Copperbank Resources Corp.

Condensed Consolidated

Interim Financial Statements

Three and Six Months ended June 30, 2021 and 2020

(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, 2021**	**December 31, 2020**
		$	$
Assets			
Current assets			
Cash		23,691	36,407
Other receivable		19,718	22,908
Prepaid expenses and deposit		10,728	30,798
		54,137	90,113
Property and equipment	6	188,548	200,994
Reclamation deposit	4	8,237	8,356
Resource properties	4	5,711,221	5,576,579
Total Assets		5,962,143	5,876,042
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		210,766	366,524
Convertible debenture		–	263,000
Note payable, current		–	63,660
Due to related parties	7	49,000	88,950
		259,766	782,134
Loans payable	9	40,000	175,599
		299,766	957,733
Shareholders' equity (deficiency)			
Share capital	5	26,998,642	25,478,317
Reserves		24,242,454	24,187,349
Deficit		(45,578,719)	(44,747,357)
		5,662,377	4,918,309
Shareholders' Equity and Liabilities		5,962,143	5,876,042
Nature of operations and going concern	1		

Approved for issuance by the board of directors on August 27, 2021

"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)

	Three months ended June 30,		**Six months ended June 30,**	
	2021	2020	2021	2020
	$	$	$	$
EXPENSES				
Amortization	3,405	3,463	7,110	6,825
Consulting and management fees (Note 7)	99,500	87,166	194,000	182,386
Mineral property maintenance and consulting	9,603	-	14,985	8,186
Filing fees and shareholders' services	7,549	7,646	14,065	10,298
Insurance	3,774	1,500	6,051	3,000
Office and administration	26,185	13,273	54,680	27,538
Professional fees	38,852	9,822	45,442	32,474
Promotion, advertisement and shareholder relations	169,135	351	285,780	35,609
Share-based compensation (Note 5)	114,725	24,446	227,672	65,255
Travel	-	681	1,307	32,695
Loss from operations	(472,728)	(148,348)	(851,092)	(404,266)
Gain from settlement of convertible debenture (Note 8)	19,730		19,730	-
Net loss	**(452,998)**	**(148,348)**	**(831,362)**	**(404,266)**
Other comprehensive loss:				
Exchange gain (loss) on translating foreign operations	(24,927)	(252,559)	(29,567)	262,505
Comprehensive loss	**(477,925)**	**(400,907)**	**(860,929)**	**(141,761)**
Loss per share, basic and diluted	**(0.01)**	**(0.00)**	**(0.01)**	**(0.00)**
Weighted average number of outstanding shares	81,511,526	76,247,877	80,360,069	76,671,523

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 comprehehsive loss**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2019	73,778,272	24,587,337	2,776,475	1,695,444	16,182,235	3,228,548	(43,687,676)	4,782,363
Share-based compensation	–	–	–	65,255	–	–	–	65,255
Share issuance for cash	2,379,083	570,980		–	–	–	–	570,980
Shares issued for mineral property option payment	250,000	70,000	–	–	–	–	–	70,000
Translation from the foreign subsidiary	–	–	–	–	–	262,505	–	262,505
Net loss	–	–	–	–	–	–	(404,266)	(404,266)
June 30, 2020	**76,407,355**	**25,228,317**	**2,776,475**	**1,760,699**	**16,182,235**	**3,491,053**	**(44,091,942)**	**5,346,837**
December 31, 2020	**77,657,355**	**25,478,317**	**2,776,475**	**1,998,038**	**16,182,235**	**3,230,601**	**(44,747,357)**	**4,918,309**
Share-based compensation (Note 5)	–	–	–	227,672	–	–	–	227,672
Share issuance for cash (Note 5)	3,592,358	1,257,325	–	–	–	–	–	1,257,325
Shares issued for option exercise (Note 5)	362,500	263,000	–	(143,000)	–	–	–	120,000
Translation from the foreign subsidiary	–	–	–	–	–	(29,567)	–	(29,567)
Net loss	–	–	–	–	–	–	(831,362)	(831,362)
June 30, 2021	**81,612,213**	**26,998,642**	**2,776,475**	**2,082,710**	**16,182,235**	**3,201,034**	**(45,578,719)**	**5,662,377**

