CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED MAY 31, 2020 AND THE TWELVE MONTHS ENDED JULY 31, 2019

(Expressed in Canadian Dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of:
GRANITE CREEK COPPER LTD.

Opinion

We have audited the consolidated financial statements of Granite Creek Copper Ltd. ("the Company"), which comprise the consolidated statements of financial position as at May 31, 2020 and July 31, 2019 and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the ten-month period ended May 31, 2020 and for the year ended July 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020 and July 31, 2019, and its financial performance and its cash flows for the ten-month period ended May 31, 2020 and for the year ended July 31, 2019 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C.
September 28, 2020

GRANITE CREEK COPPER LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	May 31, 2020	July 31, 2019
		$	**$**
ASSETS			
Current			
Cash		**164,865**	109,106
GST and subscriptions receivable		**63,404**	75,952
Due from related parties	9(b)	**113,258**	229,908
Prepaid expenses and deposits		**14,352**	6,667
		355,879	421,633
Non-current			
Investment in associate	5	**506,571**	-
Exploration and evaluation assets	6	**237,557**	225,336
		1,100,007	646,969
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**234,442**	120,344
Due to related parties	9(b)	**116,038**	82,953
Flow-through share premium liability	7	**6,608**	-
		357,088	203,297
SHAREHOLDERS' EQUITY			
Share capital	8	**5,379,133**	4,286,390
Subscriptions received	16	**149,264**	-
Share-based payment reserve	8(e)	**416,589**	193,072
Foreign currency translation reserve		**(3,586)**	(3,586)
Deficit		**(5,198,481)**	(4,032,204)
		742,919	443,672
		1,100,007	646,969

Approved on behalf of the Board:
Timothy A. Johnson, Director
Michael Rowley, Director

GRANITE CREEK COPPER LTD.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Ten months May 31, 2020	Twelve months July 31, 2019
		$	**$**
EXPENSES			
Consulting and management fees	9(a)	**122,004**	263,758
Corporate advisory fees		**67,055**	143,496
Exploration expenditures	6	**246,290**	243,122
Investor relations		**63,391**	71,956
Office and administration		**41,046**	44,956
Professional fees		**324,237**	89,661
Share-based payment expense	8(e), 9(a)	**149,672**	193,072
Transfer agent, regulatory and filing fees		**18,442**	33,956
Travel and accommodation		**2,716**	549
		(1,034,853)	(1,084,526)
Other Items			
Other income		**7,782**	-
Share of loss of investment in associate	5	**(177,857)**	-
Forgiveness of accounts payable		**38,651**	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		**(1,166,277)**	(1,084,526)
Basic and diluted loss per share		**(0.03)**	(0.06)
Weighted average number of shares outstanding		**41,577,346**	17,111,979

GRANITE CREEK COPPER LTD.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Note	Common shares	Share Capital	Share-based Payments reserve	Subscriptions received	Foreign Currency Translation Reserve	Deficit	Total
		number	$	$	$	$	$	$
Balance, July 31, 2018		**2,901,025**	**2,267,494**	**12,416**	**-**	**(3,586)**	**(2,960,094)**	**(683,770)**
Shares issued for properties		3,000,000	225,000	-	-	-	-	225,000
Private placements, net of issue costs		24,000,000	1,793,896	-	-	-	-	1,793,896
Reclass of expired stock options		-	-	(12,416)	-	-	12,416	-
Share-based payment expense		-	-	193,072	-	-	-	193,072
Loss and comprehensive loss		-	-	-	-	-	(1,084,526)	(1,084,526)
Balance, July 31, 2019		**29,901,025**	**4,286,390**	**193,072**	**-**	**(3,586)**	**(4,032,204)**	**443,672**
Private placements, net of issue costs	8(b)	5,882,345	422,705	73,845	-	-	-	496,550
Flow-through share premium liability	8(b)	-	(14,390)	-	-	-	-	(14,390)
Shares issued for investment in associate	5	10,529,663	684,428	-		-	-	684,428
Subscriptions received, net of issue costs	16	-	-	-	149,264	-	-	149,264
Share-based payment expense	8(e)	-	-	149,672		-	-	149,672
Loss and comprehensive loss		-	-	-		-	(1,166,277)	(1,166,277)
Balance, May 31, 2020		**46,313,033**	**5,379,133**	**416,589**	**149,264**	**(3,586)**	**(5,198,481)**	**742,919**

