



COPPER LAKE
RESOURCES LTD

Condensed Interim Financial Statements

**For the Three Months Ended
January 31, 2020**

(Expressed in Canadian dollars)

Unaudited – Prepared by Management

Copper Lake Resources Ltd.

The accompanying unaudited condensed interim financial statements of Copper Lake Resources Ltd. for the three months ended January 31, 2020 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that these unaudited condensed interim financial statements have not been reviewed by its auditor.

Copper Lake Resources Ltd.
Condensed Interim Statements of Financial Position

(Unaudited)
(Expressed in Canadian dollars)

As at	January 31, 2020	October 31, 2019
ASSETS		
Current assets		
Cash	\$ 12,492	\$ 13,816
Restricted cash (note 3)	164,340	27,580
HST receivable	2,959	4,283
	179,791	45,679
Mineral property interests (note 4)	2,565,362	2,614,862
Total assets	\$ 2,745,153	\$ 2,660,541
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 249,340	\$ 370,515
Advances from shareholder (note 7)	31,814	28,820
Flow-through share premium (note 6)	11,500	11,500
	292,654	410,835
Convertible debentures (note 5)	101,636	99,178
Total liabilities	394,290	510,013
Shareholders' equity		
Capital stock (note 6)	16,217,695	15,948,767
Reserves	392,814	351,542
Equity component of convertible debt (note 5)	35,890	35,890
Deficit	(14,295,536)	(14,185,671)
	2,350,863	2,150,528
Total liabilities and shareholders' equity	\$ 2,745,153	\$ 2,660,541

On behalf of the Board:

“Terrence MacDonald” Director

“Paul McGroary” Director

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Condensed Interim Statements of Comprehensive Loss

(Unaudited)
(Expressed in Canadian dollars)

	For the three months ended January 31,	
	2020	2019
Expenses		
Accretion of interest on convertible debentures	2,458	1,956
Acquisition costs related to expired claims	49,500	-
Exploration and evaluation expenditures	7,858	2,470
General and administration	2,092	8,633
Interest on convertible debentures and bank charges	3,697	3,676
Investor relations	15,345	9,345
Management fees	6,000	6,000
Professional fees	3,433	118
Share-based compensation	39,900	-
Transfer agent and regulatory fees	4,582	1,804
Loss before other item	134,865	25,924
Gain on amendment of option agreement (note 4)	(25,000)	-
Net loss and comprehensive loss for the period	\$ 109,865	\$ 25,924
Basic and diluted loss per share	\$ 0.001	\$ 0.000
Weighted average number of common shares outstanding	131,260,102	119,552,185

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited)

(Expressed in Canadian dollars)

	Shares	Capital stock Amount	Share-based payment reserve	Equity component of convertible debt	Deficit	Total
		\$	\$	\$	\$	\$
Balance, October 31, 2019	123,183,435	15,948,767	351,542	35,890	(14,185,671)	2,150,528
Private placement of units	16,133,333	274,500	-	-	-	274,500
Share issuance costs		(5,572)	1,372			(4,200)
Share-based compensation	-	-	39,900	-	-	39,900
Net loss and comprehensive loss for the period	-	-	-	-	(109,865)	(109,865)
Balance, January 31, 2020	139,316,768	16,217,695	392,814	35,890	(14,295,536)	2,350,863
Balance, October 31, 2018	119,552,185	15,885,549	445,908	35,890	(14,100,290)	2,267,057
Net loss and comprehensive loss for the period	-	-	-	-	(25,924)	(25,924)
Balance, January 31, 2019	119,552,185	15,885,549	445,908	35,890	(14,126,214)	2,241,133

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Condensed Interim Statement of Cash Flows

(Unaudited)
(Expressed in Canadian dollars)

	For the three months ended	
	January 31,	
	2020	2019
Cash flows from operating activities:		
Loss income for the period	\$ (109,865)	\$ (25,924)
Items not affecting cash:		
Accretion of interest on convertible debentures	2,458	1,956
Share-based compensation	39,900	-
Acquisition costs related to expired claims	49,500	-
Change in non-cash working capital items:		
HST receivable	1,324	(255)
Prepaid expenses	-	(935)
Accounts payable and accrued liabilities	121,175	13,114
Net cash provided by (used in) operating activities	(137,858)	(12,044)
Cash flows from investing activities:		
Mineral property interests	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Advances from shareholder	2,994	10,971
Issuance of units in private placement	274,500	-
Share issuance costs	(4,200)	-
Net cash provided by (used in) financing activities	273,294	10,971
Increase (decrease) in cash during the period	135,436	(1,073)
Cash and cash equivalents, beginning of period	41,396	2,222
Cash and cash equivalents, end of period	\$ 176,832	\$ 1,149

