Audited Consolidated Financial Statements

For the Year Ended October 31, 2018

(Expressed in Canadian Dollars)

Independent auditors' report

To the Shareholders of
Copper Fox Metals Inc.

We have audited the accompanying consolidated financial statements of **Copper Fox Metals Inc.**, which comprise the consolidated statements of financial position as at October 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Copper Fox Metals Inc.** as at October 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 of the consolidated financial statements, which indicates that working capital held as at October 31, 2018 is insufficient to fund **Copper Fox Metals Inc.**'s expenditures over the next twelve months. These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt on **Copper Fox Metals Inc.**'s ability to continue as a going concern.

Ernst & Young LLP

Chartered Professional Accountants

Vancouver, Canada
January 24, 2019

COPPER FOX METALS INC.

Consolidated Statements of Financial Position

As at October 31, 2018

(Expressed in Canadian Dollars)

	October 31, 2018	October 31, 2017
Assets		
Current Assets:		
Cash	**$ 938,311**	$ 286,195
Loan and other receivables (Note 4)	**18,430**	179,040
Total Current Assets	**956,741**	465,235
Non-Current Assets:		
Deposits	**223,809**	250,352
Investments (Note 4)	**112,233**	143,885
Exploration & evaluation assets (Note 5)	**80,733,217**	78,766,026
Property and equipment (Note 6)	**84,893**	111,603
Total Assets	**$ 82,110,893**	$ 79,737,101
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 233,661**	$ 192,352
Flow-through premium liabilities (Note 8)	**43,484**	-
Total Current Liabilities	**277,145**	192,352
Non-Current Liabilities:		
Decommissioning liabilities (Note 7)	**419,665**	224,375
Deferred tax liabilities (Note 11)	**1,659,415**	1,924,315
Total Liabilities	**2,356,225**	2,341,042
Shareholders' Equity:		
Share capital (Note 8)	**77,613,179**	76,583,300
Share purchase warrants (Note 8)	**1,238,412**	1,095,212
Accumulated other comprehensive income	**2,113,893**	1,905,035
Contributed surplus	**15,823,771**	15,823,771
Deficit	**(21,183,754)**	(20,065,134)
Total Shareholders' Equity of Parent	**75,605,501**	75,342,184
Non-controlling interest (Note 9)	**4,149,167**	2,053,875
Total Shareholders' Equity	**79,754,668**	77,396,059
Total Liabilities and Shareholders' Equity	**$ 82,110,893**	$ 79,737,101
Reporting entity and nature of operations (Note 1)		
Commitments (Note 12)		

Approved on behalf of the Board of Directors on January 24, 2019:

"J. Michael Smith" "Elmer B. Stewart"

J. Michael Smith, Director Elmer B. Stewart, Director

See Accompanying Notes to the Audited Consolidated Financial Statements.

COPPER FOX METALS INC.

Consolidated Statements of Loss and Comprehensive Loss

Year Ended October 31, 2018

(Expressed in Canadian Dollars)

	October 31, 2018	October 31, 2018
Expenses:		
Administration	**$ 1,574,910**	$ 1,167,066
Depreciation, amortization and accretion	**22,886**	26,271
Professional fees	**217,582**	282,852
Interest and other income	**(182,350)**	(20,134)
Loss Before Taxes	**$ 1,633,028**	$ 1,456,055
Deferred income tax recovery (Note 11)	**(264,900)**	(255,198)
Net Loss	**$ 1,368,128**	$ 1,200,857
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods (net of tax):		
Foreign currency translation loss (gain)	**(209,952)**	461,273
Realized gain on AFS investment	**-**	(18,500)
Comprehensive Loss	**$ 1,158,176**	$ 1,643,630
Net Loss Attributable to:		
Common shareholders	**$ 963,114**	$ 1,086,757
Non-controlling interest (Note 9)	**405,014**	114,100
Attributable Net Loss	**$ 1,368,128**	$ 1,200,857
Total Comprehensive Loss Attributable to:		
Common shareholders	**$ 753,162**	$ 1,536,860
Non-controlling interest (Note 9)	**405,014**	106,770
Attributable Comprehensive Loss	**$ 1,158,176**	$ 1,643,630
Loss per share - basic and diluted	**$ 0.00**	$ 0.00
Weighted average number of shares	**441,418,516**	430,224,452

See Accompanying Notes to the Audited Consolidated Financial Statements.

COPPER FOX METALS INC.

Consolidated Statements of Changes in Equity

Year Ended October 31, 2018

(Expressed in Canadian Dollars)

	Share Capital	Share Purchase Warrants	AOCI	Contributed Surplus	Deficit	Total Shareholders' Equity of Parent	Non-Controlling Interest	Total Shareholders' Equity
Balance as at October 31, 2017:	$ 76,583,300	$ 1,095,212	$ 1,905,035	$ 15,823,771	$ (20,065,134)	**$ 75,342,184**	$ 2,053,875	$ 77,396,059
Shares issued for cash	1,173,079	-	-	-	-	**1,173,079**	-	1,173,079
Warrants granted	(143,200)	143,200	-	-	-	**-**	-	-
Currency translation adjustment	-	-	208,858	-	-	**208,858**	-	208,858
Dilution of District Copper ownership (Note 9)	-	-	-	-	(155,506)	**(155,506)**	2,500,306	2,344,800
Net loss for the year	-	-	-	-	(963,114)	**(963,114)**	(405,014)	(1,368,128)
Balance as at October 31, 2018	**$ 77,613,179**	**$ 1,238,412**	**$ 2,113,893**	**$ 15,823,771**	**$ (21,183,754)**	**$ 75,605,501**	**$4,149,167**	**$ 79,754,668**

See Accompanying Notes to the Audited Consolidated Financial Statements.

COPPER FOX METALS INC.
Consolidated Statements of Changes in Equity
Year Ended October 31, 2018
(Expressed in Canadian Dollars)

	Share Capital	Share Purchase Warrants	AOCI	Contributed Surplus	Deficit	Total Shareholders' Equity of Parent	Non-Controlling Interest	Total Shareholders' Equity
Balance as at October 31, 2016:	$ 75,884,886	$ 693,626	$ 2,354,794	$ 15,823,771	$ (18,821,540)	**$ 75,935,537**	$ 1,802,410	$ 77,737,947
Shares issued for cash	1,100,000	-	-	-	-	**1,100,000**	-	1,100,000
Warrants granted	(401,586)	401,586	-	-	-	**-**	-	-
Currency translation adjustment	-	-	(449,759)	-	-	**(449,759)**	7,330	(442,429)
Dilution of District Copper ownership (Note 9)	-	-	-	-	(156,837)	**(156,837)**	358,235	201,398
Net loss for the year	-	-	-	-	(1,086,757)	**(1,086,757)**	(114,100)	(1,200,857)
Balance as at October 31, 2017	**$ 76,583,300**	**$ 1,095,212**	**$ 1,905,035**	**$ 15,823,771**	**$ (20,065,134)**	**$ 75,342,184**	**$ 2,053,875**	**$ 77,396,059**

See Accompanying Notes to the Audited Consolidated Financial Statements.

