



**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED
FEBRUARY 28, 2021 AND JANUARY 31, 2020**

(Unaudited, Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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 Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

| | Note | February 28, 2021 | May 31, 2020 |
|--|----------|----------------------|------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current | | | |
| Cash | | 582,939 | 164,865 |
| Receivables | | 122,470 | 63,404 |
| Due from related parties | 10(b) | - | 113,258 |
| Prepaid expenses and deposits | | 40,351 | 14,352 |
| | | 745,760 | 355,879 |
| Non-current | | | |
| Reclamation bonds | 4, 5 | 90,300 | - |
| Investment in associate | 4 | - | 506,571 |
| Exploration and evaluation assets | 4, 5 | 8,530,420 | 237,557 |
| | | 9,366,480 | 1,100,007 |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable and accrued liabilities | | 627,327 | 234,442 |
| Loans | 4, 6 | 202,463 | - |
| Due to related parties | 6, 10(b) | 860,150 | 116,038 |
| Flow-through share premium liability | 7 | 72,402 | 6,608 |
| | | 1,762,342 | 357,088 |
| Non-current | | | |
| Severance liability | 8 | 880,956 | - |
| | | 2,643,298 | 357,088 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 9 | 11,478,634 | 5,379,133 |
| Subscriptions received | 9(b) | 107,600 | 149,264 |
| Share-based payment reserve | 9(e) | 1,061,109 | 416,589 |
| Foreign currency translation reserve | | (3,586) | (3,586) |
| Deficit | | (5,920,575) | (5,198,481) |
| | | 6,723,182 | 742,919 |
| | | 9,366,480 | 1,100,007 |

Nature of Business and Ability to Continue as Going Concern – Note 1

Commitment – Note 13

Subsequent event – Note 9,15

Approved on behalf of the Board:

Timothy A. Johnson, Director

Michael Rowley, Director

GRANITE CREEK COPPER LTD.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended February 28, 2021 and January 31, 2020
(Unaudited - Expressed in Canadian Dollars)

| | | Three months ended | | Nine months ended | |
|--|------------|----------------------|---------------------|----------------------|---------------------|
| | Note | February 28, 2021 | January 31, 2020 | February 28, 2021 | January 31, 2020 |
| | | \$ | \$ | \$ | \$ |
| EXPENSES | | | | | |
| Consulting and management fees | 10(a) | 201,035 | 10,558 | 321,575 | 198,928 |
| Corporate advisory fees | | 34,018 | 26,728 | 109,124 | 85,802 |
| Exploration expenditures | 5 | 216,500 | (15,029) | 1,132,302 | 318,434 |
| Investor relations | | 45,058 | 25,576 | 81,748 | 67,593 |
| Office and administration | | 16,401 | 17,149 | 21,614 | 38,840 |
| Professional fees | | 17,663 | 199,676 | 93,998 | 330,761 |
| Property evaluation | | 1,238 | 1,369 | 3,120 | 1,369 |
| Share-based payment expense | 9(e),10(a) | 23,810 | 52,532 | 118,237 | 223,670 |
| Transfer agent, regulatory and filing fees | | 22,559 | 8,480 | 65,840 | 16,016 |
| Travel and accommodation | | 369 | 1,106 | 3,176 | 2,849 |
| | | (578,651) | (328,145) | (1,950,734) | (1,284,262) |
| Other Items | | | | | |
| Other income | | 70,772 | 464 | 161,460 | 41,091 |
| Interest expense | | (5,698) | - | (5,698) | - |
| Unrealized loss on marketable securities | | - | (16,875) | - | (16,875) |
| Gain on investment in associate | 4 | - | - | 1,072,878 | - |
| | | (513,577) | (344,556) | (722,094) | (1,260,046) |
| NET LOSS AND COMPREHENSIVE LOSS | | | | | |
| | | (0.01) | (0.01) | (0.01) | (0.04) |
| Basic and diluted loss per share | | | | | |
| | | (0.01) | (0.01) | (0.01) | (0.04) |
| Weighted average number of shares outstanding | | | | | |
| | | 96,770,763 | 42,421,636 | 74,395,967 | 35,609,085 |

GRANITE CREEK COPPER LTD.

