LORRAINE COPPER CORP.

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

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

Lorraine Copper Corp.
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	August 31, 2018	February 28, 2018
ASSETS		
Current		
Cash and cash equivalents	$ 619,854	$ 795,713
Accounts receivable	30,700	39,508
Prepaid expenses	15,978	15,978
Investments (Note 3)	18,000	-
	684,532	851,199
Receivable from a related party (Note 9)	6,500	6,500
Project deposits	52,000	64,000
Exploration and evaluation assets (Note 4)	4,169,160	4,159,323
Equipment	1,151	1,151
	$ 4,913,343	$ 5,082,173
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 13,771	$ 22,451
Payable to related parties (Note 9)	7,400	12,481
	21,171	34,932
Payable to Cariboo Rose Resources Ltd. (Note 9)	12,000	12,000
	33,171	46,932
SHAREHOLDERS' EQUITY		
Share capital	7,245,013	7,245,013
Warrant reserve	482,863	482,863
Options reserve	405,442	405,442
Accumulated other comprehensive (loss)	(4,000)	
Deficit	(3,249,146)	(3,098,077)
	4,880,172	5,035,241
	$ 4,913,343	$ 5,082,173

Nature and continuation of operations (Note 1)

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

Lorraine Copper Corp.
Condensed Interim Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended August 31, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	Three Months Ending		Six Months Ending	
	August 31, 2018	August 31, 2017	**August 31, 2018**	August 31, 2017
Expenses				
Bank charges	**$ -**	$ 27	**$ 29**	$ 113
Consulting	**3,000**	2,596	**4,700**	6,605
Investor relations	**38,398**	4,516	**75,188**	6,616
Legal and audit	**2,524**	8,431	9,188	12,181
Office	**2,185**	968	**3,110**	1,888
Rent	**6,728**	6,513	13,812	13,005
Salaries and benefits	**4,464**	4,244	**8,735**	8,498
Share-based compensation	**-**	-	**-**	12,600
Telephone	**429**	452	**1,048**	884
Transfer and filing fees	**33,445**	2,966	**35,156**	4,451
Loss before the following	**91,173**	30,713	**150,966**	66,841
Other expense				
Interest expense	**103**	3,781	**103**	7,481
NET LOSS	**$ 91,276**	$ 34,494	**$ 151,069**	$ 74,322
OTHER COMPREHENSIVE LOSS				
Change in unrealized loss on investments	**4,000**	-	**4,000**	-
COMPREHENSIVE LOSS	**$ 95,276**	$ 34,494	**$ 155,069**	$ 74,322
BASIC AND DILUTED LOSS PER SHARE	**$ 0.002**	$ 0.001	**$ 0.003**	$ 0.002
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING basic and diluted	49,964,585	37,618,751	49,964,585	37,618,751

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

Lorraine Copper Corp.
Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Warrant Reserve	Options Reserve	Deficit	Accumulated Other Comprehensive (Loss)	Total Equity
Balance, February 28, 2017	37,618,751	$ 6,340,235	$ 245,632	$ 363,239	$ (2,906,622)	$ -	$ 4,042,484
Private placement, net of share issue cost	-	-	-	-	-	-	-
Sale of flow through tax benefits	-	-	-	-	-	-	-
Shares issued for acquisition of mineral property	-	-	-	-	-	-	-
Share-based compensation	-	-	-	26,600	-	-	26,600
Net loss for the period	-	-	-	-	(74,322)	-	(74,332)
Balance, August 31, 2017	37,618,751	6,340,235	245,632	389,839	(2,980,944)	-	,994,762
Private placements, net of share issue costs	11,870,834	862,136	237,231	-	-	-	1,099,367
Exercise of options	475,000	42,642	-	(18,142)	-	-	(24,500)
Share-based compensation	-	-	-	33,745	-	-	34,345
Net loss for the period	-	-	-	-	(117,133)	-	(117,133)
Balance, February 28, 2018	49,964,585	7,245,013	482,863	405,442	(3,098,077)	-	5,035,241
Change in unrealized (loss) on investments						(4,000)	(4,000)
Net loss for the period	-	-	-	-	(151,069)	-	(151,069)
Balance, August 31, 2018	**49,964,585**	**$ 7,245,013**	**$ 482,863**	**$ 405,442**	**$ (3,249,146)**	**$ (4,000)**	**$ 4,880,172**

