Copperbank Resources Corp.

Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2019 and 2018

(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, 2019**	**December 31, 2018**
		$	$
Assets			
Current assets			
Cash		163,768	153,399
Other receivable		72,877	60,604
Prepaid expenses and deposit		50,469	13,500
		287,114	227,503
Property and equipment	6	227,638	244,981
Reclamation deposit	4	8,500	8,805
Resource properties	4	12,776,805	12,634,035
Total Assets		13,300,057	13,115,324
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		399,162	603,824
Note payable, current	4 (c)	65,435	68,210
Obligation to issue shares	5 (b)	29,023	20,000
Due to related parties	7	3,572	14,072
		497,192	706,106
Convertible debenture	8	263,000	-
Note payable, non-current	4 (c)	65,435	68,210
		825,627	774,316
Shareholders' equity (deficiency)			
Share capital	5	24,107,337	23,491,379
Reserves		23,707,641	23,431,322
Deficit		(35,340,548)	(34,581,693)
		12,474,430	12,341,008
Shareholders' Equity and Liabilities		13,300,057	13,115,324
Nature of operations and going concern	1		
Subsequent events	11		

Approved and authorized for issuance by the Board of Directors on ___________

"Gavin Dirom"
Director

"Gianni Kovacevic "
Director

See accompanying notes to the condensed consolidated interim financial statements

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

	Note	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
				$	$
Expenses:					
Amortization		1,855	-	7,455	-
Consulting and management fees		87,024	124,122	249,447	226,578
Filing fees and shareholders' services		11,072	6,188	17,994	17,436
Insurance		3,053	2,080	4,053	4,160
Rental		6,484	2,232	11,572	20,134
Office and administration		45,790	6,031	54,470	9,496
Promotion, advertisement and shareholder relations		51,044	54,597	76,788	75,400
Professional fees		18,798	30,835	28,611	41,113
Share-based compensation	5	126,790	93,200	262,110	160,600
Travel		21,368	23,117	46,355	40,960
Net loss		(373,278)	(342,402)	(758,855)	(595,877)
Other comprehensive income (loss):					
Exchange gain (loss) on translating foreign operations		39,580	8	14,209	311
Comprehensive loss		**(333,698)**	**(342,394)**	**(744,646)**	**(595,566)**
Loss per share, basic and diluted		**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**
Weighted average number of outstanding shares		**287,113,089**	**189,185,681**	**281,347,828**	**193,857,606**

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	**2019**	**2018**
	$	$
Operating Activities		
Net loss for the period	(758,855)	(595,877)
Items not involving cash		
Amortization	7,455	-
Share-based compensation	262,110	160,600
Changes in non-cash working capital		
Obligation to issue shares	9,023	–
Prepaid expenses and deposits	(47,469)	24,747
Receivable and note receivable	(12,273)	3,959
Due to related party	–	4,464
Accounts payable and accrued liabilities	(178,591)	(76,767)
Cash Used in Operating Activities	(718,600)	(478,874)
Financing Activities		
Issuance of a convertible debenture	263,000	–
Shares issuance for cash	535,958	1,093,900
Cash provided by Financing Activities	798,958	1,093,900
Investing Activities		
Advance to Redhawk	-	(44,250)
Expenditure of resource properties	(66,509)	(231,973)
Cash Used in Investing Activities	(66,509)	(276,223)
Effect of change in foreign currency	(3,480)	311
Net Increase (Decrease) in Cash	10,369	339,114
Cash, Beginning of Period	153,399	83,607
Cash, End of Period	**163,768**	**422,721**

See accompanying notes to the condensed consolidated interim financial statements

Copperbank Resources Corp.
Condensed consolidated interim statements of changes in equity
(Unaudited - Expressed in Canadian dollars)

	Common shares		**Reserves**					
	Number	**Amount**	**Warrants**	**Options**	**Other**	**Accumulated other comprehensive loss**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**	**$**	**$**
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
Shares issued for debt settlement	–	–	–	–	–	–	–	–
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**
December 31, 2018	278,456,541	23,491,379	2,776,475	1,288,263	16,182,235	3,184,349	(34,581,693)	12,341,008
Share-based compensation	–	–	–	262,110	–	–	–	262,110
Share issuance for cash	7,656,548	535,958		–	–	–	–	535,958
Shares issued for mineral property option payment	1,000,000	80,000	–	–	–	–	–	80,000
Translation from the foreign subsidiary	–	–	–	–	–	14,209	–	14,209
Net loss	–	–	–	–	–	–	(758,855)	(758,855)
June 30, 2019	**287,113,089**	**24,107,337**	**2,776,475**	**1,550,373**	**16,182,235**	**3,198,558**	**(35,340,548)**	**12,474,430**

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.