COPPER FOX METALS INC.

Consolidated Statements of Cash Flows

Year Ended October 31, 2018

(Expressed in Canadian Dollars)

	Year Ended	
	October 31, 2018	October 31, 2017
Cash Provided by (Used in) :		
Operations:		
Net loss	**$ (1,368,128)**	$ (1,200,857)
Items not affecting cash:		
Deferred income tax recovery	**(264,900)**	(255,198)
Depreciation, amortization and accretion	**22,886**	26,271
Flow-through premium income	**(118,275)**	-
Loss on disposal of investment	**-**	18,500
Changes in non-cash working capital:		
Accounts payable	**(10,892)**	43,437
Accounts receivable	**195,804**	14,921
Prepaid expenses	**58,750**	5,533
Net Cash Used in Operating Activities	**(1,484,755)**	(1,347,393)
Investing:		
Net proceeds from sale of investments	**30,558**	5,454
Mineral property expenditures	**(905,885)**	(533,745)
Reclamation deposit	**(32,000)**	-
Net Cash Used in Investing Activities	**(907,327)**	(528,291)
Financing:		
Net proceeds from issuance of shares – Copper Fox	**1,173,079**	1,100,000
Net proceeds from issuance of shares – District Copper	**1,882,559**	244,144
Net Cash Provided by Financing Activities	**3,055,638**	1,344,144
Increase / (decrease) in cash during the year	**663,556**	(531,540)
Translation effect of foreign currency	**(11,440)**	(29,770)
Cash, beginning of year	**286,195**	847,505
Cash, End of Year	**$ 938,311**	$ 286,195

See Accompanying Notes to the Audited Consolidated Financial Statements.

1. Reporting Entity and Nature of Operations

Copper Fox Metals Inc. ("**Copper Fox**" or the "**Company"**) was incorporated on February 27, 2004 under the Business Corporations Act of Alberta. On July 14, 2010 the Company transferred its registration from Alberta and became incorporated under the Business Corporations Act of British Columbia. The Company is engaged in the exploration for and development of copper mineral properties in Canada and the United States. Copper Fox's shares trade on the TSX Venture Exchange ("**TSX.V**") under the trading symbol ("**CUU**"). To date, the Company has not earned any revenue from these operations and is considered to be in the exploration and evaluation stage.

The Company maintains its head office at 340 – 12 Avenue SW, Suite 650, Calgary, Alberta. These annual audited consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries. Copper Fox's subsidiaries include:

- 100% ownership of Northern Copper Fox Inc.
    - 39.51% ownership of District Copper Corp. (through Northern Copper Fox Inc.)
- 100% ownership of Desert Fox Minerals Co.
- 100% ownership of Desert Fox Sombrero Butte Co.
- 100% ownership of Desert Fox Van Dyke Co.

Going Concern

The recoverability of amounts shown for resource properties and related exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

During the year ended October 31, 2018, the Company incurred a net loss of $1,368,128 (October 31, 2017 - $1,200,857), the Company's cash position at October 31, 2018 was $938,311 (October 31, 2017 - $286,195) and its working capital was $679,596 (October 31, 2017 - $272,883). As of January 24 2019, the Company had a cash position of $354,364, which indicates that the Company will need to raise additional funds by March 2019. Management plans to raise funds through a private placement in February 2019 and is in discussions with potential investors in this regard. If Management were to be unsuccessful in raising additional funds, they plan to sell one or more of the US properties. Management has been successful in the past in raising required equity financing and believes they will be able to do so again.

The Company is currently exploring its US properties and managing its investment in District Copper with regards to the Eaglehead project and the joint venture interest in the Schaft Creek project. To date, none of the Company's projects have achieved profitability and they have experienced operating losses and significant negative cash flows. The Company has concluded that the working capital as held at October 31, 2018 is insufficient to fund the Company's expenditures over the next twelve months and as such has implemented a strict capital management program to monitor the cash outflows. Unless additional funds are raised, the Company will have insufficient funds to realize its assets and discharge its liabilities in the normal course of business.

The conditions described above indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital. These financial statements do not contain any adjustments to the amounts that may be required should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Presentation and Significant Accounting Policies

Statement of Compliance

These consolidated financial statements have been prepared in accordance and in compliance with International Financial Reporting Standards (**"IFRS"**).

These consolidated financial statements were approved for issue by the Board of Directors on January 24, 2019.

Basis of Measurement

These audited consolidated financial statements have been prepared using historical cost basis, except for financial instruments measured at fair value.

Functional Currency and Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate and is normally the currency in which the entity primarily generates and expends cash. The functional and reporting currency of Copper Fox is the Canadian Dollar. Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in earnings.

Financial statements of the foreign subsidiaries included in the consolidated financial statements where the functional currency is other than the Canadian dollar are translated using their functional currency which is the respective local currency. For balance sheet items, the translation is performed using the current rate method, in which all amounts are translated to the reporting currency using the rates of exchange prevailing on the balance sheet date. For income statement items, the translation is performed using the average rate method, in which all amounts are translated to the reporting currency using the annual average rates of exchange during the fiscal year. Net exchange gains or losses resulting from the translation of foreign financial statements are recognized in comprehensive income or loss.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements, along with reported amounts of income and expenses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis by management. Revisions are recognized in the period in which the estimates are revised and in any future periods so affected.

(i) Significant Judgements in Applying Accounting Policies

Critical judgements required in applying the Company's accounting policies that would have the most significant impact on the Company's financial statements include: determination of control and significant influence, determination of functional currency, capitalization of exploration and evaluation costs and determination of the economic viability of a project.

a) Determination of Control and Significant Influence

Per IFRS 10.5, an investor (Copper Fox) controls an investee (District Copper) if they have the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

Copper Fox no longer owns greater than 50% of District Copper, however, the Company believes that it still retains control of District due to it being the largest shareholder of the company by a significant margin, having two directors on District's Board (out of 5 directors total) and by directly influencing the long term business plans for District, specifically with regards to the Eaglehead project, through being responsible for planning and executing the annual drilling programs and budgets.

b) Determination of Functional Currency

The functional currency for Copper Fox and each of its subsidiaries is the currency of the primary economic environment in which the entity operates. The functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgements to identify the primary economic environment and the Company would reconsider the functional currency if there was a change in events and conditions which determined the primary economic environment.

c) Capitalization of and Exploration and Evaluation Costs

The measurement and impairment of mineral properties are based on various judgments, including, but not limited to, the technical and commercial feasibility of these properties, which incorporates various assumptions for mineral reserves and/or resources, future mineral prices and operating and capital expenditures.

d) Determination of the Economic Viability of a Project

The Company uses its best estimates and judgements when assessing a potential project. There are numerous approximations and evaluation made by management when preparing a net present value calculation for a potential future project.