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Copper Lake Resources Ltd. (“Copper Lake” or the “Company”) was incorporated under the laws of the Province of British Columbia and is in the business of exploration and development of mineral resource properties. The address of the Company’s head office is 1 King Street West, Suite 4800, Toronto, Ontario. The Company’s shares are listed on the TSX-V under the trading symbol CPL.

The Company is a mineral exploration company focused on acquiring, exploring and developing mineral property interests in Canada.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume 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.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has a working capital deficit, has accumulated losses since its inception, expects to incur further losses in the development of its business and has no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. These conditions cast significant doubt about the Company’s ability to continue as a going concern. The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations, and receive continued financial support from its creditors and shareholders.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The Company announced a financing subsequent to January 31, 2020 (see note 9).

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favorable to the Company. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements as at and for the year ended October 31, 2019.

These condensed interim financial statements were authorized for issue by the Board of Directors on May 7, 2020.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (*Continued*)

Significant accounting policies

The policies applied in these condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with our audited financial statements for the year ended October 31, 2019.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the impairment of assets.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended October 31, 2019.

New Standards, Interpretations and Amendments Not Yet Effective

The following new standards, and amendments to standards and interpretations, were not yet effective for the year ended October 31, 2020, and have not been applied in preparing these condensed interim financial statements. Other new standards which are not yet effective for the year ended October 31, 2020 but are not discussed below, are not expected to have an impact on the Company.

New accounting standards adopted

IFRS 16 Leases

On November 1, 2019, the Company adopted *IFRS 16, Leases* ("IFRS 16"). According to IFRS 16, a contract is, or contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. With exceptions for certain short-term leases and leases of low-value assets, IFRS 16 requires a lessee to recognize lease contracts as a right-of-use asset representing its right to use an identified asset for a period of time and a lease liability representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information which continues to be reported under *IAS 17, Leases*.

As the Company is not a party to any leases, the adoption of this accounting standard had no impact on these financial statements.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

3. RESTRICTED CASH

Restricted cash represents the proceeds from the issuance of flow-through common shares less qualifying expenditures to date. At January 31, 2020 the Company had restricted cash of \$164,340 which is not available for working capital purposes and must be used exclusively for Canadian Exploration Expenditures by December 31, 2020.

4. MINERAL PROPERTY INTERESTS

Marshall Lake Property

The Company entered into an option agreement dated July 6, 2010 with Rainy Mountain Royalty Corp. (“Rainy Mountain”) and Marshall Lake Mining Limited (“MLMP”) of London, England, whereby the Company was granted an option to earn up to a 50% interest in certain mining claims that comprise the Marshall Lake property located north-northeast of Thunder Bay, Ontario.

On May 5, 2016 the Company announced that it had reached an agreement to acquire the interest in the Marshall Lake property currently held by MLMP, a privately held company based in the United Kingdom. The acquisition subsequently closed on September 29, 2016. This acquisition gave Copper Lake a 68.75% interest in the property.

As a result of the acquisition, the Company could earn a 75% interest by incurring cumulative expenditures of \$4,000,000 on the property by July 15, 2018. As of October 31, 2018, the Company had incurred cumulative expenditures of \$4,163,076 and had completed the 75% earn-in.

The Company now has the option to increase its interest to 87.5% by incurring such additional property expenditures as are necessary to take the Marshall Lake property to a bankable feasibility stage.

During the quarter the Company amended the underlying joint venture with Rainy Mountain to remove Copper Lake’s right to participate in future mineral properties acquired by Rainy Mountain. Copper Lake received \$25,000 as compensation for this amendment.