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

| | Note | Common shares number | Share Capital \$ | Share-based Payments reserve \$ | Subscriptions received \$ | Foreign Currency Translation Reserve \$ | Deficit \$ | Total \$ |
|--|------------|----------------------------|------------------------|--|---------------------------------|---|--------------------|------------------|
| 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 | | 5,882,345 | 422,705 | 73,845 | - | - | - | 496,550 |
| Flow-through share premium liability | 7 | - | (14,390) | - | - | - | - | (14,390) |
| Shares issued for investment in associate | 4 | 10,529,663 | 684,428 | - | - | - | - | 684,428 |
| Subscriptions received, net of issue costs | 9(b) | - | - | - | 149,264 | - | - | 149,264 |
| Share-based payment expense | | - | - | 149,672 | - | - | - | 149,672 |
| Net 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 |
| Private placements, net of issue costs | 9(b) | 25,228,868 | 2,441,505 | 195,036 | (149,264) | - | - | 2,487,277 |
| Flow-through share premium liability | 7, 9(b) | - | (227,254) | - | - | - | - | (227,254) |
| Shares issued for acquisition | 4 | 24,893,918 | 3,734,088 | - | - | - | - | 3,734,088 |
| Shares issued on exercise of options | 9(b) | 381,000 | 96,412 | (44,012) | - | - | - | 52,400 |
| Shares issued on exercise of warrants | 9(b) | 605,000 | 54,750 | - | - | - | - | 54,750 |
| Subscriptions received, net of issue costs | 15 | - | - | - | 107,600 | - | - | 107,600 |
| Options acquired on acquisition | 4 | - | - | 259,203 | - | - | - | 259,203 |
| Warrants acquired on acquisition | 4 | - | - | 116,056 | - | - | - | 116,056 |
| Share-based payment expense | 9(e) | - | - | 118,237 | - | - | - | 118,237 |
| Net loss and comprehensive loss | | - | - | - | - | - | (722,094) | (722,094) |
| Balance, February 28, 2021 | | 97,421,819 | 11,478,634 | 1,061,109 | 107,600 | (3,586) | (5,920,575) | 6,723,182 |

GRANITE CREEK COPPER LTD.

Condensed Interim Consolidated Statements of Cash Flows

For the Three and Nine Months Ended February 28, 2021 and January 31, 2020

(Unaudited - Expressed in Canadian Dollars)

| | Note | Three months ended | | Nine months ended | |
|--|------|----------------------|---------------------|----------------------|---------------------|
| | | February 28, 2021 | January 31, 2020 | February 28, 2021 | January 31, 2020 |
| | | \$ | \$ | \$ | \$ |
| OPERATING ACTIVITIES | | | | | |
| Net income (loss) for the period | | (513,577) | (344,556) | (722,094) | (1,260,046) |
| Items not involving cash: | | | | | |
| Other income | | (70,772) | (464) | (161,460) | (41,091) |
| Interest expense | 6 | 5,479 | - | 5,479 | (5,790) |
| Gain on investment in associate | 4 | - | - | (1,072,878) | - |
| Share-based payment expense | 9(e) | 23,810 | 52,532 | 118,237 | 223,670 |
| Unrealized loss on marketable securities | | - | 16,875 | - | 16,875 |
| | | (555,060) | (275,613) | (1,832,716) | (1,066,382) |
| Net change in non-cash working capital items | 12 | (210,566) | 136,508 | (240,812) | 353,377 |
| Cash used in operating activities | | (765,626) | (139,105) | (2,073,528) | (713,005) |
| INVESTING ACTIVITY | | | | | |
| Acquisition of exploration and evaluation assets | 5 | (11,521) | (12,221) | (11,521) | (12,557) |
| Acquisition transaction costs | 4 | - | - | (201,688) | - |
| Acquisition of cash | 4 | - | - | 2,784 | - |
| Cash used in investing activities | | (11,521) | (12,221) | (210,425) | (12,557) |
| FINANCING ACTIVITIES | | | | | |
| Proceeds received from private placements | 9(b) | - | - | 2,557,593 | 525,000 |
| Share issue costs | 9(b) | (5,534) | - | (70,316) | (3,450) |
| Proceeds from exercise of warrants | | 47,250 | - | 54,750 | - |
| Proceeds from exercise of options | | 52,250 | - | 52,400 | - |
| Subscriptions received | 15 | 107,600 | - | 107,600 | - |
| Cash provided by financing activities | | 201,566 | - | 2,702,027 | 521,550 |
| CHANGE IN CASH | | (575,581) | (151,326) | 418,074 | (204,012) |
| Cash, beginning of period | | 1,158,520 | 175,213 | 164,865 | 227,899 |
| CASH, END OF PERIOD | | 582,939 | 23,887 | 582,939 | 23,887 |

Supplemental cash flow information (Note 12)

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended February 28, 2021 and January 31, 2020

(Unaudited - Expressed in Canadian Dollars)

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".