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

Lorraine Copper Corp.
Condensed Interim Statements of Cash Flows
For the Six Months Ended August 31, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	2018	2017
Cash provided by (used in)		
Operating Activities		
Net loss	$ (151,069)	$ (74,322)
Changes in non-cash working capital components		
Accounts receivable	8,808	(2,708)
Payable to related parties	(5,081)	-
Accounts payable and accrued liabilities	(8,679)	69,558
	(59,377)	(7,472)
Investing Activities		
Mineral property exploration expenditures	(31,838)	(51,142)
Project deposits	12,000	-
	(19,859)	(51,142)
Financing Activities		
Shares and warrants issued for cash, net of issue costs	-	18,372
INCREASE IN CASH AND CASH EQUIVALENTS	(175,859)	(40,242)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	795,713	46,817
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 619,854	$ 6,575

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

1. NATURE AND CONTINUATION OF OPERATIONS

Lorraine Copper Corp. (the "Company") was incorporated in the Province of British Columbia on October 23, 2007 and the common shares are listed for trading on the TSX Venture Exchange (the "Exchange") under the symbol of LLC. 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 registered office is located at 110-325 Howe Street, Vancouver, British Columbia V6C 1Z7.

These financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to do so is dependent on obtaining additional financing, through the issue of treasury shares and/or from loans to complete the exploration and development of its mineral property interests and to commence profitable operations. These financial statements do not reflect the adjustments or reclassifications which would be necessary if the Company were unable to continue its operations in the normal course of business. Such adjustments and reclassifications could be material.

2. BASIS OF PREPARATION

Summary of Significant Accounting Policies

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

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

Accounting estimates and judgments

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

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

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

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

(Unaudited - Expressed in Canadian dollars)

3. INVESTMENTS

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

	August 31, 2018			February 28, 2018		
	Number of Shares	**Cost**	**Fair Value**	Number of Shares	Cost	Fair Value
Sun Metals Corp.	**100,000**	**$ 22,000**	**$ 18,000**	-	$ -	$ -

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

4. EXPLORATION AND EVALUATION ASSETS

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

	Lorraine	**Okeover**	**Stardust**	**Total**
ACQUISITION COSTS				
Balance, beginning of the period	$ 4,861,975	$ 228,579	$ 352,500	$ 5,443,054
Incurred during the period	-	-	-	-
Balance, end of the period	4,861,975	228,579	352,500	5,443,054
EXPLORATION EXPENDITURES				
Expenditures for the period:				
Professional fees and field crews	5,600	1,600	24,000	31,200
Geological	388	-	-	388
Transportation and fuel	-	-	250	250
	5,988	1,600	24,250	31,838
Balance, beginning of the period	112,566	144,364	59,338	316,268
Mineral exploration tax credits	-	-	-	-
Balance, end of the period	118,554	145,964	83,588	348,106
Option Proceeds				
Balance, beginning of the period	-	-	(100,000)	(100,000)
Additions	-	-	(22,000)	(22,000)
Balance, end of the period	-	-	(122,000)	(122,000)
IMPAIRMENT OF MINERAL PROPERTY				
Balance, beginning of the period	(1,500,000)	-	-	(1,500,000)
Impairment of mineral property	-	-	-	-
Balance, end of the period	(1,500,000)	-	-	(1,500,000)
	$ 3,480,529	$ 374,543	$ 314,089	$ 4,169,160

