

EASTFIELD RESOURCES LTD.

Financial Statements
For the Years Ended February 28, 2019 and 2018
(Expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eastfield Resources Ltd.

Opinion

We have audited the financial statements of Eastfield Resources Ltd. (the "Company"), which comprise the statements of financial position as at February 28, 2019 and 2018, the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion & Analysis for the year ended February 28, 2019, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not include the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

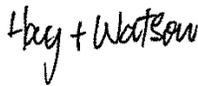
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Essop Mia.



Chartered Professional Accountants
Vancouver, BC, Canada
June 28, 2019

Eastfield Resources Ltd.
Statements of Financial Position
As at February 28, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
ASSETS		
Current		
Cash and cash equivalents	\$ 471,465	\$ 720,756
Accounts receivable	88,622	78,709
Receivable from related parties (Note 9)	144,091	249,753
Investments (Note 4)	-	384,179
	704,178	1,433,397
Exploration and evaluation assets (Note 5)	954,479	1,027,587
Investments (Note 4)	661,871	-
Equipment	4,551	2,951
Promissory notes receivable (Note 9)	300,237	67,629
Project deposits	127,646	70,500
	\$ 2,752,962	\$ 2,602,064
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 94,056	\$ 34,883
Payable to related parties (Note 9)	44,257	7,402
	138,313	42,285
Project deposits payable to related party (Note 9)	-	6,500
	138,313	48,785
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	4,220,272	4,220,272
Warrant reserve (Note 6)	57,168	57,168
Options reserve (Note 6)	815,352	804,720
Accumulated other comprehensive income (loss)	84,920	(192,772)
Deficit	(2,563,063)	(2,336,109)
	2,614,649	2,553,279
	\$ 2,752,962	\$ 2,602,064

Nature and continuance of operations (Note 1)
Commitments (Note 12)

APPROVED BY THE BOARD

"J.W. Morton" Director

"D M Douglas" Director

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

Eastfield Resources Ltd.
Statements of Loss and Comprehensive Loss
For the Years Ended February 28, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
Expenses		
Bank charges	\$ 1,452	\$ 1,219
Consulting	10,700	14,150
Dues and licenses	1,465	956
Investor relations	7,772	20,373
Legal and audit	38,236	35,491
Office	6,673	6,239
Rent	27,274	24,946
Salaries and benefits	18,477	17,489
Share-based compensation (Note 6)	10,632	13,192
Telephone	1,770	1,826
Transfer and filing fees	16,596	13,009
	141,047	148,890
Other (income)/expense		
Interest income	(32,902)	(41,567)
Other income	(2,591)	-
Loss on settlement of loans	-	5,395
Gain on sale on mineral properties (Note 5)	-	(83,522)
Write-off of mineral property interests (Note 5)	121,400	-
	226,954	29,196
NET LOSS		
	226,954	29,196
OTHER COMPREHENSIVE (INCOME)/LOSS		
Items that will not be reclassified to net income or loss		
Change in the fair value of equity investments (Note 4)	(277,692)	(11,382)
	(277,692)	(11,382)
COMPREHENSIVE (INCOME) LOSS	\$ (50,738)	\$ 17,814
BASIC AND DILUTED LOSS PER SHARE (Note 11)	\$ 0.005	\$ 0.001
WEIGHTED AVERAGE NUMBER		
OF SHARES OUTSTANDING – basic and diluted	44,894,919	44,894,919

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

Eastfield Resources Ltd.
Statements of Changes in Shareholders' Equity
For the Years Ended February 28, 2019 and 2018
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital (Note 6)	Warrant Reserve (Note 6)	Options Reserve (Note 6)	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 (Note 6)	-	-	-	13,192	-	-	13,192
Change in fair value of investments (Note 4)	-	-	-	-	11,382	-	11,382
Net loss for the year	-	-	-	-	-	(29,196)	(29,196)
Balance, February 28, 2018	44,894,919	\$ 4,220,272	\$ 57,168	\$ 804,720	\$ (192,772)	\$ (2,336,109)	\$ 2,553,279
Share-based compensation (Note 6)	-	-	-	10,632	-	-	10,632
Change in fair value of investments (Note 4)	-	-	-	-	277,692	-	277,692
Net loss for the year	-	-	-	-	-	(226,954)	(226,954)
Balance, February 28, 2019	44,894,919	\$ 4,220,272	\$ 57,168	\$ 815,352	\$ 84,920	\$ (2,563,063)	\$ 2,614,649

