

# EASTFIELD RESOURCES LTD.

Condensed Interim Financial Statements  
For the Three and Six Months Ended August 31, 2019 and 2018  
(Unaudited – Expressed in Canadian dollars)

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**NOTICE TO READER:**

These condensed interim 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 Statements of Financial Position**  
(Unaudited – Expressed in Canadian dollars)

	August 31, 2019	February 28, 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 312,706	\$ 471,465
Accounts receivable	112,712	88,622
Receivable from related parties (Note 8)	223,433	144,091
	<b>648,851</b>	704,178
<b>Exploration and evaluation assets</b> (Note 4)	<b>986,203</b>	954,479
<b>Investments</b> (Note 3)	<b>546,180</b>	661,871
<b>Equipment</b>	<b>4,551</b>	4,551
<b>Promissory notes receivable</b> (Note 8)	<b>311,237</b>	300,237
<b>Project deposits</b>	<b>119,146</b>	127,646
	<b>\$ 2,616,168</b>	\$ 2,752,962
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 97,478	\$ 94,056
Payable to related parties (Note 8)	15,781	44,257
	<b>113,259</b>	138,313
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (Note 5)	<b>4,291,072</b>	4,220,272
<b>Warrant reserve</b> (Note 5)	<b>75,168</b>	57,168
<b>Options reserve</b> (Note 5)	<b>815,352</b>	815,352
<b>Accumulated other comprehensive income (loss)</b>	<b>(81,609)</b>	84,920
<b>Deficit</b>	<b>(2,597,074)</b>	(2,563,063)
	<b>2,502,909</b>	2,614,649
	<b>\$ 2,616,168</b>	\$ 2,752,962

**Nature and continuance of operations** (Note 1)

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

**Eastfield Resources Ltd.**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
**For the Three and Six Months Ended August 31, 2019 and 2018**  
(Unaudited – Expressed in Canadian dollars)

	Three Months Ending		Six Months Ending	
	August 31, 2019	August 31, 2018	August 31, 2019	August 31, 2018
<b>Expenses</b>				
Bank charges	\$ 633	\$ 525	\$ 1,109	\$ 983
Consulting	4,050	3,000	6,350	4,700
Dues and licenses	20	-	519	500
Investor relations	9,529	2,067	17,929	3,758
Legal and audit	364	-	2,954	285
Office	2,105	1,634	5,930	2,440
Rent	9,142	6,728	16,510	13,812
Salaries and benefits	6,117	4,464	11,476	8,735
Telephone	667	429	1,223	827
Transfer and filing fees	2,406	3,401	4,533	5,528
	<b>35,033</b>	<b>22,248</b>	<b>68,533</b>	<b>41,568</b>
<b>Other (income) expense</b>				
Interest income	(5,826)	(4,087)	(15,652)	(14,535)
Gain on sale of investments	(18,870)	-	(18,870)	(1,964)
<b>NET LOSS</b>	<b>10,337</b>	<b>18,161</b>	<b>34,011</b>	<b>25,069</b>
<b>OTHER COMPREHENSIVE LOSS</b>				
Items that will not be reclassified to net income or loss				
Change in the fair value of equity investments (Note 3)	103,459	45,318	166,529	60,884
<b>COMPREHENSIVE LOSS</b>	<b>113,796</b>	<b>\$ 63,478</b>	<b>200,540</b>	<b>\$ 85,953</b>
<b>BASIC AND DILUTED LOSS (INCOME) PER SHARE (Note 7)</b>	<b>\$ 0.000</b>	<b>\$ 0.000</b>	<b>\$ 0.001</b>	<b>\$ 0.001</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>				
basic and diluted	46,394,919	44,894,919	45,644,919	44,894,919

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

## Eastfield Resources Ltd.

### Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited – 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
<b>Balance, February 28, 2018</b>	44,894,919	\$ 4,220,272	\$ 57,168	\$ 804,720	\$ (192,772)	\$(2,336,109)	\$ 2,553,279
Change in unrealized gain on investments	-	-	-	-	(60,884)	-	(60,884)
Net loss for the period	-	-	-	-	-	(25,069)	(25,069)
<b>Balance, August 31, 2018</b>	44,894,919	\$ 4,220,272	\$ 57,168	\$ 804,720	\$ (253,656)	\$(2,361,178)	\$ 2,467,326
Share-based compensation	-	-	-	10,632	-	-	10,632
Change in fair value of investments	-	-	-	-	338,576	-	338,576
Net loss for the period	-	-	-	-	-	(201,885)	(201,885)
<b>Balance, February 28, 2019</b>	44,894,919	\$ 4,220,272	\$ 57,168	\$ 815,352	\$ 84,920	\$(2,563,063)	\$ 2,614,649
Private Placement, net of share issue costs	1,800,000	70,800	18,000	-	-	-	88,800
Change in fair value of investments (Note 3)	-	-	-	-	(166,529)	-	(166,529)
Net loss for the period	-	-	-	-	-	(34,011)	(34,011)
<b>Balance, August 31, 2019</b>	<b>46,694,919</b>	<b>\$ 4,291,072</b>	<b>\$ 75,168</b>	<b>\$ 815,352</b>	<b>\$ (81,609)</b>	<b>\$(2,597,074)</b>	<b>\$ 2,502,909</b>