(Unaudited - Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

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

	Lorraine	Okeover	Stardust	Total
ACQUISITION COSTS				
Balance, beginning of the period	$ 4,861,975	$ 228,579	$ 352,500	$ 5,443,054
Incurred during the period	-	-	-	-
Balance, end of the period	4,861,975	228,579	352,500	5,443,054
EXPLORATION EXPENDITURES				
Expenditures for the period:			-	-
Professional fees and field crews	-	5,200	29,560	34,760
Rental of vehicles and equipment	-	-	2,054	2,054
Geological	-	-	8,558	8,558
Transportation and Fuel	-	-	550	550
Food and accommodation	-	-	2,389	2,389
Freight	-	-	120	120
Other	-	14,000	-	14,000
	-	19,200	43,231	62,431
Balance, beginning of the period	(1,391,530)	70,561	16,460	(1,304,509)
Mineral exploration tax credits	-	-	(11,289)	(11,289)
Balance, end of the period	(1,391,530)	89,761	48,402	(1,253,367)
	$ 3,470,445	$ 318,340	$ 400,902	$ 4,189,687

Okeover Project, Vancouver Mining Division, British Columbia

On April 28, 2016, the Company acquired a 40% interest in the Okeover copper molybdenum project located near Powell River on the southern British Columbia coast from Eastfield Resources Ltd. ("Eastfield"), a related company (Note 8). Under the terms of the agreement the Company paid $40,000 to Eastfield and assumed responsibilities to cover its proportionate share of assessment work requirements on the property. In addition, the Company will pay Eastfield 20% of any future option payments resulting from third party agreements with the project for a period of three years.

On September 21, 2016, the Company acquired the remaining 60% interest in the Okeover project from Prophecy Development Corp. ("Prophecy") in consideration for issuing 2,200,000 common shares and assuming the $19,079 payable by Prophecy to Eastfield. In addition, the Company will pay Prophecy 30% of any and all payments or proceeds, up to a maximum of $3,333,334, in perpetuity, received from any agreement for the sale, joint venture, royalty, streaming or other arrangement in connection with the project, provided that any such agreement is executed by the Company within 5 years from the date of the agreement.

As at August 31, 2018, the Company controls a 100% interest in the Okeover project, subject to a 2.5% net smelter royalty.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Lorraine-Jajay Project, Omineca Mining Division, British Columbia

The Company acquired the Lorraine-Jajay mineral property through the plan of arrangement with Eastfield and Lysander Minerals Corporation. Subject to an option agreement, Teck Resources Limited ("Teck") earned a 51% joint venture interest in the property by completing $9,000,000 of exploration expenditures by December 31, 2010. Teck was entitled to increase its interest to 60% by funding, at a minimum $500,000 annually until completion of a feasibility study on the property, and further increase its interest to 65% by arranging or providing the financing for production. However, as Teck did not meet the minimum funding requirements for three consecutive years, the additional interest option was terminated and a joint venture was formed as of January 16, 2014. The interests of the joint venturers are 51% Teck and 49% the Company.

On November 26, 2015, the Company entered into an agreement to acquire Teck's 51% joint venture interest in the Lorraine-Jajay mineral property. This agreement was terminated on May 3, 2016; the ownership of the property remains unchanged.

Stardust Property, Omineca Mining Division, British Columbia

On June 14, 2016, the Company acquired a 100% interest in the Stardust property in north-central B.C. from ALQ Gold Corp. in consideration for $50,000, the issuance of 5,500,000 common shares and incurring $100,000 exploration expenditures prior to September 19, 2017.

On September 21, 2017, the Company entered into an agreement with 1124245 B.C. Ltd. whereby 1124245 B.C. Ltd. has an option to purchase a 100% interest, subject to certain royalties and terms, in the Stardust property.

To earn its interest in Stardust, 1124245 B.C. Ltd. has made a $50,000 cash payment to the Company, issued 500,000 shares of 1124245 B.C. Ltd., and incurred a minimum $500,000 expenditure on the property by December 31, 2017. Thereafter 1124245 B.C. Ltd. will make annual cash payments, share issuances and minimum annual property expenditures until a total of $6,000,000 has been spent on the property before December 31, 2021. At that point 1124245 B.C. Ltd. will issue sufficient shares to the Company such that the Company will hold a 30% interest in 1124245 B.C. Ltd. The Company will also retain a 2% NSR on precious metals and a 1% NSR on other metals which may be bought down by one-half each by the payment of $1,500,000 per royalty to the Company.

