Copperbank Resources Corp.

Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READERS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the accompanying condensed consolidated interim financial statements

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the Company’s management.

Copperbank Resources Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	June 30, 2018	December 31, 2017
		$	$
Assets			
Current assets			
Cash		422,721	83,607
Other receivable		56,706	52,464
Advance to Redhawk	1	44,250	-
Prepaid expenses and deposit		22,944	47,691
		546,621	183,762
Note receivable		-	8,326
Reclamation deposit	5	2,634	2,509
Resource properties	5	7,537,053	7,305,080
Total Assets		8,086,308	7,499,677
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		305,108	381,875
Due to related parties	6	34,458	29,994
		339,566	411,869
Shareholders' equity (deficiency)			
Share capital	4	18,235,502	17,141,602
Reserves		22,904,148	22,743,237
Deficit		(33,392,908)	(32,797,031)
		7,746,742	7,087,808
Shareholders' Equity and Liabilities		8,086,308	7,499,677

Nature of operations and going concern	1
Subsequent events	5(a), 10

Approved and authorized for issuance by the Board of Directors on August 27, 2018

"Tony Ricci"	*"Gianni Kovacevic "*
Director	Director

See accompanying notes to the condensed consolidated interim financial statements

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

	Note	Three months ended	June 30,	Six months ended	June 30,
		2018	2017	2018	2017
		$	$	$	$
Expenses					
Consulting and management fees		111,300	184,834	213,756	331,747
Filing fees and shareholders' services		6,188	10,152	17,436	16,114
Insurance		2,080	2,750	4,160	6,000
Geological consulting	5b	12,822	70	12,822	8,911
Office and administration		6,031	12,902	9,496	15,445
Promotion, advertisement and shareholder relations		54,597	21,086	75,400	30,586
Professional fees		30,835	35,757	41,113	46,355
Rental		2,232	13,853	20,134	22,434
Share-based compensation	4	93,200	139,100	160,600	192,700
Travel		23,117	2,187	40,960	26,584
Net loss		(342,402)	(422,691)	(595,877)	(696,876)
Other comprehensive loss:					
Exchange gain (loss) on translating foreign operations		8	(573)	311	(1,190)
Comprehensive loss		(342,394)	(423,264)	(595,566)	(698,066)
Loss per share, basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of outstanding shares		189,185,681	166,871,080	193,857,606	159,785,664

See accompanying notes to the condensed consolidated interim financial statements

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

	Common shares		Reserves					
	Number	**Amount**	**Warrants**	**Options**	**Other**	**Accumulated other comprehensive loss**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2016	145,614,830	13,519,605	2,672,391	209,409	16,182,235	3,190,271	(31,280,704)	4,493,207
Issuance of shares for debt	1,675,000	183,000	–	–	–	–	–	183,000
Issuance of shares for cash	26,666,667	2,294,360	–	–	–	–	–	2,294,360
Shared-based compensation	–	–	–	192,700	–	–	–	192,700
Translation from the foreign subsidiary	–	–	–	–	–	(1,190)	–	(1,190)
Net loss	–	–	–	–	–	–	(696,876)	(696,876)
June 30, 2017	**173,956,497**	**15,996,965**	**2,672,391**	**402,109**	**16,182,235**	**3,189,081**	**(31,977,580)**	**6,465,201**
December 31, 2017	182,831,788	17,141,602	2,749,991	621,735	16,182,235	3,189,276	(32,797,031)	7,087,808
Share-based compensation	–	–	–	160,600	–	–	–	160,600
Share issuance for cash	15,627,143	1,093,900	–	–	–	–	–	1,093,900
Translation from the foreign subsidiary	–	–	–	–	–	311	–	311
Net loss	–	–	–	–	–	–	(595,877)	(595,877)
June 30, 2018	**198,458,931**	**18,235,502**	**2,749,991**	**782,335**	**16,182,235**	**3,189,587**	**(33,392,908)**	**7,746,742**

See accompanying notes to the condensed consolidated interim financial statements

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

Six months ended June 30,	2018	2017
	$	$
Operating Activities		
Net loss for the period	(595,877)	(696,876)
Items not involving cash:		
Share issuance for consulting and management services	–	138,000
Share-based compensation	160,600	192,700
Changes in non-cash working capital:		
Prepaid expenses and deposits	24,747	(47,250)
Receivable and note receivable	3,959	4,137
Due to related party	4,464	(26,231)
Accounts payable and accrued liabilities	(76,767)	(199,189)
Cash Used in operating Activities	(478,874)	(634,709)
Financing Activities		
Shares issuance for cash	1,093,900	2,294,360
Cash provided by financing Activities	1,093,900	2,294,360
Investing Activities		
Advance to Redhawk	(44,250)	–
Expenditure of resource properties	(231,973)	(995,452)
Cash used in investing activities	(276,223)	(995,452)
Effect of change in foreign currency	311	–
Net Increase (Decrease) in Cash	339,114	664,199
Cash, Beginning of Period	83,607	47,316
Cash, End of Period	422,721	711,515

