

# **Copperbank Resources Corp.**

**Condensed Consolidated Interim Financial Statements**

**Three Months Ended March 31, 2020 and 2019**

**(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.**  
**Consolidated Condensed Interim Statements of Financial Position**  
**(Expressed in Canadian dollars)**

	Note	March 31, 2020	December 31, 2019
		\$	\$
<b>Assets</b>			
Current assets			
Cash and cash equivalents		138,611	16,240
Receivables		45,344	39,490
Prepaid expenses and deposit		7,383	9,876
		191,338	65,606
Property and equipment	6	235,560	218,933
Reclamation deposit	4	8,867	8,446
Resource properties	4	5,875,594	5,361,729
<b>Total Assets</b>		<b>6,311,359</b>	<b>5,654,714</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		335,135	423,411
Note payable, current	4	70,936	64,940
Obligation to issue shares	5	-	70,000
Due to related parties	7	-	51,000
		406,071	609,351
Convertible debenture	8	263,000	263,000
		669,071	872,351
<b>Shareholders' Equity</b>			
Share capital	5	25,147,317	24,587,337
Reserves		24,438,565	23,882,702
Deficit		(43,943,594)	(43,687,676)
		5,642,288	4,782,363
<b>Shareholders' Equity and Liabilities</b>		<b>6,311,359</b>	<b>5,654,714</b>
<i>Nature of operations and going concern</i>	1		
<i>Subsequent events</i>	11		

Approved and authorized for issuance by the Board of Directors on May 26, 2020

"Gavin Dirom"  
Director

"Gianni Kovacevic"  
Director

*See accompanying notes to the consolidated financial statements*

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

<b>Three months ended March 31</b>	<b>2020</b>	<b>2019</b>
	\$	\$
<b>EXPENSES</b>		
Amortization	3,362	5,600
Consulting and management fees	95,220	162,423
Filing fees and shareholders' services	2,652	6,922
Insurance	1,500	1,000
Office and administration	14,265	8,680
Professional fees	22,652	9,813
Promotion, advertisement and shareholder relations	35,258	25,744
Rental	8,186	5,088
Share-based compensation	40,809	135,320
Travel	32,014	24,987
Net loss for the period	( 255,918)	( 385,577)
<b>Other comprehensive loss:</b>		
Exchange gain (loss) on translating foreign operations	515,054	(25,371)
<b>Comprehensive income (loss) for the period</b>	<b>259,136</b>	<b>( 410,948)</b>
Loss per share, basic and diluted	<b>( 0.00)</b>	<b>( 0.00)</b>
Weighted average number of outstanding shares	<b>301,027,766</b>	<b>279,215,238</b>

*See accompanying notes to the condensed consolidated interim financial statements*

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

	Common shares		Reserves				Accumulated other comprehensive loss	Deficit	Total
	Number	Amount	Warrants	Options	Other				
		\$	\$	\$	\$	\$	\$	\$	
December 31, 2018	278,456,541	23,491,379	2,776,475	1,288,263	16,182,235	3,184,349	(34,581,693)	12,341,008	
Share-based compensation	–	–	–	135,320	–	–	–	135,320	
Share issuance for cash	7,656,548	535,958	–	–	–	–	–	535,958	
Shares issued for mineral property option payment	1,000,000	80,000	–	–	–	–	–	80,000	
Translation from the foreign subsidiary	–	–	–	–	–	(25,371)	–	(25,371)	
Net loss	–	–	–	–	–	–	(385,577)	(385,577)	
<b>March 31, 2019</b>	<b>287,113,089</b>	<b>24,107,337</b>	<b>2,776,475</b>	<b>1,423,583</b>	<b>16,182,235</b>	<b>3,158,978</b>	<b>(34,967,270)</b>	<b>12,681,338</b>	
December 31, 2019	295,113,089	24,587,337	2,776,475	1,695,444	16,182,235	3,228,548	(43,687,676)	4,782,363	
Share-based compensation	–	–	–	40,809	–	–	–	40,809	
Share issuance for cash	8,166,333	489,980	–	–	–	–	–	489,980	
Shares issued for debt settlement	1,000,000	70,000	–	–	–	–	–	70,000	
Translation from the foreign subsidiary	–	–	–	–	–	515,054	–	515,054	
Net loss	–	–	–	–	–	–	(255,918)	(255,918)	
<b>March 31, 2020</b>	<b>304,279,422</b>	<b>25,147,317</b>	<b>2,776,475</b>	<b>1,736,253</b>	<b>16,182,235</b>	<b>3,743,602</b>	<b>(43,943,594)</b>	<b>5,642,288</b>	