5. PROMISSORY NOTE

On December 15, 2013, the Company issued a $100,000 unsecured promissory note to Eastfield (Note 10). The promissory note had an initial term of 18 months and bears interest at a rate of 10% per annum, which was payable at the end of the term together with the principal. Eastfield extended the term of the unsecured promissory note to June 15, 2018.

On April 26, 2016 and September 21, 2016, respectively, the Company issued additional unsecured promissory notes to Eastfield for $50,000 and $50,000. These promissory notes have a term of 24 months and bear interest at a rate of 10% per annum, which is payable at the end of the term together with the principal.

During the year ended February 28, 2018, the Company repaid the entire amount of the promissory notes and accrued interest.

(Unaudited - Expressed in Canadian dollars)

6. SHARE CAPITAL

Authorized

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

The Company completed an issue of 2,000,000 units at $0.05 per unit on May 25, 2016. Each unit is comprised of one flow-through share and one share purchase warrant for the purchase of one non-flow-through share at an exercise price of $0.05 per share for a period of five years. An additional 86,250 common shares were issued as finder's fees in connection with the private placement.

On June 14, 2016, 5,500,000 common shares were issued to ALQ Gold Corp. as part of the acquisition of a 100% interest in the Stardust property (Note 4).

On September 21, 2016, 2,200,000 common shares were issued to Prophecy Development Corp. as part of the acquisition of a 60% interest in the Okeover project (Note 4).

On October 28, 2016, the Company completed a private placement of 4,723,500 units at a price of $0.06 per unit. Each unit is composed of one common share and one common share purchase warrant with an exercise price of $0.10 per share for a period of two years. The Company also issued 276,500 common shares as finder's fees in connection with the private placement.

On November 8, 2017, the Company completed a private placement of 5,740,834 units at a price of $0.09 per unit. Each unit is composed of one common share and one common share purchase warrant with an exercise price of $0.15 per share for a period of two years. The Company also paid $29,678 and issued 329,758 share purchase warrants as finder's fees in connection with the private placement.

On February 9, 2018, the Company completed a private placement of 6,130,000 units at a price of $0.10 per unit. Each unit is composed of one common share and one common share purchase warrant with an exercise price of $0.20 per share for a period of two years.

Share Purchase Options

The Company issues options to directors, officers, and employees of the Company, and persons who provide ongoing services to the Company, under an incentive stock option plan. Under the plan, the Company may issue up to 3,033,250 options. Presently granted options will normally vest entirely at the date of grant for directors, officers and employees and at the rate of 25% on the date of the grant and 25% every three months thereafter for consultants. Options will expire no later than five years from the grant date, except that they will expire within ninety days when the holder is no longer qualified to hold the option (other than for cause, when the option will expire immediately).

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

	Six months ended August 31, 2018		Six months ended August 31, 2017	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Balance, beginning of the period	**2,550,000**	**$ 0.07**	2,075,000	$ 0.06
Granted	**-**	**-**	950,000	0.10
Balance, end of the period	**2,550,000**	**0.07**	3,025,000	0.08
Options exercisable, end of the period	**2,550,000**	**$ 0.07**	3,025,000	$ 0.08

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 is subject to shareholder approval and acceptance by the Exchange. Pursuant to this new plan and subject to shareholder approval and Exchange acceptance, the Company plans to grant 900,000 share purchase options to directors, officers and consultants. These share purchase options will vest immediately and will be exercisable at $0.13 per share over a five year term until June 18, 2023.

