

EASTFIELD RESOURCES LTD.

Condensed Interim Consolidated Financial Statements
For the three and six months ended August 31, 2018 and 2017
Unaudited
(Expressed in Canadian dollars)

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NOTICE TO READER:

These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors. These statements have been prepared by and are the responsibility of the Company's management.

Eastfield Resources Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	August 31, 2018	February 28, 2018
ASSETS		
Current		
Cash and cash equivalents	\$ 622,022	\$ 720,756
Accounts receivable	79,331	78,709
Receivable from related parties (Note 6)	84,532	249,753
Investments (Note 3)	323,295	384,179
	1,109,180	1,433,397
Exploration and evaluation assets (Note 4)	1,046,532	1,027,587
Equipment	2,951	2,951
Promissory notes receivable (Note 6)	283,010	67,629
Project deposits	97,000	70,500
	\$ 2,538,673	\$ 2,602,064
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 64,847	\$ 34,883
Payable to related parties (Note 6)	-	7,402
	64,847	42,285
Project deposits payable to related party (Note 6)	6,500	6,500
	71,347	48,785
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	4,220,272	4,220,272
Warrant reserve	57,168	57,168
Options reserve	804,720	804,720
Accumulated other comprehensive (loss)	(253,656)	(192,772)
Deficit	(2,361,178)	(2,336,109)
	2,467,326	2,553,279
	\$ 2,538,673	\$ 2,602,064

Nature and continuance of operations (Note 1)

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

Eastfield Resources Ltd.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****For the three and six months ended August 31, 2018 and 2017**

(Unaudited - Expressed in Canadian dollars) (Expressed in Canadian dollars)

	Three Months Ending		Six Months Ending	
	August 31, 2018	August 31, 2017	August 31, 2018	August 31, 2017
Expenses				
Bank charges	\$ 525	\$ 451	\$ 983	\$ 881
Consulting	3,000	7,596	4,700	11,605
Dues and licenses	-	-	500	500
Investor relations	2,067	10,878	3,758	13,624
Legal and audit	-	14,044	285	21,544
Office	1,634	968	2,440	1,860
Rent	6,728	6,513	13,812	13,005
Salaries and benefits	4,464	4,244	8,735	8,498
Telephone	429	452	827	885
Transfer and filing fees	3,401	3,427	5,528	5,555
	22,248	48,573	41,568	77,957
Other (income) expense				
Interest income	(4,087)	(9,528)	(14,535)	(22,265)
Other income	-	-	(1,964)	-
NET LOSS	18,161	39,045	25,069	55,692
OTHER COMPREHENSIVE LOSS				
Change in unrealized loss on investments	45,318	22,783	60,884	59,857
COMPREHENSIVE LOSS	\$ 63,478	\$ 66,828	\$ 85,953	\$ 115,549
BASIC AND DILUTED LOSS (INCOME) PER SHARE (Note 8)	\$ 0.000	\$ 0.002	\$ 0.001	\$ 0.003
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
basic and diluted	44,894,919	44,894,919	44,894,919	44,894,919

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

Eastfield Resources Ltd.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Warrant Reserve	Options Reserve	Accumulated Other Comprehensive Income/(Loss)	Deficit	Total Equity
Balance, February 28, 2017	44,894,919	\$ 4,220,272	\$ 57,168	\$ 791,528	\$ (204,154)	\$ (2,306,913)	\$ 2,557,901
Share based compensation	-	-	-	-	-	-	-
Change in unrealized loss on investments	-	-	-	-	(59,857)	-	(59,857)
Reclassification of realized loss on disposal on investments	-	-	-	-	-	-	-
Net (loss) for the period	-	-	-	-	-	(55,692)	(55,692)
Balance, August 31, 2017	44,894,919	4,220,272	57,168	791,528	(264,011)	(2,362,605)	2,442,352
Share based compensation	-	-	-	13,192	-	-	13,192
Change in unrealized gain on investments	-	-	-	-	71,239	-	71,239
Net income for the period	-	-	-	-	-	26,496	26,496
Balance, February 28, 2018	44,894,919	4,220,272	57,168	804,720	(192,772)	(2,336,109)	2,553,279
Change in unrealized (loss) on investments	-	-	-	-	(60,884)	-	(60,884)
Net (loss) for the period	-	-	-	-	-	(25,069)	(25,069)
Balance, August 31, 2018	44,894,919	\$ 4,220,272	\$ 57,168	\$ 804,720	\$ (253,656)	\$ (2,361,178)	\$ 2,467,326

