



COPPER LAKE
RESOURCES LTD

Condensed Interim Financial Statements
For the Three and Nine Months Ended
July 31, 2021

(Expressed in Canadian dollars)

Unaudited – Prepared by Management

Copper Lake Resources Ltd.

The accompanying unaudited condensed interim financial statements of Copper Lake Resources Ltd. for the three and nine months ended July 31, 2021 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that these unaudited condensed interim financial statements have not been reviewed by its auditor.

Copper Lake Resources Ltd.
Condensed Interim Statements of Comprehensive Loss
For the Three and Nine Months Ended July 31

(Unaudited)

(Expressed in Canadian dollars)

	Notes	Three months ended July 31		Nine months ended July 31	
		2021	2020	2021	2020
		\$	\$	\$	\$
Expenses					
Accretion of interest on convertible debentures		-	2,756	2,589	7,816
Acquisition costs related to expired claims		-	-	-	49,500
Exploration and evaluation expenditures		239,620	17,800	346,980	35,133
Foreign exchange loss (gain)		(2,222)	-	(289)	-
Gain on option amendment		-	-	-	(25,000)
General and administration		13,510	935	14,145	11,084
Interest and bank charges	5	3,582	3,616	11,648	7,468
Investor relations and advisory fees		37,378	6,000	84,146	27,345
Management fees	5	6,000	6,000	18,000	18,000
Professional fees		5,773	3,156	20,037	15,039
Share-based compensation	5	-	-	-	46,550
Transfer agent and regulatory		7,046	3,433	21,412	24,129
Total expenses		310,687	43,696	518,668	218,161
Flow-through share premium recovery		(36,152)	(1,635)	(36,152)	(10,167)
Net loss and comprehensive loss for the period		\$274,535	\$42,061	\$ 482,516	\$ 207,994
Basic and diluted loss per share		\$ (0.002)	\$ (0.000)	\$ (0.003)	\$ (0.001)
Weighted average common Shares outstanding		173,380,350	145,801,767	157,963,017	138,946,212

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Condensed Interim Statements of Changes in Shareholders' Equity
For the Nine Months Ended July 31

(Unaudited)

(Expressed in Canadian dollars)

	Shares	Capital stock Amount	Share-based payment reserve	Equity component of convertible debt	Deficit	Total
		\$	\$	\$	\$	\$
Balance, October 31, 2020	147,760,100	16,322,576	342,716	35,890	(14,575,748)	2,125,434
Private placement of units	25,715,000	1,320,175	-	-	-	940,925
Share issue costs	-	(74,553)	17,784	-	-	(28,755)
Exercise of warrants	1,794,000	89,700	-	-	-	89,700
Transfer on expiry of options	-	-	(26,500)	-	26,500	-
Transfer on expiry of conversion feature	-	-	-	(35,890)	35,890	-
Net loss and comprehensive loss for the period	-	-	-	-	(482,516)	(482,516)
Balance, July 31, 2021	167,714,100	17,307,782	332,880	-	(14,995,874)	2,996,024
Balance, October 31, 2019	123,183,435	15,948,767	351,542	35,890	(14,185,671)	2,150,528
Private placement of units	24,566,665	419,000	-	-	-	419,000
Share issuance costs	-	(7,691)	1,578	-	-	(6,113)
Transfer on expiry of options and warrants	-	-	(56,594)	-	56,594	-
Share-based compensation	-	-	46,550	-	-	46,550
Net loss and comprehensive loss for the period	-	-	-	-	(207,994)	(207,994)
Balance, July 31, 2020	147,760,100	16,360,076	342,716	35,890	(14,336,711)	2,401,971

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Condensed Interim Statement of Cash Flows
For the Nine Months Ended July 31

(Unaudited)

(Expressed in Canadian dollars)