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

Eastfield Resources Ltd.
Statements of Cash Flows
For the Years Ended February 28, 2019 and 2018
(Expressed in Canadian dollars)

Cash provided by (used in)	2019	2018
Operating activities		
Net loss	\$ (226,954)	\$ (29,196)
Adjustments to reconcile cash to net loss from operating activities:		
Gain on sale of mineral properties	-	(83,522)
Write-off of mineral property interests	121,400	-
Loss on settlement of loan	-	5,395
Share-based compensation	10,632	13,192
	(94,922)	(94,131)
Changes in non-cash working capital components		
Accounts receivable	10,198	1,062
Promissory note interest receivable	(27,226)	(30,152)
Receivable from related parties	(99,720)	(15,722)
Accounts payable and accrued liabilities	52,674	(1,967)
	(158,996)	(140,910)
Investing activities		
Purchase of equipment	(1,600)	(691)
Purchase of investments	-	(10,066)
Mineral property acquisition costs	(1,552)	(645)
Mineral property exploration expenditures	(89,997)	(128,071)
Mineral property option proceeds	60,000	20,000
Net proceeds from disposition of mineral property	-	50,000
Project deposits	(57,146)	-
	(90,295)	(69,473)
Financing activities		
Repayment of loan from related party	-	184,365
	-	184,365
DECREASE IN CASH AND CASH EQUIVALENTS	(249,291)	(26,018)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	720,756	746,774
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 471,465	\$ 720,756
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash in bank	\$ 121,465	\$ 270,756
Short-term deposits	350,000	450,000
	\$ 471,465	\$ 720,756

Supplemental cash flow information (Note 8)

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

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2019 and 2018
(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. 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 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 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

These financial statements were authorized for issue by the directors of the Company on June 28, 2019.

Statement of Compliance

These financial statements for the Company’s reporting period ended February 28, 2019 have been prepared in accordance with and using accounting policies which are in full compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Standards Interpretations Committee (“IFRIC”), and as set out in the CPA Canada Handbook – Accounting (the “Handbook”).

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss or fair value through other comprehensive income that have been measured at fair value (Note 3), and are presented in Canadian dollars, the Company’s reporting currency and the functional currency of all of its operations.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

In August 2017, the Company dissolved its wholly-owned subsidiary, Eastfield Resources (U.S.A.) Inc., and as such, these financial statements are no longer consolidated.

(b) Accounting Estimates and Judgments

The preparation of these financial statements required management to make estimates, judgments and assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and 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 for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Accounting Estimates and Judgments (continued)

The estimates, judgments and 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 future periods if the revision affects both the current and future periods.

Critical accounting estimates are estimates, judgments 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 financial statements include, among others, the recoverability of accounts receivable, determination of realizable amounts of deferred tax assets and liabilities, impairment of the carrying value of non-financial assets, estimation of provisions and 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, the classification of financial instruments, and the recognition of deferred tax assets and liabilities.

(c) Cash and Cash Equivalents

Cash and cash equivalents may be comprised of cash, bank deposits or highly-liquid investments that are readily convertible into known amounts of cash.

(d) Financial Instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value, plus transaction costs if the financial instrument is not subsequently measured at fair value through profit and loss.

