GRANITE CREEK COPPER

(Formerly Granite Creek Gold Ltd.)

July 31, 2018 and 2017

Consolidated Financial Statements

(Expressed in Canadian Dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditors' Report

To the Shareholders of:
GRANITE CREEK COPPER LTD.
(formerly Granite Creek Gold Ltd.)

SERVICE

INTEGRITY

TRUST

We have audited the accompanying consolidated financial statements of Granite Creek Copper Ltd., which comprise the statements of financial position as at July 31, 2018, the statements of changes in shareholders' equity, comprehensive loss, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Granite Creek Copper Ltd. as at July 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter – Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in Note 1 to the consolidated financial statements concerning the ability of Granite Creek Copper Ltd. to continue as a going concern. The company incurred a net loss of $276,491 during the year ended June 30, 2018, and as of that date, had accumulated losses since inception of $2,960,094. These conditions, along with the other matters explained in Note 1 of the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would result if Granite Creek Copper Ltd. was unable to continue as a going concern.

Other Matter

The comparative consolidated financial statements of Granite Creek Copper Ltd. as at July 31, 2017 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those statements in their report dated November 28, 2017.

WDM

Chartered Professional Accountants

Vancouver, B.C.
November 19, 2018

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GRANITE CREEK COPPER LTD.

(Formerly Granite Creek Gold Ltd.)

Consolidated Statements of Financial Position

As at July 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Note	2018	2017
		$	$
ASSETS			
CURRENT			
Cash		11,736	3,630
GST Recoverable		-	3,323
		11,736	6,953
NON-CURRENT			
Security Deposit		1,480	1,480
		13,216	8,433
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities		204,082	69,024
GST Payable		3,492	-
Due to Related Parties	8(a)	209,847	126,272
Loans Payable	6	279,565	-
		696,986	195,296
Loan Payable	6	-	220,416
Total Liabilities		696,986	415,712
SHAREHOLDERS' DEFICIENCY			
Share Capital	7	2,267,494	2,267,494
Stock Options Reserve		12,416	12,416
Foreign Currency Translation Reserve		(3,586)	(3,586)
Deficit		(2,960,094)	(2,683,603)
		(683,770)	(407,279)
		13,216	8,433

Nature of Business and Ability to Continue as a Going Concern (Note 1)
Change in Accounting Policy (Note 2)
Subsequent Event (Note 12)

The accompanying notes form an integral part of these consolidated financial statements

Approved on behalf of the Board:

"Timothy A. Johnson"	***"Michael Rowley"***
Timothy A. Johnson, Director	Michael Rowley, Director

GRANITE CREEK COPPER LTD.

(Formerly Granite Creek Gold Ltd.)

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Note	Number of Post-Consolidation Common Shares	Share Capital $	Stock Options Reserve $	Agent's Warrants Reserve $	Foreign Currency Translation Reserve $	Deficit $	Total Shareholders' Equity $
Balance, July 31, 2016	2, 7(b)	2,232,672	2,147,190	12,416	2,409	(3,586)	(2,520,523)	(362,094)
Shares Issued for Debt	7(b)	668,353	120,304	-	-	-	-	120,304
Fair Value of Agent's Warrants Expired		-	-	-	(2,409)	-	2,409	-
Net Comprehensive Loss		-	-	-	-	-	(165,489)	(165,489)
Balance, July 31, 2017		2,901,025	2,267,494	12,416	-	(3,586)	(2,683,603)	(407,279)
Net Comprehensive Loss		-	-	-	-	-	(276,491)	(276,491)
Balance, July 31, 2018		2,901,025	2,267,494	12,416	-	(3,586)	(2,960,094)	(683,770)

Share Consolidation (Note 7(b))

The accompanying notes form an integral part of these consolidated financial statements

GRANITE CREEK COPPER LTD.
(Formerly Granite Creek Gold Ltd.)
Consolidated Statements of Comprehensive Loss
For the Years Ended July 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Note	2018 $	2017 $
EXPENSES			
Accounting, Audit and Legal		24,852	28,200
Consulting		96,045	-
Management Fees	8(b)	113,000	79,500
Office		4,482	9,430
Rent		23,663	20,092
Transfer Fees		3,256	5,768
LOSS BEFORE OTHER ITEMS		265,298	142,990
Interest Expense	6	11,193	11,448
Loss on Settlement of Debt	8(b)	-	20,051
Rental Income	8(b)	-	(9,000)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		276,491	165,489
Basic and Diluted Loss per Share		0.10	0.06
Weighted Average Number of Common Shares Outstanding		2,901,025	2,789,616

The accompanying notes form an integral part of these consolidated financial statements

GRANITE CREEK COPPER LTD.