These condensed interim 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 \$722,094 during the nine months ended February 28, 2021, and as of that date, had an accumulated deficit of \$5,920,575 (May 31, 2020: \$5,198,481) and working capital deficiency of \$1,016,582 (May 31, 2020: working capital deficiency of \$1,209). Subsequent to February 28, 2021 the Company closed a private placement for aggregate gross proceeds of \$5,215,300. (Note 9, 15)

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. The outbreak of the corona virus and the worldwide COVID-19 pandemic may also impact the Company's ability to continue as a going concern (Note 12). These condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

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 condensed interim consolidated financial statements are prepared as at February 28, 2021 and May 31, 2020 and for the three and nine months ended February 28, 2021 and January 31, 2020.

Statement of compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended May 31, 2020, which have been prepared in accordance with IFRS.

The Board of Directors approved these condensed interim consolidated financial statements on April 29, 2021.

Basis of Consolidation

These condensed interim 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 nine months ended February 28, 2021 and the nine months ended January 31, 2020 the wholly-owned subsidiaries Granite Creek (Barbados) Limited and Granite Creek (Mali) Sarl were inactive.

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended February 28, 2021 and January 31, 2020

(Unaudited - Expressed in Canadian Dollars)

On November 27, 2020 the Company acquired 100% of the outstanding common shares of Copper North Mining Corp (“Copper North”) and its wholly owned subsidiary Carmacks Mining Corp (“Carmacks Mining”). The operating results of Copper North and Carmacks Mining were recognized in the interim consolidated statement of loss beginning on that date (Note 4).

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. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company’s control over the subsidiary ceases. All intercompany balances and transactions have been eliminated upon consolidation.

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the ten months ended May 31, 2020.

4. ACQUISITION OF COPPER NORTH MINING CORP.

On December 5, 2019, the Company acquired 26,146,233 common shares of Copper North in exchange for 10,529,663 common shares of the Company. At that date, the Company owned 30% of the outstanding shares of Copper North and accounted for the investment using the equity method of accounting.

On August 31, 2020, the Company entered into a definitive arrangement agreement (the “Arrangement”) with Copper North pursuant to which the Company acquired all of the outstanding Copper North common shares not already owned by the Company.

Under the terms of the Arrangement, Copper North shareholders received one common share of the Company for every two and one-half Copper North Shares (“Exchange Ratio”). All outstanding warrants and options of Copper North were 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 transaction was completed on November 27, 2020 for an additional consideration of 24,893,984 common shares of the Company.

As at November 27, 2020, the Company discontinued the equity method of accounting. The Company’s investment in associate as at November 27, 2020, prior to the acquisition, and the changes for the six months then ended are as follows:

| Investment in Associate | \$ |
|--|----------------|
| Initial recognition | 684,428 |
| Share of loss in equity accounted investee | (177,857) |
| Balance, May 31, 2020 | 506,571 |
| Share of loss in equity accounted investee | (188,281) |
| Balance, November 27, 2020 | 318,290 |
| Gain on net increase in value of investment in associate | 1,261,159 |
| Discontinuance of equity method | (1,579,449) |
| November 27, 2020 | - |

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended February 28, 2021 and January 31, 2020

(Unaudited - Expressed in Canadian Dollars)

The following is a summary of Copper North's financial information on a 100% basis as at November 27, 2020. Copper North's consolidated financial statements are prepared in accordance with IFRS.

| | November 27, 2020 |
|---|------------------------------|
| | \$ |
| Total current assets | 40,191 |
| Total non-current assets | 17,233,627 |
| Total current liabilities | (1,640,394) |
| Total non-current liabilities | (880,957) |
| Net asset value | <u>14,752,467</u> |
| Net Loss from June 1, 2020 to November 27, 2020 | <u>(633,646)</u> |
| Proportionate share of net loss (30% ownership) | <u>(188,281)</u> |

The acquisition of Copper North did not meet the definition of a business under IFRS 3 *Business Combinations* and has been accounted for as an asset acquisition in these interim condensed financial statements. On the acquisition date, November 27, 2020, the Company has allocated the purchase price of the acquisition to the assets and liabilities acquired as follows:

Purchase Price

| | |
|---------------------------------|---------------------|
| Discontinuance of equity method | 1,579,449 |
| Common shares issued | 3,734,088 |
| Options issued ⁽¹⁾ | 259,203 |
| Warrants issued ⁽²⁾ | 116,056 |
| Transaction costs | 201,688 |
| | <u>\$ 5,890,484</u> |

Net assets acquired

| | |
|-----------------------------------|---------------------|
| Current assets | 40,191 |
| Reclamation bonds | 90,300 |
| Exploration and evaluation assets | 8,281,342 |
| Current liabilities | (1,640,393) |
| Non-current liabilities | (880,956) |
| Total | <u>\$ 5,890,484</u> |

⁽¹⁾The Company issued 2,344,000 options on acquisition. Black-Scholes option pricing model with the following weighted average assumptions: exercise price - \$0.22; risk-free rate - 0.38%; expected life - 1.44 years; expected volatility - 117%; and expected dividends - nil

⁽²⁾The Company issued 2,798,996 warrants on acquisition. Black-Scholes option pricing model with the following weighted average assumptions: exercise price - \$0.32; risk-free rate - 0.26%; expected life - 1.48 years; expected volatility - 73%; and expected dividends - nil

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended February 28, 2021 and January 31, 2020

(Unaudited - Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation acquisition costs is presented below:

| | Carmacks North | Carmacks | Total |
|-----------------------------------|-----------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Balance, May 31, 2020 | 237,557 | - | 237,557 |
| Acquisition of Copper North | - | 8,281,342 | 8,281,342 |
| Licensing & maintenance | 11,521 | - | 11,521 |
| Balance, February 28, 2021 | 249,078 | 8,281,342 | 8,530,420 |

Carmacks North (previously named Stu Project)

In January 2019, the Company acquired an undivided 100% interest in the Carmacks North (formerly Stu Project) in Yukon Territory, Canada 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 Carmacks North.

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.

Carmacks Project

The Company acquired 100% of the Carmacks Project, an oxide copper, gold, and silver deposit located in Yukon, Canada, through its acquisition of Copper North (Note 4).

At February 28, 2021, \$1.8 million has been paid in advance royalty payments. The Company is required to make an advance royalty payment of \$100,000 in any year in which the average daily copper price reported by the London Metal Exchange is US\$1.10 per pound or greater. Any production from the Carmacks Project is subject to either a 15% net profits interest or a 3% net smelter return royalty, at the Company's election. If the Company elects to pay the net smelter return royalty, it has the right to purchase the royalty for \$2.5 million, less any advance royalty payments made to that date.

The Company holds a Guaranteed Investment Certificate in the amount of \$80,300 in safekeeping for the Yukon Government. This amount represents the estimated reclamation cost for the work performed to date on the property.

Other

The Company acquired a deposit of \$10,000 held by the Government of British Columbia to cover reclamation costs for the work performed on a previously held property when it acquired Copper North (Note 4).

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended February 28, 2021 and January 31, 2020

(Unaudited - Expressed in Canadian Dollars)

The Company incurred exploration expenses for the three months ended February 28, 2021 as follows:

| | Carmacks North | Carmacks | Total |
|-----------------------------|-----------------------|-----------------|----------------|
| | \$ | \$ | \$ |
| Analysis | 11,475 | 8,845 | 20,320 |
| Camp | 55,638 | 2,828 | 58,466 |
| Consulting | 7,913 | 98 | 8,011 |
| Equipment and communication | 17,444 | 6,850 | 24,294 |
| Helicopter and fuel | - | 184 | 184 |
| Transport | 3,788 | 1,437 | 5,225 |
| Royalty advance | - | 100,000 | 100,000 |
| | <u>96,258</u> | <u>120,242</u> | <u>216,500</u> |

The Company incurred exploration expenses for the three months ended January 31, 2020 as follows:

| | Carmacks North | Carmacks | Total |
|-----------------------------|-----------------------|-----------------|-----------------|
| | \$ | \$ | \$ |
| Consulting | 2,720 | - | 2,720 |
| Equipment and communication | 396 | - | 396 |
| Helicopter and fuel | (18,430) | - | (18,430) |
| Other | 285 | - | 285 |
| | <u>(15,029)</u> | <u>-</u> | <u>(15,029)</u> |