(ii) Key Sources of Estimation Uncertainty

Significant accounts that require estimates as the basis for determining the stated amounts included, but are not limited to, exploration credits, anticipated costs of asset retirement obligations and the valuation of deferred income tax liabilities, mineral property interests and exploration and evaluation expenditures.

a) Taxation

Tax provisions are recognized to the extent that it is probable that there will be future outflow of funds to a taxation authority. Such provisions often require judgment on the treatment of certain taxation matters that may not have been reported to or assessed by the taxation authority at the date of these financial statements. Differences in judgment by the taxation authority could result in changes to actual taxes payable by the Company.

Deferred tax assets are recognized to the extent that certain taxable losses or deferred expenditures will be utilized by the Company to reduce future taxes payable. The amount of deferred tax assets recognized, if any is based on objective evidence that the Company will generate sufficient future taxable income to utilize these deferred tax assets, as well as the expected future tax rates that will be apply to these assets.

Changes to the Company's ability to generate sufficient taxable income or changes to enacted tax rates could result in the recognition of deferred tax assets.

b) Exploration Credits

Tax credits related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits.

The calculation of the Company's credits involves estimation and judgment of certain items whose tax treatment cannot be conclusively determined until notice of assessment and subsequent payments have been received from the relevant taxation authority.

Differences arising between the final assessment and the original assumptions made could necessitate adjustments to the mining tax credit and the corresponding future income tax expense.

The amounts recognized in the Company's financial statements are a result of management's best estimation and judgment, as described above. However, the ongoing review by the taxation authority and the inherent uncertainty regarding the outcome of these reviews may result in a difference between the final decision by the taxation authority and the original accounting estimates made by the Company, which could impact on the Company's financial position and its cash flows.

c) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. For example, if, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the period when the new information became available.

Basis of Consolidation

The financial statements of the Company's subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its control over the entity. All significant intercompany transactions and balances have been eliminated. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original acquisition plus the non-controlling interests' share of changes in equity since the date of acquisition. All of the Company's material subsidiaries are wholly owned except for District Copper Corp. (**"District" or "District Copper"**), of which the Company owns 39.51% of the common outstanding shares. These consolidated financial statements include 100% of the assets and liabilities related to District and include a non-controlling interest representing 60.49% of District's assets and liabilities not owned by the Company. Accounting policies are applied consistently throughout all consolidated entities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less or fully redeemable without penalty when acquired.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, loan and other receivables, investments, trade and other payables and investments in shares. The fair values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity of these instruments.

The Company classifies financial assets and liabilities as fair value through profit and loss, available for sale ("**AFS**"), held to maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition.

Financial assets and liabilities classified as fair-value-through-profit-and-loss are measured at fair value, with gains and losses recognized in operations. Financial assets classified as held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized in other comprehensive income ("**OCI**") or loss until realized, or if impaired, the unrealized gain or loss is then recorded in earnings through accumulated other comprehensive income ("**AOCI**").

Investments

For investments actively traded in recognized financial markets, fair market value ("**FMV**") is generally determined by reference to stock exchange quoted market prices, which is a Level 1 input, at the close of business on the statement of financial position date. For investments where there is no quoted price, a reasonable estimate of the fair value is determined by reference to the current market value of a substantially similar instrument, or is calculated based on the expected future cash flows of the underlying net asset base of the investment (Level 2 or Level 3).

Exploration and Evaluation Assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets and recorded as mineral properties. Exploration expenditure relates to the initial search for deposits with economic potential.

The recovery of the carrying amount of exploration and evaluation assets is dependent upon the future commercial success of the mineral properties or from proceeds of disposition. The amounts shown for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values.

Mining tax credits are recorded in the financial statements when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

These non-repayable mining tax credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration and evaluation assets.

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. Any premium, being the excess of the proceeds over the market value of the common shares, is recorded as a liability. At the later of the renouncing and the incurrence of the expenditure, the Company de-recognizes the liability, and the premium amount is recognized as income in the statement of loss. The Company may be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until the flow-through money is fully renounced.

With reference to Copper Fox's Schaft Creek agreement with Teck Resources Limited (**"Teck"**), the Company does not record any expenditure made by Teck on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but re-designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from Teck is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the Company as a gain on disposal.

Decommissioning Liabilities and Reclamation Costs

The Company recognizes and records the fair value of the liability for a future retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related asset using the present value of the estimated future cash outflows. The liability is subsequently adjusted for the passage of time. When in production the asset will be amortized accordingly. The liability is also adjusted for the changes to the current market-based discount rate, or the amount or timing of the underlying cash flows needed to settle the obligation.

The operations of the Company may be affected from time to time by changes in environmental regulations, including those for future rehabilitation and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company may vary from region to region and are not entirely predictable. The Company's policy is to meet standards set by relevant legislation and by the application of technically proven and economically feasible measures. Expenditures relating to ongoing environmental and reclamation programs are recorded to earnings as incurred or capitalized and amortized, depending upon their future economic benefits.

Property and Equipment

Property and equipment is stated at cost, which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.

Amortization of property and equipment is calculated using the declining balance method, net of any estimated residual value, over their estimated useful lives as follows:

Building	10 years
Furniture and equipment	5 years
Heavy equipment	3 years
Computer equipment	3 years

Impairment of Long-Lived Assets

At each reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment.

The recoverable amount is the higher of the assets' fair value less cost to sell or value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in earnings for that period. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties.

Value in use is determined as the net present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and can only take into account approved future development costs. Estimates of future cash flows used in the evaluation of impairment of assets are made using management's forecasts of commodity prices and expected production volumes. The latter takes into account assessments of mineral resources and includes expectations about proved and unproved volumes, which are risk-weighted utilizing geological, production, recovery and economic projections.

Contingent Liabilities

The Company has the potential to be involved in various claims, assessments, investigations and legal proceedings that arise from time to time in the ordinary course of its business, including matters involving tax and other issues. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur and a reasonable estimate of the loss can be made, an estimated liability would be accrued. The Company would accrue a liability when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. The Company reviews these accruals quarterly and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel and other relevant information. Currently the Company does not have any accrued contingent liabilities.

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in earnings, except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Additionally, deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-Based Payments

The Company applies the fair value method to share-based payments for all options granted. The fair value is measured at the grant date and each vesting tranche is recognized as a separate award. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds, together with the related contributed surplus amounts which are credited to share capital through contributed surplus.

Earnings per Share

Basic earnings per share are calculated by dividing net earnings or losses available to the Company by the weighted average number of common shares outstanding for the year. Diluted earnings per share are calculated to reflect the dilutive effect of exercising outstanding stock options and warrants by application of the treasury stock method. Outstanding stock options and share purchase warrants that would potentially dilute basic earnings per share have not been included in the computation of diluted earnings per share because to do so would be anti-dilutive.

Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Cash, Trade and Other Receivables, Trade and Other Payables

The fair value of cash, trade and other receivables and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At October 31, 2018 and 2017 the fair value of these balances approximated their carrying value due to their short term nature.