Norton Lake Property

The Company entered into a Joint Venture Assignment Agreement dated on January 21, 2009 with Cascadia International Resources Inc. of Calgary, Alberta (“Cascadia”), pursuant to which Cascadia assigned its 51% joint venture interest in the Norton Lake property to the Company for the sum of \$300,000. The other joint venture partners are Rainy Mountain and White Metals Resources Corp. (“White Metals”). The property is located north of Thunder Bay, Ontario and the Company is the operator. The Norton Lake Project consists of two properties, namely, the Norton West Property (the principal property) and the Norton East Property. Joint venture expenditures are being recorded by each joint venture partner on a cash call basis and as a result of the programs completed by the Company on the Norton West Property, the Company had a 57.6% interest in the Norton West Property (with Rainy Mountain having a 32.6% interest and White Metals having a 9.8% interest) and a 51% interest in the Norton East Property (with Rainy Mountain having a 9.8% interest and Trillium having a 39.2% interest). By agreement dated February 21, 2012, the Company, Rainy Mountain and White Metals combined and consolidated their respective interests in the Norton West and Norton East Properties, and as a result, the Company has a 60.70% interest in the combined Properties (with Rainy Mountain having a 30.21% interest and White Metals having a 9.09% interest). On June 29, 2015, the Company announced that it had acquired the remainder of White Metals’ 9.09% interest in the Norton Lake property, thus increasing its ownership position to 69.79%.

During the year ended October 31, 2018 the Company performed certain work at the two camps on the property and incurred expenses in the amount of \$20,920. As Rainy Mountain did not contribute their portion of the costs, the Company’s interest in the property has increased to 71.41%.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

Northwestern Ontario Gold Properties

On March 7, 2017, the Company announced that it had entered into a mineral property option agreement to acquire up to 100% of four separate properties. The properties are situated in the Kenora and Patricia mining divisions in Northwestern Ontario and are known as the Queen Alexandra Gold Property, the Mine Lake Gold Property, the Grand Chibougamau Gold Property and the Centrefire Redhat Gold-Copper Property, collectively the NWO Gold Properties.

During the quarter ended January 31, 2020, the claims relating to Queen Alexandra, Mine Lake and Grand Chibougamau properties were allowed to lapse. As a result, acquisition costs in the amount of \$49,500 were written off.

The Company has a 25% interest in the Centrefire Redhat gold-copper property which will be subject to a joint venture agreement.

Exploration and evaluation expenses

Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the statement of loss and comprehensive loss, net of cumulative JEAP grants of \$172,642 on the Marshall Lake property, are as follows:

For the three months ended January 31, 2020

	Marshall Lake Property	Norton Lake Property	NWO Gold Properties	Total
Property taxes and lease rent	3,718	-	-	3,718
Geotechnical	3,240	-	-	3,240
Storage	900	-	-	900
Expenditures for the period	7,858	-	-	7,858
Cumulative balance - October 31, 2019	4,165,546	840,784	22,294	5,028,624
Balance, January 31, 2020	\$ 4,173,404	\$ 840,784	22,294	\$ 5,036,482

For the three months ended January 31, 2019

	Marshall Lake Property	Norton Lake Property	NWO Gold Properties	Total
Property taxes and lease rent	1,795	-	-	1,795
Storage	675	-	-	675
Expenditures for the period	2,470	-	-	2,470
Cumulative balance - October 31, 2018	4,163,076	840,784	22,294	5,026,154
Balance, January 31, 2019	\$ 4,165,546	\$ 840,784	22,294	\$ 5,028,624

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

5. CONVERTIBLE DEBENTURES

	Principal Amount	Liability Component	Equity Component
Balance October 31, 2018	112,500	90,638	35,890
Accretion for the year	-	8,540	-
Balance October 31, 2019	112,500	99,178	35,890
Accretion for the quarter	-	2,458	-
Balance at January 31, 2020	\$ 112,500	\$ 101,636	\$ 35,890

On April 28, 2016 the Company closed a \$420,000 non-brokered private placement of convertible debentures. The unsecured subordinated convertible debentures bear interest at 12% per annum, calculated annually and have a term of five years from the date of issue. At the date of issue \$285,845 was allocated to the liability component of the convertible debenture and the residual amount of \$134,155 was allocated to the equity component, based on an effective interest rate of 20%.

The debentures are convertible into units at the rate of \$0.05 for the first year and \$0.10 thereafter. Each unit is comprised of one common share and one common share warrant of the Company. Each common share warrant entitles the holder to purchase one additional common share of the Company at an exercise price equal to the conversion price at the time of issuance of the warrants. The warrants will expire on the date which is the earlier of (a) four years from the date of issuance of the warrant, and (b) April 28, 2021.