GRANITE CREEK COPPER LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note	Ten months May 31, 2020	Twelve months July 31, 2019
		$	$
OPERATING ACTIVITIES			
Net loss for the period		**(1,166,277)**	(1,084,526)
Items not involving cash:			
Other income		**(7,782)**	-
Interest expense		**-**	(5,790)
Share of loss of investment in associate	5	**177,857**	-
Share-based payment expense		**149,672**	193,072
		(846,530)	(897,244)
Net change in non-cash working capital items	12	**118,961**	(347,970)
Cash used in operating activities		**(727,569)**	(1,245,214)
INVESTING ACTIVITY			
Acquisition of exploration and evaluation assets		**(12,221)**	(336)
Cash used in investing activity		**(12,221)**	(336)
FINANCING ACTIVITIES			
Proceeds received from private placements	8(b)	**500,000**	1,748,006
Share issue costs	8(b)	**(4,200)**	(6,104)
Amounts (paid)/ received from related parties, net		**149,735**	(126,894)
Subscriptions received	16	**150,014**	-
Repayment of short-term loan		**-**	(272,088)
Cash provided by financing activities		**795,549**	1,342,920
CHANGE IN CASH		**55,759**	97,370
Cash, beginning of year		**109,106**	11,736
CASH, END OF YEAR		**164,865**	109,106

Supplemental cash flow information	12

1. NATURE OF BUSINESS AND ABILITY TO CONTINUE AS GOING CONCERN

Granite Creek Copper Ltd. (the “Company”) was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. The Company’s principal business activities include the acquisition, exploration and development of mineral properties. The address of the Company’s corporate office and its principal place of business is Suite 904, 409 Granville Street, Vancouver, BC, V6C 1T2. The Company is a reporting issuer and trades on the TSX Venture Exchange in Canada under the symbol “GCX”. On October 18, 2018, the Company changed its name from Granite Creek Gold Ltd. to Granite Creek Copper Ltd.

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve profitable operations. The Company has sustained losses from operations and has an ongoing requirement for capital investment to acquire and explore its mineral properties.

The Company incurred a net loss of $1,166,277 during the ten months ended May 31, 2020, and as of that date, had an accumulated deficit of $5,198,481 (July 31, 2019: $4,032,204) and working capital deficiency of $1,209 (July 31, 2019: working capital of $218,336). Accordingly, the Company will need to raise additional funds through future issuance of securities or debt financing.

Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations. The current cash resources are not adequate to pay the Company’s accounts payable and to meet its minimum commitments at the date of these financial statements, including planned corporate and administrative expenses, and other project implementation costs, accordingly, there is significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern. Subsequent to March 31, 2020, the Company closed a private placement and raised gross proceeds of $710,000 (Note 16).

2. BASIS OF PREPARATION and STATEMENT OF COMPLIANCE

On June 11, 2020, the Company’s Board of Directors approved a resolution to change the Company’s year end from July 31 to May 31. Accordingly, these financial statements are prepared as at May 31, 2020 and July 31, 2019 and for the ten months ended May 31, 2020 and the twelve months ended July 31, 2019.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors approved these consolidated financial statements on September 28, 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Granite Creek (Barbados) Limited and Granite Creek (Mali) Sarl. As of, and for the ten months ended May 31, 2020 and the twelve months ended July 31, 2019 the wholly-owned subsidiaries were inactive.

