



Copper North Mining Corp.

**Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2013**

(Unaudited – prepared by management)
(Expressed in Canadian dollars)

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. This notice is being provided in accordance with National Instrument 52-102 – Continuous Disclosure Obligations.

Copper North Mining Corp.Condensed Interim Consolidated Financial Statements
(Unaudited – prepared by management)

(Expressed in Canadian dollars)

CONSOLIDATED BALANCE SHEETS

		September 30, 2013	December 31, 2012
		\$	\$
ASSETS	Note		
Cash and cash equivalents		6,709	521,775
Other assets		7,363	112,620
CURRENT ASSETS		14,072	634,395
Reclamation bond	3	80,300	80,300
Exploration and evaluation assets	3	29,332,878	28,947,387
ASSETS		29,427,250	29,662,082
LIABILITIES			
Accounts payable and accrued liabilities		593,790	669,926
Due to related parties	7	562,201	-
CURRENT LIABILITIES		1,155,991	669,926
LIABILITIES		1,155,991	669,926
SHAREHOLDERS' EQUITY			
Share capital	4	29,940,830	29,940,830
Contributed surplus		779,786	740,742
Deficit		(2,449,357)	(1,689,416)
SHAREHOLDERS' EQUITY		28,271,259	28,992,156
LIABILITIES AND SHAREHOLDERS' EQUITY		29,427,250	29,662,082
Nature of operations and going concern	1		

Approved by the Board of Directors/s/ Bill LeClair Director/s/ Dale Corman Director

Copper North Mining Corp.

Condensed Interim Consolidated Financial Statements

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013 \$	2012 \$	2013 \$	2012 \$
CORPORATE EXPENSES				
Filing and regulatory fees	4,827	10,392	37,496	59,531
General administrative costs	7,605	20,159	35,690	72,977
Professional fees	18,467	27,226	41,634	58,401
Rent and utilities	18,000	22,644	61,540	59,097
Share-based payments	11,389	31,568	31,644	91,804
Shareholder communication and travel	9,856	38,026	67,907	143,923
Wages and benefits	118,208	152,733	414,496	447,917
LOSS BEFORE OTHER ITEMS	188,352	302,748	690,407	933,650
Interest expense	6,049	-	69,534	-
LOSS AND COMPREHENSIVE LOSS	194,401	302,748	759,941	933,650
Basic and diluted loss per common share	-	0.01	0.01	0.02
Weighted average number of common shares outstanding	58,704,998	53,457,721	58,733,572	50,101,956

Copper North Mining Corp.

Condensed Interim Consolidated Financial Statements

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2013 \$	2012 \$	2013 \$	2012 \$
Cash flows provided by (used in)					
OPERATING ACTIVITIES					
Loss for the period		(194,401)	(302,748)	(759,941)	(933,650)
Items not affecting cash					
Share-based payments		11,389	31,568	31,644	91,804
Change in non-cash working capital items		196,793	(75,568)	341,201	(119,484)
OPERATING ACTIVITIES		13,781	(346,748)	(387,096)	(961,330)
FINANCING ACTIVITIES					
Loan from a related party	7	-	-	300,000	-
Interest accrued on related party loan	7	6,049	-	69,534	-
Share issuance	4c	-	-	-	1,002,000
Share issuance costs	4c	-	-	-	(13,839)
Exercise of stock options		-	4,350	-	23,875
FINANCING ACTIVITIES		6,049	4,350	369,534	1,012,036
INVESTING ACTIVITIES					
Exploration and evaluation expenditures		(43,043)	(674,540)	(497,504)	(1,333,176)
Purchase of Reclamation Bond	3	-	-	-	(80,300)
INVESTING ACTIVITIES		(43,043)	(674,540)	(497,504)	(1,413,476)
NET INCREASE (DECREASE)		(23,213)	(1,016,938)	(515,066)	(1,362,770)
Beginning balance		29,922	1,529,201	521,775	1,875,033
CASH AND CASH EQUIVALENTS		6,709	512,263	6,709	512,263

Copper North Mining Corp.