In April 2017, debentures with a face value of \$307,500 were converted into shares and warrants, leaving \$112,500 of convertible debentures outstanding.

6. CAPITAL STOCK

The common shares of the Company are entitled to one vote per share at meetings of the shareholders of the Company, and upon dissolution or any other distribution of assets, to receive pro rata such assets of the Company as are distributable to the holders of common shares.

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

During the three months ended January 31, 2020, the Company completed the following share transactions:

In December 2019, the Company closed the first tranche of a private placement, raising \$274,500 through the issuance of 6,500,000 flow-through units (“FT Units”) at a price of \$0.020 per FT Unit and 9,633,333 non flow-through units (“NFT Units”) at a price of \$0.015 per NFT Unit. Each FT unit consists of one flow-through common share and one common share purchase warrant, with each warrant being exercisable at \$0.05 for two years. Each NFT Unit consists of one common share and one common share purchase warrant, with each warrant being exercisable at \$0.05 for two years.

In connection with the closing of the Offering, the Company paid finders’ fees of \$4,200 and issued 280,000 non-transferrable units (“Finder’s Units”) to certain arm’s length finders. Each Finder’s Unit includes one common share and entitles the holder to acquire one additional common share at a price of \$0.05 for a period of 24 months from the closing date. The warrants were valued determined using the Black-Scholes valuation model and the following assumptions: risk free interest rate – 2.15%; expected life in years – 2; expected volatility 107%; and expected forfeiture rate – 0%. Expected volatility was based on the historical volatility of the Company’s share price. The value allocated to the warrants was \$1,372.

During the year ended October 31, 2019, the Company completed the following share transactions:

On June 18, 2019, the Company announced the closing of the first tranche of the private placement for aggregate gross proceeds of \$81,000 by way of the issuance and sale of 2,300,000 flow-through units (“FT Units”) at a price of \$0.025 per FT Unit, and 1,175,000 non flow-through units (“NFT Units”) at a price of

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

6. CAPITAL STOCK (Continued)

\$0.02 per NFT Unit. Each FT Unit consists of one flow-through common share and one common share purchase warrant (a “Warrant”), with each Warrant being exercisable at \$0.05 for two years. Each NFT unit consists of one common share and one Warrant. The Company recorded a flow-through premium of \$11,500 on the issuance.

In connection with the closing of the Offering, the Company paid finders’ fees of \$4,130 and issued 166,250 non-transferrable units (“Finder’s Units”) to certain arm’s length finders. Each Finder’s Unit includes one common share and entitles the holder to acquire one additional common share at a price of \$0.05 for a period of 24 months from the closing date. The warrants were valued determined using the Black-Scholes valuation model and the following assumptions: risk free interest rate – 2.15%; expected life in years – 2; expected volatility 97%; and expected forfeiture rate – 0%. Expected volatility was based on the historical volatility of the Company’s share price. The value allocated to the warrants was \$1,247.

Stock Options

Stock option transactions for the three months ended January 31, 2020 and the year ended October 31, 2019 are summarized as follows:

	January 31, 2020		October 31, 2019	
	Number of Options	Weighted Ave Exercise Price	Number of Options	Weighted Ave Exercise Price
Opening balance	8,000,000	0.052	9,700,000	0.051
Granted	3,000,000	0.050	1,100,000	0.050
Expired	-	-	(2,800,000)	0.050
Ending balance	11,000,000	\$0.051	8,000,000	\$0.052
Options exercisable	10,750,000	\$0.051	7,625,000	\$0.052

The following options were outstanding as at January 31, 2020 and October 31, 2019:

Expiry Date	Number of Options		Exercise Price
	January 31, 2020	October 31, 2019	
March 2, 2020	500,000	500,000	0.050
April 6, 2021	1,500,000	1,500,000	0.050
July 29, 2021	1,750,000	1,750,000	0.050
September 29, 2021	1,000,000	1,000,000	0.055
January 18, 2023	1,900,000	1,900,000	0.050
March 15, 2023	250,000	250,000	0.080
February 11, 2024	100,000	100,000	0.050
August 7, 2024	1,000,000	1,000,000	0.05
December 2, 2024	2,000,000	-	0.05
December 13, 2024	1,000,000	-	
Outstanding	11,000,000	8,000,000	0.051
Weighted average remaining life	2.91 years	2.43 years	

Share-based compensation

During the three months ended January 31, 2020, the Company recognized \$39,900 (2019 - \$nil) as share-based compensation expense for options vested during the period. The options were valued using the

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

6. CAPITAL STOCK (Continued)

Black-Scholes valuation model and the following assumptions: risk free interest rate – 2.0%; expected life in years – 5; expected volatility 110%; and expected forfeiture rate – 0%. Expected volatility was based on the historical volatility of the Company’s share price.