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 investee. All intercompany balances and transactions have been eliminated upon consolidation.

b) Foreign Currency

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company. Each subsidiary determines its own functional currency and items included in the financial statements of each subsidiary are measured using that functional currency.

i) Transactions and Balances in Foreign Currencies

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

ii) Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings and recognized as part of the gain or loss on disposal.

c) Investment in Associate

Investments over which the Company exercises significant influence but does not control or jointly control are associates. Investment in associates are accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of any other changes in the associate's net assets. The Company's share of the profit or loss from the associate is recorded in the Consolidated Statements of Loss and Comprehensive Loss. The Company's proportionate share of the associate's income or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between our accounting policies and our associate's accounting policies before applying the equity method.

d) Exploration and Evaluation Assets

Expenditures related to the acquisition, exploration, and development of exploration and evaluation assets are expensed and charged to earnings in the period in which they are incurred. Any option payments received by the Company from third parties or tax credits refunded to the Company are charged against exploration expenses in the statement of comprehensive loss.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

e) Impairment of Non-Current Assets

The carrying amounts of non-current assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indications of impairment, then the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. An impairment loss exists if the asset's or cash generating unit's carrying amount exceeds the recoverable amount and is recorded as an expense immediately. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

f) Share Capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs.

Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants.

Shares issued for other than cash consideration are valued at the quoted price on the TSX Venture Exchange based on the date the shares are issued.

g) Reserves

Stock options reserve and share purchase warrants reserve are used to recognize the fair value of stock options and warrants prior to their exercise, expiry, or cancellation. Fair value of stock options and agent's warrants is determined on the date of grant using the Black-Scholes Model (Note 3(k)). Fair value of a warrant attached to a private placement unit is determined using the residual method.

h) Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option pricing model at the grant date and charged to profit over the vesting period.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon the expiry or cancellation of stock options and other share-based payments, their fair value previously recorded in reserve is transferred to deficit.

i) Loss per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

j) Flow-Through Shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

On issuance of flow-through units, the Company allocates flow-through share proceeds into i) share capital, equal to the market value of the shares, ii) a flow-through share premium liability, equal to the estimated premium investors pay for the flow-through feature, and iii) reserve for warrants, equal to the remaining proceeds received.

The amount recorded as a liability relating to the sale of tax benefits is reversed when the tax benefits are renounced. The difference between the amount originally recorded as a liability and the estimated income tax benefits on date of renouncement is recognized in profit or loss. The tax effect of the renunciation is recorded at the time the Company makes the renunciation, which may differ from the effective date of renunciation.

k) Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

l) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

m) Financial Instruments

Classification

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by- instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement - Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Measurement - Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the Consolidated Statements of Comprehensive Income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the Consolidated Statements of Comprehensive Income in the period in which they arise.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the Consolidated Statements of Comprehensive Income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

n) Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant. Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements include:

Impairment of long-lived assets

The carrying value of mineral property acquisition costs is reviewed each reporting period to determine whether there is any indication of impairment. The determination of the impairment involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties, and the results of exploration and evaluation to date.

Determination of, and provision for, reclamation and remediation obligations

The Company assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

Deferred taxes

The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. In addition, changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model at the date of grant and are expensed to net loss over each award’s vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

4. NEW ACCOUNTING STANDARDS

IFRS 16 – Leases

In January 2016, the IASB published a new standard, IFRS 16. The new standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 18 and the distinction between operating and finance leases is retained. The new standard was adopted on August 1, 2019. The Company does not have lease commitments and accordingly there is no impact on the opening balances upon adoption.

(Expressed in Canadian Dollars)

5. INVESTMENT IN ASSOCIATE

On December 5, 2019, the Company acquired 26,146,233 common shares of Copper North Mining Corp., ("Copper North") in exchange for 10,529,663 common shares of the Company. As at May 31, 2020 the Company owns 30% of the issued and outstanding common shares of Copper North.