The Company incurred exploration expenses for the nine months ended February 28, 2021 as follows:

| | Carmacks North | Carmacks | Total |
|-----------------------------|-----------------------|-----------------|------------------|
| | \$ | \$ | \$ |
| Analysis | 64,279 | 8,845 | 73,124 |
| Camp | 103,267 | 2,828 | 106,095 |
| Consulting | 325,651 | 98 | 325,749 |
| Drilling | 417,389 | - | 417,389 |
| Equipment and communication | 61,368 | 6,850 | 68,218 |
| Helicopter and fuel | 28,928 | 184 | 29,112 |
| Transport | 11,178 | 1,437 | 12,615 |
| Royalty advance | - | 100,000 | 100,000 |
| | <u>1,012,060</u> | <u>120,242</u> | <u>1,132,302</u> |

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2021 and January 31, 2020
(Unaudited - Expressed in Canadian Dollars)

The Company incurred exploration expenses for the nine months ended January 31, 2020 as follows:

| | <u>Carmacks North</u> | <u>Carmacks</u> | <u>Total</u> |
|-----------------------------|-----------------------|-----------------|----------------|
| | \$ | \$ | \$ |
| Analysis | 28,660 | - | 28,660 |
| Camp | 5,537 | - | 5,537 |
| Consulting | 141,143 | - | 141,143 |
| Equipment and communication | 1,958 | - | 1,958 |
| Helicopter and fuel | 19,804 | - | 19,804 |
| Line cutting | 46,583 | - | 46,583 |
| Other | 6,061 | - | 6,061 |
| Salaries and benefits | 68,688 | - | 68,688 |
| | <u>318,434</u> | <u>-</u> | <u>318,434</u> |

6. LOANS

The Company acquired loans through the acquisition of Copper North (Note 4).

On September 12, 2019 Copper North entered into a grid promissory note which would permit the Company to borrow up to a maximum of \$395,000 and bear interest at the rate of 10% per annum compounding annually. The Lender provided an initial advance of \$220,000 to the Company under the Loan. Since the initial advance Copper North repaid \$47,806 and accrued interest of \$30,269, for a balance as at February 28, 2021 of \$202,463.

Copper North entered into a promissory note for \$100,000 on February 5, 2020. The promissory note bears interest at the rate of 5% per annum. The balance as at February 28, 2021 is \$105,329 including \$5,329 of interest and included in due to related parties. (Note 10)

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, 2019 | - |
| Flow-through share premium on the issuance of flow-through common shares | 14,390 |
| Settlement of flow-through share premium liability pursuant to incurring qualified expenditures | <u>(7,782)</u> |
| Balance, May 31, 2020 | 6,608 |
| Flow-through share premium on the issuance of flow-through common shares (Note 9) | 227,254 |
| Settlement of flow-through share premium liability pursuant to incurring qualified expenditures | <u>(161,460)</u> |
| Balance, February 28, 2021 | <u>72,402</u> |

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2021 and January 31, 2020
(Unaudited - Expressed in Canadian Dollars)

8. SEVERANCE LIABILITY

The Company acquired a severance liability through the acquisition of Copper North (Note 4).

On June 16, 2020 Copper North reached a Settlement Agreement with the departing CEO which resolves all his outstanding claims for unpaid wages, severance, and unpaid expenses. The settlement amount of \$880,957 will be due and payable in five years with provisions for earlier payment or shares-for-debt settlement under certain conditions and subject to approvals as may be required.

9. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Share issuance details

Subsequent to February 28, 2021

- The Company closed a private placement for aggregate gross proceeds of \$5,215,300 by issuing a total of 5,000,000 flow-through units, 10,075,000 non-flow-through units and 8,183,181 flow-through shares. Each non-flow-through unit and each flow-through unit consist of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one common non-flow-through share of the Company at an exercise price of \$0.30 for a period of 24 months following the closing date. At February 28, 2021, the Company had received subscriptions of \$107,600, net of issue costs related to the private placement.

Nine months ended February 28, 2021

- On October 29, 2020 the Company closed three private placements (in multiple tranches) by issuing a total of 6,278,587 flow-through ("FT") units, 2,289,382 non-FT units and 2,050,833 FT shares for aggregate gross proceeds of \$1,988,220.

The 6,278,587 FT units were issued at \$0.205 per unit for gross proceeds of \$1,287,110. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one common non-flow-through share of the Company at an exercise price of \$0.25 for a period of 24 months following the closing date. The Company allocated \$160,085 of the gross proceeds to warrant reserve using the Black-Scholes option pricing model. A total of \$185,237 was allocated to flow-through share premium liability using the residual value method.

