



**COPPER LAKE**  
RESOURCES LTD

**Condensed Interim Financial Statements**  
**For the Three and Nine Months Ended**  
**July 31, 2018**

(Expressed in Canadian dollars)

Unaudited – Prepared by Management

## **Copper Lake Resources Ltd.**

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The accompanying unaudited condensed interim financial statements of Copper Lake Resources Ltd. for the three and nine months ended July 31, 2018 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)

	Notes	July 31, 2018 \$	October 31 2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		345	3,847
Restricted cash	7	-	118,390
HST receivable		7,735	1,079
JEAP Grant receivable		100,000	-
Deposits and prepaid expenses		5,750	785
		113,830	124,101
Mineral property interests	3	2,615,562	2,575,262
<b>Total assets</b>		<b>2,729,392</b>	<b>2,699,363</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	5	253,543	310,762
Advances from shareholders	5	29,587	1,357
		283,130	312,199
Convertible debentures	4	88,791	83,843
<b>Total liabilities</b>		<b>371,921</b>	<b>395,962</b>
<b>Shareholders' equity</b>			
Capital stock	6	15,885,549	15,111,244
Equity component of convertible debt	4	35,890	35,890
Share-based payments reserve		424,960	281,854
Deficit		(13,988,928)	(13,125,587)
		2,357,471	2,303,401
<b>Total liabilities and shareholders' equity</b>		<b>2,729,392</b>	<b>2,699,363</b>

On behalf of the Board:

“Terrence MacDonald” Director

“Gary O'Connor” Director

The accompanying notes are an integral part of these condensed interim financial statements

**Copper Lake Resources Ltd.**  
**Condensed Interim Statements of Comprehensive Loss**

(Unaudited)

(Expressed in Canadian dollars, except per share amounts)

	Notes	Three months ended July 31		Nine months ended July 31	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Expenses</b>					
Accretion of interest on convertible debentures		1,745	6,083	4,948	19,916
Exploration and evaluation expenditures		37,483	11,096	573,659	146,712
Gain on settlement of debt		-	-	-	(4,614)
General and administration		8,228	4,375	28,953	15,499
Interest and bank charges	5	3,390	6,472	8,451	37,955
Investor relations		6,230	-	14,018	10,500
Management and advisory fees	5	6,000	-	19,058	-
Professional fees		32,659	18,539	42,021	35,925
Share-based compensation	5	-	-	141,111	-
Transfer agent and regulatory		2,043	3,816	31,122	15,804
<b>Net loss and comprehensive loss for the period</b>		<b>\$97,778</b>	<b>\$50,381</b>	<b>\$ 863,341</b>	<b>\$ 277,697</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.001)</b>	<b>\$ (0.001)</b>	<b>\$ (0.008)</b>	<b>\$ (0.003)</b>
<b>Weighted average common Shares outstanding</b>		<b>119,502,185</b>	<b>100,209,412</b>	<b>114,148,018</b>	<b>96,147,079</b>

The accompanying notes are an integral part of these condensed interim financial statements.

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

(Unaudited)

(Expressed in Canadian dollars)

	Capital stock		Share-based payments reserve	Equity component of convertible debt	Deficit	Total
	Shares	Amount				
		\$	\$	\$	\$	\$
<b>Balance, October 31, 2016</b>	<b>93,990,912</b>	<b>14,588,021</b>	<b>289,535</b>	<b>165,659</b>	<b>(12,895,960)</b>	<b>2,147,255</b>
Issued for property acquisition	400,000	16,000	-	-	-	16,000
Issued for option extension	600,000	27,000	-	-	-	27,000
Issued on conversion of debentures	6,150,000	319,823	-	(98,625)	-	221,558
Issued on settlement of debt	1,008,000	50,400	-	-	-	50,400
Transfer on expiry of options and warrants			(25,547)		25,547	-
Net loss and comprehensive loss for the period	-	-	-	-	(277,697)	(277,697)
<b>Balance at July 31, 2017</b>	<b>102,148,912</b>	<b>15,001,244</b>	<b>263,988</b>	<b>67,394</b>	<b>(13,148,110)</b>	<b>2,184,516</b>
<b>Balance, October 31, 2017</b>	<b>103,942,185</b>	<b>15,111,244</b>	<b>281,854</b>	<b>35,890</b>	<b>(13,125,587)</b>	<b>2,303,401</b>
Private placement	15,410,000	770,500	-	-	-	770,500
Share issuance costs		(6,195)	1,995	-	-	(4,200)
Share-based payments	200,000	10,000	-	-	-	10,000
Share-based compensation		-	141,111	-	-	141,111
Net loss and comprehensive loss for the period	-	-	-	-	(863,341)	(863,341)
<b>Balance, July 31, 2018</b>	<b>119,552,185</b>	<b>15,885,549</b>	<b>424,960</b>	<b>35,890</b>	<b>(13,988,928)</b>	<b>2,357,471</b>