The Company's investment in associate as at May 31, 2020 and the changes for the ten months then ended are as follows:

	Units	$
Initial recognition	26,146,233	684,428
Share of loss in equity accounted investee	-	(177,857)
May 31, 2020	**26,146,233**	**506,571**

The following is a summary of Copper North's financial information on a 100% basis as at May 31, 2020. Copper North's consolidated financial statements are prepared in accordance with IFRS.

	May 31, 2020 $
Total current assets	51,086
Total non-current assets	17,233,627
Total current liabilities	(1,371,894)
Total non-current liabilities	(880,957)
Net asset value	15,031,862
Net Loss from December 5, 2019 to May 31, 2020	(584,330)
Proportionate share of net loss (30% ownership)	(177,857)

6. EXPLORATION AND EVALUATION ASSETS

In January 2019, the Company acquired an undivided 100% interest in the Stu Copper Property in Yukon Territory, Canada, (the "Stu Property") from arms-length vendors (the "Vendors"). In consideration, the Company issued an aggregate of 3,000,000 units (each, a "Transaction Unit") valued at $225,000 and granted a 3% net smelter return royalty to the Vendors on any future production on the Stu Property (the "Royalty"). The Company has the option to purchase up to two-thirds of the Royalty from the Vendors. The agreement also provides that the Company will make annual advance Royalty payments of $30,000 to the Vendors beginning in May 2022, and in each subsequent year thereafter, until the commencement of any commercial production on the Stu Property.

Each Transaction Unit was comprised of one common share and one common share purchase warrant, with each warrant exercisable into one additional common share at an exercise price of $0.15 per share, with an expiry date of January 16, 2022.

(Expressed in Canadian Dollars)

The Company incurred exploration expenses on the Stu Property as follows:

	Ten months May 31, 2020	Twelve months July 31, 2019
	$	$
Analysis	28,660	-
Consulting	39,580	185,976
Geophysics	126,355	-
Helicopter and fuel	1,207	18,597
Land clearing	46,583	-
Other	9,512	4,254
Salaries and benefits	34,393	34,295
	286,290	243,122
Less: Government Grants	(40,000)	-
	246,290	243,122

7. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

	$
Balance, July 31, 2018	-
Balance, July 31, 2019	-
Flow-through share premium on the issuance of flow-through common shares (Note 8)	14,390
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(7,782)
Balance, May 31, 2020	**6,608**

8. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Share issuance details

Ten months ended May 31, 2020

(i) On August 8, 2019, the Company completed a non-brokered private placement for gross proceeds of $500,000 through the issuance of 5,882,352 units of the Company at a price of $0.085 per unit. Each unit consisted of one common share of the Company on a flow-through basis and one half non-flow-through share purchase warrant, with each full warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.20 per share with an expiry date of August 8, 2022.

The Company's share price was $0.07 per share on the date of completion and as a result, the Company allocated $73,845 of the gross proceeds from the flow-through private placement to warrant reserve, $14,390 to flow-through share premium liability and the remaining $422,705 to share capital. Share issue costs totaled $3,450.

(ii) On December 5, 2019, the Company issued 10,529,663 common shares of the Company with a value of $684,428 for the acquisition of Copper North common shares (Note 5).

(Expressed in Canadian Dollars)

Year Ended July 31, 2019

(i) On January 16, 2019, the Company completed a non-brokered private placement by issuing 24,000,000 units at a price of $0.075 per unit for gross proceeds of $1,800,000. Each unit is comprised of one common share and one common share purchase warrant, with each warrant exercisable into one additional common share at an exercise price of $0.20 per share, with an expiry date of January 16, 2022. In the event that the common shares close at or above $0.30 for ten consecutive trading days, the Company may accelerate the expiry date of the warrants to expire on the thirtieth day after the date on which notice of acceleration is given by the Company. Share issue costs totaled $6,104.

At July 31, 2019, private placement proceeds of $51,994 had not been received and were included in receivables on the consolidated statement of financial position. The funds were subsequently received.