3. Standards Issued but Not Yet Effective

The IASB issued a number of new and revised accounting standards that are not yet effective. These standards include the following:

IFRS 9 - Financial Instruments

IFRS 9, Financial Instruments, is replacing IAS 39, Financial Measurements: Recognition and Measurements. IFRS 9 retains but simplifies the mixed measure model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for the Company's fiscal period beginning November 1, 2018. The Company is still assessing the impact of the adoption of this new standard on its financial statements.

IFRS 15 - Revenue

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. A full retrospective application or a modified retrospective application was required for annual periods beginning on or after January 1, 2018.

The Company adopted the new standard on the required effective date. Currently, the Company does not have any contracts with customers and as such there has been no impact to the financial statements upon adoption.

IFRS 16 - Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of 'low-value' assets (i.e., personal computers); and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (i.e., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Company plans to continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

4. Loans, Other Receivables and Investments

On March 18, 2015, Copper Fox agreed to lend Bell Copper Corporation, ("**Bell**") $150,000. The terms of the loan were a 12% annual interest rate, a maturity date of March 19, 2016 and Bell pledged its Kabba Property copper project as security for the loan. As compensation for this loan, Copper Fox received 500,000 shares of Bell. Copper Fox extended this loan to Bell as a potential investment in a new mineral exploration company.

On March 1, 2016, Copper Fox agreed to extend the $150,000 Bell loan. The accrued interest of $18,000 was added to the principle which amended the Bell loan amount to $168,000. As compensation for extending the loan payable by an additional year, Copper Fox received 1,000,000 Bell warrants with an exercise price of $0.05 and an expiry date of March 19, 2017. Bell is a publicly traded on the TSX:V and the maximum exposure to this loan would be the entirety of the loan $168,000 (October 31, 2017 - $168,000).

On March 3, 2017, Copper Fox agreed to extend the $168,000 Bell loan. As compensation for extending the loan an additional year, Copper Fox received an accrued interest payment of $20,160 from Bell and 1,000,000 Bell warrants with an exercise price of $0.10 and an expiry date of March 19, 2018.

On March 13, 2018, the loan outstanding of $168,000 was paid in full, as well as an interest payment of $19,829. On receipt of the full amount owing, Copper Fox released its security on the Kabba property to Bell.

On December 13, 2017, Copper Fox sold 219,000 shares of Bell for gross proceeds of $44,800 and incurred selling costs of $500.

On January 23, 2018, Copper Fox sold 140,500 shares of Bell for gross proceeds of $27,277 and incurred selling costs of $295.

As at October 31, 2018, Copper Fox had 83,200 Bell shares remaining, which were trading at $0.065 per share.

Copper Fox directly owns 29,342 shares of Liard Copper Mines Ltd. ("**Liard**"), a private company incorporated in British Columbia, which represents approximately 1.55% of the issued and outstanding shares of Liard. These shares were originally recorded at a cost value of $759,305 upon acquisition in two separate 2011 transactions.

During the year ended October 31, 2016, pursuant to a purchase of Liard shares by the Schaft Creek Joint Venture ("**SCJV**"), the Company determined that the value of the Liard shares purchased in 2011 were impaired by $652,480 and were subsequently written down to the Fair Market Value ("**FMV**") carrying cost of $106,825, which was referenced to a private sale of Liard shares in 2016 (Level 3). There were no similar transactions in 2017 or 2018, so the Company determined that the 2016 private sale is the best reference of the FMV of the Liard shares as of October 31, 2018.

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

Copper Fox indirectly owns an additional 21.35% of the Liard shares through its SCJV with Teck Resources Limited ("**Teck**"). As these Liard shares are held within a trust account that the Company does not control, the 21.35% ownership of Liard is not reflected in the table below.

Liard holds a 30% Net Proceeds Interest in the Schaft Creek project, subject to certain terms and conditions.

The FMV of all the investments are as follows:

Investments	**Fair Market Value October 31, 2017**	**Fair Market Value October 31, 2018**
Bell Copper Corp.	$ 37,060	**$ 5,408**
Liard Copper Mines Ltd.	106,825	**106,825**
Total	**$ 143,885**	**$ 112,233**

5. Exploration and Evaluation Assets

	Balance October 31, 2017	**Additions**	**Balance October 31, 2018**
Arizona Properties:			
Van Dyke Project:			
Acquisition of property rights	$ 2,585,093	$ -	$ 2,585,093
Technical analysis	5,787,832	33,123	5,820,955
Licenses and permits	56,029	-	56,029
Foreign exchange	1,364,649	170,116	1,534,765
Total Van Dyke Project	**9,793,603**	**203,239**	**9,996,842**
Sombrero Butte Project:			
Acquisition of property rights	$ 847,819	$ 51,460	$ 899,279
Technical analysis	716,988	32,898	749,886
Licenses and permits	116,818	-	116,818
Foreign exchange	263,323	36,699	300,022
Total Sombrero Butte Project	**1,944,948**	**121,057**	**2,066,005**
Mineral Mountain Project:			
Technical analysis	$ 355,384	$ 124,706	$ 480,091
Foreign exchange	(7,901)	8,764	863
Total Mineral Mountain Project	**347,483**	**133,470**	**480,954**
Total Arizona Properties	**$ 12,086,034**	**$ 457,766**	**$ 12,543,801**
British Columbia Properties:			
Schaft Creek:			
Acquisition of property rights	$ 3,053,755	$ -	$ 3,053,755
Technical analysis	61,884,978	21,220	61,906,198
Licenses and permits	106,623	-	106,623
Sub-Total Schaft Creek	65,045,356	21,220	65,066,576
BC Mineral Exploration Tax Credit	(3,575,505)	-	(3,575,505)
Total Schaft Creek	**61,469,851**	**21,220**	**61,491,071**
Eaglehead:			
Property acquisition	-	639,000	639,000

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

Technical analysis	5,304,123	849,204	6,153,327
BC Mineral Exploration Tax Credit	(93,981)	-	(93,981)
Total Eaglehead	**5,210,142**	**1,488,204**	**6,698,346**
Total British Columbia Properties	**66,679,993**	**1,509,424**	**68,189,417**
Total Mineral Properties	**$ 78,766,027**	**$ 1,967,190**	**$ 80,733,217**