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

Eastfield Resources Ltd.
Condensed Interim Consolidated Statements of Cash Flows
For the Six Months Ended August 31, 2018 and 2017
(Expressed in Canadian dollars)

Cash provided by (used in)	2018	2017
Operating activities		
Net (loss)/income	\$ (25,069)	\$ (55,692)
Changes in non-cash working capital components		
Accounts receivable	(622)	(38,546)
Receivable from related parties	165,221	-
Investments – short term	-	(24,860)
Accounts payable and accrued liabilities	17,624	11,943
Payable to related parties	4,938	-
	162,092	(107,155)
Investing activities		
Mineral property acquisition costs	(1,030)	-
Mineral Property Option Proceeds	40,000	-
Mineral property exploration expenditures	(57,915)	(13,855)
Promissory notes receivable	(215,381)	-
Project deposits	(26,500)	-
	(260,826)	(13,855)
Financing activities – Loan to related party	-	(9,200)
DECREASE IN CASH AND CASH EQUIVALENTS	(98,734)	(130,210)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	720,756	746,774
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 622,022	\$ 616,564

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

Eastfield Resources Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended August 31, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Eastfield Resources Ltd. (the “Company”) was incorporated in the Province of British Columbia. Its principal business activities are the acquisition and exploration of gold, copper and other precious and base metal properties in Canada and, through its wholly-owned subsidiary, in the United States. The Company is in the process of actively exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company is considered to be in the exploration stage and does not have operating cash flows.

The Company’s shares are listed for trading on the TSX-Venture Exchange (the “Exchange”) under the symbol ETF. Its registered office is located at 110-325 Howe Street, Vancouver, British Columbia V6C 1Z7.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company was unable to continue operations. Such adjustments and reclassifications could be material.

2. BASIS OF PREPARATION

Summary of Significant Accounting Policies

The Company prepares its interim financial statements in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board, including International Accounting Standard 34 – Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended February 28, 2018.

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS effective for the year ended February 28, 2019, as issued and outstanding on October 29, 2018, the date the Board of Directors approved these financial statements.

Accounting estimates and judgments

The preparation of these interim financial statements required management to make estimates, judgments and assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. Estimates and the underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these consolidated financial statements include, among others, the recoverability of accounts receivable, the impairment of carrying values of equipment and mineral property interests, the determination of realizable amounts of deferred tax assets and liabilities, and the measurement of equity instruments and share-based compensation.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from equipment.

Eastfield Resources Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
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3. INVESTMENTS

The Company has the following financial instruments carried at fair value using Level 1 valuation techniques:

	August 31, 2018			February 28, 2018		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Cariboo Rose Resources Ltd.	208,000	\$ 14,925	\$ 4,160	208,000	\$ 14,925	\$ 9,360
Consolidated Woodjam Copper Corp.	3,229,245	351,499	145,316	3,229,245	351,499	177,609
Consolidated Woodjam Copper Corp. (warrants)	350,000	3,500	-	350,000	3,500	-
Lorraine Copper Corp.	1,094,560	113,432	142,293	1,094,560	113,432	164,184
Lorraine Copper Corp. (warrants)	510,000	31,469	-	510,000	31,469	-
Ely Gold Royalties Inc.	300,000	34,500	31,500	300,000	34,500	33,000
Fort St. James Nickel Corp.	57	-	26	57	-	26
		\$ 549,325	\$ 323,295		\$ 549,325	\$ 384,179

The Company uses Level 1 valuation technique (Quoted prices in active markets for identical assets or liabilities) for determining and disclosing the fair value of financial instruments.

