



**CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS**

**FOR THE THREE MONTHS ENDED OCTOBER 31, 2019**

**(Expressed in Canadian Dollars)**

### **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

**GRANITE CREEK COPPER LTD.****Condensed Consolidated Interim Statements of Financial Position**

(Expressed in Canadian Dollars)

	Note	October 31, 2019	July 31, 2018
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		175,213	109,106
GST and subscription receivables	5(b)	91,395	75,952
Prepaid expenses and deposits	6(b)	276,719	236,575
		<u>543,327</u>	<u>421,633</u>
<b>Non-Current</b>			
Exploration and evaluation assets	3	225,336	225,336
		<u>768,663</u>	<u>646,969</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		216,552	120,344
Due to related parties	6(b)	88,183	82,953
Flow-through share premium liability	4	32,949	-
		<u>337,684</u>	<u>203,297</u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	5	4,694,705	4,286,390
Share-based payments reserve	5(d),(e)	271,010	193,072
Foreign currency translation reserve		(3,586)	(3,586)
Deficit		<u>(4,531,150)</u>	<u>(4,032,204)</u>
		<u>430,979</u>	<u>443,672</u>
		<u>768,663</u>	<u>646,969</u>

Approved on behalf of the Board:

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

**GRANITE CREEK COPPER LTD.****Condensed Consolidated Interim Statements of Comprehensive Loss**

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

	Note	<u>2019</u>	<u>2018</u>
		\$	\$
<b>Expenses</b>			
Consulting and management fees	6(a)	47,692	51,355
Corporate advisory fees	6(a)	19,209	-
Exploration and evaluation expenditures	6(a)	276,279	-
Investor relations	6(a)	21,799	-
Office and administration	6(a)	11,474	12,240
Professional fees		97,678	25,182
Share-based payments expense	5(d), 6(a)	63,279	-
Transfer agent, regulatory and filing fees		969	4,593
Travel and accommodation		1,194	-
<b>Loss Before Other Items</b>		<u>539,573</u>	<u>93,370</u>
<b>Other Items</b>			
Other income	4	(40,627)	-
Interest expense		-	2,895
		<u>(40,627)</u>	<u>2,895</u>
<b>Net Loss and Comprehensive Loss for the Period</b>		<u>(498,946)</u>	<u>(96,265)</u>
Basic and Diluted Loss per Share		\$ (0.01)	\$ (0.03)
Weighted Average Number of Common Shares Outstanding		34,504,598	2,901,025

# GRANITE CREEK COPPER LTD.

## Condensed Consolidated Interim Statement of Changes in Equity (Deficiency)

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Subscriptions Received in Advance	Stock Options Reserve	Foreign Currency Translation Reserve	Deficit	Total
			\$	\$	\$	\$	\$	\$
<b>Balance, July 31, 2018</b>		<b>2,901,025</b>	<b>2,267,494</b>	-	<b>12,416</b>	<b>(3,586)</b>	<b>(2,960,094)</b>	<b>(683,770)</b>
Net loss for the period		-	-	-	-	-	(96,265)	(96,265)
Subscriptions received in advance	5(b)	-	-	161,575	-	-	-	161,575
<b>Balance, October 31, 2018</b>		<b>2,901,025</b>	<b>2,267,494</b>	<b>161,575</b>	<b>12,416</b>	<b>(3,586)</b>	<b>(3,056,359)</b>	<b>(618,460)</b>
Net loss for the period		-	-	-	-	-	(988,261)	(988,261)
Shares issued pursuant to property acquisition	3	3,000,000	225,000	-	-	-	-	225,000
Private placement, net of share issue costs		24,000,000	1,793,896	(161,575)	-	-	-	1,632,321
Share-based payments expense		-	-	-	193,072	-	-	193,072
Reclass of expired stock options		-	-	-	(12,416)	-	12,416	-
<b>Balance, July 31, 2019</b>		<b>29,901,025</b>	<b>4,286,390</b>	-	<b>193,072</b>	<b>(3,586)</b>	<b>(4,032,204)</b>	<b>443,672</b>
Net loss for the period		-	-	-	-	-	(498,946)	(498,946)
Private placement, net of share issue costs	5(b)	5,882,345	408,315	-	14,659	-	-	422,974
Share-based payments expense	5(d)	-	-	-	63,279	-	-	63,279
<b>Balance, October 31, 2019</b>		<b>35,783,370</b>	<b>4,694,705</b>	-	<b>271,010</b>	<b>(3,586)</b>	<b>(4,531,150)</b>	<b>430,979</b>