**Copper Lake Resources Ltd.**  
**Condensed Interim Statements of Cash Flows**

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended July 31		Nine months ended July 31	
	2018	2017	2018	2017
			\$	
<b>Cash flows (used in) from operating activities:</b>				
Net loss and comprehensive loss for the period	(97,778)	(50,381)	(863,340)	(277,697)
Items not involving cash:				
Accretion of interest on convertible debt	1,745	6,083	4,948	19,916
Gain on settlement of debt	-	-	-	(4,614)
Share-based payments	-	-	141,111	-
Change in non-cash working capital items:				
HST receivable	66,426	1,502	(6,656)	22,834
Restricted cash	118,390	-	118,390	-
JEAP Grant receivable	-	-	(100,000)	-
Prepaid expenses	5,750	2,356	(4,965)	(2,356)
Accounts payable and accrued liabilities	(99,813)	42,656	(57,220)	105,189
	<b>(5,280)</b>	<b>2,216</b>	<b>(767,732)</b>	<b>(136,728)</b>
<b>Cash flows (used in) from investing activities:</b>				
Exploration and evaluation asset expenditures	(10,300)	(10,000)	(30,300)	(10,000)
	<b>(10,300)</b>	<b>(10,000)</b>	<b>(30,300)</b>	<b>(10,000)</b>
<b>Cash flows from financing activities:</b>				
Advance from shareholders	12,765	-	28,230	(10,340)
Unit subscriptions received	-	-	-	-
Proceeds from issuance of capital stock	-	-	770,500	-
Finance costs	-	-	(4,200)	-
	<b>12,765</b>	<b>-</b>	<b>794,530</b>	<b>(10,340)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(2,815)</b>	<b>(7,784)</b>	<b>(3,502)</b>	<b>(157,068)</b>
Cash and cash equivalents, beginning of period	3,160	12,693	3,847	161,977
<b>Cash and cash equivalents, end of period</b>	<b>345</b>	<b>4,909</b>	<b>345</b>	<b>4,909</b>

# **Copper Lake Resources Ltd.**

## **Notes to Condensed Interim Financial Statements**

### **Three and nine months ended July 31, 2018**

(Unaudited)

(Expressed in Canadian dollars)

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#### **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 501 Alliance Avenue – Suite 401, 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.

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, 2017.

These condensed interim financial statements were authorized for issue by the Board of Directors on October 1, 2018.

**Copper Lake Resources Ltd.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended July 31, 2018**

(Unaudited)

(Expressed in Canadian dollars)

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**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, 2017.

**Functional and presentation currency**

These condensed interim 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**

In preparing these condensed interim financial statements, management made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results 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 that applied to the financial statements as at and for the year ended October 31, 2017.

**3. 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.

Under the option agreement, the Company is required to:

- a) incur aggregate exploration expenditures of \$4,000,000 on the property, as follows:
  - (i) \$400,000 (incurred) on or before the first anniversary of August 11, 2011;
  - (ii) \$600,000 (incurred) on or before the second anniversary of August 11, 2012;
  - (iii) \$1,000,000 (incurred) on or before the third anniversary of August 11, 2013;
  - (iv) \$1,000,000 (incurred) on or before the fourth anniversary, amended to October 11, 2014; and
  - (v) \$1,000,000 (incurred) on or before the fifth anniversary, amended to July 15, 2018.
- b) issue a total of 2,000,000 common shares of the Company, as follows:
  - (i) 400,000 common shares (issued at a value of \$88,000) within ten business days of the effective date of the agreement; and
  - (ii) 1,000,000 common shares (issued) to be issued on each of the first (issued at a value of \$104,000), second (issued at a value of \$60,000) and third (issued at a value of \$20,000) and fourth (issued at a value of \$24,000) anniversary dates of the Agreement.



# **Copper Lake Resources Ltd.**

## **Notes to Condensed Interim Financial Statements**

### **Three and nine months ended July 31, 2018**

(Unaudited)

(Expressed in Canadian dollars)

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### **3. MINERAL PROPERTY INTERESTS** *(Continued)*

On May 5, 2016 the Company announced that it had reached an agreement to acquire the 31.25% 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 can earn a 75% interest by incurring cumulative expenditures of \$4,000,000 on the property by July 15, 2018. As at July 31, 2018 the Company has fulfilled the expenditure requirements and now has a 75% interest in the property.

