Copper North Mining Corp.

Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2014

(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.

(Expressed in Canadian dollars)

CONSOLIDATED BALANCE SHEETS

	Note	June 30, 2014	December 31, 2013
		$	$
ASSETS			
Cash and cash equivalents		171,042	36,289
Other assets		10,209	17,266
CURRENT ASSETS		181,251	53,555
Reclamation bond	4b	80,300	80,300
Exploration and evaluation assets	3, 4	19,143,325	19,143,325
ASSETS		**19,404,876**	**19,277,180**
LIABILITIES			
Accounts payable and accrued liabilities		669,050	649,759
Due to related parties	7a	346,933	742,850
LIABILITIES		**1,015,983**	**1,392,609**
SHAREHOLDERS' EQUITY			
Share capital	5	30,847,872	30,072,444
Contributed surplus		960,944	736,635
Deficit		(13,419,923)	(12,924,508)
SHAREHOLDERS' EQUITY		**18,388,893**	**17,884,571**
LIABILITIES AND SHAREHOLDERS' EQUITY		**19,404,876**	**19,277,180**

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Approved by the Board of Directors

(signed) Bill LeClair Director

(signed) Dale Corman Director

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013 *Restated (Note 3)*	2014	2013 *Restated (Note 3)*
	$	$	$	$
CORPORATE EXPENSES				
Exploration and evaluation expenses	213,719	230,388	239,762	324,621
Filing and regulatory fees	23,507	24,963	31,523	32,669
General administrative costs	8,084	10,239	16,352	28,085
Professional fees	28,847	21,218	36,445	23,167
Rent and utilities	7,500	18,000	15,000	43,540
Share-based payments	2,826	8,069	9,309	20,255
Shareholder communication and travel	18,040	5,014	39,951	58,051
Wages and benefits	53,866	143,335	96,584	296,288
LOSS BEFORE OTHER ITEMS	**356,389**	**461,226**	**484,926**	**826,676**
Interest expense	4,522	63,485	10,489	63,485
LOSS AND COMPREHENSIVE LOSS	**360,911**	**524,711**	**495,415**	**890,161**
Basic and diluted loss per common share	0.01	0.01	0.01	0.02
Weighted average number of common shares outstanding	70,700,756	58,733,572	65,613,639	58,748,096

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30,	2014	2013 *Restated (Note 3)*
Cash flows provided by (used in)	$	$
OPERATING ACTIVITIES		
Loss and comprehensive loss	(495,415)	(890,161)
Items not affecting cash		
Share-based payments	9,309	26,255
Change in non-cash working capital items	16,431	72,053
OPERATING ACTIVITIES	**(469,675)**	**(791,853)**
FINANCING ACTIVITIES		
Related party loan proceeds (settlement)	(43,000)	300,000
Loan settlement costs	(4,090)	-
Issuance of common shares and units	659,000	-
Share and unit issuance costs	(7,482)	-
FINANCING ACTIVITIES	**604,428**	**300,000**
CHANGE IN CASH AND CASH EQUIVALENTS	**134,753**	**(491,853)**
Cash and cash equivalents – December 31,	36,289	521,775
CASH AND CASH EQUIVALENTS	**171,042**	**29,922**