(Formerly Granite Creek Gold Ltd.)

Consolidated Statements of Cash Flows

For the Years Ended July 31, 2018 and 2017

(Expressed in Canadian Dollars)

	2018 $	2017 $
OPERATING ACTIVITIES		
Net Comprehensive Loss for the Year	(276,491)	(165,489)
Items Not Affecting Cash:		
Accrued Interest	-	11,448
Loss on Shares for Debt Settlement	-	20,051
	(276,491)	(133,990)
Changes in Non-Cash Working Capital Items:		
GST Recoverable	6,815	122
Accounts Payable and Accrued Liabilities	135,058	37,305
Due to Related Parties	83,575	97,367
Loans Payable	59,149	-
INCREASE IN CASH	8,106	804
Cash, Beginning of the Year	3,630	2,826
CASH, END OF THE YEAR	11,736	3,630

The accompanying notes form an integral part of these consolidated financial statements

(Expressed in Canadian Dollars)

NOTE 1 – NATURE OF BUSINESS AND ABILITY TO CONTINUE AS A 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 1209, 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 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.

As at July 31, 2018, the Company has an accumulated deficit of $2,960,094 and a working capital deficiency of $685,250; 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 the 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 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.

NOTE 2 – CHANGE IN ACCOUNTING POLICY

During the year ended July 31, 2018, the Company changed its accounting policy, whereby upon the expiry or cancellation of stock options and agent's warrants, their fair value previously recorded in reserve is transferred to deficit. Prior to this change in policy, the fair value of options and warrants remained in reserve even after expiry or cancellation.

These financial statements reflect the retroactive application of this accounting policy change. The impact of this retroactive application was as follows:

	As Reported		Adjustments		Restated	
	July 31, 2017	July 31, 2016	July 31, 2017	July 31, 2016	July 31, 2017	June 31, 2016
	$	$	$	$	$	$
Stock Options Reserve	96,595	96,595	(84,179)	(84,179)	12,416	12,416
Agent's Warrants Reserve	64,109	64,109	(64,109)	(61,700)	-	2,409
Deficit	(2,831,891)	(2,666,402)	148,288	145,879	(2,683,603)	(2,520,523)

NOTE 3 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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 audited consolidated financial statements were approved and authorized for issue by the Board of Directors on November 19, 2018.

NOTE 3 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss which are stated at their fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as disclosed in Note 2.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and entities controlled by the Company (its subsidiaries) (collectively, the "Company"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Entity	Country of Incorporation	Holding	Functional Currency
Granite Creek Copper Ltd.	Canada	Parent Company	Canadian Dollar
Granite Creek (Barbados) Limited	Barbados	100%	Canadian Dollar
Granite Creek (Mali) Sarl	Mali	100%	CFA Franc

As of July 31, 2018 and 2017, the subsidiaries are inactive.

d) 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 (Note 3(c)) 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.

NOTE 3 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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.

f) 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.

g) 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.

h) 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(j)). Fair value of a warrant attached to a private placement unit is determined using the residual method.

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.

NOTE 3 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) 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 (Note 2).

k) 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.

To account for flow-through units, on issuance, 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.

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.

i) 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.

ii) 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.

NOTE 3 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are measured subsequently as described below. The Company does not have any derivative financial instruments.

i) Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Different criteria to determine impairment are applied for each category of financial assets, which are described below.

- ***Financial assets at fair value through profit or loss*** – Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

  The Company's cash falls into this category of financial instruments.

- ***Loans and receivables*** – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less any provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

  Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is based on recent historical counterparty default rates for each identified group. The impairment losses are recognized in profit or loss.

  The Company currently does not hold financial assets in this category.

NOTE 3 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Financial Instruments (continued)

i) Financial Assets (continued)

- ***Held-to-maturity investments*** – Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity.

  The Company currently does not hold financial assets in this category.

- ***Available-for-sale financial assets*** – Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Assets in this category are measured at fair value with gains and losses recognized in other comprehensive income, except for those investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured, which shall be measured at cost.

  When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is removed from the equity reserve and recognized in profit or loss.

  The Company's investments fall into this category of financial instruments.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale financial assets, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated in the investment revaluation reserve.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

ii) Financial Liabilities

For the purpose of subsequent measurement, financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities upon initial recognition.

- ***Financial liabilities at fair value through profit or loss*** – Financial liabilities at fair value through profit or loss include financial liabilities that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Liabilities in this category are measured at fair value with gains or losses recognized in profit or loss.

  The Company currently does not hold financial liabilities in this category.