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 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, 2018.

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") (USA), 1016079 B.C Ltd. (Canada), Copperbank Resources Alaska Inc. (USA), Redhawk Resources, Inc. (Canada), Redhawk Copper Inc. (USA), Redhawk Resources (USA), Inc., and

(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

Copper Creek Project LLC (USA). 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 prior year ended December 31, 2018 and has applied accounting policies consistently for all periods presented except the adoption of IFRS 16 “Lease” commencing January 1, 2019.

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 adoption of IFRS 16 has no material impacts to the Company’s financial statements.

4. RESOURCE PROPERTIES

The continuity of the mineral properties is as follows:

	Pyramid	Copper Creek	Total
	$	$	$
Balance, December 31, 2018	7,569,692	5,064,343	12,634,035
Annual option fees and maintenance of permits (Note 4a)	113,533	32,977	146,510
Effect of change in foreign exchange rate	-	(3,740)	(3,740)
Balance, June 30, 2019	7,683,225	5,093,580	12,776,805

a) Pyramid property, Alaska

<u>Option agreement with TAC</u>

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.

4. RESOURCE PROPERTIES (Continued)

a) Pyramid property, Alaska (continued)

The commitment related to the Pyramid property is as follows:

1) Pay totally $345,000 in cash or shares of the Company from 2011 to 2017 (Paid); and

2) Incur $4,500,000 of exploration expenditures by December 31, 2016 (Incurred).

In addition to the payments disclosed 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.

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);
- 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 (*).

**The Company is currently negotiating with the Optionor for a further amendment of the agreement for a further deferral of the option and exploration expenditure.*

(ii) Exploration Expenditures

During the year ended December 31, 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 US$2,000,000 on the Pyramid Lands and (ii) at least US$600,000 on the SDB Land(*);
- During the year January 1 to December 31, 2020, the Company shall spend at least US$500,000 on the SDB Land(*).

**The Company is currently negotiating with the Optionor for a further amendment of the agreement for a further deferral of the option and exploration expenditure.*

<u>Option agreement with Antofagasta Minerals</u>

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.

4. RESOURCE PROPERTIES (Continued)

a) Pyramid property, Alaska (continued)

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").

<u>Reacquisition of Antofagasta Minerals' interest</u>

On 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 Exploration Agreement with Option to Lease with Shumagin Corporation. The First Amendment was effective December 31, 2017. Unless the Exploration Agreement is sooner terminated before the option period ended date (December 31, 2020), Copperbank shall make the following additional option payments on or before the dates set forth below:

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

** The Company is currently negotiating with the Optionor for a further amendment of the agreement for a further deferral of the option and exploration expenditure.*

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. The Company paid US$25,000 cash and issued 1,000,000 shares (with the fair value of $80,000) in March 2019. The balance US$125,000 is to be paid in a single transaction, at any time by March 4, 2020, with interest to be charged on such amount daily commencing on March 5, 2019 until such payment is made, at an annual interest rate of 10%.
- 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.

4. RESOURCE PROPERTIES (Continued)

b) Contact Property, Nevada

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

This property was fully impaired during fiscal 2015. The Company has not incurred expenditure for the maintenance of the permit during the three months ended March 31, 2019.

c) Copper Creek Mineral Properties, Arizona

i) The Company acquired 100% of the Copper Creek Project through the acquisition of Redhawk Resources Inc. ("Redhawk") with a value of $4,955,328 during the third quarter of 2018.

ii) D & G Mining Agreement - In November 2005, Redhawk entered into a lease-to-purchase agreement with a third party for additional property within the Copper Creek boundaries. Redhawk paid US$80,000 in both 2006 and 2007 and was required to pay US$100,000 in November 2008 and annually thereafter until the end of year fifteen. In May 2018, the agreement was amended to reduce the annual payments to US$50,000. As at June 30, 2019, the Company has paid $32,717 (US$25,000) for 2019.