(Unaudited - Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

Share Purchase Options (continued)

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

	Options Outstanding			Options Exercisable	
Expiry Date	Number of shares	Exercise price ($)	Weighted Average Remaining Life	Number of shares	Exercise price ($)
May 3, 2026	700,000	0.05	7.69	700,000	0.05
November 3, 2026	800,000	0.06	8.19	800,000	0.06
January 17, 2027	100,000	0.10	8.40	100,000	0.10
May 16, 2027	750,000	0.07	9.72	950,000	0.07
December 5, 2022	200,000	0.11	4.28	200,000	0.11
	2,550,000		7.91	2,550,000	

Share Purchase Warrants

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

	August 31, 2018		August 31, 2017	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Balance, beginning of the period	**19,924,092**	**$ 0.14**	3,000,000	$ 0.09
Changes during the period	**-**	**-**	-	-
Balance, end of the period	**19,924,092**	**$ 0.14**	3,000,000	$ 0.09

The following warrants are outstanding at August 31, 2018:

	Warrants Outstanding		
Expiry Date	**Number of shares**	**Exercise Price ($)**	**Weighted Average Remaining Life**
October 27, 2018	4,723,500	0.10	0.17
September 10, 2019	1,000,000	0.12	1.04
May 26, 2021	2,000,000	0.05	2.75
November 8, 2019	6,070,592	0.15	1.20
February 9, 2020	6,130,000	0.20	1.46
	19,924,092		**1.18**

Subsequent to August 31, 2018 the Company announced the intention to extend the term of the warrants expiring on October 27, 2018 by one year to October 27, 2019. All other terms of the warrants remain the same.

7. SEGMENTED DISCLOSURES

The Company operates in one industry segment, the acquisition and exploration of mineral properties, within Canada. Mineral properties and other capital assets are located in Canada.

8. LOSS PER SHARE

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

9. RELATED PARTY TRANSACTIONS

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

In the normal course of business, the Company enters into transactions with Eastfield for the use of equipment, services and rental of office space. The Company is related to Eastfield through common directors. During the six months ended August 31, 2018 amounts payable for rent, salaries, telephone, office, consulting, and investor relations to Eastfield amounted to $36,442. At August 31, 2018, payable to related parties included $4,880 (February 28, 2018 - $8,281) payable to Eastfield.

During the six months ended August 31, 2018, geological services totaling $45,619 (August 31, 2017 - $20,459) 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 is used on a project by project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, transportation and mobilization costs. At August 31, 2018, payable to related parties included $2,520 (February 28, 2018 – $4,200) payable to Mincord.

In the year ended February 28, 2011, reclamation bonds of $12,000, which had been released by the Ministry of Energy, Mines and Petroleum Resources to Cariboo Rose Resources Ltd., a related company with directors in common, were transferred to the Company. This amount remains owing to Cariboo Rose at August 31, 2018.

During the year ended February 28, 2017, the Company acquired a 40% interest in the Okeover property (Note 4) from Eastfield for consideration of $40,000 and 20% of any future option payments resulting from third party agreements with the property made by the Company for a period of three years. In addition, during the year ended February 28, 2017, the Company purchased Prophecy Development Corp.'s 60% interest in the Okeover property (Note 4), which includes a $6,500 receivable from Eastfield. As at August 31, 2018, the receivable from a related party includes $6,500 (2017 - $6,500) due from Eastfield related to a project deposit on the Okeover property.

10. MANAGEMENT OF CAPITAL

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

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

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

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

The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company currently has sufficient capital resources to meet its administrative overhead expenses through its current operating period and it is confident it can raise additional funds to undertake all of its planned business activities. Actual funding requirements may vary from those planned due to a number of factors. Management believes it will be able to raise capital as required in the long term, but recognizes that there will be risks involved that may be beyond their control.

11. 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 and cash equivalents and project deposits are held through major Canadian financial institutions. Its accounts receivable include goods and services taxes receivable from the Government of Canada and mineral exploration tax credit receivable from the Government of British Columbia. The Company's receivable from a related party is due from Eastfield.

The Company considers this risk to be minimal on its cash and cash equivalents, goods and services taxes receivable and mineral exploration tax credits receivable. For amounts due from a related party, the Company monitors the receivable balance and the payments made by the related company in order to determine if an allowance for estimated credit losses is required. When determining the allowance for estimated credit losses the Company will consider historical experience with the related company, current market and industry conditions and any specific collection issues. At August 31, 2018, none of the Company's accounts receivable are 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 are due within the current operating period. The Company manages liquidity risk through the management of its capital structure 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 interest rate risk.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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