**GRANITE CREEK COPPER LTD.****Condensed Consolidated Interim Statements of Cash Flows**

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

	Note	<u>2019</u>	<u>2018</u>
		\$	\$
<b>Operating Activities</b>			
Net loss for the period		<b>(498,946)</b>	(96,265)
Items not involving cash:			
Interest expense		-	2,895
Flow-through share premium	4	<b>(40,627)</b>	-
Share-based payments expense	5(d)	<b>63,279</b>	-
		<b>(476,294)</b>	(93,370)
Net change in non-cash working capital	9	<b>40,621</b>	36,995
<b>Cash used in operating activities</b>		<b>(435,673)</b>	(56,375)
<b>Financing Activities</b>			
Proceeds received from private placement	5(b)	<b>500,000</b>	-
Share issue costs	5(b)	<b>(3,450)</b>	-
Subscriptions received in advance	5(b)	-	161,575
Receipts from related parties, net		<b>5,230</b>	-
<b>Cash provided by financing activities</b>		<b>501,780</b>	161,575
<b>Net increase in cash</b>		<b>66,107</b>	105,200
Cash, beginning of period		<b>109,106</b>	11,736
<b>Cash, end of period</b>		<b>175,213</b>	116,936
<b>Supplemental cash flow information</b>	9		

# GRANITE CREEK COPPER LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

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### 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 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 condensed consolidated interim 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 \$498,946 during the three months ended October 31, 2019, and as of that date, had an accumulated deficit of \$4,531,150 (July 31, 2019: \$4,032,204) and working capital of \$205,643 (July 31, 2018: \$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 condensed consolidated interim 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.

### 2. BASIS OF PRESENTATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* (“**IAS 34**”) as issued by the International Accounting Standards Board (“**IASB**”) using accounting principles consistent with IFRS as issued by the IASB.

These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended July 31, 2019 which include the accounting policies used in the preparation of these condensed consolidated interim financial statements.

These condensed consolidated interim 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.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors (the “**Board**”) on December 27, 2019.

# GRANITE CREEK COPPER LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

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### 2. BASIS OF PRESENTATION

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries Granite Creek (Barbados) Limited and Granite Creek (Mali) Sarl. All intercompany balances and transactions have been eliminated upon consolidation. As of, and for the three month period ended October 31, 2019, the wholly-owned subsidiaries were inactive.

### 3. 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.

During the three months ended October 31, 2019, the Company incurred exploration expenses totaling \$276,279 on the Stu Property, which are included in the condensed consolidated interim statement of comprehensive loss.

### 4. FLOW-THROUGH SHARE PREMIUM LIABILITY

On issuance of flow-through shares, the Company allocates the proceeds into i) share capital, ii) warrants, and iii) flow-through share premium, if any, using the residual value method. If investors pay a premium for the flow-through feature, it is recognized as a liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes a deferred tax recovery in income for the amount of tax reduction renounced to the shareholders. At the end of a period, the flow-through share premium liability consists of the portion of the premium on flow-through shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

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

	\$
Balance, July 31, 2019	-
Flow-through share premium liability on the issuance of flow-through common shares	73,576
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(40,627)</u>
Balance, October 31, 2019	<u><u>32,949</u></u>

### 5. SHARE CAPITAL

#### a) Authorized share capital

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



# GRANITE CREEK COPPER LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

### 5. SHARE CAPITAL (continued)

#### b) Share issuance details

##### *Three Months Ended October 31, 2019*

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. Share issue costs totaled \$3,450.

Included in GST and subscription receivables was an amount of \$51,994 that pertained to a private placement that was completed in January 2019. The full amount was received subsequent to October 31, 2019.

##### *Three Months Ended October 31, 2018*

The Company did not issue any shares during the three months ended October 31, 2018 but did receive \$161,575 in subscriptions received in advance that pertained to a private placement that was completed subsequent to October 31, 2018.

#### c) Stock options

The Company has a fixed Long-Term Performance Incentive Plan (the "LTIP") 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 5,380,204 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, 2019 and October 31, 2019	3,650,000	\$ 0.15

The following stock options were outstanding as at October 31, 2019:

Outstanding	Exercisable	Weighted average exercise price	Expiry date	Weighted average remaining life (in years)
2,900,000	966,667	\$ 0.15	February 1, 2024	4.26
750,000	-	0.15	May 15, 2024	4.54
3,650,000	966,667	0.15		4.32

# GRANITE CREEK COPPER LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

### 5. SHARE CAPITAL (continued)

#### d) Share-based payments

The share-based payments expense for the stock options that vested during the three months ended October 31, 2019 was \$63,279. The fair value of the stock options that vested during the three months ended October 31, 2019 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	1.73%
Expected annual stock price volatility	83%
Expected dividend yield	0.0%
Expected option life in years	5.0
Spot price on date of grant	\$0.15