The 2,289,382 non-FT units were issued at \$0.145 per unit for gross proceeds of \$331,960. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one common non-flow-through share of the Company at an exercise price of \$0.25 for a period of 24 months following the closing date. The Company allocated \$4,460 to warrant reserve using the residual value method.

The 2,050,833 FT shares were issued at \$0.18 per share for total gross proceeds of \$369,150. The Company allocated \$42,017 of the gross proceeds to flow-through share premium liability.

In connection with the three private placements, the Company issued 410,066 finders' units. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one common non-flow-through share of the Company at an exercise price of \$0.25 for a period of 24 months following the closing date. The shares were issued at a value of \$57,409 and a value of \$9,387 was

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended February 28, 2021 and January 31, 2020

(Unaudited - Expressed in Canadian Dollars)

attributed to the 205,033 finders' warrants using the Black-Scholes pricing model. The Company also incurred cash share issuance costs of \$28,000.

- On June 18, 2020, 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. The Company had received subscriptions of \$149,264, net of issue costs at May 31, 2020.

In connection with the private placement, the Company issued 554,400 brokers warrants, valued at \$21,104 using the Black-Scholes pricing model. The Company also incurred cash share issuance costs of \$33,679.

- The Company issued 381,000 common shares pursuant to the exercise of options with a weighted average exercise price of \$0.14 per share. The weighted average share price on the date of exercise was \$0.22.
- The Company issued 605,000 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.09 per share. The weighted average share price on the date of exercise was \$0.21.

Nine Months Ended January 31, 2020

- On December 5, 2019, the Company issued 10,529,663 common shares of the Company with a value of \$684,428 to acquire a 30% interest in Copper North. (Note 4)
- On August 8, 2019, the Company completed a non-brokered private placement for gross proceeds of \$500,000 through the issuance of 5,882,350 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.
- 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. At April 30, 2019, \$76,994 of the private placement proceeds had not been received and were recorded as share subscriptions receivable on the condensed consolidated interim statement of financial position. During the nine months ended January 31, 2020 the Company received the remaining outstanding proceeds.

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 13,000,000 common shares. The exercise price, term and vesting period of each award are determined by the Board within regulatory guidelines.

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2021 and January 31, 2020
(Unaudited - Expressed in Canadian Dollars)

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

| | Number of options | Weighted average exercise price \$ |
|---------------------------------------|----------------------|--|
| Balance, July 31, 2019 | 3,650,000 | 0.15 |
| Balance, May 31, 2020 | 3,650,000 | 0.15 |
| Granted | 3,150,000 | 0.10 |
| Exercised | (381,000) | 0.14 |
| Acquired on acquisition (Note 4) | 2,344,000 | 0.22 |
| Balance, February 28, 2021 | 8,763,000 | 0.13 |
| Exercisable, February 28, 2021 | 6,663,000 | 0.14 |

The following stock options were outstanding as at February 28, 2021:

| Outstanding | Exercisable | Weighted average exercise price \$ | Expiry date | Weighted average remaining life (in years) |
|------------------|------------------|---|--------------------|--|
| 44,000 | 44,000 | 0.50 | August 2, 2021 | 0.42 |
| 20,000 | 20,000 | 0.25 | February 7, 2022 | 0.94 |
| 80,000 | 80,000 | 0.21 | September 27, 2022 | 1.58 |
| 2,899,000 | 2,899,000 | 0.15 | February 1, 2024 | 2.93 |
| 750,000 | 750,000 | 0.15 | May 15, 2024 | 3.21 |
| 3,150,000 | 1,050,000 | 0.10 | June 19, 2025 | 4.31 |
| 1,820,000 | 1,820,000 | 0.14 | August 21, 2025 | 4.48 |
| 8,763,000 | 6,663,000 | 0.13 | | 3.74 |

Subsequent to February 28, 2021 a total of 150,000 options with an exercise price of \$0.15 were exercised.

d) Share purchase 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, May 31, 2020 | 29,941,175 | 0.19 |
| Issued | 12,143,417 | 0.14 |
| Exercised | (605,000) | 0.09 |
| Expired | (355,360) | 1.25 |
| Acquired on acquisition (Note 4) | 2,798,996 | 0.34 |
| Balance, February 28, 2021 | 43,923,228 | 0.18 |