The Company also 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.

#### ***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%.

#### **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 made up of seven claims. The properties are situated in the Kenora and Patricia mining divisions in Northwestern Ontario and are known as the Queen Alexandria Gold Property, the Mine Lake Gold Property, the Grand Chibougamau Gold Property and the Centrefire-Redhat Gold-Copper Property, collectively the NWO Gold Properties.

Copper Lake can earn 25% interest of these properties by payment of \$200,000 and 400,000 shares, which were made in the year ended October 31, 2017. To earn 75% Copper Lake needs to pay \$60,000 and issue 600,000 shares over 3 years and spend at least \$2,000,000 on the properties. Copper Lake can earn up to 100% interest by completing a 43-101 compliant resource estimate with 500,000 ounces on the properties and payment of 250,000 shares. During the current quarter, the Company made a payment of \$20,000 and issued 200,000 shares as per the option agreement.

The Optionor will retain a 2% net smelter royalty (“NSR”). Copper Lake can acquire half (1%) of the NSR for \$1 million and will have a right of refusal to acquire the remaining 1%.

**Copper Lake Resources Ltd.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended July 31, 2018**

(Unaudited)

(Expressed in Canadian dollars)

**3. MINERAL PROPERTY INTERESTS** *(Continued)*

The Company's acquisition costs on the mineral property interests are as follows:

	Marshall Lake Property	Norton Lake Property	NOW Gold Properties	Total
<b>Balance, October 31, 2015</b>	\$ 296,000	\$ -	-	\$ 296,000
Acquisition costs	2,243,262	-	-	2,243,262
<b>Balance, October 31, 2016</b>	\$ 2,539,262	\$ -	-	\$ 2,539,262
Acquisition costs	-	-	36,000	36,000
<b>Balance, October 31, 2017</b>	\$ 2,539,262	\$ -	36,000	\$ 2,575,262
Acquisition costs	10,300	-	30,000	40,300
<b>Balance, July 31, 2018</b>	\$ 2,549,562	\$ -	66,000	\$ 2,615,562

**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, are as follows:

For the nine months ended July 31, 2018	Marshall Lake Property	Norton Lake Property	NWO Gold Properties	Total
Assays	33,834	-	▯	33,834
Core shack	13,409	-	-	13,409
Drilling	511,661	-	-	511,661
Equipment rental	9,007	-	-	9,007
Field office	36,250	-	-	36,250
Geological and geophysical	25,050	-	-	25,050
Property taxes and lease rent	4,287	-	-	4,287
Roads and access	15,128	-	-	15,128
Site remediation	-	20,920	-	20,920
Storage	900	-	-	900
Transportation	3,213	-	-	3,213
<b>Expenditures of the period</b>	<b>652,739</b>	<b>20,920</b>	-	<b>673,659</b>
JEAP Grant	(100,000)	-	-	(100,000)
<b>Expenditures for the period, net of JEAP Grant</b>	<b>552,739</b>	<b>20,920</b>	-	<b>573,659</b>
Cumulative balance - October 31, 2017	3,417,656	819,864	1,227	4,238,747
<b>Cumulative balance – July 31, 2018</b>	<b>\$ 3,970,395</b>	<b>\$ 840,784</b>	<b>\$ 1,227</b>	<b>\$ 4,812,406</b>

For the nine months ended July 31, 2017	Marshall Lake Property	Norton Lake Property	NWO Gold Properties	Total
Assays	17,124	-	-	17,124
Claims management	23,726	-	1,227	24,953
Field office	12,000	-	-	12,000
Geological and geophysical	86,284	-	-	86,284
Property taxes and lease rent	4,701	-	-	4,701
Storage	1,650	-	-	1,650
<b>Expenditures for the period</b>	<b>145,485</b>	-	<b>1,227</b>	<b>146,712</b>
Cumulative balance - October 31, 2016	3,331,732	819,864	-	4,151,596
<b>Balance, July 31, 2017</b>	<b>\$ 3,477,217</b>	<b>\$ 819,864</b>	<b>\$ 1,227</b>	<b>\$ 4,298,308</b>

**Copper Lake Resources Ltd.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended July 31, 2018**

(Unaudited)

(Expressed in Canadian dollars)