	Nine months ended July 31	
	2021	2020
	\$	\$
Cash flows (used in) from operating activities:		
Net loss and comprehensive loss for the period	(482,516)	(207,994)
Items not involving cash:		
Accretion of interest on convertible debt	2,589	7,816
Share-based payments	-	46,550
Flow-through share premium recovery	(35,152)	(10,167)
Acquisition costs related to expired claims	-	49,500
Change in non-cash working capital items:		
HST receivable	(11,221)	1,559
Prepaid expenses and deposits	(30,858)	(11,339)
Accounts payable and accrued liabilities	(184,938)	(128,660)
	(742,096)	(252,735)
Cash flows (used in) from investing activities:		
Exploration and evaluation asset expenditures	-	-
	-	-
Cash flows from financing activities:		
Advances from shareholder	(46,758)	1,466
Exercise of warrants	89,700	-
Proceeds from issuance of units	1,386,025	419,000
Share issuance costs	(56,769)	(6,113)
	1,372,198	414,353
Increase (decrease) in cash and cash equivalents	630,102	161,618
Cash and cash equivalents, beginning of period	11,703	41,396
Cash and cash equivalents, end of period	641,805	203,014

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended July 31, 2021
(Unaudited)
(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Copper Lake Resources Ltd. (“Copper Lake” or the “Company”) was incorporated under the laws of the Province of British Columbia and is in the business of exploration and development of mineral resource properties. The address of the Company’s head office is 1 King Street West, Suite 4800, Toronto, Ontario. The Company’s shares are listed on the TSX-V under the trading symbol CPL. The Company is a mineral exploration company focused on acquiring, exploring and developing mineral property interests in Canada.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has a working capital deficit, has accumulated losses since its inception, expects to incur further losses in the development of its business and has no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. These conditions cast significant doubt about the Company’s ability to continue as a going concern. The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations, and receive continued financial support from its creditors and shareholders.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favorable to the Company. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements as at and for the year ended October 31, 2020.

These condensed interim financial statements were authorized for issue by the Board of Directors on September 29, 2021.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended July 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION *(continued)*

Significant accounting policies

The policies applied in these condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with our audited financial statements for the year ended October 31, 2020.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the impairment of assets.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended October 31, 2020.

3. RESTRICTED CASH

Restricted cash represents the proceeds from the issuance of flow-through common shares less qualifying expenditures to date. At July 31, 2021 the Company had restricted cash of \$226,403 which is not available for working capital purposes and must be used exclusively for Canadian Exploration Expenditures by December 31, 2021.

4. MINERAL PROPERTY INTERESTS

Marshall Lake Property

The Company entered into an option agreement dated July 6, 2010 with Rainy Mountain Royalty Corp. ("Rainy Mountain") and Marshall Lake Mining Limited ("MLMP") of London, England, whereby the Company was granted an option to earn up to a 50% interest in certain mining claims that comprise the Marshall Lake property located north-northeast of Thunder Bay, Ontario.

On May 5, 2016 the Company announced that it had reached an agreement to acquire the interest in the Marshall Lake property currently held by MLMP, a privately held company based in the United Kingdom. The acquisition subsequently closed on September 29, 2016. This acquisition gave Copper Lake a 68.75% interest in the property.

As a result of the acquisition, the Company could earn a 75% interest by incurring cumulative expenditures of \$4,000,000 on the property by July 15, 2018. As of October 31, 2018, the Company had incurred cumulative expenditures of \$4,163,076 and had completed the 75% earn-in.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended July 31, 2021
(Unaudited)
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4. MINERAL PROPERTY INTERESTS *(continued)*

During the quarter ended July 31, 2021, the Company exercised its option to acquire a 75% undivided interest in the Marshall Lake Joint Venture Agreement (“JV Agreement”). Rainy Mountain retains the remaining 25% interest. Each party will be responsible for funding its proportionate share of expenditures of the JV Project. Should Rainy Mountain choose not to contribute its pro rata share, then its interest in the JV would be diluted. Once Rainy Mountain’s interest is reduced to 10%, it is automatically converted into a 1% Net Smelter Returns Royalty (“NSR”). Copper Lake would have the right to acquire the NSR at any time for CAD 1 million. At July 31, 2021, Rainy Mountain’s pro rate share of expenditures owing is \$57,265. No amount has been recorded in these financial statements for Rainy Mountain’s pro rata share.