- ***Other financial liabilities*** – Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

  The Company's accounts payable and accrued liabilities fall into this category of financial instruments.

A financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies which are described in Note 3, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows.

a) Share-Based Compensation

The fair value of stock based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

b) Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

NOTE 5 – ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company's consolidated financial statements. The Company intends to adopt the following standards when they become effective.

a) IFRS 9 – Financial Instruments

IFRS 9 will replace IAS 39 "Financial Instruments: Recognition and Measurement" and applies to the classification and measurement of financial assets. The mandatory effective date is January 1, 2018 with early adoption permitted. The Company currently does not intend to early adopt IFRS 9. The Company has not yet determined the impact of this standard on its consolidated financial statements.

b) IFRS 16 – Leases

IFRS 16 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 17 "Leases", and the distinction between operating and finance leases is retained. The standard is effective for annual period beginning on or after January 1, 2019. The Company has not yet determined the impact of this standard on its consolidated financial statements.

(Expressed in Canadian Dollars)

NOTE 6 – LOANS PAYABLE

	2018 $	2017 $
Ranex Exploration Ltd. (Note 8(a))	231,608	220,416
Arms-length Party	47,957	-
	279,565	220,416

The loan payable to Ranex Exploration Ltd., a company controlled by the Chief Executive Officer of the Company, is due on July 31, 2019, is unsecured and bears interest at 5% per annum compounded semi-annually. During the year ended July 31, 2018, the Company accrued interest expense of $11,193 (2017 - $11,448).

The loan payable to an arm's length party is unsecured, non-interest bearing and has no fixed term of repayment.

NOTE 7 – SHARE CAPITAL

a) Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding Common Shares

On October 11, 2017, the Company consolidated its share capital and stock options at a ratio of three old common shares to one new common share. These financial statements reflect the retroactive application of this share consolidation.

As at July 31, 2018 and 2017, the Company had 2,901,025 common shares issued and outstanding as presented in the consolidated statements of changes in shareholders' equity.

i) Shares Issued in 2018

The Company issued Nil shares in 2018.

ii) Shares Issued in 2017

The Company issued 668,353 common shares to settle accounts payable totalling $100,253. These shares had a fair value of $120,304, resulting in a loss of $20,051 on settlement of debt.

c) Stock Options

The Company has a share purchase option plan that allows the Board of Directors to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees, and service providers. The share purchase option plan (the "Plan") is based on the maximum number of eligible shares equaling a rolling percentage of 10% of the Company's outstanding common shares, calculated from time to time. Pursuant to the Plan, if outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the plan increase proportionately.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price, being the 5-day volume weighted average trading price as calculated pursuant to TSX-V policies. Share purchase options can have a maximum term of ten years and typically terminate ninety days following the termination of the optionee's employment or engagement, except in the case of retirement or death. The vesting period for share purchase options is at the discretion of the Board of Directors at the time the options are granted.

(Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (Continued)

c) Stock Options (Continued)

A summary of the status of the Company's stock options outstanding as of July 31, 2018 and 2017 and changes during the years then ended are as follows:

Expiry Date	Exercise Price	July 31, 2016	Granted	Exercised	Expired/ Cancelled	July 31, 2017 and 2018
January 16, 2019	$1.20	20,833	-	-	-	20,833
April 24, 2019	$1.20	20,833	-	-	-	20,833
January 21, 2020	$0.21	113,334	-	-	-	113,334
		155,000	-	-	-	155,000

d) Warrants

The Company had no warrants outstanding as at July 31, 2018 and 2017.

NOTE 8 – RELATED PARTY BALANCES AND TRANSACTIONS

Key management includes directors and senior management. A number of key management personnel, or their related parties, 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. 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 Balances

Included in accounts payable and accrued liabilities are the following amounts owed to related parties. They are non-interest bearing, unsecured, and have no specified terms of repayment.

	2018 $	2017 $
Ranex Exploration Ltd., a company with a common director	231,608	220,416
Tim Johnson, CEO	105,176	70,876
Michael Rowley, CFO, Director	55,246	13,620
Swiftcurrent Ventures Ltd., controlled by a director	49,426	41,776
	441,456	346,688

b) Compensation of Key Management Personnel

	2018	2017
Management Fees (CEO)	54,000	54,000
Management Fees (CFO)	54,000	13,500
Management Fees (Director)	5,000	12,000
	113,000	79,500

During the year ended July 31, 2017, the Company received rental income totalling $9,000 from two companies with common directors, and settled $82,403 of debt owned to related parties by issuing 549,353 common shares with a fair value of $102,454, resulting in a loss on settlement of debt of $20,051.