Condensed Interim Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Shares	Share Capital \$	Contributed Surplus \$	Deficit \$	Shareholders' Equity \$
DECEMBER 31, 2011	47,301,281	28,209,827	546,857	(389,394)	28,367,290
Private placement (note 4c)					
Issuance of common shares	6,000,000	1,002,000	-	-	1,002,000
Share issuance costs	-	(13,839)	-	-	(13,839)
Exercise of stock options	210,000	23,875	-	-	23,875
Transfer of stock option value	-	48,350	(48,350)	-	-
Share-based payments	-	-	123,104	-	123,104
Loss and comprehensive loss	-	-	-	(933,650)	(933,650)
SEPTEMBER 30, 2012	53,511,281	29,270,213	621,611	(1,323,044)	28,568,780
Private placement (note 4c)					
Unit issuance	5,169,000	775,350	-	-	775,350
Unit issuance costs	-	(18,892)	-	-	(18,892)
Allocation of warrant value	-	(113,566)	113,566	-	-
Exercise of stock options	82,500	7,100	-	-	7,100
Transfer of stock option value	-	20,625	(20,625)	-	-
Share-based payments	-	-	26,190	-	26,190
Loss and comprehensive loss	-	-	-	(366,372)	(366,372)
DECEMBER 31, 2012	58,762,781	29,940,830	740,742	(1,689,416)	28,992,156
Cancellation and return to treasury (note 4b)	(57,783)	-	-	-	-
Share-based payments	-	-	39,044	-	39,044
Loss and comprehensive loss	-	-	-	(759,941)	(759,941)
SEPTEMBER 30, 2013	58,704,998	29,940,830	779,786	(2,449,357)	28,271,259

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013 (unaudited – prepared by management)

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

a. Nature of operations

Copper North Mining Corp. (together with its subsidiaries, "Copper North" or the "Company") was incorporated in British Columbia, Canada on August 3, 2011 and is directly engaged in the exploration and development of mineral properties in Canada.

The Company's head office is located at 1111 West Georgia Street, Vancouver, BC.

b. Going concern

The nature of the Company's operations requires significant expenditures for the acquisition, exploration, and development of mineral properties. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage. The Company's operations have been primarily funded from equity financings. The Company will continue to require additional funding to maintain its ongoing exploration programs, permitting efforts, advance royalty and property maintenance payments, and operations.

While these consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast significant doubt on the validity of this assumption. For the nine months ended September 30, 2013, the Company reported a loss of \$759,941 and as at that date had \$6,709 in cash, a working capital deficit of \$1,141,919 and an accumulated deficit of \$2,449,357. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings or through other arrangements. The Company has been successful in securing financing in the past, but there can be no assurance that it will be able to do so in the future.

These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumptions deemed to be inappropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

a. Compliance with International Financial Reporting Standards ("IFRS")

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standard 34 - Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS effective for the year ending December 31, 2013, as issued and outstanding as of November 18, 2013, the date the Board of Directors approved these financial statements.

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013 (unaudited – prepared by management)

(Expressed in Canadian dollars)

b. Accounting estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments and the allocation of financing proceeds. Actual results could differ from those estimates. Differences may be material.

The recoverability of the carrying value of exploration and evaluation assets is dependent upon a number of factors including the existence of economically recoverable reserves and the Company's ability to secure and maintain title and beneficial interest in the properties, to obtain the necessary financing to continue the exploration and future development of the properties, or to realize the carrying amount through a sale or partial disposal. Realization values may be substantially different from carrying values as shown.

The estimated cash flows used to assess recoverability of the Company's exploration and evaluation assets' carrying value are developed using management's projections for long-term average copper prices, recoverable reserves, operating costs, capital expenditures, reclamation costs, and applicable foreign currency exchange rates. Management makes estimates relating to current and future market conditions. There are inherent uncertainties related to these factors and management's judgment when using them to assess the recoverability of exploration and evaluation assets.

The Company believes that the estimates applied in the assessment of recoverability are reasonable; however such estimates are subject to significant uncertainties and judgments. Although management has made its best estimate of these factors based on current conditions, it is possible that the underlying assumptions can change significantly and impairment charges may be required in future periods. Such charges could be material.