Norton Lake Property

The Norton Lake property is subject to a joint venture agreement between the Company and Rainy Mountain, which was originally set up in 2009. The property is located north of Thunder Bay, Ontario and the Company is the operator. The Company’s interest in the property is currently 71.41%.

Centrefire Redhat Property

The Company has a 25% interest in the Centrefire Redhat gold-copper property which will be subject to a joint venture agreement.

Exploration and evaluation expenses

Details of the Company’s exploration and evaluation expenditures, which have been cumulatively expensed in the statement of loss and comprehensive loss are as follows:

For the nine months ended July 31, 2021

	Marshall Lake Property	Norton Lake Property	Centrefire Redhat Property	Total
Assays	19,592	-	-	19,592
Core shack and logging	8,309	-	-	8,309
Equipment rental	6,750	-	-	6,750
Exploration office	8,002	-	-	8,002
Field exploration camp	58,383	-	-	58,383
Geotechnical and geological	215,193	2,875	-	218,068
Maps and permits	16,666	160	-	16,826
Reports	7,000	-	-	7,000
Storage	4,050	-	-	4,050
Expenditures for the period	343,945	3,035	-	346,980
Cumulative balance - October 31, 2020	4,305,478	840,784	-	5,146,262
Balance, July 31, 2021	\$ 4,649,423	\$ 843,819	-	5,493,242

For the nine months ended July 31, 2020

	Marshall Lake Property	Norton Lake Property	Centrefire Redhat Property	Total
Geological and geophysical	8,600	-	-	8,600
Geotechnical	11,415	-	-	11,415
Property taxes and lease rent	3,919	-	-	3,919
Staking	8,950	-	-	8,950
Storage	2,250	-	-	2,250
Expenditures for the period	35,134	-	-	35,134
Cumulative balance - October 31, 2019	4,162,781	840,784	-	5,003,565
Balance, July 31, 2020	\$ 4,197,915	\$ 840,784	-	\$ 5,038,699

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended July 31, 2021

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4. CONVERTIBLE DEBENTURES

	Principal Amount	Liability Component	Equity Component
Balance October 31, 2019	112,500	99,178	35,890
Accretion for the year	-	10,733	-
Balance October 31, 2020	112,500	109,911	35,890
Accretion for the period	-	2,589	-
Expiry of conversion option	-	-	(35,890)
Balance at July 31, 2021	\$ 112,500	\$ 112,500	\$ -

On April 28, 2016 the Company closed a \$420,000 non-brokered private placement of convertible debentures. The unsecured subordinated convertible debentures bear interest at 12% per annum, calculated annually and have a term of five years from the date of issue. At the date of issue \$285,845 was allocated to the liability component of the convertible debenture and the residual amount of \$134,155 was allocated to the equity component, based on an effective interest rate of 20%.

The debentures are convertible into units at the rate of \$0.05 for the first year and \$0.10 thereafter. Each unit is comprised of one common share and one common share warrant of the Company. Each common share warrant entitles the holder to purchase one additional common share of the Company at an exercise price equal to the conversion price at the time of issuance of the warrants. The warrants will expire on the date which is the earlier of (a) four years from the date of issuance of the warrant, and (b) April 28, 2021.

In April 2017, debentures with a face value of \$307,500 were converted into shares and warrants, leaving \$112,500 of convertible debentures outstanding.

On April 28, 2021, the debentures matured and the conversion feature expired, at which time the equity component amount was reclassified to the deficit.

5. CAPITAL STOCK

The common shares of the Company are entitled to one vote per share at meetings of the shareholders of the Company, and upon dissolution or any other distribution of assets, to receive pro rata such assets of the Company as are distributable to the holders of common shares.

The Company is authorized to issue unlimited common shares without par value.