(ii) As part of the Transaction Unit described in Note 6, the Company issued 3,000,000 common shares to the Vendors, valued at $225,000.

c) Stock options

The Company has a fixed Long-Term Performance Incentive Plan whereby the Board can grant, subject to regulatory terms and approval, various awards including stock options, to its Officers, Directors, employees and service providers. The Company may grant certain awards to directors, officers, employees and consultants, including stock options, to a maximum of 8,000,000 common shares. The exercise price, term and vesting period of each award are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		$
Balance, July 31, 2018	**155,000**	0.39
Granted	3,650,000	0.15
Expired	(41,666)	1.20
Cancelled	(113,334)	0.21
Balance, July 31, 2019	**3,650,000**	**0.15**
Balance, May 31, 2020	**3,650,000**	**0.15**
Exercisable, May 31, 2020	**2,433,333**	**0.15**

The following stock options were outstanding as at May 31, 2020:

Outstanding	Exercisable	Weighted average exercise price	Expiry date	Weighted average remaining life (in years)
		$		
2,900,000	1,933,333	0.15	February 1, 2024	3.67
750,000	500,000	0.15	May 15, 2024	2.64
3,650,000	**2,433,333**	**0.15**		**3.73**

(Expressed in Canadian Dollars)

d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, July 31, 2018	-	-
Issued	27,000,000	0.19
Balance, July 31, 2019	27,000,000	0.19
Issued	2,941,175	0.20
Balance, May 31, 2020	**29,941,175**	**0.19**

The following share purchase warrants were outstanding as at May 31, 2020:

Outstanding	Weighted average Exercise price	Expiry date	Weighted average remaining life (in years)
	$		
24,000,000	0.20	January 16, 2022	1.63
3,000,000	0.15	January 16, 2022	1.63
2,941,175	0.20	August 21, 2022	2.22
29,941,175	**0.19**		**1.69**

The fair value of the 2,941,175 warrants issued in conjunction with the flow-through private placement completed on August 8, 2019 was $73,845 and was recorded in reserves. The weighted average assumptions were as follows:

Risk free interest rate	1.34%
Expected life in years	3.0
Expected volatility	99%
Expected dividends	Nil

e) Share-based payment expense and reserve

The share-based payments expense for the stock options that vested during the ten months ended May 31, 2020 was $149,672 and for the twelve months ended July 31, 2019 was $193,072.

There were no stock options granted during the ten months ended May 31, 2020. The fair value of the stock options that were granted during the twelve months ended July 31, 2019 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	1.73%
Expected life in years	5.0
Expected volatility	83%
Expected dividends	Nil

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

During the ten months ended May 31, 2020, there were no options or warrants that expired. During the twelve months ended July 31, 2019, the Company reclassified $12,416 from share-based payments reserve to deficit with respect to options that expired or were cancelled during the year.

(Expressed in Canadian Dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel are the Directors and Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties. These transactions are in the normal course of operations and are measured at their exchange amount.

In addition to key management personnel, the Company transacted with the following related parties during the ten months ended May 31, 2020 and the twelve months ended July 31, 2019:

- TruePoint Exploration Inc. ("TruePoint") is a privately held exploration service company that provides exploration and administrative services to the Company and several other exploration companies in the industry. Timothy Johnson, President and CEO of the Company, and another director of the Company, are minority shareholders of TruePoint, which makes it a related party. Charges from TruePoint are for exploration, management and office administration expenses.

- 1111040 BC Ltd., a private company controlled by the President and CEO of the Company.

- MVR Consulting Inc. ("MVR Consulting"), a private company controlled by Michael Rowley, Director.

- Foran Mining Corporation ("Foran"), a public company whose CFO, Tim Thiessen, was the CFO of the Company. Effective March 31, 2020, Tim Thiessen resigned from the Company.