Financial assets are measured subsequently at amortized cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit and loss (“FVTPL”) based on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Financial assets which are investments in equity instruments are measured subsequently at FVTPL unless they are not held for trading and are designated as FVOCI. Financial liabilities are measured subsequently at amortized cost, except for derivatives and certain other specified exceptions measured FVTPL

The Company classifies its financial instruments as follows:

Financial instrument	Previous classification under IAS 39	Current classification under IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivable	Loans and receivables	Amortized cost
Receivable from related parties	Loans and receivables	Amortized cost
Investments	Available-for-sale	Designated as FVOCI
Promissory notes receivable	Loans and receivables	Amortized cost
Project deposits	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Payable to related parties	Other financial liabilities	Amortized cost

Financial instruments classified as amortized cost are measured at amortized cost using the effective interest method, adjusted as required for credit-impaired financial assets. Financial assets measured at amortized cost are subject to a loss allowance for expected credit losses resulting from default events that are possible within 12 months after the reporting date, or an allowance for lifetime expected losses where credit risk has increased significantly since initial recognition. Changes in the amount of expected credit losses are recognized as an impairment gain or loss in profit and loss.

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments (continued)

Financial assets are derecognized when the contractual rights to the cash flows expire, for certain transfers, or when there is no reasonable expectation of recovering the financial asset. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurements are determined based on quoted prices when these are available or other appropriate valuation methods. Gains and losses on investments in equity instruments designated as FVOCI are recognized in other comprehensive income until they are derecognized. Dividends from these investments are recognized in profit and loss.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

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

The Company has determined the estimated fair values of its financial instruments based upon appropriate and generally accepted valuation methodologies. Cash and cash equivalents and investments were measured and recognized in the statements of financial position using Level 1 inputs. There were no financial assets or liabilities measured and recognized in the statements of financial position at fair value that would have been categorized as Level 2 and 3 in the fair value hierarchy above.

(e) Exploration and Evaluation Assets, and Patented Claims

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. Costs accumulated relating to projects that are abandoned are written-off in the period in which a decision to discontinue the project is made. Pre-exploration costs are expensed in the year they are incurred.

All deferred mineral property interests are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs will be depleted using the unit-of-production method over the estimated life of the ore body based upon recoverable metals to be mined from estimated proven and probable reserves by property.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until the payments are made or received. Proceeds received on the sale or option of the Company's property interest is recorded as a reduction of the mineral property cost. When proceeds received in respect of a property exceed its carrying cost, such excess is recognized in the statement of income/(loss) and comprehensive income/(loss).

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Joint Arrangements

The Company classifies its interests in joint arrangements as either joint operations or joint ventures. When making this assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

Where the interest is classified as a joint operation, the Company recognizes its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), any income from the sale or use of its share of the output of the joint operation, and any expenses (including its share of any expenses incurred jointly) that it has incurred in respect of its interest in the joint operation.

Where the interest is classified as a joint venture, the Company recognizes its interest as an investment and accounts for that investment using the equity method.

(g) Project Deposits

Project deposits consist of term deposits in favour of regulatory authorities held as site restoration deposits for mineral properties. These amounts are expected to be recovered on satisfactory completion of the related exploration activities.

(h) Provisions

(i) Environmental expenditures

The operations of the Company have been, and may in the future be, affected by changes in environmental regulations, including those relating to future reclamation and site restoration. The likelihood of new regulations and their overall effect on the Company are unknown and unpredictable. The Company plans to meet and, if possible, surpass standards set by legislation, by applying technically proven and economically feasible measures.

Environmental expenditures relating to ongoing environmental and reclamation programs are charged to operations as incurred, or depending on their future economic benefits, capitalized and amortized over the estimated remaining life of the related business operation, net of expected recoveries. These costs are recognized when the obligation is incurred and the fair value of the related costs is reasonably determinable. Management's estimate of reclamation and restoration costs has not been included in these financial statements as the amount is not currently material.

(ii) Other provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Equipment

Equipment is recorded at cost less accumulated amortization. The Company records amortization on a declining balance basis at the following annual rates. The amortization rates are reduced by one-half in the years of acquisition and disposal.

Technical equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Computer software	100%

(j) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that its equipment or mineral exploration and evaluation assets may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset or CGU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment is recognized immediately in the statement of income/(loss) and comprehensive income/(loss). A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

(k) Share Capital

Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(l) Flow-through Shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through shares premium"). Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through share premium will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

(m) Exploration Tax Credits

The Company may receive refundable exploration tax credits and grants from provincial jurisdictions in Canada equal to a specified rate of qualifying expenditures incurred on properties located within that jurisdiction. The Company records these exploration tax credits and grants as a reduction of qualifying expenditures as it incurs the related expenditures.