4. EXPLORATION AND EVALUATION ASSETS

Acquisition and exploration expenditures incurred on mineral properties for the six months ended August 31, 2018 are as follows:

	<u>Indata</u>	<u>Zymo</u>	<u>Other</u>	<u>Total</u>
ACQUISITION COSTS				
Balance, beginning of the period	\$ 140,483	\$ 310,984	\$ 53,126	\$ 504,593
Incurred during period	1,030	-	-	1,030
Balance, end of the period	141,513	310,984	53,126	505,623
EXPLORATION EXPENDITURES				
Professional fees and field crews	12,000	24,400	16,000	52,400
Geological	775	-	-	775
Rental of vehicles and equipment	-	4,709	-	4,709
Communications	-	-	31	31
	12,775	29,109	16,031	57,915
Balance, beginning of the period	136,090	459,122	697,865	1,293,077
Balance, end of the period	148,865	488,231	713,896	1,350,992
OPTION PROCEEDS				
Balance, beginning of the period	(211,250)	(461,000)	(97,833)	(770,083)
Proceeds received during the period	(20,000)	-	(20,000)	(40,000)
Balance, end of the period	(231,250)	(461,000)	(117,833)	(810,083)
	\$ 59,128	\$ 338,215	\$ 649,189	\$ 1,046,532

Eastfield Resources Ltd.
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4. EXPLORATION AND EVALUATION ASSETS (continued)

Acquisition and exploration expenditures incurred on mineral properties for the six months ended August 31, 2017 are as follows:

	<u>Indata</u>	<u>Zymo</u>	<u>Other</u>	<u>Total</u>
ACQUISITION COSTS				
Balance, beginning of the period	\$ 140,483	\$ 310,984	\$ 52,482	\$ 503,949
Incurred during period	-	-	-	-
Balance, end of the period	140,483	310,984	52,482	503,949
EXPLORATION EXPENDITURES				
Professional fees and field crews	2,400	14,200	58,354	74,954
Rental of vehicles and equipment	-	4,162	6,583	10,745
Transport and fuel	-	-	2,095	2,095
Field equipment	-	-	1,054	1,054
Communications	-	-	672	672
Food and accommodation	-	-	4,528	4,528
Assaying	-	-	6,277	6,277
Other	-	63	-	62
	2,400	18,425	79,563	100,388
Balance, beginning of the period	134,221	451,339	641,667	1,227,227
Mineral exploration tax credits	(2,770)	(14,036)	(31,058)	(47,864)
Balance, end of the period	133,851	455,728	690,172	1,279,751
OPTION PROCEEDS				
Balance, beginning of the period	(211,250)	(461,000)	(64,891)	(737,141)
Proceeds received during the period	-	-	(84,500)	(84,500)
Balance, end of the period	(211,250)	(461,000)	(149,391)	(821,641)
	\$ 63,084	\$ 305,712	\$ 593,263	\$ 962,059

Indata Property, Omineca Mining Division, British Columbia

The Company has a 91.3% interest in the Indata property. Imperial Metals Corporation (“Imperial Metals”), owns the remaining 8.7% interest. This interest will be reduced if Imperial Metals fails to make its proportionate share of exploration and other payments on the property.

On June 20, 2018, the Company entered into an option agreement with Prophecy Potash Corp. (“Prophecy Potash”) whereby Prophecy Potash may earn a 60% interest in the Indata property by making \$250,000 in cash payments, issuing \$150,000 in shares and completing \$2,000,000 in exploration work over a five-year period ending June 20, 2023. \$20,000 was received upon signing the option agreement.

Zymo Property, Skeena Mining Division, British Columbia

The Company holds a 100% interest in the Zymo property.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Other Properties

Iron Lake Property, Clinton Mining Division, British Columbia

The Company acquired 100% of the Iron Lake property from Canevex Resources Ltd. Canevex Resources Ltd. is owned by two directors of the Company. The Company has reserved a 1.5% net smelter royalty for the vendors.

On June 20, 2018, the Company entered into an option agreement with GK Resources Ltd. (“GK Resources”) whereby GK Resources may earn a 60% interest in the Iron Lake property by making \$400,000 in cash payments, issuing \$250,000 in shares and completing \$3,000,000 in exploration work over a five-year period ending June 20, 2023. \$20,000 was received upon signing the option agreement.