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,	**2021**	**2020**
	$	$
Operating Activities		
Net loss for the period	(831,362)	(404,266)
Items not involving cash		
Amortization	7,110	6,825
Gain from convertible debenture repayment	(19,730)	-
Share-based compensation	227,672	65,255
Changes in non-cash working capital		
Accounts payable and accrued liabilities	(154,705)	(19,728)
Due to related party	(39,950)	(46,000)
Receivable	3,190	24,883
Obligation to issue shares	-	(70,000)
Prepaid expenses and deposits	20,070	(18,221)
Cash Used in Operating Activities	(787,705)	(461,252)
Financing Activities		
Repayment of convertible debenture	(243,270)	
Repayment of loan payable	(135,599)	–
Proceeds from loan payable	-	40,000
Repayment of note payable	(62,608)	(34,125)
Shares issuance	1,377,325	570,980
Cash provided by Financing Activities	935,848	576,855
Investing Activities		
Expenditure of resource properties	(160,135)	(36,803)
Cash Used in Investing Activities	(160,135)	(36,803)
Effect of change in foreign currency	(724)	(4,054)
Net Increase (Decrease) in Cash	(12,716)	74,746
Cash, beginning of period	36,407	16,240
Cash, end of period	**23,691**	**90,986**

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 910 – 800 West Pender St., Vancouver, British Columbia, V6C 2V6. The Company's head office and principal address is located at 1500-409 Granville St., Vancouver, British Columbia, V6C 1T2. 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.

At the time these consolidated financial statements were prepared, the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company's business and financing opportunities and access to mineral properties to conduct exploration activities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing at the properties, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease.

On July 8, 2020, the Company consolidated its outstanding common shares on a four-for-one basis. The presentation of number of shares, warrants, stock options and loss per share in these financial statements have been retrospectively adjusted for this share consolidation.

Going concern

These consolidated 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 consolidated 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 and had an accumulated deficit of $45,407,846 as at June 30, 2021 (December 31, 2020 - $44,747,357). 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. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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, 2020.

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), Copperbank Royalties Corp., Redhawk Resources, Inc. (Canada), Redhawk Copper Inc. (USA), Redhawk Resources (USA), Inc., and 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.

Significant estimates and judgments

Apart from making estimates and assumptions as described below, the Company's management makes critical judgments in the process of applying its accounting policies that have a significant effect on the amounts recognized in the Company's consolidated financial statements. The significant judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimation uncertainties, that have the most significant effect include, but are not limited to:

- The indicators of impairment of property and equipment and resource properties:

  Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's property and equipment and resource properties.

  Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of resource properties may exceed its recoverable amount. The retention of regulatory permits and licenses; the Company's ability to obtain financing for exploration and development activities and its future plans on the resource properties; current and future metal prices; and market sentiment are all factors considered by the Company.

  In respect of the carrying value of property and equipment recorded on the consolidated statements of financial position, management has determined that it continues to be appropriately recorded, as there has been no obsolescence or physical damage to the assets and there are no indications that the value of the assets have declined more than what is expected from the passage of time or normal use.

- The determination of the Company and its subsidiaries' functional currency:

  The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

- The recognition of deferred income tax assets:

  The Company has not recognized a deferred tax asset as management believes that it is not probable that taxable profit will be available against which a deductible temporary difference can be utilized.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses

(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant estimates and judgments (continued)

during the reporting period. Significant areas requiring the use of management estimates include:

- Interest rate used in determining the fair value of liability component of its convertible debentures and long-term debt;
- The inputs used in the Black-Scholes option pricing model to calculate the fair value of options.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

New accounting policies

The Company has not adopted new accounting policies since its recent year ended December 31, 2020.

4. RESOURCE PROPERTIES

The continuity of the mineral properties is as follows:

	Pyramid	Copper Creek	Total
	$	$	$
Balance, December 31, 2019	-	5,361,729	5,361,729
Annual option fees and maintenance of permits	176,515	222,523	399,038
Impairment	(176,515)	-	(176,515)
Effect of change in foreign exchange rate	-	(7,673)	(7,673)
Balance, December 31, 2020	-	5,576,579	5,576,579
Annual option fees and maintenance of permits	-	45,323	45,323
Exploration work, general	-	114,812	114,812
Effect of change in foreign exchange rate	-	(25,493)	(25,493)
Balance, June 30, 2021	-	5,711,221	5,711,221

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 year ended December 31, 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 (US$25,000 has been paid in 2021) .

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.