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2021 and January 31, 2020
(Unaudited - Expressed in Canadian Dollars)

The following share purchase warrants were outstanding as at February 28, 2021:

| Outstanding | Weighted average Exercise price | Expiry date | Weighted average remaining life (in years) |
|-------------------|------------------------------------|-------------------|--|
| | \$ | | |
| 1,643,636 | 0.25 | December 21, 2021 | 0.81 |
| 23,925,000 | 0.20 | January 16, 2022 | 0.88 |
| 3,000,000 | 0.15 | January 16, 2022 | 0.88 |
| 2,941,175 | 0.20 | August 21, 2022 | 1.48 |
| 3,139,293 | 0.25 | October 6, 2022 | 1.60 |
| 698,691 | 0.25 | October 13, 2022 | 1.62 |
| 651,033 | 0.25 | October 29, 2022 | 1.67 |
| 3,799,800 | 0.075 | June 5, 2023 | 2.27 |
| 3,324,600 | 0.075 | June 18, 2023 | 2.30 |
| 800,000 | 0.125 | August 7, 2023 | 2.44 |
| 43,923,228 | 0.18 | | 1.25 |

Subsequent to February 28, 2021 a total of 100,000 warrants with an exercise price of \$0.075 were exercised.

e) Share-based payment expense and reserve

The share-based payments expense for the stock options that vested during the nine months ended February 28, 2021 was \$118,237 and for the nine months ended January 31, 2020 was \$223,670.

The Company granted 3,150,000 incentive stock options to directors, officers and consultants of the Company. The fair value of the stock options granted during the nine months ended February 28, 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

| | |
|-------------------------|-------|
| Risk free interest rate | 0.33% |
| Expected life in years | 5.0 |
| Expected volatility | 82% |
| Expected dividends | Nil |

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

The fair value of the 3,139,293 flow-through warrants within the flow-through units, valued at \$160,085 that were issued during the nine months ended February 28, 2021 pursuant to the October 2020 private placement described in Note 9(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

| | |
|-------------------------|-------|
| Risk free interest rate | 0.21% |
| Expected life in years | 2.0 |
| Expected volatility | 89% |
| Expected dividends | Nil |

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended February 28, 2021 and January 31, 2020

(Unaudited - Expressed in Canadian Dollars)

The fair value of the 205,033 warrants within the finders' units, valued at \$9,387 that were issued during the nine months ended February 28, 2021 as a finders' fee pursuant to the October 2020 private placement described in Note 9(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

| | |
|-------------------------|-------|
| Risk free interest rate | 0.21% |
| Expected life in years | 2.0 |
| Expected volatility | 90% |
| Expected dividends | Nil |

The fair value of the 554,400 broker warrants, valued at \$21,104 that were issued during the nine months ended February 28, 2021 pursuant to the June 2020 private placement described in Note 9(b) was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

| | |
|-------------------------|-------|
| Risk free interest rate | 0.32% |
| Expected life in years | 3.0 |
| Expected volatility | 89% |
| Expected dividends | Nil |

10. RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel are the Directors and Executive 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 and are reviewed and approved by the Company's Board. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the three and nine months ended February 28, 2021 and the three and nine months ended January 31, 2020:

- TruePoint Exploration Inc. ("TruePoint") is a privately held exploration service company that provides exploration and administrative services to the Company as well as to other exploration companies. Timothy Johnson, President and CEO of the Company, and another director of the Company, are minority shareholders of TruePoint. 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; and
- MVR Consulting Inc., a private company controlled by Michael Rowley, Director.

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended February 28, 2021 and January 31, 2020

(Unaudited - Expressed in Canadian Dollars)

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:

| | Three months ended | | Nine months ended | |
|---|----------------------|---------------------|----------------------|---------------------|
| | February 28, 2021 | January 31, 2020 | February 28, 2021 | January 31, 2020 |
| | \$ | \$ | \$ | \$ |
| Consulting and management fees ⁽¹⁾ | 80,820 | 38,600 | 144,256 | 104,963 |
| Share-based payments ⁽²⁾ | 7,937 | 16,684 | 31,845 | 70,450 |
| Exploration and administrative support costs ⁽³⁾ | 304,281 | 9,847 | 1,315,083 | 461,049 |
| | 393,038 | 65,131 | 1,491,184 | 636,462 |

¹ Consulting fees for the three and nine months ended February 28, 2021 and January 31, 2020 consisted of fees earned by key management personnel including the CEO and CFO.