Okeover Property, Vancouver Mining Division, British Columbia

On April 28, 2016, the Company sold its 40% interest in the Okeover property to Lorraine Copper Corp. (Note 9) in consideration for \$40,000 and 20% of any future option payments resulting from third party agreements with the property made by Lorraine Copper Corp. for a period of three years.

Other Properties British Columbia

The Company owns a 100% interest in the Hedge Hog, Antler Gold, CR properties (collectively referred to as the Big Valley project, the Naggie and Hidden One properties).

In November 2017, the Company entered into an option agreement with Copper Creek Gold Corp. (“Copper Creek”) whereby Copper Creek can earn a 60% interest in the Hedge Hog property by making payments totaling \$350,000, making share issuances or cash payments valued at an additional \$150,000 and completing \$2,500,000 in exploration work by November 17, 2022.

Tonopah Project, Nevada

The Company had a 100% interest in 25 patented claims in the Tonopah district, Nevada, U.S.A., subject to certain royalty interests, and sold them as follows:

During the year ended February 28, 2017 the Company completed the sale of 7 of the Tonopah patented claims to West Kirkland Mining Ltd. (“West Kirkland”) for a total sale price of \$280,000 paid over a 3 year period as follows:

During the year ended February 28, 2018 the Company completed the sale of the remaining 18 Tonopah patented claims to Ely Gold & Minerals Inc. (“Ely Gold”) for \$50,000 and 300,000 common shares of Ely Gold.

The Company recorded a gain of \$83,522 for the year ended February 28, 2018.

5. SHARE CAPITAL

Share Purchase Options

The Company issues options to directors, officers, and employees of the Company, and persons who provide ongoing services to the Company, under an incentive stock option plan. Under the plan, the Company may issue up to 4,489,491 options. Options will normally vest entirely at the date of grant for directors, officers and employees and at the rate of 25% on the date of the grant and 25% every three months thereafter for consultants. Options will expire no later than ten years from the grant date, except that they will expire within ninety days when the holder is no longer qualified to hold the option (other than for cause, when the option will expire immediately).

Common share purchase options and weighted average exercise prices are as follows:

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5. SHARE CAPITAL (continued)

Share Purchase Options (continued)

	August 31, 2018		August 31, 2017	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of the year	4,030,000	\$ 0.10	4,430,000	\$ 0.10
Granted	-	-	100,000	0.10
Cancelled	-	-	(270,000)	0.10
Balance, end of the year	4,030,000	0.09	4,260,000	0.10
Options exercisable, end of the year	4,030,000	\$ 0.09	4,260,000	\$ 0.10

The following common share purchase options are outstanding at August 31, 2018:

Expiry Date	Options Outstanding			Options Exercisable	
	Number of shares	Exercise price (\$)	Weighted Average Remaining Life	Number of shares	Exercise price (\$)
December 19, 2018	990,000	0.10	0.56	990,000	0.10
July 31, 2021	1,170,000	0.13	3.17	1,170,000	0.13
April 30, 2023	320,000	0.10	4.92	320,000	0.10
November 24, 2024	950,000	0.05	6.49	950,000	0.05
January 17, 2027	100,000	0.10	8.64	100,000	0.10
October 10, 2027	500,000	0.05	9.37	500,000	0.05
	4,030,000		4.36	4,030,000	

6. RELATED PARTY DISCLOSURES

Related party transactions are recorded at the exchange amount agreed to by the parties.

The Company is related to Cariboo Rose Resources Ltd. (“Cariboo Rose”), Lorraine Copper Corp. (“Lorraine”), and Consolidated Woodjam Copper Corp. (“Woodjam”) through common directors and officers. In the normal course of business, the Company will enter into transactions with Cariboo Rose, Lorraine and Woodjam for the use of equipment, services and rental of office space. During the six months ended August 31, 2018, recoveries of rent, salaries, telephone, office, consulting, convention and travel costs were \$35,940 from Cariboo Rose, \$36,442 from Lorraine and \$37,761 from Woodjam. At August 31, 2018, accounts receivable included \$4,858 (February 28, 2018 - \$5,033) receivable from Cariboo Rose, \$4,880 (August 28, 2018 - \$8,281) receivable from Lorraine and \$67,091 (February 28, 2018 - \$29,693) receivable from Woodjam.