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013 (unaudited – prepared by management)

(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS

	Carmacks	Redstone	TOTAL
	\$	\$	\$
DECEMBER 31, 2011	17,421,747	9,414,191	26,835,938
Advance royalty	100,000	-	100,000
Claims maintenance	3,732	30,503	34,235
Engineering studies	755,968	3,500	759,468
Exploration and camp support	975	785,105	786,080
Permitting	154,299	46,205	200,504
Salary and wages	144,562	52,000	196,562
Share-based payments	22,200	12,400	34,600
DECEMBER 31, 2012	18,603,483	10,343,904	28,947,387
Advance royalty	100,000	-	100,000
Claims maintenance	20,475	5,035	25,510
Engineering	(2,104)	-	(2,104)
Exploration and camp support	6,600	7,558	14,158
Permitting	115,295	-	115,295
Salary and wages	123,982	1,250	125,232
Share-based payments	6,600	800	7,400
SEPTEMBER 30, 2013	18,974,331	10,358,547	29,332,878

a. Carmacks (100% ownership - Yukon, Canada)

The Carmacks Copper Project is an oxide copper deposit that is located in Yukon, Canada.

Any production from the Carmacks Copper Project is subject to either a 15% net profits interest or a 3% net smelter royalty, at Copper North's election. If Copper North elects to pay the net smelter royalty, it has the right to purchase the royalty for \$2.5 million, less any advance royalty payments made to that date. At September 30, 2013, \$1 million has been paid in advance royalty payments. The Company is required to make an advance royalty payment of \$100,000 in any year in which the average daily copper price reported by the London Metal Exchange is US\$1.10 per pound or greater. The advance royalty payment relating to 2013 has been accrued as at September 30, 2013.

The Company is also required to provide security in the amount of \$80,300 representing the estimated reclamation cost for the work performed to date on the property. The Company holds a Guaranteed Investment Certificate in this amount in safekeeping for the Yukon Government. The security will be released once the Company performs its obligations pursuant to its Quartz Mining License.

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013 (unaudited – prepared by management)

(Expressed in Canadian dollars)

b. Redstone (100% ownership - Northwest Territories, Canada)

The Redstone property comprises mining leases and mineral claims in the western part of the Northwest Territories. Should production be achieved on the mining leases, the mining leases are subject to a net smelter royalty of between 3% and 4% depending on the monthly average of the final daily spot price of copper reported on the New York Commodities Exchange relating to each production month, as follows:

- 3% if the price is less than, or equal to US\$0.75 per pound;
- 3.5% if the price is greater than US\$0.75 per pound, but less than or equal to US\$1.00 per pound; or
- 4% if the price is greater than US\$1.00 per pound.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, or title may be affected by undetected defects.

4. SHARE CAPITAL

a. Authorized share capital

Unlimited common shares without par value

b. Share cancellation

Pursuant to a 2006 plan of arrangement involving Glamis Gold Ltd., Western Silver Corp., and Western Copper Corp. (now Western Copper and Gold Corp.), shareholders of Western Silver Corp. were required to exchange their common shares in Western Silver Corp. within six years of the 2006 plan of arrangement. Copper North was subject to this termination clause pursuant to the 2011 plan of arrangement involving Copper North, Western Copper and Gold Corp., and others. The 57,783 common shares of Copper North due in exchange for Western Silver Corp. shares not exchanged in accordance with the 2006 plan of arrangement were cancelled and returned to treasury on May 15, 2013.

c. Financing

On December 20, 2012, Copper North completed a non-brokered private placement, which included certain insiders of the Company, of 5,169,000 units of the Company at a price of \$0.15 per unit for gross proceeds of \$775,350. Each unit comprised one common share and one-half of a non-transferable common share purchase warrant (each whole such warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional share of the Company at a price of \$0.20. The Warrants expire on December 20, 2014. The Company incurred \$18,892 in share issuance costs as part of the transaction.

The fair value assigned to the warrants was \$113,566. The fair value of the warrants was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	97.1%
Expected term, in years	2.0
Average risk-free interest rate	1.13%
Expected dividend yield	-

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013 (unaudited – prepared by management)

(Expressed in Canadian dollars)

On June 1, 2012, Copper North completed a non-brokered private placement of 6,000,000 common shares of the Company at a price of \$0.167 per share for total gross proceeds of \$1,002,000. The Company incurred \$13,839 in share issuance costs as part of the transaction.