See accompanying notes to the condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Copperbank Resources Corp. (the "Company" or "CopperBank") was incorporated on October 21, 2014 under the *Business Corporations Act* (British Columbia). The Company's registered office is Suite 2080 - 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Company's head office and principal address is located at Suite 2706 - 1011 West Cordova Street, Vancouver, British Columbia, V6B 0C2. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "CBK", and its principal business is the acquisition and development of mineral properties.

Acquisition of business

In June 2018, The Company executed a definitive arrangement agreement ("Arrangement Agreement") pursuant to which CopperBank will acquire all of the issued and outstanding shares of Redhawk Resources Inc. ("Redhawk"), a company listed on the NEX board of TSX Venture Exchange. CopperBank's acquisition of Redhawk (the "Transaction") and its Copper Creek Project ("Copper Creek"), located in Arizona, represents a further continuation of the Company's copper consolidation business model and increases the Company's portfolio of copper development projects in the United States to four. The acquisition will be effected by way of a plan of arrangement completed under the Business Corporations Act (British Columbia) (the "Plan of Arrangement") wherein CopperBank will acquire all of the issued and outstanding shares of Redhawk in consideration for the issuance to each Redhawk shareholder of approximately 0.929 shares of CopperBank for each Redhawk share held. Upon completion of the Transaction, Redhawk will be a subsidiary of CopperBank, and CopperBank will be owned approximately 75% by current CopperBank shareholders and 25% by former Redhawk shareholders.

The Transaction will be carried out by way of a court-approved Plan of Arrangement and will be subject to the approval of Redhawk shareholders at a special meeting of Redhawk shareholders (the "Redhawk Meeting") which was obtained on August 20, 2018. The Transaction is also subject to receipt of applicable regulatory, court and stock exchange approvals, and the satisfaction of other closing conditions customary for transactions of this nature.

CopperBank also agreed to advance Redhawk $200,000 by way of a secured bridge loan (the "Bridge Loan") to cover expenses incurred by Redhawk prior to closing of the Transaction. The Bridge Loan will accrue interest at the rate of 5% percent per annum and mature on the earliest to occur of (i) the termination of the Arrangement Agreement prior to the completion of the Transaction, (ii) five business days following the completion of the Transaction, and (iii) the occurrence of an event of default as defined in the promissory note evidencing the Bridge Loan. Redhawk has granted a security interest in all of its present and after acquired personal property to secure its obligations under the Bridge Loan. As at June 30, 2018, the Company had advanced $44,250 with an additional $100,000 advanced subsequent to the period ended June 30, 2018.

Both parties have agreed to a termination fee upon the occurrence of certain terminating events, which in the case of Redhawk shall be a $400,000 cash payment to CopperBank, and in the case of CopperBank shall be forgiveness of the Bridge Loan that was advanced to Redhawk.

On completion of the Transaction, it is expected that Redhawk's common shares will be delisted from NEX and that CopperBank will apply to cause Redhawk to cease to be a reporting issuer under applicable Canadian securities laws. Certain shareholders, including directors and officers, of Redhawk, holding a total of 14.4% of the outstanding Redhawk common shares, have entered into voting and support agreements to, amongst other things, vote their shares held in favour of the Transaction.

As of the date of this report, the Transaction is yet to complete.

Going concern

These condensed consolidated interim financial statements have been prepared based on accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. The Company has recurring losses since inception. The Company will require

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

Going concern (continued)

additional financing either through equity or debt financing, sale of assets, joint venture arrangements or a combination thereof to meet its administrative costs and to continue to explore and develop its mineral properties. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of material uncertainties that cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern is in significant doubt.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and maintain an adequate level of financial resources to discharge its ongoing obligations. Management seeks to raise capital, when necessary, to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful, as it is dependent on prevailing capital market conditions and the availability of other financing opportunities.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements together with the comparative figures herein have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements do not include all the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended December 31, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements incorporate the accounts of the Company and its wholly owned subsidiaries, Enexco International Inc. ("Enexco US") (Nevada), 1016079 B.C Ltd. (British Columbia) and Copperbank Resources Alaska Inc. (Alaska). A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.