On May 30, 2018, Redhawk entered into an amendment to the Fourth Workout Agreement with Freeport. The substance

4. RESOURCE PROPERTIES (Continued)

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 of June 30, 2021 and December 31, 2020.

iv) Morgan Agreements - In December 2012, Redhawk acquired patented land from two unrelated parties for total consideration of US$1.2 million. Redhawk was required to pay $63,660 (US$50,000) in 2020 (2019 - $64,940 (US$50,000)). The outstanding balance related to this obligation was $63,660 (US$50,000) as at December 31, 2020 which was paid in March 2021.

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 intends to keep the permit of this resource property in good standing.

As at June 30. 2021, the Company had deposited $8,237 (2020 - $8,356) for the reclamation deposits of the Contact property in Nevada and for the Copper Creek property in Arizona.

5. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

<u>Six months ending June 30, 2021</u>

In February 2021 the Company closed a private placement, issuing 3,592,358 common shares at a price of $0.35 per share for proceeds of $ 1,257,325.

The Company issued 362,500 common shares for proceeds of $120,000 for exercise of options at the range of $0.20 to $0.40 per share. An amount of $143,000 has been moved from the Company’s option reserve to share capital to account for exercise of options.

<u>Year ended December 31, 2020</u>

In January 2020, the Company closed a private placement, issuing 1,250,000 common shares at a price of $0.24 per share for net proceeds of $300,000.

In February 2020, the Company closed a private placement, issuing 791,583 common shares at $0.24 per share for net proceeds of $189,980. The Company also issued 250,000 common shares to settle the share issuance obligation of $70,000 at December 31, 2019.

In May 2020, the Company closed a private placement, issuing 337,500 common shares at $0.24 per share for gross proceeds of $81,000.

In July 2020, the Company closed a private placement, issuing 1,250,000 common shares at $0.20 per share for gross proceeds of $250,000.

(Unaudited - Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

c) Warrants

As at June 30, 2021 and December 31, 2020, the following warrants were outstanding:

Expiry Date	Exercise Price	Outstanding
August 21, 2022	$ 1.00	1,293,341

Continuity is as follows:

The number of outstanding and exercisable warrants as at December 31, 2020 and June 30, 2021 remained unchanged as there were no exercises or issuances during the year ended December 31, 2020 and the six months ended June 30, 2021.

As at June 30, 2021, the weighted average exercise price and remaining life of these warrants was $1.00 per share and 1.14 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.

Continuity of the option outstanding is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2019	5,012,500	$0.40
Forfeited	(600,000)	$0.40
Expired	(637,500)	$0.40
Granted	3,800,000	$0.23
Outstanding, December 31, 2020	7,575,000	$0.31
Exercised	(362,500)	$0.33
Granted	535,000	$0.62
Outstanding, June 30, 2021	7,747,500	$0.33
Exercisable, June 30, 2021	4,362,500	$0.37

During the six months ended June 30, 2021, the Company granted 535,000 incentive stock options, with an exercise price between $0.60 to $0.65 per share to consultants of the Company. These options can be exercised for a period of from three to five years from the date of grant, are subject to the policies of the Canadian Securities Exchange and contain vesting provisions whereby 25% of these options will vest six months from the date of grant and 25% vesting every six months thereafter.

(Unaudited - Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

d) Options (continued)

As at June 30, 2021, the following stock options were outstanding:

Expiry Date	Exercise Price	Outstanding	Exercisable
24-Feb-22	$0.40	1,237,500	1,237,500
28-Jul-22	$0.52	162,500	162,500
May 10 to May 21, 2023	$0.40	1,762,500	1,762,500
28-Feb-24	$0.40	250,000	250,000
24-Jul-25	$0.23	3,800,000	950,000
18-Mar-24	$0.65	210,000	-
09-Jun-26	$0.60	325,000	-
		7,747,500	4,362,500

The remaining contractual life of the Company's options as at June was 3.91 (2020 – 3.25) years.