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income Recognition

Interest from cash and cash equivalents is recorded on an accrual basis when collection is reasonably assured.

(o) Share-based Compensation

The Company has a stock option plan that is described in Note 6. All goods and services received in exchange for the grant of any share-based compensation are measured at their fair values. Where employees are rewarded using share-based compensation, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date, using the Black-Scholes option pricing model, and exclude the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based compensation is recognized as an expense in profit or loss with a corresponding credit to the option reserve, over the period during which the related share-based compensation vests. No amount is recognized for instruments which do not ultimately vest.

Consideration received on the exercise of share purchase options is recorded as share capital and the related amount originally recorded in options reserve is transferred to share capital.

(p) Income/(Loss) per Share

Income/(loss) per share is calculated using the weighted average number of common shares outstanding during the period. The computation of diluted earnings is performed by presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

(q) Comprehensive Income or Loss

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as fair value through other comprehensive income have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position.

(r) Income Taxes

The provision for income taxes consists of current and deferred tax expense and is recorded in operations. Current income tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the reporting date, adjusted for amendments to estimates of taxes payable made in 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: initial recognition of goodwill; 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 to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset 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.

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2019 and 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income Taxes (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at 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 are related to taxes levied by the same tax authority on the same taxable entity.

(s) New Accounting Standards and Interpretations

The following is a summary of new standards, amendments and interpretations that have been adopted during the year ended February 28, 2019:

(i) IFRS 2, Share-based Payment (“IFRS 2”)

The amendments to IFRS 2 clarify how entities should account for the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The amendments to IFRS 2 are effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

(i) IFRS 9, Financial Instruments (“IFRS 9”)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Company adopted IFRS 9 on March 1, 2018 and applied the accounting standard retrospectively, excluding financial instruments derecognized prior to the date of adoption. The adoption of IFRS 9 did not result in any material change in the measurement or classification of the Company’s financial instruments. The classification of the Company’s financial instruments under IFRS 9 compared to the previous classification under IAS 39 is described in Note 3(d). Additional information regarding the election to designate certain investments in equity instruments as FVOCI is provided in Note 4.

(ii) IFRS 15, Revenue from contracts with customers (“IFRS 15”)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New Accounting Standards and Interpretations (continued)

The following is a summary of new standards, amendments and interpretations that have been issued but not yet adopted in these financial statements and include only those which the Company reasonably expects may be applicable to the Company at a future date:

(iii) IFRS 16, Leases (“IFRS 16”)

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 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 is effective for annual period beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 Revenue from Contracts with Customers is also applied.

The Company does not expect the adoption of IFRS 16 to have a significant effect on the measurement or presentation of the financial statements.

4. INVESTMENTS

The Company has the following investments in equity instruments:

	2019			2018		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Cariboo Rose Resources Ltd.	208,000	\$ 14,925	\$ 6,240	208,000	\$ 14,925	\$ 9,360
Consolidated Woodjam Copper Corp.	3,229,245	351,499	274,486	3,229,245	351,499	177,609
Consolidated Woodjam Copper Corp. (warrants, exercise price \$0.10, expiry date September 15, 2020)	350,000	3,500	-	350,000	3,500	-
Lorraine Copper Corp.	1,094,560	113,432	257,222	1,094,560	113,432	164,184
Lorraine Copper Corp. (warrants, exercise price \$0.10, expiry date September 10, 2019)	510,000	31,469	69,911	510,000	31,469	-
Ely Gold Royalties Inc.	300,000	39,000	54,000	300,000	34,500	33,000
Fort St. James Nickel Corp.	57	-	12	57	-	26
		553,825	661,871		549,325	384,179
Less: non-current portion		(553,825)	(661,871)		-	-
Current portion		\$ -	\$ -		\$ 549,325	\$ 384,179

The Company has irrevocably designated these investments in equity instruments as measured at FVOCI rather than FVTPL as they are not held for trading and the FVOCI classification is considered more appropriate for these strategic investments. The fair value of these equity investments is based on quoted market prices at the reporting dates. The current portion relates to those investments which the Company is reasonably likely to sell within the next 12 months.