Adoption of new accounting policies

The Company has not changed its accounting policies since its recent year ended December 31, 2018 and has applied accounting policies consistently for all periods presented except the adoption of IFRS 9 commencing January 1, 2018.

<u>IFRS 9 *Financial Instruments*</u>

IFRS 9 has replaced IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: “amortized cost”, “fair value through other comprehensive income”, or “fair value through profit or loss” (default). Equity instruments are classified and measured as “fair value through profit or loss” unless upon initial recognition elected to be classified as “fair value through other comprehensive income”. When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity’s own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at “amortized cost” or “fair value through other comprehensive income”, lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The are no impacts to the Company’s financial statements for the adoption of IFRS.

Accounting standards issued but not yet adopted

IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Applicable to the Company’s annual period beginning January 1, 2019.

(Unaudited - Expressed in Canadian dollars)

4. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

In May 2018, the Company closed a private placement and issued 15,627,143 common shares at $0.07 per share for gross proceeds of $1,093,000. No fees were paid with this financing. The Company intends to use the proceeds to advance its Alaska portfolio of projects and for general working capital and corporate purposes.

c) Warrants

There were no warrant issuances nor exercise during the six months ended June 30, 2018. Continuity is as follow:

	Number outstanding	Expiry date	Exercise price
Outstanding and exercisable, December 31, 2016	74,238,001	October 20, 2019	$0.50 per share
Issued	5,173,366	August 21, 2022	$0.25 per share
Outstanding and exercisable, December 31, 2017 and June 30, 2018	79,411,367		

As at June 30, 2018, the weighted average exercise price and remaining life of these warrants was $0.48 (2017/12/31 - $0.48) per share and 1.49 (2017/12/31 – 1.99) years.

d) Options

The Company has a “rolling” stock option plan (the “Plan”) that allows the Company to grant options to its employees, directors, consultants and officers. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the applicable stock exchange. The Plan allows for a maximum of 10% of outstanding shares to be issued.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or officer, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of death, the option terminates at the earlier of twelve months after the date of death and the expiration of the option period.

Continuity is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2016	4,350,000	$0.09
Granted	7,300,000	$0.10
Cancelled	(1,700,000)	$0.10
Outstanding, December 31, 2017	9,950,000	$0.10
Granted	9,350,000	$0.10
Outstanding, June 30, 2018	19,300,000	$0.10
Exercisable, June 30, 2018	8,950,000	$0.10

(Unaudited - Expressed in Canadian dollars)

4. SHARE CAPITAL (Continued)

As at June 30, 2018, the following stock options were outstanding:

Expiry Date	Exercise Price	Outstanding	Exercisable
February 5, 2020	$ 0.10	2,050,000	2,050,000
June 8, 2020	$ 0.10	500,000	500,000
April 11, 2021	$ 0.05	500,000	500,000
February 24, 2022	$0.10	6,250,000	3,125,000
July 28, 2022	$0.13	650,000	162,500
May 10 to May 21, 2023	$0.10	9,350,000	-
		19,300,000	6,337,500

The remaining contractual life of the Company's options as at June 30, 2018 was 4.00 (2017/12/31 – 3.63) years.

5. RESOURCE PROPERTIES

a) Pyramid property, Alaska

Balance, December 31, 2016	$ 4,634,075
Annual option fees and maintenance of permit	145,359
Infrastructure study	44,927
Report and analysis	85,945
Drilling	2,394,774
Balance, December 30, 2017	7,305,080
Annual option fees and maintenance of permits	197,130
Report and analysis	23,305
Management and study	11,538
Balance, June 30, 2018	$ 7,537,053

Option agreement with TAC

The Company, through an amalgamation with Full Metal Minerals (USA) Inc. ("Full Metal"), acquired its interest in the Pyramid Project in 2014. Full Metal has an option agreement ("Pyramid Agreement") with The Aleut Corporation ("TAC"), an Alaska Regional Native Corporation for the acquisition of a 100% interest in subsurface mineral rights covering the Pyramid project.

The commitment related to the Pyramid property is as follows:

1) Pay the following cash payments:

Date (on or before)	Amount (USD)$	
January 1, 2011	35,000	(paid)
January 1, 2012	40,000	(paid)
January 1, 2013	45,000	(paid)
January 1, 2014	50,000	(paid)
January 1, 2015	55,000	(paid)
January 1, 2016	60,000	(paid)
January 1, 2017	60,000	(shares issued in lieu of cash in 2016)

5. RESOURCE PROPERTIES (Continued)

a) Pyramid property, Alaska (continued)

In addition to the cash payment above, the Company agrees that during the option period, the Company will pay US$20,000 per period noted above for the rights to use materials on the property.