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

**Eastfield Resources Ltd.**  
**Condensed Interim Statements of Cash Flows**  
**For the Six Months Ended August 31, 2019 and 2018**  
(Unaudited – Expressed in Canadian dollars)

<b>Cash provided by (used in)</b>	<b>2019</b>	<b>2018</b>
<b>Operating activities</b>		
Net loss	\$ (34,011)	\$ (25,069)
Gain on sale of investments	(18,870)	
	<b>52,881</b>	(25,069)
Changes in non-cash working capital components		
Accounts receivable	(24,090)	(622)
Receivable from related parties	(79,342)	165,221
Payable to related parties	(28,476)	4,938
Accounts payable and accrued liabilities	3,422	17,624
	<b>(181,367)</b>	162,092
<b>Investing activities</b>		
Mineral property acquisition costs	(338)	(1,030)
Mineral Property Option Proceeds	50,000	40,000
Mineral property exploration expenditures	(81,386)	(57,915)
Promissory notes receivable	(11,000)	(215,381)
Exercise of warrants	(60,588)	-
Sale of investments	28,620	-
Project deposits	8,500	(26,500)
	<b>(66,192)</b>	(260,826)
<b>Financing activities</b>		
Private placement	88,800	-
	<b>88,800</b>	-
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(158,759)</b>	<b>(98,734)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>471,465</b>	<b>720,756</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 312,706</b>	<b>\$ 622,022</b>

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

**Eastfield Resources Ltd.**  
**Notes to the Condensed Interim Financial Statements**  
**For the Three and Six Months Ended August 31, 2019 and 2018**  
(Unaudited – Expressed in Canadian dollars)

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**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**

**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, 2019.

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS effective for the year ended February 28, 2020, as issued and outstanding on October 28, 2019, the date the Board of Directors approved these financial statements.

**Basis of Measurement**

These consolidated 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 and are presented in Canadian dollars, the Company’s reporting currency and the functional currency of all of its operations.

**Accounting estimates and judgments**

The preparation of these consolidated financial statements required management to make estimates, judgments and assumptions that affect the reported amounts and other disclosures in these consolidated 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.

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.

# Eastfield Resources Ltd.

## Notes to the Condensed Interim Financial Statements

For the Three and Six Months Ended August 31, 2019 and 2018

(Unaudited – Expressed in Canadian dollars)

### 2. BASIS OF PREPARATION (continued)

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 consolidated 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, measurement of the fair value of tax benefits sold 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.

### 3. INVESTMENTS

The Company has the following investments in equity instruments:

	August 31, 2019			February 28, 2019		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Cariboo Rose Resources Ltd.	208,000	\$ 14,925	\$ 12,480	208,000	\$ 14,925	\$ 6,240
Consolidated Woodjam Copper Corp.	3,229,245	351,499	113,024	3,229,245	351,499	274,486
Consolidated Woodjam Copper Corp. (warrants, exercise price \$0.10, expiry date September 15, 2020)	350,000	3,500	-	350,000	3,500	-
Sun Metals Corp.	866,462	205,489	350,917	591,062	113,432	257,222
Sun Metals Corp. (warrants, exercise price \$0.22, expiry date September 10, 2019)	-	-	-	275,400	31,469	69,911
Ely Gold Royalties Inc.	225,000	29,250	69,750	300,000	39,000	54,000
Fort St. James Nickel Corp.	57	-	9	57	-	12
		\$ 604,663	\$ 546,180		\$ 553,825	\$ 661,871

The fair value of these equity investments is based on quoted market prices at the reporting dates.

**Eastfield Resources Ltd.**  
**Notes to the Condensed Interim Financial Statements**  
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**4. EXPLORATION AND EVALUATION ASSETS**

Acquisition and exploration expenditures incurred on mineral properties for the six months ended August 31, 2019 are as follows:

	<b>Indata</b>	<b>Zymo</b>	<b>Other*</b>	<b>Total</b>
<b>ACQUISITION COSTS</b>				
Balance, beginning of the period	\$ 141,513	\$ 311,506	\$ 51,676	\$ 504,695
Incurred during the period	-	-	338	338
Balance, end of the period	141,513	311,506	52,014	505,033
<b>EXPLORATION EXPENDITURES</b>				
Expenditures for the period:				
Professional fees and field crews	2,400	20,400	42,400	65,200
Rental of vehicles and equipment	-	4,577	968	5,545
Transport and fuel		129	722	851
Communications	346	-	347	693
Food and accommodation		469	1,419	1,888
Freight			126	126
Assaying	-	719	6,364	7,083
	2,746	26,294	52,346	81,386
Balance, beginning of the period	150,436	498,232	631,199	1,279,867
Balance, end of the period	153,182	524,526	683,545	1,361,253
<b>OPTION PROCEEDS</b>				
Balance, beginning of the period	(231,250)	(461,000)	(137,833)	(830,083)
Proceeds received during the period	(20,000)	-	(30,000)	(50,000)
Balance, end of the period	(251,250)	(461,000)	(167,833)	(880,083)
	\$ 43,445	\$ 375,032	\$ 567,726	\$ 986,203

\* Other properties include Iron Lake, Hidden One, Hedge Hog, Antler Gold, CR and Howell.

**Eastfield Resources Ltd.**  
**Notes to the Condensed Interim Financial Statements**  
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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, 2018 are as follows:

	<u>Indata</u>	<u>Zymo</u>	<u>Other</u>	<u>Total</u>
<b>ACQUISITION COSTS</b>				
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
<b>EXPLORATION EXPENDITURES</b>				
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
<b>OPTION PROCEEDS</b>				
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)
	<u>\$ 59,128</u>	<u>\$ 338,215</u>	<u>\$ 649,189</u>	<u>\$ 1,046,532</u>

\* Other properties include Iron Lake, Hidden One, Hedge Hog, Antler Gold and CR

***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.

**Eastfield Resources Ltd.**  
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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), 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.

**Eastfield Resources Ltd.**  
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**5. SHARE CAPITAL**

**Authorized**

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

On June 13, 2019 the Company closed a private placement consisting 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.

**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:

	August 31, 2019		August 31, 2018	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of the period	3,340,000	\$ 0.08	4,030,000	\$ 0.09
Cancelled	(495,000)	0.08	-	-
Balance, end of the period	2,845,000	0.08	4,030,000	0.09

The following common share purchase options are outstanding at August 31, 2019:

Expiry Date	Options Outstanding			Options Exercisable	
	Number of shares	Exercise price (\$)	Weighted Average Remaining Life	Number of shares	Exercise price (\$)
July 31, 2021	780,000	0.13	1.92	780,000	0.13
April 30, 2023	470,000	0.10	3.67	470,000	0.10
September 26, 2023	300,000	0.05	4.08	300,000	0.05
November 24, 2024	695,000	0.05	5.24	695,000	0.05
January 17, 2027	100,000	0.10	7.39	100,000	0.10
October 10, 2027	500,000	0.05	8.12	500,000	0.05
	2,845,000		4.53	2,845,000	

**6. SEGMENTED DISCLOSURES**

The Company operates in one industry segment, the acquisition and exploration of mineral properties, within one geographical area, Canada. For the six months ended August 31, 2019 and 2018, all income was earned and all expenses were incurred in Canada and all non-current assets were held in Canada.

**7. 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, 2019 and 2018.

**Eastfield Resources Ltd.**  
**Notes to the Condensed Interim Financial Statements**  
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**8. 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 six months ended August 31, 2019, recoveries of rent, salaries, telephone, office, consulting, convention and travel costs were \$49,014 (2018 - \$35,940) from Cariboo Rose and \$49,668 (2018 - \$37,761) from Woodjam. At August 31, 2019, accounts receivable included \$80,674 (February 28, 2019 - \$32,243) receivable from Cariboo Rose and \$152,391 (February 28, 2019 - \$103,735) receivable from Woodjam.

During the six months ended August 31, 2019, geological services amounting to \$84,582 (2018 - \$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, 2019, accounts payable included \$25,584 (February 28, 2019 - \$15,611) payable to Mincord.

During the six months ended August 31, 2019 payments of \$20,050 (2018 - \$18,800) were made to the Chief Financial Officer, who is also a director of the Company, for accounting services. Of the amounts paid in 2019, \$13,233 (2018 - \$14,100) were recovered from Cariboo Rose and Woodjam.

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 \$311,237 (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 six months ended August 31, 2019, the Company earned \$11,000 (2018 - \$10,000) of interest income related to these unsecured promissory notes.

**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 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 August 31, 2019, none of the Company’s financial instruments subject to credit risk were past due or impaired.

# **Eastfield Resources Ltd.**

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

### **For the Three and Six Months Ended August 31, 2019 and 2018**

(Unaudited – Expressed in Canadian dollars)

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#### **9. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)**

##### **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 August 31, 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 3) 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.

##### **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.

#### **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.

# **Eastfield Resources Ltd.**

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

### **For the Three and Six Months Ended August 31, 2019 and 2018**

(Unaudited – Expressed in Canadian dollars)

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#### **10. MANAGEMENT OF CAPITAL (continued)**

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.