Prior to the adoption of IFRS 9 on March 1, 2018, these investments in equity instruments were classified as available-for-sale. There was no impact on the measurement of these investments from the adoption of IFRS 9.

Subsequent to year end, Lorraine Copper Corp. was acquired by Sun Metals Corp. a company listed on the Toronto Venture Exchange, and each Lorraine Copper Corp. common share and share purchase warrant were exchanged for 0.54 common share/share purchase warrant of Sun Metals Corp.

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5. EXPLORATION AND EVALUATION ASSETS

Acquisition and exploration expenditures incurred on mineral properties for the year ended February 28, 2019 are as follows:

	<u>Indata</u>	<u>Zymo</u>	<u>Other*</u>	<u>Total</u>
ACQUISITION COSTS				
Balance, beginning of the year	\$ 140,483	\$ 310,984	\$ 53,126	\$ 504,593
Incurred during year	1,030	522	-	1,552
Write-off of mineral property interests	-	-	(1,450)	(1,450)
Balance, end of the year	141,513	311,506	51,676	504,695
EXPLORATION EXPENDITURES				
Expenditures for the year:				
Professional fees and field crews	18,400	42,800	56,190	117,390
Fees, permits and assessments	-	63	-	63
Geological	775	-	-	775
Rental of vehicles and equipment	-	5,833	740	6,573
Transport and fuel	-	16	593	609
Communications	-	-	58	58
Food and accommodation	-	338	780	1,118
Assaying	-	-	3,663	3,663
	19,175	49,050	62,024	130,249
Balance, beginning of the year	136,090	459,122	697,865	1,293,077
Mineral exploration tax credits	(4,829)	(9,940)	(8,740)	(23,509)
Write-off of mineral property interests	-	-	(119,950)	(119,950)
Balance, end of the year	150,436	498,232	631,199	1,279,867
OPTION PROCEEDS				
Balance, beginning of the year	(211,250)	(461,000)	(97,833)	(770,083)
Proceeds received during the year	(20,000)	-	(40,000)	(60,000)
Write-off of mineral property interests	-	-	-	-
Balance, end of the year	(231,250)	(461,000)	(137,833)	(830,083)
	\$ 59,775	\$ 343,963	\$ 535,174	\$ 954,479

* Other properties include Iron Lake, Okeover (OK), Hidden One, Naggie, Hedge Hog, Antler Gold, CR and Howell.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Acquisition and exploration expenditures incurred on mineral properties for the year ended February 28, 2018 are as follows:

	<u>Indata</u>	<u>Zymo</u>	<u>Other*</u>	<u>Total</u>
ACQUISITION COSTS				
Balance, beginning of the year	\$ 140,483	\$ 310,984	\$ 52,482	\$ 503,949
Incurred during year	-	-	644	644
Disposal of mineral property	-	-	-	-
Balance, end of the year	140,483	310,984	53,126	504,593
EXPLORATION EXPENDITURES				
Expenditures for the year:				
Professional fees and field crews	5,600	21,000	70,280	96,880
Rental of vehicles and equipment	-	5,125	6,613	11,738
Transport and fuel	-	-	2,095	2,095
Field equipment	-	-	1,054	1,054
Communications	-	-	395	395
Food and accommodation	-	-	4,528	4,528
Assaying	-	-	6,277	6,277
Other	-	125	-	125
	5,600	26,250	91,242	123,092
Balance, beginning of the year	132,170	440,748	633,995	1,206,913
Mineral exploration tax credits	(1,680)	(7,876)	(27,372)	(36,928)
Disposal of mineral property	-	-	-	-
Balance, end of the year	136,090	459,122	697,865	1,293,077
OPTION PROCEEDS				
Balance, beginning of the year	(211,250)	(461,000)	(77,833)	(750,083)
Proceeds received during the year	-	-	(20,000)	(20,000)
Disposal of mineral property	-	-	-	-
Balance, end of the year	(211,250)	(461,000)	(97,833)	(770,083)
	\$ 65,323	\$ 309,106	\$ 653,158	\$ 1,027,587

* Other properties include Iron Lake, Okeover (OK), Hidden One, Naggie, Hedge Hog, Antler Gold, and CR and Tonopah

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.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Zymo Property, Skeena Mining Division, British Columbia

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

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), and Hidden One properties.