*See accompanying notes to the consolidated financial statements*

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

<b>Three months ended March 31</b>	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Operating Activities</b>		
Net loss for the period	( 255,918)	( 385,577)
Items not involving cash		
Amortization	3,362	5,600
Share-based compensation	40,809	135,320
Changes in non-cash working capital		
Accounts payable and accrued liabilities	( 8,367)	( 43,403)
Due to related party	(51,000)	32,813
Receivable	(5,854)	( 8,475)
Obligation to issue shares	(70,000)	-
Prepaid expenses and deposits	2,493	2,000
<b>Cash Used in Operating Activities</b>	<b>( 344,475)</b>	<b>( 261,722)</b>
<b>Financing Activities</b>		
Shares issuance for cash	489,980	535,958
<b>Cash provided by Financing Activities</b>	<b>489,980</b>	<b>535,958</b>
<b>Investing Activities</b>		
Expenditure of resource properties	( 24,298)	( 33,236)
<b>Cash Used in Investing Activities</b>	<b>( 24,298)</b>	<b>( 33,236)</b>
<b>Effect of change in foreign currency</b>	<b>1,164</b>	<b>( 20,832)</b>
<b>Net Increase in Cash</b>	<b>122,371</b>	<b>220,168</b>
<b>Cash, Beginning of Period</b>	<b>16,240</b>	<b>153,399</b>
<b>Cash, End of Period</b>	<b>138,611</b>	<b>373,567</b>

*See accompanying notes to the condensed consolidated interim financial statements*

**Copperbank Resources Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**Three Months ended March 31, 2020 and 2019**  
**(Unaudited - Expressed in Canadian dollars)**

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**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 910 – 800 West Pender St., Vancouver, British Columbia, V6C 2V6. The Company’s head office and principal address is located at 1500-409 Granville St., Vancouver, British Columbia, V6C 1T2. 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.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

**Going concern**

These consolidated 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 consolidated 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 and had a working capital deficiency of \$214,733 as of March 31, 2020. 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. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

**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, 2019.

**Copperbank Resources Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**Three Months ended March 31, 2020 and 2019**  
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**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), Copperbank Royalties Corp. (incorporated in Canada during 2019), Redhawk Resources, Inc. (Canada), Redhawk Copper Inc. (USA), Redhawk Resources (USA), Inc., and 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.

The Company has not changed its accounting policies since its prior year ended December 31, 2019 and has applied accounting policies consistently for all periods presented.

**4. RESOURCE PROPERTIES**

The continuity of the mineral properties is as follows:

	Pyramid	Copper Creek	Total
	\$	\$	\$
Balance, December 31, 2018	7,569,692	5,064,343	12,634,035
Annual option fees and maintenance of permits	113,533	301,791	415,324
Impairment	( 7,683,225)	-	( 7,683,225)
Effect of change in foreign exchange rate	-	( 4,405)	( 4,405)
Balance, December 31, 2019	-	5,361,729	5,361,729
Annual option fees and maintenance of permits	-	24,298	24,298
Effect of change in foreign exchange rate	-	489,567	489,567
March 31, 2019	-	5,875,594	5,875,594

**Copper Creek Mineral Properties, Arizona**

i) The Company acquired 100% of the Copper Creek Project through the acquisition of Redhawk Resources Inc. (“Redhawk”) with a value of \$4,955,328 during the third quarter of 2018.