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

a) Related Party Transactions

The Company's related party transactions for the periods were as follows:

	Ten months May 31, 2020	**Twelve months July 31, 2019**
	$	**$**
Consulting and management fees (1)	124,028	112,179
Share-based payments (2)	42,478	72,124
Exploration and administrative support costs (3)	409,065	187,254
	575,571	**371,557**

1 Consulting and management fees consisted of CEO, CFO and Corporate Secretary fees.

2 Share-based payments expense was a non-cash item that consisted exclusively of the fair value of stock options that were granted to key management personnel.

3 Exploration and administrative support costs were charged by TruePoint and consisted of mineral exploration and evaluation costs, consulting fees, corporate advisory fees and office and administration costs.

(Expressed in Canadian Dollars)

b) Related Party Balances

The Company's related party receivable/payable balances consisted of the following:

	May 31, 2020	July 31, 2019
	$	$
Current assets – Due from related party		
TruePoint, net [1]	112,504	229,908
Tim Johnson	754	-
	113,258	**229,908**
Current liabilities – Due to related parties		
Tim Johnson	-	67,991
1111040 BC Ltd	88,600	8,400
Michael Rowley	-	262
Tim Thiessen	24,150	6,300
Alicia Milne Consulting Corp.	787	-
Metallic Minerals	2,501	-
	116,038	**82,953**

1 This amount was net of cash advances made to TruePoint, partially offset by charges from TruePoint for exploration, management, accounting and office and administration.

Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

c) Insider Participation in Private Placements

A summary of insider participation in the Company's private placements for the twelve months ended July 31, 2019 (2020 – NIL) was as follows:

January 2019 Private Placement	Number of shares	Price	Proceeds
		$	$
MVR Consulting	900,000	0.075	67,500
Timothy Johnson	800,000	0.075	60,000

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to support the acquisition, exploration, and development of its exploration and evaluation assets.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders.

The Company does not have any externally imposed capital requirements to which it is subject. There were no changes in the Company's approach to capital management during the ten months ended May 31, 2020.

11. FINANCIAL INSTRUMENTS

a) Categories of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties. Cash, accounts receivable, accounts payable and accrued liabilities and due to related parties are classified as amortized cost.

As at May 31, 2020 the Company believes the carrying values of cash, receivables, accounts payable and accrued liabilities, due to related parties and short-term loans approximate their fair values due to the short period to maturity.

b) Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, currency risk, interest rate risk, credit risk, and other price risk.

The Company's exposure to these risks and its methods of managing the risks are summarized as follows:

i) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities and through management of its capital structure.

As at May 31, 2020, all of the Company's financial liabilities had contractual maturities of less than 90 days. The Company does not have sufficient cash to meet requirements for administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months. The Company will be required to raise additional capital in the future to fund its operations.

ii) Currency Risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not manage currency risks through hedging or other currency management tools and considers the risks related to foreign currency are not significant at this time. The Company is not exposed to material currency risk.

iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Based on the current cash balances and expected future interest rates, the Company is not exposed to material interest rate risk.

iv) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk mainly in respect to managing its cash. The Company mitigates such credit risk by risk management policies that require significant cash deposits or any short-term investments be invested with Canadian chartered banks rated BBB or better. All investments must be less than one year in duration.

(Expressed in Canadian Dollars)

v) Other Price Risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

12. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the period consisted of the following:

	Ten months May 31, 2020	Twelve months July 31, 2019
	$	$
Accounts receivable	12,548	(23,958)
Prepaid expenses	(7,685)	(235,095)
Accounts payable and accrued liabilities	114,098	(88,917)
	118,961	(347,970)

During the ten months ended May 31, 2020 the non-cash transactions consisted of the Company issuing 10,529,663 shares for the purchase of its Investment in Copper North Mining (Note 5).

During the twelve months ended July 31, 2019, the non-cash transaction consisted of the Company issuing 3,000,000 units with a value of $225,000 to the Vendors pursuant to the purchase of the Stu Property (Note 6).

13. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	Ten months May 31, 2020	Twelve months July 31, 2019
	$	$
Loss for the year before taxes	**(1,166,275)**	**(1,084,526)**
Canadian federal and provincial income tax rates	**27%**	**27%**
Expected income tax recovery at statutory rate	(314,894)	(292,823)
Increase (decrease) due to:		
Non-deductible expenditures and other permanent differences	62,402	52,896
Flow-through share spending to be renounced	73,010	-
Unrecognized non-capital loss carryforwards	180,211	241,575
Tax benefit of share issue costs	(729)	(1,648)
Income tax recovery as booked	-	-

(Expressed in Canadian Dollars)

The components of unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized consist of the following amounts:

	Ten months May 31, 2020	Twelve months July 31, 2019
	$	$
Exploration and evaluation assets	256,707	236,093
Other	25,732	1,468
Non-capital losses	861,781	726,448
Unrecognized temporary differences and non-capital losses	1,144,220	964,009

In assessing the ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

As at May 31, 2020, the Company's unrecognized Canadian non-capital losses expire as follows:

	$
2030	132,000
2031	18,000
2032	371,000
2033	283,000
2034-2039	2,387,000
	3,191,000

14. COMMITMENT

As a result of the issuance of FT shares on August 8, 2019, the Company had an original commitment to incur $500,000 on qualifying Canadian exploration expenditures on or before December 31, 2020. At May 31, 2020, approximately $229,592 of the commitment was remaining. In July 2020, in recognition of the impacts of COVID-19, the Canadian government announced proposed temporary relief measures to flow-through regulations including allowing companies an additional twelve months-period to incur eligible expenditures. Once enacted into law, this relief measure is expected to reduce the Company's short-term flow-through commitment substantially by extending the deadline for incurring expenses to December 31, 2021.

15. CORONA VIRUS (COVID 19) PANDEMIC

Outbreak of the corona virus and the worldwide COVID-19 pandemic may result in impacts to the Company's on-going exploration plans and activities in 2020. The Company is focused on the health and well-being of its workers and the communities in which we work and has implemented preventative measures accordingly. The Company will continue to monitor advice and regulations from the World Health Organization, governments and local communities, and adjust measures as appropriate.

The Company may face disruption to operations, supply chain delays, travel and trade restrictions, and impacts on economic activity in affected countries or regions can be expected that are difficult to quantify. Regional disease outbreaks represent a threat to hiring and maintaining skilled workers, and could be a major health-care challenge for its workforce. There can be no assurance that the Company's personnel will not be impacted by these regional disease outbreaks and ultimately that the Company could see its workforce productivity reduced or incur increased medical costs as a result of these health risks.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resulting travel restrictions, social distancing recommendations, government response actions, business disruptions and business closures may have an impact on the Company's exploration operations and access to capital.

There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic's impact on global industrial and financial markets which may reduce metal prices, share prices and financial liquidity, thereby limiting access to additional capital.

16. SUBSEQUENT EVENTS

The Company closed a private placement which consisted of a total of 14,200,000 units at a price of $0.05 per unit for gross proceeds of $710,000. Each unit was comprised of one common share of the Company and one-half of one share purchase warrant with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.075 for a period of 36 months. At May 31, 2020, the Company had received subscriptions of $149,264, net of issue costs related to the private placement. There was no insider participation in this private placement.

The Company granted 3,150,000 incentive stock options to Directors, Officers and consultants of the Company at a price of $0.10 per share, exercisable for up to five years, expiring on June 19, 2025.

The Company entered into a definitive arrangement agreement (the "Arrangement") with Copper North pursuant to which the Company will acquire all of the outstanding Copper North common shares not already owned by the Company.

Under the terms of the Arrangement, Copper North shareholders will receive one common share of the Company for every two and one-half Copper North Shares. All outstanding warrants and options of Copper North will be exchanged (or deemed to be exchanged) for warrants and options, respectively, of the Company at the Exchange Ratio, with appropriate adjustments to the exercise price, but shall not otherwise be amended, including with respect to vesting and expiry. The Arrangement is still subject to TSX-V and Copper North shareholder approval.