	Balance October 31, 2016	Additions	Balance October 31, 2017
Arizona Properties:			
Van Dyke Project:			
Acquisition of property rights	$ 2,585,093	$ -	$ 2,585,093
Technical analysis	5,623,355	164,476	5,787,832
Licenses and permits	56,029	-	56,029
Foreign exchange	1,751,549	(386,900)	1,364,649
Total Van Dyke Project	**10,016,026**	**(222,424)**	**9,793,603**
Sombrero Butte Project:			
Acquisition of property rights	$ 847,819	$ 52,352	$ 900,171
Technical analysis	669,438	47,550	716,988
Licenses and permits	64,466	-	64,466
Foreign exchange	338,013	(74,690)	263,323
Total Sombrero Butte Project	**1,919,736**	**25,212**	**1,944,948**
Mineral Mountain Project:			
Technical analysis	$ 240,875	$ 114,510	$ 355,384
Foreign exchange	3,119	(11,020)	(7,901)
Total Mineral Mountain Project	**243,994**	**103,490**	**347,483**
Total Arizona Properties	**$ 12,179,756**	**$ (93,722)**	**$ 12,086,034**
British Columbia Properties:			
Schaft Creek:			
Acquisition of property rights	$ 3,053,755	$ -	$ 3,053,755
Technical analysis	61,839,754	45,224	61,884,978
Licenses and permits	106,623	-	106,623
Sub-Total Schaft Creek	65,000,132	45,224	65,045,356
BC Mineral Exploration Tax Credit	(3,575,505)	-	(3,575,505)
Total Schaft Creek	**61,424,627**	**45,224**	**61,469,851**
Eaglehead:			
Technical analysis	5,236,278	67,845	5,303,123
BC Mineral Exploration Tax Credit	(93,981)	-	(93,981)
Total Eaglehead	**5,142,297**	**67,845**	**5,210,142**
Total British Columbia Properties	**66,566,924**	**113,069**	**66,679,993**
Total Mineral Properties	**$ 78,746,679**	**$ 19,347**	**$ 78,766,027**

Schaft Creek Project

Copper Fox's primary asset is a 25% direct and indirect working interest in the Schaft Creek Joint Venture ("**SCJV**"). The SCJV holds two main assets: i) the Schaft Creek copper-gold-molybdenum-silver project located in northwestern British Columbia and ii) an 85.41% equity interest in the Liard Copper Mines Ltd. Liard holds a 30% Net Proceeds Interest in the Schaft Creek project subject to certain terms and conditions. Royal Gold holds a 3.5% Net Profits Interest in certain mineral claims.

Teck is the operator of the SCJV and is responsible for, in addition to other obligations, funding the first $60 million in pre-production expenditures at Schaft Creek. After the first $60 million has been funded by Teck, the costs will be split based on the ownership percentage. As of October 31, 2018, Teck has funded approximately $20 million towards the Schaft Creek project since mid-2013 (see Note 12).

Van Dyke Project

In 2012, Copper Fox acquired 100% of Bell's interest in the Van Dyke copper project located in Miami, Arizona. Acquisition costs were $500,000 in cash to Bell, $1,499,400 (US $1,500,000) to the Vendors (owners of the Van Dyke project) and assumption of obligations in respect of the Van Dyke project, subject to certain amended terms and conditions. The Vendors retained a 2.5% Net Smelter Return ("**NSR**") production royalty from the Van Dyke deposit. As of October 31, 2018, Copper Fox has incurred $9,996,842 (US $7,626,014) in expenditures, which includes the acquisition and exploration costs as well as completion of the Preliminary Economic Assessment ("**PEA**").

Sombrero Butte Project

In 2012, Copper Fox acquired the rights, provided all option payments are made when due, to 100% of Bell's Sombrero Butte property located in the Bunker Hill Mining District, 44 miles northeast of Tucson, Arizona.

Acquisition costs were $500,000 in cash and an assumption of Bell's remaining option obligation on the property of $599,760 (US $600,000). In 2016, Copper Fox re-negotiated the continuing obligation on the property to a US $40,000 annual payment. As at October 31, 2018 the option obligation outstanding is US $120,000. Upon completion of these annual payments, Copper Fox will hold an undivided 100% interest in the Sombrero Butte property. As of October 31, 2018, Copper Fox has incurred $2,066,004 (US $1,574,219) in expenditures, which includes the acquisition and exploration costs.

Mineral Mountain Project

Mineral Mountain is located in the same structural trend that hosts the Globe-Miami, Resolution, Florence and Casa Grande copper deposits in Arizona and is 100% wholly owned by Copper Fox. The property is located between the Florence copper deposit and the Resolution copper deposit and is underlain by Precambrian age Pinal Schist, diabase and granite that has been intruded by Laramide age quartz monzonite and granodiorite. As of October 31, 2018 the Company has incurred $480,954 (US $366,468) in expenditures over the life of the project, by completing a regional geochemical assessment, locating claims, annual filing fees and acquiring an Arizona exploration permit.

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

Eaglehead Project

Copper Fox, through its wholly owned subsidiary Northern Fox, owns 39.51% of the common shares of District Mining Corp. Copper Fox's equity interest decreased from 60.38% to 39.51% due to the Company not participating in District's March 29, 2018 or July 12, 2018 private placements, as well as District issuing shares for property on May 8, 2018. District holds a 100% working interest in the Eaglehead copper-molybdenum-gold-silver property (13,540 ha) located in the Liard Mining Division, approximately 40 kilometers east of Dease Lake in northern British Columbia.

A portion of the Eaglehead Property is subject to a 2.5% NSR of which 1.5% can be re-purchased by District for $2,000,000. An area covering 981 hectares of the Eaglehead project is also subject to a separate 2% NSR royalty payable to an arm's length third party, one-half (1%) of which may be purchased for $1,000,000.

On May 8, 2018, District Copper acquired additional mineral tenures located contiguous to its 100% owned Eaglehead project.

Highlights of the transaction were:

- 2,400 ha in 3 mineral tenures located contiguous to the northern boundary of the Eaglehead project,
- Purchase price consisted of $15,000 **(paid)** and 3,900,000 shares **(issued)** of District Copper, valued at the stock's trading price on the date of issue, which was $0.16 per share,
- The vendor will retain a 2% NSR on production from the project,
- District retains the right to re-purchase up to 1.5% of the 2% NSR for a purchase price of $1,000,000.

6. Property and Equipment

Description	Cost	Accumulated Amortization	Net Book Value October 31, 2018	Net Book Value October 31, 2017
Asset retirement	$ 143,550	$ 113,244	**$ 30,306**	$ 47,239
Buildings	137,250	96,745	**40,505**	45,005
Computer equipment	82,544	77,638	**4,906**	7,008
Furniture & equipment	46,887	42,633	**4,254**	5,318
Heavy equipment	173,332	168,409	**4,923**	7,033
Total	**$ 583,563**	**$ 498,670**	**$ 84,893**	**$ 111,603**

Description	Cost	Accumulated Amortization	Net Book Value October 31, 2017	Net Book Value October 31, 2016
Asset retirement	$ 150,098	$ 102,859	**$ 47,239**	$ 46,571
Buildings	137,250	92,245	**45,005**	50,006
Computer equipment	82,544	75,536	**7,008**	10,012
Furniture & equipment	46,887	41,569	**5,318**	6,647
Heavy equipment	173,332	166,299	**7,033**	10,047
Total	**$ 590,111**	**$ 478,509**	**$ 111,603**	**$ 123,282**

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

Property and equipment are stated at cost which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.

7. Decommissioning Liabilities

The Company's decommissioning liabilities relate to the Company's share of reclamation and closure costs for the Schaft Creek and Eaglehead properties. The total decommissioning liability is based on the Company's estimated costs to reclaim the property and facilities along with the estimated timing costs to be incurred in future years.

The Company has estimated the net present value of its share of the decommissioning liabilities of Schaft Creek to be $184,338 as at October 31, 2018 (October 31, 2017 - $188,252) based on an undiscounted and inflated future liability of $193,198 (October 31, 2017 - $194,863).