**4. CONVERTIBLE DEBENTURES**

	Principal Amount	Liability Component	Equity Component
<b>Balance at October 31, 2015</b>	\$ -	\$ -	\$ -
Issuance of convertible debentures	770,000	524,049	245,951
Conversion of convertible debentures	(251,370)	(171,078)	(80,292)
Accretion	-	12,124	-
<b>Balance October 31, 2016</b>	<b>\$ 518,630</b>	<b>\$ 365,095</b>	<b>\$ 165,659</b>
Conversion of convertible debentures	(406,130)	(300,054)	(129,769)
Accretion	-	18,802	-
<b>Balance October 31, 2017</b>	<b>\$ 112,500</b>	<b>\$ 83,843</b>	<b>\$ 35,890</b>
Accretion	-	4,948	-
<b>Balance July 31, 2018</b>	<b>\$ 112,500</b>	<b>\$ 88,791</b>	<b>\$ 35,890</b>

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.

On September 29, 2016 the Company issued \$350,000 of convertible debentures in connection with the acquisition of the additional interest in the Marshall Lake property, as described in note 4. 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 \$238,204 was allocated to the liability component of the convertible debenture and the residual amount of \$111,796 was allocated to the equity component, based on an effective interest rate of 20%.

The debentures are convertible into units at the rate of \$0.055 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) September 29, 2021. Immediately following the closing of the above acquisition, debentures with a principal value of \$251,370 were converted into units (see note 6).

**5. RELATED PARTY TRANSACTIONS**

The following are related party transactions that have occurred during the three and nine months ended July 31, 2018, which have not otherwise been disclosed herein.

The Company paid or accrued the following amounts to directors, companies controlled by directors or companies having common directors during the three and nine months ended July 31, 2018:

	<b>Three months ended July 31</b>		<b>Nine months ended July 31</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Interest accrued on convertible debentures	\$ 3,000	3,000	\$ 9,000	\$ 9,000

**Copper Lake Resources Ltd.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended July 31, 2018**

(Unaudited)

(Expressed in Canadian dollars)

**5. RELATED PARTY TRANSACTIONS** *(Continued)*

**Key management 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. The compensation paid to these key management personnel for the three and nine months ended July 31, 2018 and 2017 is outlined below:

	Three months ended July 31		Nine months ended July 31	
	2018	2017	2018	2017
Management and director fees	\$ 6,000	\$ -	\$ 12,000	\$ -
Share-based compensation	-	-	52,635	-
	\$ 6,000	\$ -	\$ 64,635	\$ -

Included in accounts payable and accrued liabilities as at July 31, 2018 is \$18,947 (October 31, 2017 - \$133,925) owed to directors and officers, companies controlled by former directors or companies having certain directors in common.

The advances from shareholder in the amount of \$29,587 were advanced by a director and are non-interest bearing and have no terms of repayment.

**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 nine months ended July 31, 2018, the Company completed the following transactions:

- a) On December 28, 2017 the Company closed the first tranche of a non-brokered private placement of units and issued 7,000,000 flow-through units, with each unit consisting of one flow-through common share and one-half of one common share purchase warrant, for gross proceeds of \$350,000. Each full warrant is exercisable into one common share at \$0.10 for 24 months from the date of issuance.
- b) On January 30, 2018 the Company announced that it was increasing the maximum amount of the private placement to \$750,000 and extending the closing date to March 1, 2018. On February 28, 2018 the company announced that had closed the second and final tranche of the private placement receiving \$420,500 from the issuance of a further 5,500,000 flow-through units and 2,910,000 non flow-through units. Each non flow-through unit was issued at \$0.05 and consists of one common share and one full common share purchase warrant, with each warrant being exercisable at \$0.08 for 24 months from the date of issuance. The company also issued 66,500 broker warrants in connection with the financing, with the same terms as the warrants issued in the financing.
- c) On March 15, 2018 the Company issued 200,000 shares in connection with the NWO Gold Properties option, as well as made a payment of \$20,000.