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.



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**4. RESOURCE PROPERTIES (Continued)**  
**Copper Creek Mineral Properties, Arizona (Continued)**

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 US\$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 US\$3,000,000 paid in six equal annual instalments of US\$500,000 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 March 31, 2020 and December 31, 2019.

iv) Morgan Agreements - In December 2012, Redhawk acquired patented land from two unrelated parties for total consideration of US\$1.2 million. As at March 31, 2020, Redhawk is required to pay \$70,936 (US\$50,000) in 2020.

**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 intends to keep the permit of this resource property in good standing.

As at March 31, 2020, the Company has deposited \$8,867 (2019 - \$8,446) for the Contact property in Nevada and for the Copper Creek property in Arizona.

**5. SHARE CAPITAL**

**a) Authorized**

Unlimited number of common shares without par value.

**b) Issued and outstanding**

During the three months ended March 31, 2020:

On January 23, 2020, 5,000,000 common shares were issued through private placement at \$0.06 per share for gross proceeds of \$300,000.

On February 11, 2020, 3,166,333 common shares were issued through private placement at \$0.06 per share for gross proceeds of \$189,980.

On February 11, 2020, 1,000,000 common shares were issued at \$0.07 per share to settle the share issuance obligation of \$70,000 recorded on December 31, 2019.

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**5. SHARE CAPITAL (Continued)**

**c) Issued and outstanding (continued)**

During the year ended December 31, 2019:

In March 2019 the Company closed a private placement, issuing 7,656,548 common shares at a price of \$0.07 per share for net proceeds of \$535,958.

In March 2019 the Company issued 1,000,000 common shares at \$0.08 per share to Antofagasta Minerals S.A. to satisfy the \$80,000 owed for the July 28, 2017 assignment agreement in connection with the Pyramid Property.

In August 2019, the Company closed a private placement, issuing 8,000,000 common shares at a price of \$0.06 per share for net proceeds of \$480,000.

**d) Warrants**

As at March 31, 2020 and December 31, 2019, the following warrants were outstanding:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Outstanding</u>
August 21, 2022	\$ 0.25	5,173,366
		5,173,366

Continuity is as follows:

	Number outstanding	Expiry date	Exercise price
Outstanding and exercisable, December 31, 2018	83,529,558		
Expired	(78,356,192)		
Outstanding and exercisable, March 31, 2020 and December 31, 2019	5,173,366		

As at March 31, 2020, the weighted average exercise price and remaining life of these warrants was \$0.25 per share and 2.39 years.

**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 three months ended March 31, 2020, the Company incurred share-based compensation of \$40,809 (2019 - \$135,320) in connection with options vested. The Company used Black Scholes option pricing model and the following assumptions to determine the fair values of the stock options granted in the year:

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**5. SHARE CAPITAL (Continued)**

**d) Options (continued)**

	2020	2019
Risk-free interest rate	2.22%	2.22%
Expected life of the option	5 years	5 years
Annualized volatility	230%	230%
Dividend Rate	0.00 %	0.00 %

As at March 31, 2020, the following stock options were outstanding:

Expiry Date	Exercise Price	Outstanding	Exercisable
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	5,750,000
July 28, 2022	\$0.13	650,000	650,000
May 10 to May 21, 2023	\$0.10	8,600,000	6,450,000
February 28, 2024	\$0.10	2,000,000	1,000,000
		18,000,000	14,850,000

Continuity of the option outstanding is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2018	22,144,139	\$0.11
Expired	(3,344,139)	\$0.14
Granted	2,000,000	\$0.10
Outstanding, December 31, 2019	20,050,000	\$0.10
Expired	(2,050,000)	\$0.10
Outstanding, March 31, 2020	18,000,000	\$0.10
Exercisable, March 31, 2020	14,850,000	\$0.10

The remaining contractual life of the Company's options as at March 31, 2020 was 2.38 (2019 – 2.61) years.