The Company's estimated risk-free rate of 2.41% (October 31, 2017 – 2.00%) and inflation rate of 1.60% (October 31, 2017 – 0.87%) were used to calculate the present value of the decommissioning liabilities.

The decommissioning provision for the Eaglehead exploration and evaluation asset was estimated by management to be the net present value of $235,327 as at October 31, 2018. (October 31, 2017 - $36,123) based on a total undiscounted liability of $241,000 (October 31, 2017 - $36,500).

Description	Copper Fox	District Copper	Total
Opening Balance, November 1, 2017:	**$ 188,252**	**$ 36,123**	**$ 224,375**
Additions:			
Accretion – Copper Fox	2,633	-	**2,633**
Accretion – District Copper	-	92	**92**
Revisions – Copper Fox	(6,547)	-	**(6,547)**
Revisions – District Copper	-	199,112	**199,112**
Balance, October 31, 2018	**$ 184,338**	**$ 235,327**	**$ 419,665**

Description	Copper Fox	District Copper	Totals
Opening Balance, November 1, 2016:	$ 173,753	$ 36,031	**$ 209,784**
Additions:			
Accretion – District Copper	-	92	**92**
Accretion – Copper Fox	2,171	-	**2,171**
Revisions – Copper Fox	12,328	-	**12,328**
Balance, October 31, 2017	**$ 188,252**	**$ 36,123**	**$ 224,375**

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

8. Share Capital

Authorized

Authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares, without par value, of which no preferred shares have been issued.

As of October 31, 2018, the issued and outstanding shares are as follows:

Common Shares	Number	Amount
Opening Balance, November 1, 2017:	436,980,160	**$ 76,583,300**
Additions:		
June 18, 2018 private placement, net	12,000,000	**1,173,079**
June 18, 2018 warrants granted	-	**(143,200)**
Balance, October 31, 2018	**448,980,160**	**$ 77,613,179**

Common Shares	Number	Amount
Opening Balance, November 1, 2016:	427,813,495	**$ 75,884,886**
Additions:		
July 27, 2017 private placement, net	9,166,665	**1,100,000**
July 27, 2017 warrants granted	-	**(401,586)**
Balance, October 31, 2017	**436,980,160**	**$ 76,583,300**

On March 29, 2018, District Copper issued 18,750,000 units at $0.08 per unit, pursuant to a private placement, for gross proceeds of $1,500,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at $0.12 until March 29, 2020.

The warrants have an early acceleration provision wherein the warrants will become callable on 21 days' notice in the event that District Coppers' shares trade at a price of $0.25 per share or greater for a 30 day trading period.

Finders' fees of $48,048, filing fees of $7,500 and legal fees of $47,608 were paid with respect to this financing.

On July 12, 2018 the Company issued 6,470,352 flow-through shares, pursuant to a private placement, for gross proceeds of $549,980.

Finders' fees of $30,000, filing fees of $1,382, legal fees of $32,883 and the issuance of 352,942 finders' warrants were paid with respect to this financing. The fair value of the finders' warrants was immaterial. Each finders' warrant is exercisable into one common share at $0.085 until July 12, 2020.

In connection with this placement, a $161,759 flow-through premium liability was incurred as a result of there being a $0.025 premium per share sold. The liability will be extinguished once all the flow-through money raised has been spent on the Eaglehead project. As of October 31, 2018, the remaining flow-through premium liability was $43,484, with the reduction of $118,275 recorded as flow-through premium income.

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

On June 18, 2018, the Company closed a non-brokered private placement, raising aggregate gross proceeds of $1,200,000 through the sale of 12,000,000 units at a price of $0.10 per unit. Each unit consists of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one common share for an exercise price of $0.12 during the first 12 month period after the closing of the offering and $0.15 during the second 12 month period after the closing of the offering. In the event that the 20-day volume weighted average price of the common shares listed on the TSX Venture Exchange is above $0.20, the expiry date of the warrants will be accelerated to a date that is 30 days after the first date such threshold is met.

On July 27, 2017, the Company closed a non-brokered private placement, raising aggregate gross proceeds of $1,100,000 through the sale of 9,166,665 units at a price of $0.12 per unit. Each unit consists of one common share of the Company and one whole common share purchase warrant. Each warrant entitles the holder to purchase one common share for an exercise price of $0.15 during the first 12 month period after the closing of the offering and $0.17 during the second 12 month period after the closing of the offering. In the event that the 20-day volume weighted average price of the common shares listed on the TSX Venture Exchange is above $0.20, the expiry date of the warrants will be accelerated to a date that is 30 days after the first date such threshold is met.

Warrants

As of October 31, 2018, the warrants outstanding are as follows:

Share Purchase Warrants	Number of Warrants	Amount
Opening Balance, November 1, 2017:	19,919,665	$ **1,095,212**
Additions:		
June 18, 2018 warrants granted	6,000,000	**143,200**
Balance, October 31, 2018	**25,919,665**	$ **1,238,412**

The value of the June 18, 2018 warrants were calculated using Black Sholes with an exercise price of $0.10 in the first year and $0.15 in the second year, an expected life of two years, a volatility rate of 64.42% and a risk-free rate of 1.87%.

Share Purchase Warrants	Number of Warrants	Amount
Opening Balance, November 1, 2016:	10,753,000	$ **693,626**
Additions:		
July 27, 2017 warrants granted	9,166,665	**401,586**
Balance, October 31, 2017	**19,919,665**	$ **1,095,212**

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

The value of the July 27, 2017 warrants were calculated using Black Sholes with an exercise price of $0.15 in the first year and $0.17 in the second year, an expected life of two years, a volatility rate of 71.36% and a risk-free rate of 1.30%.

The value of the June 9 and 30, 2017 warrants, who's expiry date were extended by one year, were calculated using Black Sholes with an exercise price of $0.17, an expected life of one year, a volatility rate of 64.60% and 64.30% and a risk-free rate of 1.91% and 1.90%. It was determined that the fair value of these extended warrants had a nominal value. No amounts were recorded on the financial statements for these extensions.

Number of Warrants Outstanding	Warrant Exercise Price	Warrants Exercisable as of October 31, 2018	Warrant Expiry Date
10,753,000	$ 0.17	10,753,000	June 9 and 30, 2019
9,166,665	0.17	9,166,665	July 27, 2019
6,000,000	0.12 - 0.15	6,000,000	June 18, 2020
25,919,665		**25,919,665**	

Stock Option Plan

The number of shares reserved for issuance under the Company's stock option plan is limited to 10% of the number of shares which are issued and outstanding on the date of a particular grant of options.

Under the plan, the Board of Directors determines the term of a stock option, the vesting period of the options and the option exercise price, which shall not be less than the closing price of the Company's share on the TSX:V immediately preceding the date of grant. The Compensation Committee determines and makes recommendations to the Board as to the recipients, nature and size of the share-based compensation awards in compliance with applicable securities law, stock exchange and other regulatory requirements.