Share Purchase Warrants

Share purchase warrant transactions are summarized as follows:

	Three months ended January 31, 2020		Year ended October 31, 2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	25,872,186	\$ 0.101	22,230,936	\$ 0.078
Issued	16,413,333	0.050	3,641,250	0.094
Expired	(3,500,000)	0.085	-	0.050
Ending balance	38,785,519	\$ 0.057	25,872,186	\$ 0.101
Warrants exercisable	38,785,519	\$ 0.057	25,872,186	\$ 0.101

As at January 31, 2020 and October 31, 2019 the following share purchase warrants were outstanding:

Expiry Date	Number of Warrants		Exercise Price
	January 31, 2020	October 31, 2019	
September 29, 2020	4,570,363	4,570,363	\$ 0.055
April 27, 2021	6,150,000	6,150,000	0.050
July 5, 2021	490,800	490,800	0.050
September 26, 2021	1,793,273	1,793,273	0.055
December 28, 2019	-	3,500,000	0.100
February 28, 2020	2,750,000	2,750,000	0.100
February 28, 2020	2,910,000	2,910,000	0.080
February 28, 2020	66,500	66,500	0.100
June 18, 2021	3,641,250	3,641,250	0.050
December 30, 2021	16,413,333	-	0.050
Outstanding and exercisable	38,785,519	25,872,186	\$0.070

Subsequent to January 31, 2020, a total of 5,726,500 warrants with an expiry date of February 28, 2020 expired unexercised.

7. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to directors, companies controlled by directors or companies having common directors during the three months ended January 31:

	2020	2019
Interest accrued on convertible debentures	\$ -	\$ 3,000

Key management personnel compensation

Key management includes directors and other key personnel, including the CEO, President and CFO, who have authority and responsibility for planning, directing, and controlling the activities of the Company.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2020

(Unaudited)

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS *(Continued)*

The compensation paid to these key management personnel for the three months ended January 31, 2020 and 2019 is outlined below:

	2020	2019
Short-term benefits	\$ 6,000	\$ 6,000
Share-based compensation	39,900	-
	\$ 45,900	\$ 6,000

Included in accounts payable and accrued liabilities as at January 31, 2020 is \$104,296 (October 31, 2019 - \$99,270) owed to directors and officers, companies controlled by former directors or companies having certain directors in common.

As at January 31, 2020, a director of the Company had advanced funds to the Company in the amount of \$31,814 (October 31, 2019 - \$28,820). This advance is unsecured, non-interest bearing and has no terms of repayment.

8. CONTINGENCY

Due to the nature of its business, the Company may be subject to regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. While the Company cannot reasonably predict the ultimate outcomes of these actions, and inherent uncertainties exist in predicting such outcomes, the Company believes that the ultimate resolution of these actions is not reasonably likely to have a material adverse effect on the Company's financial condition or future results of operations. A liability is recognized where, based on the Company's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. The Company is not aware of any material unrecorded contingent liabilities which require recording in the financial statements for the quarter ended January 31, 2020.

9. SUBSEQUENT EVENT

- i) On February 20, 2020 the Company announced that, subject to regulatory approval, the Company intends to complete a non-brokered private placement (the "Offering") for aggregate gross proceeds of up to \$132,500. The Offering will be comprised of up to 2,500,000 Flow-Through Units ("FT Units") at a price of \$0.020 per FT Unit and 5,500,000 Non Flow-Through Units ("NFT Units") at a price of \$0.015 per Unit. Each FT Unit will consist of one flow-through common share and one full common share purchase warrant (a "Warrant"), with each Warrant being exercisable at \$0.05 for two years. Each NFT Unit will consist of one non flow-through common share and one full common share purchase warrant (a "Warrant"), with each Warrant being exercisable at \$0.05 for two years. The Offering is subject to TSXV final acceptance.
- ii) Since January 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and impact on the financial results and condition of the Company and its operations in future periods.