5. WARRANTS AND STOCK OPTIONS**a. Warrants**

There was no change to outstanding warrants during the nine months ended September 30, 2013.

Warrants outstanding are as follows:

Warrants outstanding, by exercise price	Number of warrants	Average remaining contractual life in years
\$0.28	800,000	0.13
\$0.20	2,584,500	1.22
SEPTEMBER 30, 2013	3,384,500	0.96

The weighted average price of warrants outstanding as at September 30, 2013 is \$0.22.

b. Stock options

The Company has a stock option plan that permits the grant of stock options for the purchase of up to 10% of the issued and outstanding common shares of the Company to directors, officers, employees, and consultants. Terms and pricing of stock options are determined in accordance with the stock option plan.

A summary of the Company's stock options outstanding, including the changes for the periods then ended, is presented below:

	Number of Stock options	Weighted average exercise price \$
DECEMBER 31, 2011	3,656,834	0.21
Exercised	(292,500)	0.11
Granted	1,145,000	0.19
Expired	(520,000)	0.24
DECEMBER 31, 2012	3,989,334	0.21
Forfeited/Cancelled	(30,000)	0.30
Expired	(306,000)	0.17
SEPTEMBER 30, 2013	3,653,334	0.22

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013 (unaudited – prepared by management)

(Expressed in Canadian dollars)

Stock options outstanding are as follows:

Stock options outstanding, by exercise price	Number of Stock options	Weighted average exercise price	Average remaining contractual life
		\$	years
\$0.06 – 0.11	1,035,834	0.09	2.81
\$0.17 – 0.24	1,550,000	0.24	3.08
\$0.27 – 0.32	1,067,500	0.31	3.02
SEPTEMBER 30, 2013	3,653,334	0.22	2.99

Of the total stock options outstanding, 2,801,660 were vested and exercisable at September 30, 2013. The weighted average exercise price of vested stock options is \$0.22 and the average remaining contractual life is 2.88 years.

6. SHARE-BASED PAYMENTS

The following is a summary of the most recent stock options granted by the Company and the fair value assigned to each grant. The fair value was calculated using the Black-Scholes option pricing model and the following inputs and assumptions:

Inputs and assumptions	August 28, 2012	August 8, 2012	February 3, 2012	January 6, 2012
Stock options granted	200,000	400,000	370,000	175,000
Exercise price	\$0.11	\$0.10	\$0.30	\$0.27
Market price	\$0.11	\$0.10	\$0.30	\$0.27
Expected option term (years)	3.0	3.0	2.5	2.5
Expected stock price volatility	82%	84%	66%	72%
Average risk-free interest rate	1.3%	1.2%	1.1%	0.95%
Expected forfeiture rate	-	-	-	-
Expected dividend yield	-	-	-	-
FAIR VALUE ASSIGNED	\$12,000	\$20,000	\$44,400	\$19,250

7. RELATED PARTY TRANSACTIONS

On May 7, 2013, the Company entered into a loan agreement (the "Loan") with an insider of the Company (the "Lender") to secure funds of \$300,000. The proceeds from the Loan were used for general working capital purposes.

The Loan matures on November 7, 2013 and carries interest at a rate of eight percent (8%) per annum. In consideration of the risk taken by the Lender, a bonus of shares will be granted equal to 20% of the principal amount of the Loan. Copper North has the option to repay all or any part of the principal of the Loan, together with accrued and unpaid interest, prior to the maturity date without notice or penalty. If the Company is unable to repay the Loan in cash, it has the option to settle the obligation in common shares of the Company. The Loan is unsecured.

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013 (unaudited – prepared by management)

(Expressed in Canadian dollars)

For the three months ended September 30, 2013, the Company accrued \$6,049 with respect to interest payable on the Loan. For the nine months ended September 30, 2013 the Company accrued \$69,534 with respect to interest and bonus payable on the loan. As at September 30, 2013, \$369,534 was payable relating to the Loan.

Certain officers have entered into agreements with the Company to defer payment of salary from April 1, 2013 to September 30, 2013. The deferred salaries will accrue interest at a rate of eight percent (8%) per annum, calculated and payable on September 30, 2013. The Company will also pay a one-time bonus equal to 20% of the deferred salaries on September 30, 2013. The Company may pay the deferred salaries, accrued interest, and bonus in cash or common shares in Copper North.