As of October 31, 2018, the Company's options outstanding were as follows:

Stock Options	Weighted Avg. Exercise Price	Number of Options
Opening Balance, November 1, 2017:	$ -	-
Additions:		
There was no option activity in Q1-Q4 2018	-	-
Balance, October 31, 2018	**$ -**	**-**

Stock Options	Weighted Avg. Exercise Price	Number of Options
Opening Balance, November 1, 2016:	$ 1.04	**550,000**
Subtractions:		
Expired	$ 1.04	**(550,000)**
Balance, October 31, 2017	**$ -**	**-**

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

9. Non-Controlling Interest

As of October 31, 2018, Copper Fox beneficially owned and controlled 33,283,264 of the 84,241,618 issued and outstanding common shares of District Copper, post-consolidation, representing a 39.51% ownership of District Copper. Even though Copper Fox no longer owns greater than 50% of District Copper, the Company still retains control of District due to it being the largest shareholder of the company by a significant margin, having two directors on District's Board (out of 5 directors total) and by directly influencing the long term business plans for District, specifically with regards to the Eaglehead project.

The non-controlling interest ("**NCI**") is as follows:

	NCI Percentage
District Copper's Ownership Percentage as at October 31, 2018	**60.49%**

District Copper's summarized financial information is as follows:

	District Copper's Financials as at October 31, 2018	
Net Loss		669,555
Total Net Loss Attributable To Non-Controlling Interest	**$**	**405,014**
Comprehensive Loss		669,555
Total Comprehensive Loss Attributable To Non-Controlling Interest	**$**	**405,014**
Current assets		385,840
Non-current assets		6,910,346
Current liabilities		(201,678)
Non-current liabilities		(235,327)
Net Assets		6,859,181
Net Assets Attributable To Non-Controlling Interest	**$**	**4,149,167**
Cash flows used in operating activities		(779,685)
Cash flows used in investing activities		(674.478)
Cash flows from financing activities		1,755,549
Net Increase In Cash	**$**	**301,386**

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

	NCI Percentage
District Copper's Ownership Percentage as at October 31, 2017	**39.62%**

District Copper's prior year summarized financial information is as follows:

		District Copper Financials As at October 31, 2017
Net Loss		287,986
Total Loss Attributable to Non-Controlling Interest	**$**	**114,100**
Comprehensive Loss		269,486
Total Comprehensive Loss Attributable to Non-Controlling Interest	**$**	**106,770**
Current assets		75,778
Non-current assets		5,390,142
Current liabilities		(143,851)
Non-current liabilities		(138,133)
Net Assets		5,183,936
Net Assets Attributable to Non-Controlling Interest	**$**	**2,053,875**
Cash flows used in operating activities		(224,193)
Cash flows used in investing activities		(103,633)
Cash flows from financing activities		269,144
Net Decrease in Cash	**$**	**(58,682)**

10. Related Party Transactions

Copper Fox

During the year ended October 31, 2018, legal fees of $74,940 (October 31, 2017 - $140,684) were paid to Farris, Vaughan, Wills & Murphy LLP ("**Farris**"). As at October 31, 2018, included in accounts payable to Farris was $2,087 (October 31, 2017 - $12,569). One of the partners at Farris' is a member of Copper Fox's Board of Directors.

District Copper

For the year ended October 31, 2018, $Nil (October 31, 2017 - $2,500) was paid in rent to a company controlled by a former officer of District.

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

Key Management Compensation

The remuneration of the CEO, CFO, directors and those persons having authority and responsibility for planning, directing and controlling activities of the Company, including District are as follows:

Description	October 31, 2017	October 31, 2018
Directors fees	$ 24,000	**$ 33,500**
Salaries and consulting fees	469,500	**478,917**
Total	**$ 493,500**	**$ 512,417**

11. Income Taxes

Reconciliation of the Effective Tax Rate

	October 31, 2018	October 31, 2017
Loss before taxes	**$ (1,633,028)**	$ (1,456,055)
Tax rate	**27.00%**	26.00%
Expected Tax Recovery	**(440,918)**	**(378,574)**
Permanent differences	**(30,046)**	(28,825)
Flow-through share renunciation	**108,589**	17,640
Rate and other	**56,035**	166,288
Change in unrecognized deferred tax asset	**41,440**	(31,726)
Deferred Income Tax Recovery	**$ (264,900)**	**$ (255,198)**

Deferred Tax Assets and Liabilities

a) Unrecognized temporary differences have not been recognized with respect of the following items:

	October 31, 2018	October 31, 2017
Deductible temporary differences	**$ 1,454,902**	$ 1,377,549
Non-capital losses	**5,166,336**	4,234,533
Total	**$ 6,621,238**	**$ 5,572,082**

b) The Company has income tax loss carry-forwards of approximately $42.1 million (October 31, 2017 - $39.6 million). The Company has unrecognized income tax loss carry-forwards in Canada of $40.9 million (October 31, 2017 - $38.4 million) and in the US of $1.2 million (October 31, 2017 - $1.2 million). The non-capital losses expire in the years 2026-2038 in Canada and 2033-2038 in the US.

c) The Company has taxable temporary differences of $2.3 million (October 31, 2017 - $2.1 million) for re-valuation of loans that are not recognized, as the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

d) The significant component of the Company's deferred tax assets and liabilities are as follows:

	October 31, 2018	October 31, 2017
Deferred Tax Liabilities:		
Non-capital losses	**$ 10,690,309**	$ 10,272,053
Other	**73,515**	177,486
Sub-Total	**10,763,824**	**10,449,539**
Property and equipment and exploration	**(11,694,696)**	(11,640,736)
Other	**(728,543)**	(733,119)
Sub-Total	**(12,423,239)**	**(12,373,855)**
Total Deferred Tax Liabilities	**$ (1,659,415)**	**$ (1,924,315)**

e) Movements in the temporary differences during the year are as follows:

	Property and Exploration	Other	NCL	Total
Balance, November 1, 2017:	$(11,640,736)	$ (555,632)	$10,272,053	**$ (1,924,315)**
Recognized in statement of comprehensive loss	(53,960)	(99,396)	418,256	**264,900**
Balance, October 31, 2018	**$(11,694,696)**	**$ (655,028)**	**$10,690,309**	**$ (1,659,415)**

	Property and Exploration	Other	NCL	Total
Balance, November 1, 2016	$(11,174,048)	$ (515,349)	$ 9,509,884	**$ (2,179,513)**
Recognized in statement of comprehensive loss	(466,688)	(40,283)	762,169	**255,198**
Balance, October 31, 2017	**$(11,640,736)**	**$ (555,632)**	**$10,272,053**	**$ (1,924,315)**

Per the US Tax Cuts and Jobs Act (the "**Act**"), which was signed into law on December 22, 2017, a flat federal corporate income tax rate of 21% will replace the previous rates that ranged from 15% to 35%. The effects of the new federal tax rates became effective January 1, 2018.