In November 2017, the Company entered into an option agreement with Surge Exploration Inc. (formerly Copper Creek Gold Corp.) (“Surge Exploration”) whereby Surge Exploration 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.

During the year ended February 28, 2019, the Company’s interests in the Naggie property expired and were not renewed. As a result the Company recorded a write-off of \$121,400 in its mineral property interests.

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.

During the year ended February 28, 2018 the Company completed the sale of the remaining 18 Tonopah patented claims to Ely Gold Royalties Inc. (formally 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.

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6. SHARE CAPITAL

Authorized

Unlimited common shares without par value
Unlimited preferred shares without par value

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. On June 18, 2018, the Board of Directors of the Company elected to replace the existing share purchase option plan with a plan where the maximum number of outstanding share purchase options are equal to 10% of the Company's issued and outstanding common shares. This election was approved by the shareholders at the Company's AGM held on November 7, 2018.

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

	2019		2018	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of the year	4,030,000	\$ 0.09	4,260,000	\$ 0.10
Granted	300,000	0.05	500,000	0.05
Expired	(990,000)	0.10	(730,000)	0.10
Balance, end of the year	3,340,000	0.08	4,030,000	0.09
Options exercisable, end of the year	3,340,000	\$ 0.08	4,030,000	\$ 0.09

The following common share purchase options are outstanding at February 28, 2019:

Expiry Date	Options Outstanding			Options Exercisable		
	Number of shares	Exercise price (\$)	Weighted Average Remaining Life	Number of shares	Exercise price (\$)	
July 31, 2021	1,170,000	0.13	2.42	1,170,000	0.13	
April 30, 2023	320,000	0.10	4.17	320,000	0.10	
September 26, 2023	300,000	0.05	4.58	300,000	0.05	
November 24, 2024	950,000	0.05	5.74	950,000	0.05	
January 17, 2027	100,000	0.10	7.89	100,000	0.10	
October 10, 2027	500,000	0.05	8.62	500,000	0.05	
	3,340,000		4.82	3,340,000		

The Company determines the fair value of the options granted using the Black-Scholes option pricing model. The weighted average grant date fair value of options granted during the year ended February 28, 2019 was \$0.03 (2018 - \$0.03) using the following weighted average inputs and assumptions:

	2019	2018
Share price	\$0.05	\$0.04
Exercise price	\$0.05	\$0.05
Risk-free interest rate	2.22%	1.62%
Expected share price volatility	119%	117%
Expected average period until exercise	3 years	3 years
Expected dividend yield	-	-

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6. SHARE CAPITAL (continued)

The effects of early exercise were incorporated in the estimate of the expected life of the common share purchase options. Expected volatility was determined based on historic volatility of the Company's share price over a period ending on the grant date of the instrument and commensurate with the instrument's expected life. Other features of common share purchase options granted did not affect the calculation of grant date fair value.

7. INCOME TAXES

The Company's deferred tax assets and liabilities arise from the following items:

	2019	2018
Deferred tax assets (liabilities) arising from:		
Losses deductible against future taxable incomes	\$ 447,705	\$ 576,373
Investments	(5,148)	22,902
Equipment	87,111	87,298
Exploration and evaluation assets	(34,917)	(78,245)
Valuation allowance	(494,751)	(608,328)
Net deferred tax assets (liabilities)	\$ -	\$ -

The reconciliation of the provision for income taxes is as follows:

	2019	2018
Income/(loss) before income taxes	\$ (226,954)	\$ (29,196)
Combined federal and provincial statutory income tax rates	27%	26.2%
Tax provision/(recovery) of income taxes based on combined statutory income tax rates	(61,277)	(7,639)
Add (deduct):		
Tax effect of losses not recognized	-	6,228
Recognition of previously unrecognized tax losses	25,629	-
Net effect of items that are not taxable or deductible	35,648	1,411
(Recovery of) provision for income taxes	\$ -	\$ -

The Company has non-capital losses of approximately \$1.7 million and capital losses of \$nil for income tax purposes, which may be used to reduce taxable income in future years. If unused, these non-capital losses will expire between 2019 and 2039. The capital losses can be carried forward indefinitely.