(Expressed in Canadian Dollars)

NOTE 9 – INCOME TAXES

a) Provision for Income Taxes

The income tax recovery of the Company is reconciled to the net loss for the year as reported in the statements of comprehensive loss by applying the combined federal and provincial income tax rate of 27.0% (2017 – 26.0%) as follows:

	2018 $	2017 $
Loss Before Income Taxes for the Year	(276,491)	(165,489)
Income Tax Recovery	(74,653)	(43,027)
Tax Losses Expired	-	9,150
Change of Tax Rate	2,765	-
Unrecognized Non-Capital Loss Carryforwards	71,888	33,877
Income Tax Recovery	-	-

b) Deferred Tax Assets and Liabilities

Deferred tax assets have not been recognized with respect to the following items:

	2018	2017
Non-Capital Losses	551,835	490,950
Exploration and Evaluation Assets	170,450	164,137
Cumulative Eligible Capital	150	144
Share Issuance Costs	-	275
Net Deferred Tax Assets	722,435	655,506

As at July 31, 2018, the Company has non-capital losses of approximately $1,941,000 that may be applied against future income for Canadian income tax purposes. The non-capital losses expire as follows:

2030	132,000
2031	18,000
2032	371,000
2033	283,000
2034 - 2038	1,240,000
	2,044,000

At July 31, 2018, the Company had Canadian resource expenditures of approximately $630,000 available to reduce taxable income, subject to certain restrictions, in future years

NOTE 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 manages its share capital as capital, which as at July 31, 2018, was $2,267,494 (2017 – $2,267,494). 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. To maintain or adjust the capital structure, the Company may issue common shares or dispose of assets.

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 year ended July 31, 2018.

NOTE 11 – FINANCIAL INSTRUMENTS AND RISKS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

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

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

The carrying values of cash and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments.

The Company's financial instruments are exposed to the following financial risks:

a) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

As at July 31, 2018, the Company had a cash balance of $11,736 to settle current liabilities of $696,986 Management expects to fund those liabilities through the issuance of common shares (Note 12) and loans from related parties over the coming year. There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and exploration activities.

b) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. Management believes that its credit risk is not significant.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's amounts due to related parties are non-interest bearing, and as such, the Company is not exposed to significant interest rate risk.

d) Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in U.S. Dollars. The Company's financial instruments denoted in U.S. Dollars are insignificant and any fluctuation in foreign currency exchange rates would have no significant impact.

e) Commodity Price Risk

The Company is subject to price risk from fluctuations in the market prices of commodities as it relates to the possible underlying values of its commodity based mineral properties and the corresponding ability to raise funds for future operations. Management closely monitors commodity prices to determine the appropriate course of actions to be taken in its investing and financing activities. As the Company has not yet developed commercial mineral interests, it is not exposed to significant commodity price risk.

NOTE 12 – SUBSEQUENT EVENT

On September 14, 2018, the Company announced that it had entered into a mineral property acquisition agreement and is undertaking a concurrent non-brokered private placement.

Property Acquisition and Concurrent Financing

The Company entered into an agreement (the "Agreement") with an arm's length vendor (the "Vendor"), under which the Company will acquire an undivided 100% interest to the STU Copper Property in Yukon Territory, Canada, (the "Property"). Pursuant to the Agreement, the Company will issue an aggregate of 3,000,000 units (each, a "Transaction Unit") and grant a 3% net smelter return royalty to the Vendor on any future production at the Property (the "Royalty"), in consideration for a 100% interest in the Property. The Company may purchase up to two-thirds of the Royalty from the Vendor for $2,000,000. The Agreement also provides that the Company will make annual advance Royalty payments of $30,000 to the Vendor beginning in 2022, and in each subsequent year thereafter, until the commencement of any commercial production on the Property.

Each Transaction Unit is comprised of one common share and one common share purchase warrant. One warrant is exercisable for one additional common share for a period of thirty six months from the date of issuance at an exercise price of $0.15 per common share. All securities issued pursuant to the Transaction is subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities laws.

The Company also announced a concurrent non-brokered private placement of up to 24,000,000 units (each, a "Financing Unit") at a price of $0.075 per unit for gross proceeds of up to $1,800,000 (the "Financing"). One Financing Unit is comprised of one common share and one common share purchase warrant (a "Financing Warrant"). One warrant is exercisable for one additional common Share for a period of thirty six months from the date of issuance at an exercise price of $0.20 per common share. 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.

Completion of the acquisition is subject to completion of the financing and regulatory approval.

As of the Auditors' Report date, the acquisition has not closed.