12. Commitments

The Company has a commitment with respect to its office lease in Calgary as follows:

Year Ended	2019
Amount	$ 87,058

Sombrero Butte

The Company is also committed to pay the balance outstanding of four yearly option payments totalling $157,488 (US $120,000) under the Sombrero Butte acquisition agreement. The next payment of $52,496 (US $40,000) is due on October 15, 2019 (See Note 5).

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

Schaft Creek Joint Venture

Teck holds a 75% interest and the Company holds a 25% interest in the SCJV, and Teck is the operator of the SCJV. Management of the SCJV is made up of two representatives from Teck and the Company with voting proportional to their equity interests.

Under the SCJV agreement, Teck is required to make three cash milestone payments to the Company: (i) $20 million upon entering into the agreement (received), (ii) $20 million upon a Production Decision approving mine construction, and (iii) $20 million upon completion of construction of mine facilities.

The SCJV agreement provides that Teck and the Company are each responsible for their pro-rata share of project costs in accordance with their interests, except that Teck is solely responsible for the first $60 million in pre-production costs. If pre-production costs exceed $60 million, the Company's pro rata share of such costs will be set off against the two remaining cash milestone payments (totaling $40 million) payable by Teck to the Company. If pre-production costs exhaust the two cash milestone payments, Teck will further assist the Company by providing loans, as necessary, without dilution to the Company's 25% joint venture interest.

Once a production decision has been made, Teck will make an irrevocable offer to the Company:

(i) to use all reasonable commercial efforts to arrange project equity and debt financing for at least 60% of project capital costs or such portion as Teck determines is commercially available on reasonable terms at the relevant time; and

(ii) to fund by way of loans to the Company, the Company's pro rata share of project capital costs not covered by project debt financing, if requested by the Company, without dilution to the Company's 25% joint venture interest.

The Company must notify Teck within 60 days after Teck's offer as to whether it accepts Teck's offer or whether it will arrange for its own financing (See Note 5).

13. Financial Instruments

The Company's financial instruments consist of cash, other receivables, investments and accounts payables and accrued liabilities.

The Company's financial assets and liabilities are categorized as follows:

	As at October 31, 2018				
Description	**Loans and Receivables**	**Available For Sale**	**Other Financial Liabilities**	**Total Carrying Amount**	**Total Fair Value**
Financial Assets:					
Cash	**$ 938,311**	**$ -**	**$ -**	**$ 938,311**	**$ 938,311**
Other receivables	**18,430**	**-**	**-**	**18,430**	**18,430**
Investments	**-**	**112,233**	**-**	**112,233**	**112,233**

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

Total Financial Assets	**$ 956,741**	**$ 112,233**	**$ -**	**$ 1,068,974**	**$ 1,068,974**
Financial Liabilities:					
A/P and accrued liabilities	$ -	$ -	$ 233,661	$ 233,661	$ 233,661
Total Financial Liabilities	**$ -**	**$ -**	**$ 233,661**	**$ 233,661**	**$ 233,661**

	As at October 31, 2017				
Description	**Loans and Receivables**	**Available For Sale**	**Other Financial Liabilities**	**Total Carrying Amount**	**Total Fair Value**
Financial Assets:					
Cash	$ 286,195	$ -	$ -	$ 286,195	$ 286,195
Other receivables	179,040	-	-	179,040	179,040
Investments	-	143,885	-	143,885	143,885
Total Financial Assets	**$ 465,235**	**$ 143,885**	**$ -**	**$ 609,120**	**$ 609,120**
Financial Liabilities:					
A/P and accrued liabilities	$ -	$ -	$ 192,352	$ 192,352	$ 192,352
Total Financial Liabilities	**$ -**	**$ -**	**$ 192,352**	**$ 192,352**	**$ 192,352**

Determination of Fair Value

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy, based on the amount of observable inputs used to value the instrument:

- *Level 1* – observable inputs such as quoted prices in active markets. The Company's common share ownership in Bell Resources is a Level 1 instrument (Note 4);

- *Level 2* – inputs, other than the quoted market prices in active markets, which are observable, either directly and or indirectly; and

- *Level 3* – unobservable inputs for the asset or liability in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Company's direct investment in Liard, for all years carried at fair market value is a Level 3 instrument (Note 4).

The Company's activities expose it to a variety of financial risks, which arise as a result of its exploration, development, production and financing activities. These include:

- Credit risk
- Market risk
- Liquidity risk

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from partners and tax authorities. The maximum exposure to credit risk at October 31, 2018 is $18,430 (October 31, 2017 - $179,040).

Market Risk

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Company's return.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. During the year ended October 31, 2018 the Company was involved with preliminary exploration activities in the United States. As such, the Company is exposed to fluctuations in the United States dollar exchange rates compared to Canadian dollar exchange rates. A 5% strengthening or weakening of the US dollar would have significant impact on the total assets and the net losses of the Company.

Due to its US activities, the Company has an exposure to foreign currency exchange rates. The carrying values of US dollar denominated monetary assets and liabilities are subject to foreign exchange risk.

As at October 31, 2018, the Company had $26,398 in US denominated cash balances.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As of October 31, 2018, the Company is exposed only on its cash balance.

Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices.

Commodity prices for minerals are impacted by the relationship between the Canadian dollar and United States dollar as well as the global economic events that dictate levels of supply and demand.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's financial liabilities consist of accounts payable and accruals. Accounts payable consists of invoices payable to trade suppliers for office, field operating activities and capital expenditures. The Company processes invoices within a normal payment period of approximately 30 days.

Accounts payable have contractual maturities of less than one year. The Company maintains and monitors a certain level of cash flow which is used to finance all operating and capital expenditures.

Year Ended October 31, 2018 (Expressed in Canadian Dollars)

Capital Management

The Company's capital structure includes working capital and shareholders' equity. The Company is largely reliant on junior resource venture capital markets for additional financing requirements.

14. Geographic Segments

	Year Ended	
	October 31, 2018	October 31, 2017
Net Loss:		
Canada	**$ 1,347,853**	$ 1,164,211
United States	**20,275**	36,738
Total	**$ 1,368,128**	$ 1,200,857

	October 31, 2018	October 31, 2017
Current Assets:		
Canada	**$ 922,096**	$ 452,565
United States	**34,645**	12,670
Non-Current Assets:		
Canada	**$ 68,210,336**	$ 66,881,416
United States	**12,943,816**	12,390,450
Total Assets	**$ 82,110,893**	$ 79,737,101

15. Subsequent Event

On August 15, 2018, the District Copper executed an agreement with an arm's length third party to acquire, subject to the TSX:V approval, a 100% interest in the Stoney Lake East Project. To acquire the project, the District Copper will issue 40,000,000 of its common shares to the current owners. The Project is subject to a 2% NSR, if the price of gold is US $2,000/oz. or less and a 3% NSR if the price of gold is above US $2,000/oz.

On December 14, 2018, District Copper received conditional TSX:V approval for its proposed acquisition of the Stony Lake East Property. The conditional approval requires that District Copper raises, by way of a private placement, no less than $400,000 in order to fund the first phase of the exploration program.