During the six months ended August 31, 2018, geological services amounting to \$57,322 were provided to the Company by Mincord Exploration Consultants Ltd. (“Mincord”), a geological service company owned by two directors of the Company. Mincord’s relationship with the Company is non-exclusive and without retainer and on a project-by-project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, transportation and mobilization costs. At August 31, 2018, accounts payable included \$12,340 (February 28, 2018 - \$7,402) payable to Mincord.

During the six months ended August 31, 2018 payments totaling \$4,700 (2017 – nil) were made to the Chief Financial Officer for accounting and administration services.

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6. RELATED PARTY DISCLOSURES (continued)

On December 17, 2014, the Company advanced \$50,000 to Woodjam as an unsecured promissory note. The promissory note had a term of 18 months and bore interest at 10% per annum, due and repayable at the end of the term together with the principal. The Company has extended the term of the unsecured promissory note to June 17, 2018. On July 28, 2015, August 31, 2015 and November 29, 2016, the Company also advanced \$100,000, \$10,000 and \$60,000, respectively, to Woodjam as unsecured promissory notes. These promissory notes have a term of 36 months and bear interest at a rate of 10% per annum, due and repayable at the end of the term together with the principal. As at August 31, 2018, the total principal and accrued and unpaid interest receivable on these unsecured promissory notes is \$283,011 (February 28, 2018 - \$273,011). During the six months ended August 31, 2018, the Company earned \$10,000 of interest income related to these unsecured promissory notes.

During the year ended February 28, 2017, the Company completed the sale of its 40% interest in the Okeover property to Lorraine for consideration of \$40,000 and 20% of any future option payments resulting from 3rd party agreements on the property made by Lorraine for a period of three years. In addition, during the year ended February 28, 2017, Lorraine purchased Prophecy Development Corp.'s 60% interest in the Okeover property, which includes a \$6,500 receivable from the Company. As at August 31, 2018, project deposit payable to a related party includes \$6,500 owing to Lorraine for a project deposit on the Okeover property.

7. SEGMENTED DISCLOSURES

The Company operates in one industry segment, the acquisition and exploration of mineral properties, within two geographical areas: Canada and the United States (Note 1). For the six months ended August 31, 2018 and 2017, all income was earned, except for the sale of the 18 Tonopah patented claims in the USA, and all expenses were incurred in Canada and all non-current assets were held in Canada.

8. LOSS PER SHARE

The Company's diluted loss per share is equal to its basic loss per share. Outstanding share purchase options and warrants could potentially dilute basic loss per share in the future but were not included in the calculation of diluted loss per share because they are antidilutive for the six months ended August 31, 2018 and 2017.

9. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain risks, which include credit, liquidity, and market risk. The risks related to financial instruments are managed by the senior management of the Company under policies and directions approved by the Board of Directors.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company's receivables consist mostly of Goods and Services Tax due from the federal government of Canada and mineral exploration tax credit receivable from the Government of British Columbia. As such, the Company considers this risk to be minimal. As at August 31, 2018, none of the Company's financial instruments subject to credit risk were past due or impaired.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities and payable to related parties are due within the current operating period. The Company manages liquidity risk through the management of its capital structure and financial leverage.

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9. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risk is comprised of two types of risk: interest rate risk, and equity price risk.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk when holding fixed rate short term deposits of varying maturities. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash equivalents investments is limited because these investments are generally highly liquid securities with short-term maturities. As at August 31, 2018, the Company considers its exposure to interest rate risk to be minimal.

(ii) Equity Price Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its available-for-sale equity instruments. All of the Company's listed equity investments (Note 4) are common shares of companies listed on the Toronto Stock Exchange and the Toronto Stock Exchange's Venture Exchange and are monitored by management with decisions on sale taken at the board level.

(iii) Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation as it has a limited number of transactions denominated in foreign currencies.

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company currently has sufficient capital resources to meet its administrative overhead expenses through its current operating period and it is confident it can raise additional funds to undertake all of its planned business activities. Actual funding requirements may vary from those planned due to a number of factors. Management believes it will be able to raise capital as required in the long term, but recognizes that there will be risks involved that may be beyond their control.