**Copper Lake Resources Ltd.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended July 31, 2018**

(Unaudited)

(Expressed in Canadian dollars)

**6. CAPITAL STOCK** *(continued)*

During the year ended October 31, 2017, the Company completed the following share transactions:

- a) On September 26, 2017, holders of convertible debentures with a principal value of \$98,630 elected to convert the debentures into units at a conversion rate of \$0.055 per unit, with each unit comprising one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.055 for a period of four years from the date of conversion. As a result of the conversion, a total of 1,793,273 common shares and 1,793,273 warrants were issued.
- b) On April 27, 2017, holders of convertible debentures with a principal value of \$307,500 elected to convert the debentures into units at a conversion rate of \$0.05 per unit, with each unit comprising one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.05 for a period of four years from the date of conversion. As a result of the conversion, a total of 6,150,000 common shares and 6,150,000 warrants were issued. Accrued interest to the date of conversion in the amount of \$50,400 was settled through the issuance of 1,008,000 common shares and 490,800 common share purchase warrants. These warrants have the same terms as the warrants issued above.
- c) On April 18, 2017 the Company reached an agreement with Rainy Mountain, its joint venture partner on the Marshall Lake property, to acquire all of the camp assets owned by Rainy Mountain at the Marshall Lake property. The Company and Rainy Mountain also agreed to extend the option agreement for a further 12 months, to July 15, 2018. As consideration for the purchase of the camp assets and the extension of the option agreement, the Company issued 600,000 shares to Rainy Mountain.

The following options were outstanding as at July 31, 2018 and October 31, 2017:

	July 31, 2018		October 31, 2017	
	Number of Options	Weighted Ave Exercise Price	Number of Options	Weighted Ave Exercise Price
Opening balance	5,600,000	0.051	5,715,000	0.053
Granted	4,100,000	0.052	-	-
Expired	-	-	(115,000)	0.160
Ending balance	9,700,000	\$0.051	5,600,000	\$0.051
Options exercisable	9,512,500	\$0.051	5,600,000	\$0.051

Expiry Date	Number of Options		Exercise Price
	July 31, 2018	October 31, 2017	
April 6, 2021	2,250,000	2,250,000	0.050
July 29, 2021	2,250,000	2,250,000	0.050
August 8, 2021	100,000	100,000	0.065
September 29, 2021	1,000,000	1,000,000	0.055
January 18, 2023	3,350,000	-	0.050
March 2, 2020	500,000	-	0.050
March 18, 2023	250,000	-	0.080
Outstanding	9,700,000	5,600,000	0.051
Exercisable	9,512,500	5,600,000	0.051
Weighted average remaining life	2.79 years	3.65 years	

**Copper Lake Resources Ltd.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended July 31, 2018**

(Unaudited)

(Expressed in Canadian dollars)

**6. CAPITAL STOCK** *(continued)*

**Share Purchase Warrants**

Share purchase warrant transactions are summarized as follows:

	Nine months ended July 31, 2018		Year ended October 31, 2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	17,678,098	\$ 0.078	10,243,025	\$ 0.103
Issued	9,160,000	0.094	8,434,073	0.051
Expired	-	-	(999,000)	-
Ending balance	26,838,098	\$ 0.082	17,678,098	\$ 0.078
Warrants exercisable	26,838,098	\$ 0.083	17,678,098	\$ 0.078

As at July 31, 2018 and October 31, 2017 the following share purchase warrants were outstanding:

Expiry Date	Number of Warrants		Exercise Price
	July 31, 2018	October 31, 2017	
September 26, 2018	4,673,662	4,673,662	0.150
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 14, 2020	2,910,000	-	0.080
February 14, 2020	2,816,500	-	0.100
<b>Outstanding and exercisable</b>	<b>26,904,598</b>	<b>17,678,098</b>	

**7. CONTINGENCY**

The Company was named in a lawsuit filed in June 2016, by Ronald Coombes (“Coombes”), the former President and CEO and former director, who resigned as President, CEO and director of Copper Lake in February 2016. Coombes is seeking payment for amounts claimed to be owing for consulting fees and reimbursement of expenses and unspecified damages. He is also seeking damages for alleged termination of his consulting agreement. In conjunction with the lawsuit, a prejudgment garnish order was served on the Company which resulted in \$118,390 being held by the BC Supreme Court pending the outcome of the lawsuit. The claims made by Coombes excluding damages total \$137,185. These amounts were recorded in the records of the Company while Coombes was President and CEO. The Board of Directors has retained legal counsel and filed a defense, and has also filed a counterclaim for breach of contract and breach of fiduciary duty in July 2016. In October 2016, the Company successfully filed an action to have a second former director added to the counterclaim against Coombes. In July 2018 a Summary Court ruled that the garnished funds be paid to Coombes, and the related accounts payable in the same amount has been extinguished. The Company plans to continue with its counterclaim against the two former directors. At the present time, management is unable to determine the outcome and potential impact of the claim, if any, and no provision has been booked for the lawsuit as at July 31, 2018.