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

#### e) Warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		\$
Balance, July 31, 2019	27,000,000	0.19
Issued	2,941,175	0.20
Balance, October 31, 2019	29,941,175	0.19

The following warrants were outstanding as at October 31, 2019:

Outstanding	Exercisable	Weighted Average Exercise Price	Expiry Date
		\$	
24,000,000	24,000,000	0.20	January 16, 2022
3,000,000	3,000,000	0.15	January 16, 2022
2,941,175	2,941,175	0.20	August 21, 2022
29,941,175	29,941,175	0.19	

The fair value of the 2,941,175 warrants issued in conjunction with the flow-through private placement completed on August 8, 2019 was \$14,659 and was recorded in reserves. The weighted average assumptions were as follows:

Risk-free interest rate	1.39%
Expected annual stock price volatility	48%
Expected dividend yield	0.0%
Expected option life in years	3.0
Spot price on date of grant	\$0.07

# GRANITE CREEK COPPER LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

### 6. RELATED PARTY TRANSACTIONS AND BALANCES

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 three months ended October 31, 2019 and 2018:

- TruePoint Exploration Inc. (“**TruePoint**”), a privately held geological consulting firm controlled by a group of individuals including Timothy Johnson, President and CEO of the Company and Michael Rowley, a Director of the Company, is a related party through its management contracts, which confer significant influence over operations. Charges are for exploration, management, accounting and office and administration.
- 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 and former CFO of the Company.
- Foran Mining Corporation (“**Foran**”), a public company whose CFO, Tim Thiessen, is the CFO of the Company.

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

#### a) Related Party Transactions

Related party transactions for the year ended July 31 were as follows:

	2019	2018
	\$	\$
Consulting and management fees	1 35,000	44,355
Share-based payments expense	2 16,903	-
Exploration and administrative support costs	3 326,669	-
	<u>378,572</u>	<u>44,355</u>

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.

# GRANITE CREEK COPPER LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

### 6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

#### b) Related Party Balances

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

	October 31, 2019	July 31, 2019
<b>Current assets - Prepaid expenses and deposits</b>	<b>\$</b>	<b>\$</b>
Due from TruePoint, net	1 271,554	229,908
<b>Current liabilities - Due to related parties</b>		
Due to Tim Johnson, CEO	48,283	67,991
Due to 1111040 BC Ltd.	33,600	8,400
Due to Michael Rowley, Director	-	262
Due to Tim Thiessen, CFO	6,300	6,300
	<u>88,183</u>	<u>82,953</u>

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

The related party balances were non-interest bearing, unsecured, and had no specified terms of repayment.

### 7. 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 three months ended October 31, 2019.

# GRANITE CREEK COPPER LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

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### 8. FINANCIAL INSTRUMENTS

#### a) Categories of Financial Instruments

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and due to related parties. The Company has classified its financial instruments into the following categories:

<b>Financial assets</b>	<b>Classification under IAS 39</b>	<b>Classification under IFRS 9</b>
Cash	FVTPL	Amortized cost
Receivables	Notes and receivable	Amortized cost

  

<b>Financial liabilities</b>	<b>Classification under IAS 39</b>	<b>Classification under IFRS 9</b>
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

#### b) Fair Value

The carrying values of accounts payable and accrued liabilities, due to related parties and short-term loans approximate their fair values due to the short period to maturity.

#### c) 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 October 31, 2019, 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.

# GRANITE CREEK COPPER LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

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### 8. FINANCIAL INSTRUMENTS (continued)

#### c) Financial Risk Management (continued)

##### 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 risk 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.

##### 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.

### 9. SUPPLEMENTAL CASHFLOW INFORMATION

	2019	2018
	\$	\$
GST and subscription receivables	(15,443)	-
Prepaid expenses and deposits	(40,144)	-
Accounts payable and accrued liabilities	96,208	(83,841)
Related party advances	-	120,836
	<u>40,621</u>	<u>36,995</u>

### 10. COMMITMENT

As a result of the issuance of flow-through shares as part of the private placement disclosed in Note 5(b), at October 31, 2019, the Company had approximately \$224,000 remaining in its obligation to incur qualified Canadian exploration expenditures on or before December 31, 2020.

# **GRANITE CREEK COPPER LTD.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

For the Three Months Ended October 31, 2019

(Expressed in Canadian Dollars)

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### **11. SUBSEQUENT EVENT**

In addition to subsequent events disclosed elsewhere in these condensed consolidated interim financial statements, the following event occurred after October 31, 2019:

On December 6, 2019, the Company acquired 26,146,233 common shares of Copper North Mining Corp. ("**Copper North**"), representing approximately 30% of the outstanding shares of Copper North, in consideration for 10,529,663 common shares of the Company. Based on share ratios and market prices of the common shares of the companies, the deemed value of the transaction was \$670,531.