2) Incur $4,500,000 of exploration expenditures by December 31, 2016, which has been met.

At any time prior to December 31, 2016, the Company could have entered a mining lease with TAC. Upon entry into the mining lease, the Company will make annual advanced royalty payments escalating from US$25,000 in the first year to US$400,000 on the sixteenth anniversary and subsequent years. In the event of the Company delivering a feasibility study, the Company will transfer 100,000 of its own common shares to TAC, subject to approval from the TSX Venture Exchange. Upon commencement of commercial production, the Company will pay a net smelter return ("NSR") royalty to TAC of 2.5% for all commodities, except for gold and other precious metals. For gold and other precious metals, the Company will pay a sliding scale NSR royalty of 2% to 5% depending on the price of gold.

The Company has not entered a mining lease with TAC as at December 31, 2017.

3) On January 4, 2018, the Company entered into a first amendment ("First Amendment") to the Pyramid Agreement. The First Amendment is effective December 31, 2017. The exploration area has been modified to a division into the Pyramid District Lands ("Pyramid Lands") and San Diego Bay District ("SDB Lands"). The option period has been modified to (i) December 31, 2019 for the Pyramid Lands and (ii) December 31, 2020 for the SDB Lands. The following additional option payments and minimum exploration expenditures are required:

(i) Option Payments

- Before March 10, 2018, the Company shall pay TAC US$65,000 in cash (Paid in May 2018);
- Before March 10, 2019, the Company shall pay TAC US$70,000 in cash; and
- Before March 10, 2020, the Company shall pay TAC US$70,000 in cash.

(ii) Exploration Expenditures

- For the year ending December 31, 2018, the Company shall spend (i) US$1,000,000 on the Pyramid Lands and (ii) US$300,000 on the SDB Lands;
- For the year ending December 31, 2019, the Company shall spend (i) US$1,000,000 on the Pyramid Lands and (ii) US$300,000 on the SDB Lands; and
- For the year ending December 31, 2020, the Company shall spend (i) US$500,000 on SDB Lands.

4) Subsequent to the period ended June 30, 2018, the exploration expenditures were further amended as follows:

- During the period January 1, 2018 to December 31, 2019, the Company shall spend (i) at least $2 million on the Pyramid Lands and (ii) at least $600,000 on the SBC Lands;
- during the year January 1 to December 31, 2020, the Company shall spend at least $500,000 on the SBC Lands.

5. RESOURCE PROPERTIES (Continued)

a) Pyramid property, Alaska (continued)

Option agreement with Antofagasta Minerals

On August 6, 2010, Full Metal entered into an option agreement with Antofagasta Minerals to explore the Pyramid property claims. Antofagasta Minerals can earn an initial 51% interest by fulfilling the following:

1) Pay a total of US$200,000 by August 20, 2014 (received); and
2) Incur a total of US$6,000,000 in exploration expenditures by August 20, 2014 (incurred).

During the year ended May 31, 2013, Antofagasta Minerals completed all required cash payments and exploration expenditures, and therefore earned a 51% interest in the Pyramid property. All exploration expenditures were incurred by the Company and subsequently reimbursed by Antofagasta Minerals. The schedule of Pyramid mineral property costs does not include these costs.

Antofagasta Minerals can further earn an additional 14% interest for a total aggregate 65% interest by preparing and delivering at its sole cost, a scoping study costing a minimum of US$4,000,000 in expenditures within two years of earning a 51% initial interest. Antofagasta Minerals can then earn an additional 15% interest for a total 80% interest by funding at its sole cost a feasibility study on the Pyramid property project within two years after obtaining the additional 15% interest. Antofagasta Minerals is also required to reimburse the Company for certain of its obligations relating to the Aleut Agreement – Pyramid, the Shumagin Letter Agreement and the TDX Agreement (collectively, the "Property Agreements").

Reacquisition of Antofagasta Minerals' interest

March 5, 2014 (the "Assignment Date"), Full Metal reacquired the 51% interest in the Pyramid property (the "Assignment Agreement") previously earned by Antofagasta Minerals under the 2010 option agreement discussed above.

i. Certain provisions in the Assignment Agreement, if triggered, would require the First Assignment Payment to become due and payable within 15 days after the occurrence of an accelerating event. The accelerating event is defined in the Assignment Agreement as not maintaining in good standing, one or all, the Property Agreements, with the term "good standing" having a meaning as defined in each of the Property Agreements regarding the terms and conditions of default.

ii. Shumagin Agreement – Pyramid Surface Rights:

    On August 5, 2011, Full Metal and Shumagin Corporation, an Alaska Native Village Corporation, signed an agreement for a surface rights mining Exploration Agreement and Option to Lease in respect of the Pyramid property. The agreement terms include annual cash payments totaling US$290,000 through December 31, 2016 (paid).