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

³ Transactions with TruePoint for the nine months ended February 28, 2021 consisted of exploration expenditures (\$1,034,278), consulting fees (\$112,273), investor relations and corporate development fees (\$164,197) and other/office fees (\$4,335)

b) Related Party Balances

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

| | February 28, 2021 | May 31, 2020 |
|---|----------------------|-----------------|
| | \$ | \$ |
| Current assets – Due from related party | | |
| TruePoint, net ⁽¹⁾ | - | 112,504 |
| Tim Johnson | - | 754 |
| | - | 113,258 |
| Current liabilities – Due to related parties | | |
| TruePoint, net ⁽¹⁾ | 601,153 | - |
| TruePoint, Promissory note | 105,329 | - |
| Tim Johnson | 440 | - |
| 1111040 BC Ltd | 10,500 | 88,600 |
| MVR Consulting Inc. | 10,395 | - |
| Loy Chunpongtong | 17,333 | - |
| John Cummings | 115,000 | - |
| Other | - | 27,438 |
| | 860,150 | 116,038 |

¹ This amount was the net of cash advances made to TruePoint, partially offset by charges from TruePoint

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

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended February 28, 2021 and January 31, 2020
(Unaudited - Expressed in Canadian Dollars)

c) Insider Participation in Private Placements

A summary of insider participation in the Company's private placements for the nine months ended February 28, 2021 was as follows:

| October 2020 Private Placement | Number of Units | Price | Proceeds |
|--------------------------------|--------------------|-------|---------------|
| | | \$ | \$ |
| Timothy Johnson | 120,000 | 0.18 | 21,600 |
| Rebecca Moriarty | 14,900 | 0.145 | 2,161 |
| Michael Rowley | 42,000 | 0.18 | 7,560 |
| | <u>176,900</u> | | <u>31,321</u> |

11. 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 February 28, 2021 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.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. There have been no changes in any risk management policies since May 31, 2020.

12. SUPPLEMENTAL CASH FLOW INFORMATION

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

| | Three months ended | | Nine months ended | |
|--|----------------------|---------------------|----------------------|---------------------|
| | February 28, 2021 | January 31, 2020 | February 28, 2021 | January 31, 2020 |
| | \$ | \$ | \$ | \$ |
| Receivable | 24,251 | 35,347 | (42,558) | 7,754 |
| Due to / from related parties | (18,666) | 37,152 | 752,041 | 449,905 |
| Prepaid expenses | (15,536) | 32,489 | (5,100) | (234,030) |
| GST payable | - | - | - | 3,492 |
| Accounts payable and accrued liabilities | (200,615) | 31,520 | (945,195) | 126,256 |
| | <u>(210,566)</u> | <u>136,508</u> | <u>(240,812)</u> | <u>353,377</u> |

13. COMMITMENT

As a result of the issuance of FT shares in October 2020, the Company had a commitment to incur \$1,656,260 on qualifying Canadian exploration expenditures. At February 28, 2021, the Company had incurred \$1,128,588 of those qualifying expenditures.

In December 2020, in recognition of the impacts of COVID-19, the Canadian government drafted a legislative proposal to give Companies an additional twelve month period to incur eligible expenditures for flow-through agreements entered into before 2021. As a result, the qualifying expenditures for the issuance of FT in October 2020 are due to be incurred prior to December 31, 2022.

As a result of the issuance of FT shares on August 8, 2019, the Company had a commitment to incur \$500,000 on qualifying Canadian exploration expenditures on or before December 31, 2021 (before

GRANITE CREEK COPPER LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended February 28, 2021 and January 31, 2020

(Unaudited - Expressed in Canadian Dollars)

the drafted legislation discussed above). At February 28, 2021, the Company had incurred the full \$500,000 and none of the commitment was remaining.

14. 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 2021. 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.

15. SUBSEQUENT EVENT

The Company closed a private placement for aggregate gross proceeds of \$5,215,300 by issuing a total of 5,000,000 flow-through units, 10,075,000 non-flow-through units and 8,183,181 flow-through shares. Each non-flow-through unit and each flow-through unit consist of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one common non-flow-through share of the Company at an exercise price of \$0.30 for a period of 24 months following the closing date. At February 28, 2021, the Company had received subscriptions of \$107,600, net of issue costs related to the private placement.