During the nine months ended July 31, 2021, the Company completed the following share transactions:

In April 2021, the Company closed the first tranche of a private placement, raising \$1,006,775 through the issuance of 6,585,000 flow-through units (“FT Units”) at a price of \$0.065 per FT Unit and 11,575,000 non flow-through units (“NFT Units”) at a price of \$0.05 per NFT Unit. Each FT unit consists of one flow-through common share and one-half of a common share purchase warrant, with each whole warrant being exercisable at \$0.10 for two years from the date of issuance. Each NFT Unit consists of one common share and one common share purchase warrant, with each warrant being exercisable at \$0.10 for two years from the date of issuance.

In connection with the closing of the offering, the Company paid finders’ fees of \$31,117 and issued 555,450 non-transferrable warrants (“Broker Warrants”) to certain arm’s length finders. Each Broker Warrant entitles the holder to acquire one additional common share at a price of \$0.10 for a period of 24 months from the closing date. The warrants were valued determined using the Black-Scholes valuation model and the following assumptions: risk free interest rate – 2.15%; expected life in years – 2; expected volatility 107%; and expected forfeiture rate – 0%. Expected volatility was based on the historical volatility of the Company’s share price. The value allocated to the warrants was \$16,664.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended July 31, 2021

(Unaudited)

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5. CAPITAL STOCK *(continued)*

On May 17, 2021, the Company announced that it closed the second, and final, tranche of the non-brokered private placement described in its news release of March 4, 2021. Under the final tranche closing of the Offering, the Company issued 100,000 FT Units at a price of \$0.065 per FT Unit and 7,455,000 NFT Units at a price of \$0.05 per NFT Unit for gross proceeds of \$379,250. Each FT Unit consists of one flow-through common share and one-half of a common share purchase warrant (a “FT Warrant”), with each Warrant being exercisable at \$0.10 for 24 months. Each NFT Unit consists of one common share and one Warrant, with each Warrant being exercisable at \$0.10 for 24 months.

The Company paid finders’ fees of \$2,800 in cash in connection with this final tranche of the Offering and has also issued 56,000 non-transferable finders’ warrants exercisable at \$0.10 per warrant for a period of 24 months from the date of issuance. The warrants were valued determined using the Black-Scholes valuation model and the following assumptions: risk free interest rate – 2.15%; expected life in years – 2; expected volatility 109%; and expected forfeiture rate – 0%. Expected volatility was based on the historical volatility of the Company’s share price. The value allocated to the warrants was \$1,120.

During the nine months ended July 31, 2020, the Company completed the following share transactions:

In December 2019, the Company closed the first tranche of a private placement, raising \$274,500 through the issuance of 6,500,000 flow-through units (“FT Units”) at a price of \$0.020 per FT Unit and 9, 633,333 non flow-through units (“NFT Units”) at a price of \$0.015 per NFT Unit. Each FT unit consists of one flow-through common share and one common share purchase warrant, with each warrant being exercisable at \$0.05 for two years. Each NFT Unit consists of one common share and one common share purchase warrant, with each warrant being exercisable at \$0.05 for two years. In February 2020, the Company closed the second and final tranche of the private placement through the issuance of 600,000 FT Units at a price of \$0.020 per FT Unit raising \$12,000, resulting in an aggregate of \$286,500 raised under the financing.

In connection with the closing of the Offering, the Company paid finders’ fees of \$4,200 and issued 322,000 non-transferrable units (“Finder’s Units”) to certain arm’s length finders. Each Finder’s Unit includes one common share and entitles the holder to acquire one additional common share at a price of \$0.05 for a period of 24 months from the closing date. The warrants were valued determined using the Black-Scholes valuation model and the following assumptions: risk free interest rate – 2.15%; expected life in years – 2; expected volatility 107%; and expected forfeiture rate – 0%. Expected volatility was based on the historical volatility of the Company’s share price. The value allocated to the warrants was \$1,578.