Redhawk has the option to purchase the property for US$3,000,000. Commencing January 1, 2022, 50% of the yearly lease payments made prior to exercising the option to purchase will be applied against the purchase price in the event that Redhawk exercises its property purchase option.

iii) Freeport Mineral Corporation Agreement - In April 2007, Redhawk entered into a purchase agreement with Freeport Mineral Corporation ("Freeport") to acquire additional mining claims within the Copper Creek boundaries. The additional mining claims are subject to a 1% Net Smelter Return royalty.

In conjunction with Redhawk's acquisition of mining claims from Freeport, Redhawk entered into a promissory note. The promissory note with the principal amount of US$1,525,594 is repayable over 11 years and bears interest at 5% per annum. On May 30, 2018, Redhawk entered into an amendment to the Fourth Workout Agreement with Freeport. The substance of the amended agreement is a conversion of interest and principal owing to Freeport into production decision royalty payments. The total will be US$3,000,000 paid in six equal annual instalments of US$500,000 per annum. The payments are contingent upon Redhawk or successors achieving a defined commercial production of minerals.

As a result of this amendment, no liabilities in connection with this promissory note has been recorded as at March 31, 2019 and December 31, 2018.

iv) Morgan Agreements - In December 2012, Redhawk acquired patented land from two unrelated parties for total consideration of US$1.2 million. As at December 31, 2018, Redhawk is required to pay $65,435 (US$50,000) in 2019 (current) and another $65,435 (US$50,000) in 2020 (non-current)

5. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

(Unaudited - Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

b) Issued and outstanding

In March 2019 the Company closed a private placement, issuing 7,656,548 common shares at a price of $0.07 per share for net proceeds of $535,958.36.

In March 2019 the Company issued 1,000,000 common shares to Antofagasta Minerals S.A. to satisfy the July 28, 2017 assignment agreement.

During the six months ended June 30, 2019, the Company received consulting and management services for $9,023 agreed to be paid in common shares of the Company. These shares are yet to be issued and represent an obligation to issue shares at year-end. The accumulated obligation to issue shares was $29,023 as at June 30, 3019 (December 31, 2018 - $20,000).

c) Warrants

Continuity is as follows:

	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	79,411,367		
Assumed on acquisition of Redhawk (Note 4)	356,089	March 14, 2019	$0.21 per share
Assumed on acquisition of Redhawk (Note 4)	3,762,102	August 24, 2019	$0.08 per share
Outstanding and exercisable, December 31, 2018	83,529,558		
Expired	(356,089)	March 14, 2019	$0.21 per share
Outstanding and exercisable, June 30, 2019, 2019	83,173,469		

As at June 30, 2019, the weighted average exercise price and remaining life of these warrants was $0.47 per share and 0.48 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 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. During the three months ended March 31, 2019, the Company incurred share-based compensation of $262,110 (2018 - $160,600) in connection with options granted. The Company used Black Scholes option pricing model and the following assumptions to determine the fair values of the stock options granted in the year:

	2019	2018
Risk-free interest rate	2.22%	2.22%
Expected life of the option	5 years	5 years
Annualized volatility	230%	238%
Dividend Rate	0.00 %	0.00 %

(Unaudited - Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

d) Options (continued)

As at June 30, 2019, 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	5,750,000	5,750,000
July 28, 2022	$0.13	650,000	487,500
May 10 to May 21, 2023	$0.10	9,350,000	4,675,000
February 28, 2024	$0.10	2,000,000	-
		20,800,000	13,962,500

Continuity of the option outstanding is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2017	9,950,000	$0.10
Granted	9,350,000	$0.10
Assumed on acquisition of Redhawk Resources Corp.	3,344,139	$0.14
Cancelled	(500,000)	$0.10
Outstanding, December 31, 2018	22,144,139	$0.11
Expired	(3,344,139)	$0.14
Granted	2,000,000	$0.10
Outstanding, June 30, 2019	20,800,000	$0.10
Exercisable, June 30, 2019	13,962,500	$0.10

The remaining contractual life of the Company's options as at June 30, 2019 was 3.14 (2018-12-31 – 3.39) years.