In February 2018, the Company entered into a first amendment to the Assignment Agreement. The First Amendment is effective December 31, 2017. The following additional option payments are required:

- Before March 10, 2018, the Company shall pay Shumagin US$80,000 in cash (Paid in May 2018);
- Before March 10, 2019, the Company shall pay TAC US$80,000 in cash; and
- Before March 10, 2020, the Company shall pay TAC US$80,000 in cash.

(Unaudited - Expressed in Canadian dollars)

5. RESOURCE PROPERTIES (Continued)

a) Pyramid property, Alaska (continued)

Reacquisition of Antofagasta Minerals' interest (continued)

iii. TDX Agreement – Pyramid Surface Rights:

On July 15, 2010, Full Metal and TDX Pyramid LLC ("TDX Pyramid"), an affiliate of an Alaska Native Village Corporation, signed an Exploration Agreement with Option to Lease covering surface lands at the Pyramid property. Under this agreement, the Company must make an initial option payment of US$15,000 (paid by Antofagasta Minerals) upon the effective date of the agreement, and annual cash payments totaling US$171,000 over seven years, of which US$52,000 has been paid from 2012 through 2014 (paid by Antofagasta Minerals). At any time prior to December 31, 2016, the Company may enter into a Lease Agreement with TDX Pyramid. On or before the effective date of the lease and then on or before each anniversary during the term of the lease until there is commercial production, the Company shall pay to TDX Pyramid an annual rental equal to 10% of the fair market value of the lease area.

The Company terminated the surface right agreement during 2016 with US$100,000 (paid)

In July 2017, the Company entered into an amendment for the Assignment Agreement with respect to its interest in the Pyramid Property with Antofagasta Minerals. Total consideration, after the amendment is comprised of the following:

- Payment of US$ 150,000 cash and issuance of 1,000,000 common shares of the Company to Antofagasta Minerals by March 4, 2019.
- Payment of US$ 5,500,000 cash upon the occurrence of a construction decision in respect of the Pyramid Project.
- Payment of US$2,500,000 cash upon the commencement of commercial production in respect of the Pyramid Project.

b) Contact Property, Nevada

The Company owns a 100% interest in the Contact property located in Elko County, Nevada.

The Company has deposited $2,579 (2017 - $2,509) with the Bureau of Land Management, Nevada, for potential reclamation costs. This property was fully impaired during fiscal 2015. Since the impairment, the Company has been paying all the required permit maintenance to maintain the title in good standing.

6. RELATED PARTY TRANSACTIONS

For the six months ended June 30, 2018 and 2017, the Company incurred the following transactions with key management members and the directors of the Company:

	Nature	2018 $	2017 $
Key management	Rent	6,000	12,000
Key management	Management fees	188,781	175,000
Directors	Technical services for the mineral properties	20,191	-
Key management and directors	Share-based payments	116,687	110,000

Included in the Company's due to related party is an amount owing to key management members and directors of $34,458 (2017/12/31 - $29,994). Due to related party has the same terms as the Company's trade payable, which is unsecured and non-interest-bearing and due with no specific terms.

7. NOTE RECEIVABLE

During the year ended December 31, 2016, the Company sold a vehicle that was fully depreciated for total proceeds of US$25,000. The Company received US$10,000 cash, $1,000 rent credits and a US$14,000 promissory note. The promissory note was paid through the issuance of a five-year note receivable bearing interest at 4% per annum for US$14,000, with blended monthly payments of $257. As at June 30, 2018, the note was fully repaid.

8. SEGMENTED INFORMATION

The Company operates primarily in one business segment, which is the exploration and development of resource properties located in the United States. The Company's non-current assets was $7,539,687 (2017/12/31 - $7,307,589), which comprised mainly of resource properties and a reclamation bond that are in the United States.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to several financial and market risks, including credit, interest rate, liquidity and commodity risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of cash flow of its operations would warrant such hedging activities. There was no change in the management of the financial risks compared to the recent year ended December 31, 2017.

Fair value

Financial assets and liabilities that are recognized on the statement of financial position at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are: Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company does not have financial instruments that are required to be measured at their fair values.

The Company's financial instruments consists of cash and cash equivalents, other receivable (net of GST receivable), accounts payable and accrued liabilities, and due to related parties, which are classified as financial instruments measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

10. EVENTS AFTER THE REPORTING DATE

The Company cancelled 500,000 incentive stock options with an exercise price of $0.10 per share and expiry date on February 24, 2022.