During the six months ended June 30, 2021, the Company incurred share-based compensation of $227,672 in connection with options vested (2020 - $65,255). The Company used the Black Scholes option pricing model and the following assumptions to determine the fair values of the stock options granted in the year:

	2021	2020
Risk-free interest rate	0.53%	0.34%
Expected life of the option	3 years	5 years
Annualized volatility	125%	145%
Dividend Rate	0.00 %	0.00 %

Subsequent to the period ended June 30, 2021, the Company granted 1,350,000 incentive options at exercise price of $0.40 to consultants. In addition, 1,250,000 options were exercised at the range of $0.23 to $0.40 per share

(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, 2019	214,541	32,471	247,012
Foreign exchange adjustment	(4,229)	(641)	(4,870)
Balance, December 31, 2020	210,312	31,830	242,142
Foreign exchange adjustment	(5,583)	(845)	(6,428)
Balance, June30, 2021	204,729	30,985	235,714
Amortization			
Balance, December 31, 2019	28,079	-	28,079
Addition	13,622	-	13,622
Foreign exchange adjustment	(553)	-	(553)
Balance, December 31, 2020	41,148	-	41,148
Addition	7,110	-	7,110
Foreign exchange adjustment	(1,092)	-	(1,092)
Balance, June30, 2021	47,166	-	47,166
Net book value			
Balance, December 31, 2020	169,164	31,830	200,994
Balance, June 30, 2021	157,563	30,985	188,548

7. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2021 and 2020, the Company incurred the following transactions with key management members and the directors of the Company:

		2021	2020
	Nature	$	$
Key management	Management fees	168,000	159,500
Director	Management fees	5,000	-
Key management and directors	Share-based compensation	128,833	42,994

As at June 30, 2021, amount due to related parties comprised of amounts owing to key management members and a director totalling $49,000 (2020/12/31 - $88,950). Due to related parties has the same terms as the Company's trade payables, which is unsecured and non-interest-bearing and with no specific terms.

8. CONVERTIBLE DEBENTURE

On June 17, 2019 the Company closed a non-brokered 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 (paid) and with the entire amount maturing and 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 $0.28 per common share. The Company will have the option to redeem the CD at a redeemable price equal to their principal amount plus accrued and unpaid interest. The interest rate on the CD is approximately the market interest rate in determining the fair value of the liability component. Thus, no value has been assigned to the equity component.

During the six months ended June 30, 2021, the Company has fully repaid the principal and interest of this convertible debenture and resulted in a gain of foreign exchange of $19,730. The amount of interest incurred during these six months ended June 30, 2021 was $19,050 (2020 – $20,475).

9. LOANS PAYABLE

CEBA LOAN

In connection to the outbreak of COVID-19, the Company received $40,000 in Canada Emergency Business Account ("CEBA") loan from the Government of Canada. The CEBA loan is non-interest bearing and matures on December 31, 2022. Repaying the loan balance on or before December 31, 2022 will result in loan forgiveness of 25%. The principal balance of $40,000 (2020 - $40,000) is included in loan payable at June 30, 2020.

DEBT REPAYMENT AGREEMENT

In connection with a debt payment agreement (the "Agreement") with the original optionor (the "Optionor") of the Pyramid Project, the Company owed the Optionor $173,710 (USD $125,000) plus interest at the rate of 10% per annum, which is due on March 4, 2022. The Company is required to pay to the Optionor at least 20% of the net proceeds from any debt or equity financing or sale of any assets. During the six months ended June 30, 2021, the Company paid $137,471 to repay the principal and accrued interest. As at June 30, 2021, the remaining balance of this debt is $Nil (2020- $135,599).

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.

Fair value of financial instruments
The fair value hierarchy established by IFRS 13 Fair Value Measurement has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's accounts receivable, deposits and accounts payable are equivalent to their carrying values due to their short-term nature.

(Unaudited - Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (Continued)

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 major financial institutions. As at June 30, 2021, the Company had cash equivalents of $2,300 in term deposits (2020 - $2,300).

Liquidity risk and fair value hierarchy
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 for 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, 2021, the Company did not have debt instruments exposed to variable interest rate. The risk is not significant.

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 June30, 2021 and December 31, 2020, the Company's exposure to foreign currency risk on its financial instruments is as follows:

	June 30, 2021	**December 31, 2020**
Cash	US$ 3,659	US$ 19,200
Note payable	-	(50,000)
Loans payable	-	(106,803)
U.S. dollar total	US$ 3,659	US$ (137,603)
Canadian dollar equivalent	$ 4,535	$ (174,755)

A 5% change in the US dollar against the Canadian dollar at June 30, 2021 would result in an immaterial impact to the Company.

12. 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 $5,908,006 (2020- $5,785,929), which comprised mainly of resource properties, property and equipment, and reclamation bonds that are in the United States.