As at September 30, 2013, the Company owed \$186,000 to these officers for deferred salaries and related bonuses payable. This amount is included under wages and benefits on the statement of loss.

Since October 2011, administration, accounting and other office services were provided by Ravenwolf Resource Group Ltd. (“Ravenwolf”), a private company owned equally by Copper North, Western Copper and Gold Corp. (“Western”) and NorthIsle Copper and Gold Inc. (“NorthIsle”). Ravenwolf provided the services to its owners on a cost-recovery basis.

Effective April 1, 2013, Copper North transferred its ownership in Ravenwolf to Western. As at that date, Ravenwolf is no longer considered a related party of the Company. Prior to April 1, 2013, Ravenwolf was a related party of the Company and the amounts charged to the Company were categorized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
General administrative costs	-	12,349	12,420	52,939
Rent and utilities	-	22,643	25,540	59,096
Shareholder communication	-	1,453	3,725	7,104
Wages and benefits	-	137,734	131,953	437,918
Wages allocated to exploration and evaluation assets	-	53,598	45,232	145,345
Other	-	-	207	739
	-	227,777	219,077	703,141

The Company’s related parties also include its directors and officers. The remuneration of directors and officers during the periods presented was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Salaries and director fees	145,000	132,875	418,250	395,875
Share-based payments	10,499	33,486	33,503	89,421
	155,499	166,361	451,753	485,296

Share-based payments represent the fair value of stock options previously granted to directors and officers that was recognized during the periods presented above.

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013 (unaudited – prepared by management)

(Expressed in Canadian dollars)

8. SEGMENTED INFORMATION

The Company's operations are primarily directed towards the acquisition, exploration, and future development of resource properties in Canada. All assets are held in Canada.

9. CAPITAL MANAGEMENT

Copper North is a mineral exploration and development company with a primary focus of advancing its Carmacks Copper Project and its Redstone property towards production. Its principal source of funds is the issuance of common shares. The Company considers capital to be equity attributable to common shareholders, comprised of share capital, contributed surplus, and deficit. It is the Company's objective to safeguard its ability to continue as a going concern so that it can continue to explore and develop its projects.

Copper North manages its capital structure based on the funds available for its operations and makes adjustments for changes in economic conditions, capital markets and the risk characteristics of the underlying assets. To maintain its objectives, the Company may attempt to issue new shares, seek debt financing, acquire or dispose of assets or change the timing of its planned exploration and development projects. There is no assurance that these initiatives will be successful.

To facilitate the management of its capital, the Company prepares annual expenditure budgets and updates them as necessary, depending on various factors, many of which are beyond the Company's control.

Copper North monitors its cash position on a regular basis to determine whether sufficient funds are available to meet its short-term and long-term corporate objectives. The Company also seeks to provide liquidity and limit credit risk by acquiring investments that are guaranteed by Canadian governments or by a Canadian chartered bank and that are redeemable in portion or in full at the Company's option without penalty.

There has been no change in the Company's capital management practices during the period.

Copper North does not pay dividends. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013 (unaudited – prepared by management)

(Expressed in Canadian dollars)**10. FINANCIAL INSTRUMENT RISK**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to liquidity, credit, and currency risk from the use of financial instruments. Financial instruments consist of cash and cash equivalents, other assets, and accounts payable and accrued liabilities.

a. Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company uses cash forecasts to help ensure that there is sufficient cash on hand to meet short-term business requirements. The Company does not maintain a line of credit. Refer to note 1(b) for more information regarding the Company's liquidity risk.

b. Credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. These financial instruments are at risk to the extent that the institutions issuing or holding them cannot redeem amounts when they are due or requested. To limit its credit risk, the Company uses a restrictive investment policy and deposits cash in Canadian chartered banks.

c. Currency risk

Currency risk is the risk that the Company will lose significant purchasing power to operate its business as a result of changes in currency rates. The Company raises funds in Canadian dollars. The majority of the Company's expenditures are incurred in Canadian dollars. To limit its exposure to currency risk, the Company maintains the majority of its cash and cash equivalents in Canadian dollars. The Company did not have a material amount of financial instruments denominated in foreign currencies as at September 30, 2013.