Stock Options

Stock option transactions for the period are summarized as follows:

	July 31, 2021		October 31, 2020	
	Number of Options	Weighted Ave Exercise Price	Number of Options	Weighted Ave Exercise Price
Opening balance	9,650,000	0.051	8,000,000	0.052
Granted	-	-	3,500,000	0.050
Expired	(2,500,000)	0.050	(1,850,000)	0.050
Ending balance	7,150,000	\$0.052	9,650,000	\$0.051
Options exercisable	7,150,000	\$0.052	9,650,000	\$0.051

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended July 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

5. CAPITAL STOCK (continued)

The following options were outstanding as at July 31, 2021 and October 31, 2020:

Expiry Date	Number of Options		Exercise Price \$
	July 31, 2021	October 31, 2020	
April 6, 2021	-	1,500,000	0.050
July 29, 2021	-	1,750,000	0.050
September 29, 2021	1,000,000	1,000,000	0.055
January 18, 2023	1,550,000	1,900,000	0.050
March 15, 2023	250,000	250,000	0.080
February 11, 2024	100,000	100,000	0.050
August 7, 2024	1,000,000	1,000,000	0.050
December 2, 2024	1,750,000	1,750,000	0.050
December 13, 2024	1,000,000	1,000,000	0.050
April 28, 2025	500,000	500,000	0.050
Outstanding	7,150,000	9,650,000	0.052
Weighted average remaining life	2.66 years	3.50 years	

Share-based compensation

During the nine months ended July 31, 2021, the Company recognized \$nil (2020 - \$46,550) as share-based compensation expense for options vested during the period.

Share Purchase Warrants

Share purchase warrant transactions are summarized as follows:

	Nine months ended July 31, 2021		Year ended October 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	36,963,988	\$ 0.050	25,872,186	\$ 0.067
Issued	22,983,950	0.100	24,888,665	0.050
Exercised	(1,794,000)	0.050		
Expired	(8,081,250)	0.050	(13,796,863)	0.085
Ending balance	50,072,688	\$ 0.073	36,963,988	\$ 0.050
Warrants exercisable	50,072,688	\$ 0.073	36,963,988	\$ 0.050

As at July 31, 2021 and October 31, 2020 the following share purchase warrants were outstanding:

Expiry Date	Number of Warrants		Exercise Price \$
	July 31, 2021	October 31, 2020	
April 27, 2021	-	6,150,000	0.050
July 5, 2022	406,800	490,800	0.050
September 26, 2021	1,793,273	1,793,273	0.055
June 18, 2021	-	3,641,250	0.050
December 30, 2021	16,413,333	16,413,333	0.050
February 18, 2022	642,000	642,000	0.050
May 8, 2022	7,833,332	7,833,332	0.050
April 15, 2023	15,422,950	-	0.100
May 17, 2023	7,561,000	-	0.100
Outstanding and exercisable	50,072,688	36,963,988	

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended July 31, 2021

(Unaudited)

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6. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management includes directors and other key personnel, including the CEO, President and CFO, who have authority and responsibility for planning, directing, and controlling the activities of the Company.

The compensation paid to these key management personnel for the three and nine months ended July 31, 2021 and 2020 is outlined below:

	Three months ended July 31		Nine months ended July 31	
	2021	2020	2021	2020
Management and director fees	\$ 6,000	\$ 6,000	\$ 18,000	\$ 18,000
Share-based compensation	-	6,650	-	46,550
	\$ 6,000	\$ 12,650	\$ 18,000	\$ 58,550

Included in accounts payable and accrued liabilities as at July 31, 2021 is \$42,940 (October 31, 2020 - \$97,711) owed to directors and officers.

As at July 31, 2021, a director of the Company had advanced funds to the Company in the amount of \$9,734 (October 31, 2020 – \$56,340). This advance is unsecured, non-interest bearing and has no terms of repayment.

7. CONTINGENCY

Due to the nature of its business, the Company may be subject to regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. While the Company cannot reasonably predict the ultimate outcomes of these actions, and inherent uncertainties exist in predicting such outcomes, the Company believes that the ultimate resolution of these actions is not reasonably likely to have a material adverse effect on the Company's financial condition or future results of operations. A liability is recognized where, based on the Company's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. The Company is not aware of any material unrecorded contingent liabilities which require recording in the financial statements for the quarter ended July 31, 2021.