(Unaudited - Expressed in Canadian dollars)

6. PROPERTY AND EQUIPMENT

Continuity of the Property and equipment is as follows:

	Building	Land	Total
	$	$	$
Cost			
Balance, December 31, 2018	225,344	34,106	259,450
Foreign exchange adjustment	(9,030)	(1,388)	(10,418)
Balance, June 30, 2019	216,314	32,718	249,032
Amortization			
Balance, December 31, 2018	14,469	-	14,469
Addition	7,455	-	7,455
Foreign exchange adjustment	(530)	-	(530)
Balance, June 30, 2019	21,394	-	21,394
Net book value			
Balance, December 31, 2018	210,875	34,106	244,981
Balance, June 30, 2019	194,920	32,718	227,638

7 RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2019 and 2018, the Company incurred the following transactions with key management members and the directors of the Company:

Six months ended June 30,	Nature	2019	2018
		$	$
Key management	Rent	-	6,000
Key management	Management fees	155,250	188,781
	Technical services for the mineral properties	-	20,191
Key management and directors	Share-based payments	187,996	116,687

As at June 30, 2019, amount due to related party comprised of amounts owing to key management members of $3,572 (2018-12-31 - $14,072). 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.

8 CONVERTIBLE DEBENTURE

On June 17, 2019 the Company closed a non-brokered private placement offering (the "Private Placement") of convertible debentures ("CDs") for gross proceeds of $263,000. Each CD has an issue price of $1,000, a term of two years from the date of issuance and bears an interest at a rate of 15% per annum, calculated monthly and payable monthly in cash with the first payment being due on July 14, 2019 and will mature and be payable on June 14, 2021. Each Debenture is convertible into common shares of the Company at the option of the holder at any time prior to maturity at a conversion price of $0.07 per common share. CDs must be converted in minimum amounts of $1,000. The Company will have the option to redeem the CDs, in whole or in part, at any time prior to the maturity date, on not more than 60 days' and not less than 30 days' prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, provided that if such redemption is completed prior to the date that is 12 months after the date of issuance of the CDs, the Company shall pay the holders of the redeemed CDs a redemption fee in cash equal to 15% of the principal amount of such redeemed Debentures, less the amount of any interest previously paid in respect of such redeemed CDs.

The Company considers these CDs amortized cost financial instrument.

9 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 were $13,012,943 (2018-12-31- $12,887,821), which comprised mainly of resource properties, property and equipment, and reclamation bonds that are in the United States.

10. 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, 2018.

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents. The Company mitigates its exposure to credit loss associated with cash and cash equivalents by placing its cash and cash equivalents in a major financial institution. As at June 30, 2019, the Company had cash equivalents of $2,300 in term deposits (2018 - $2,300).

Liquidity risk
Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts, which are available on demand. The Company manages its liquidity risk mainly through raising funds from private placements and amounts from related parties.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

Commodity risk
The Company is subject to commodity price risk arising from the fluctuation of metal price beyond the Company's control. The Company may have difficulties to identify and acquire economically viable projects for the Company to invest in if metal prices are depressed in an extended period.

Interest rate risk
The Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As of June 30, 2019 and December 31, 2018, the Company has no interest-bearing debt with long-term maturities and variable interest rate, and therefore does not believe that interest rate risk is significant. The Company does not use derivative instruments to reduce its interest rate risk as the Company's management believes that the likely financial impact of interest rate changes does not justify using derivatives.

(Unaudited - Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at June 30, 2019 and December 31, 2018, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

	June 30, 2019	December 31, 2018
Cash	US$ 114,000	US$ 7,783
Canadian dollar equivalent	$ 149,190	$ 10,608

A 5% change in the US dollar against the Canadian dollar at June 30, 2019 would result in a change of approximately $7,460 in comprehensive loss.

11. SUBSEQUENT EVENTS

On August 12, 2019 the Company proposed a non-brokered private placement of up to 16,000,000 shares at a price of $0.06 per share. The private placement is subject to the approval of the Canadian Securities Exchange and the Company intends to use the net proceeds to maintain its portfolio of projects as well as general working capital.