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**6. PROPERTY AND EQUIPMENT**

Continuity of the Property and equipment is as follows:

	Building \$	Land \$	Total \$
<b>Cost</b>			
Balance, December 31, 2019	214,541	32,471	247,012
Foreign exchange adjustment	19,589	2,965	22,554
Balance, March 31, 2020	219,429	33,108	269,566
<b>Amortization</b>			
Balance, December 31, 2019	28,079	-	28,079
Addition	3,363	-	3,363
Foreign exchange adjustment	2,564	-	2,564
Balance, March 31, 2020	25,733	-	34,006
<b>Net book value</b>			
Balance, December 31, 2019	186,462	32,471	218,933
Balance, March 31, 2020	193,696	33,108	235,560

**7. RELATED PARTY TRANSACTIONS**

During the three months ended March 31, 2020 and 2019, the Company incurred the following transactions with key management members and the directors of the Company:

	Nature	2019 \$	2018 \$
Key management	Management fees	84,000	131,250
Key management and directors	Share-based payments	37,190	99,982

As at March 31, 2020, amount due to related party comprised of amounts owing to key management members of \$Nil (2019 - \$51,000). 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.

**8. CONVERTIBLE DEBENTURE**

On June 17, 2019 the Company closed a non-brokered private placement of convertible debentures ("CDs") for gross proceeds of \$263,000. Each CD has an issue price of \$1,000, a term of two years from the date of issuance and bears an interest at a rate of 15% per annum, calculated monthly and payable monthly in cash with the first payment being due on July 14, 2019 (paid) and will mature and be payable on June 14, 2021. Each Debenture is convertible into common shares of the Company at the option of the holder at any time prior to maturity at a conversion price of \$0.07 per common share. The Company will have the option to redeem the CD at a redeemable price equal to their principal amount plus accrued and unpaid interest. The interest rate on the CD is approximately the market interest rate in determining the fair value of the liability component. Thus, no value has been assigned to the equity component.

For three months ended March 31, 2020, the Company has incurred and paid interest expense of \$10,143 on the convertible debentures (2019 - \$nil).

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**9. 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 \$6,120,021 (2019- \$5,589,108, which comprised mainly of resource properties, property and equipment, and reclamation bonds that are in the United States.

**10. 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.

**Fair value of financial instruments**

The fair value hierarchy established by IFRS 13 Fair Value Measurement has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's accounts receivable, deposits and accounts payable are equivalent to their carrying values due to their short-term nature.

**Credit risk**

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents. The Company mitigates its exposure to credit loss associated with cash and cash equivalents by placing its cash and cash equivalents in major financial institutions. As at March 31, 2020, the Company had cash equivalents of \$2,300 in term deposits (2019 - \$2,300).

**Liquidity risk and fair value hierarchy**

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts, which are available on demand. The Company manages its liquidity risk mainly through raising funds from private placements and amounts from related parties.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

**Commodity risk**

The Company is subject to commodity price risk arising from the fluctuation of metal price beyond the Company's control. The Company may have difficulties to identify and acquire economically viable projects for the Company to invest in if metal prices are depressed for an extended period.

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**10. FINANCIAL INSTRUMENTS (Continued)**

**Interest rate risk**

The Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As of March 31, 2020, the Company has exposure to interest rate risk to the convertible debentures and note payable. However, the risk is not significant as the Company has simple and fixed interest rates.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at March 31, 2020 and December 31, 2019, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Cash	US\$ 4,260	US\$ 3,258
Canadian dollar equivalent	6,020	\$ 4,232

A 5% change in the US dollar against the Canadian dollar at March 31, 2020 would result in a change of approximately \$300 in comprehensive loss.

**11. SUBSEQUENT EVENTS**

On May 12, 2020, the Company issued 1,350,000 common shares for gross proceeds of \$81,000. The Company will use the proceeds for general working capital.