The change in the statutory tax rate from 2018 to 2019 is due to an increase in the British Columbia provincial tax rate during the year.

In addition, the Company has resource related expenditures (Canadian Exploration Expenses) of \$810,000, most of which can be deducted at a 100% rate and which can be used to offset future taxable income and can be carried forward indefinitely.

8. SUPPLEMENTAL CASH FLOW INFORMATION

	2019	2018
Supplemental cash flow information		
Interest received	\$ 4,845	\$ 10,765

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9. 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”) 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 and Woodjam for the use of equipment, services and rental of office space. During the year, recoveries of rent, salaries, telephone, office, consulting, convention and travel costs were \$70,068 (2018 - \$152,510) from Cariboo Rose and \$71,824 (2018 - \$76,386) from Woodjam. At February 28, 2019, accounts receivable included \$32,243 (2018 - \$5,033) receivable from Cariboo Rose and \$103,735 (2018 - \$29,693) receivable from Woodjam.

During the year ended February 28, 2019, geological services amounting to \$129,344 (2018 - \$117,698) 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 February 28, 2019, accounts payable included \$15,611 (2018 - \$7,402) payable to Mincord.

Consulting fees of \$nil (2018 - \$10,125) were paid to a former director of the Company for business development. At February 28, 2019, accounts payable included \$nil (2018 - \$nil) payable to the former director.

During the year, payments of \$nil (2018 - \$11,712) were made for accounting, administration services and expense reimbursements to a partnership in which a former director of the Company is a member and payments of \$10,700 (2018 - \$4,280) were made to the Chief Financial Officer, who is also a director of the Company, for accounting services.

Salaries and benefits of \$12,678 (2018 - \$13,273) were paid to a spouse of a director for office administration services provided.

Remuneration for key management personnel included \$10,632 (2018 - \$13,122) in share-based compensation.

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 February 28, 2020. 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. The terms of the \$100,000 and \$10,000 promissory notes have been extended to February 28, 2020. As at February 28, 2019, the total principal and accrued and unpaid interest receivable on these unsecured promissory notes is \$300,237 (2018 - \$273,011), all of which have been classified as non-current, as it is likely the Company will extend the due date beyond February 28, 2020. During the year ended February 28, 2019, the Company earned \$27,226 (2018 - \$24,758) of interest income related to these unsecured promissory notes.

10. SEGMENTED DISCLOSURES

The Company operates in one industry segment, the acquisition and exploration of mineral properties, within one geographical area, Canada. For the years ended February 28, 2019 and 2018, all income was earned and all expenses were incurred in Canada and all non-current assets were held in Canada.

11. 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 years ended February 28, 2019 and 2018.

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12. COMMITMENTS

The Company has entered into operating leases with the following minimum annual future payments:

<u>Year</u>	<u>Amount</u>
2020	\$ 114,000
2021	41,000
2022	3,000

13. 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 the risk of these receivables to be minimal and has not recognized an expected credit loss allowance on these financial instruments. The Company's promissory notes receivable is due from a related, publicly traded mineral exploration company (Note 9). As at February 28, 2019, 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 (Note 14) and financial leverage.

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 February 28, 2019, 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 investment in 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.

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13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Market Risk (continued)

(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.

14. 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 regard 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.

15. EVENTS AFTER THE REPORTING PERIOD

On June 13, 2019 the Company announced the closing of a private placement. Closing consisted of the issuance of 1,800,000 units at a price of \$0.05 per unit, for total consideration of \$90,000 with each unit consisting of one common share and one share purchase warrant with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.10 until June 13, 2021.