, property and equipment, and reclamation bonds that are in the United States.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to several financial and market risks, including credit, interest rate, liquidity and commodity risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of cash flow of its operations would warrant such hedging activities. There was no change in the management of the financial risks compared to the recent year ended December 31, 2017.

Fair value

Financial assets and liabilities that are recognized on the statement of financial position at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are: Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company does not have financial instruments that are required to be measured at their fair values.

The Company's financial instruments consists of cash and cash equivalents, other receivable (net of GST receivable), accounts payable and accrued liabilities, and due to related parties, which are classified as financial instruments measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

12. EVENTS AFTER THE REPORTING DATE

In October,2018, the Company completed a private placement financing for gross proceeds of $784,170, issuing 11,202,429 common shares at a price of $0.07 per share. No fees were paid as part of this private placement and the Company will use the gross proceeds to finance its working capital.