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity
				Restated (Note 3)	*Restated (Note 3)*
		$	$	$	$
DECEMBER 31, 2012	**58,762,781**	**29,940,830**	**740,742**	**(4,147,080)**	**26,534,492**
Cancellation and return to treasury	(57,783)	-	-	-	-
Share-based payments	-	-	26,255	-	26,255
Loss and comprehensive loss	-	-	-	(890,161)	(890,161)
JUNE 30, 2013	**58,704,998**	**29,940,830**	**766,997**	**(5,037,241)**	**25,670,586**
Warrant exercise incentive program – December 20, 2013					
Unit issuance (note 6a)	1,765,000	88,250	-	-	88,250
Unit issuance costs	-	(6,942)	-	-	(6,942)
Allocation of warrant value	-	(27,250)	27,250	-	-
Transfer of warrant exercise value		77,556	(77,556)	-	-
Share-based payments	-	-	19,944	-	19,944
Loss and comprehensive loss	-	-	-	(7,887,267)	(7,887,267)
DECEMBER 31, 2013	**60,469,998**	**30,072,444**	**736,635**	**(12,924,508)**	**17,884,571**
Private Placement – April 24, 2014					
Unit issuance	13,180,000	659,000	-	-	659,000
Unit issuance costs	-	(7,482)	-	-	(7,482)
Allocation of warrant value	-	(215,000)	215,000	-	-
Loan repayment	6,860,000	343,000	-	-	343,000
Loan repayment costs	-	(4,090)	-	-	(4,090)
Share-based payments	-	-	9,309	-	9,309
Loss and comprehensive loss	-	-	-	(495,415)	(495,415)
JUNE 30, 2014	**80,509,998**	**30,847,872**	**960,944**	**(13,419,923)**	**18,388,893**

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 engaged in the exploration and development of mineral properties in Canada.

Copper North began trading on the TSX Venture Exchange on October 24, 2011. The Company's head office is located at 1800-570 Granville 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 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 six months ended June 30, 2014, the Company reported a loss of $495,415 and as at that date had a working capital deficit of $834,732 and an accumulated deficit of $13,419,923. 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

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, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Company's board of directors on August 21, 2014.

b. Significant accounting estimates and judgments

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 the recoverability of exploration and evaluation assets, environmental obligations, the valuation of 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.

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.

The fair values used to assess recoverability of the Company's exploration and evaluation asset carrying values are developed using management's projections for long-term average commodity prices for copper, gold and silver; recoverable reserves; operating costs; capital expenditures; reclamation costs; applicable foreign currency exchange rates; and potential sale proceeds. 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.

(Expressed in Canadian dollars)

3. CHANGE IN ACCOUNTING POLICY

Effective December 31, 2013, the Company voluntarily changed its accounting policy for exploration and evaluation expenditures to recognize these costs in the statement of loss in the period incurred, as permitted under IFRS 6 Exploration for and evaluation of mineral resources. Previously, these expenditures were capitalized as exploration and evaluation assets on the Company's balance sheet. Copper North changed its accounting policy because it believes that the new policy is more in line with the IFRS framework with respect to what constitutes an asset. The Company also believes that showing exploration and evaluation expenses separately on the statement of loss and in the operating activities section of the statement of cash flows more clearly represents the Company's activities during the periods presented. The change in accounting policy was applied retrospectively.

The change in accounting policy resulted in the following changes to the Company's Balance Sheet as at June 30, 2013:

	Previously reported	Cumulative exploration and evaluation expenditures	**Restated**
	$	$	**$**
Exploration and evaluation assets	**29,272,008**	(2,782,285)	**26,489,723**
Deficit	**2,254,956**	2,782,285	**5,037,241**

The change in accounting policy resulted in the following changes to the Company's Statement of Loss and Comprehensive Loss for the three months ended June 30, 2013:

	Previously reported	Exploration and evaluation expenditures	**Restated**
	$	$	**$**
Loss and comprehensive loss	**294,323**	230,388	**524,711**
Loss per share	**0.01**	-	**0.01**

The change in accounting policy resulted in the following changes to the Company's Statement of Loss and Comprehensive Loss for the six months ended June 30, 2013:

	Previously reported	Exploration and evaluation expenditures	**Restated**
	$	$	**$**
Loss and comprehensive loss	**565,540**	324,621	**890,161**
Loss per share	**0.01**	0.01	**0.02**

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

a. Acquisition costs

	Carmacks $	Redstone $	Total $
DECEMBER 31, 2012	17,143,325	9,346,398	26,489,723
Impairment of exploration and evaluation assets	-	(7,346,398)	(7,346,398)
DECEMBER 31, 2013 AND JUNE 30, 2014	**17,143,325**	**2,000,000**	**19,143,325**

The acquisition costs recorded by Copper North reflect the carrying value transferred from Western Copper Corp. ("Western") as part of the plan of arrangement completed on October 17, 2011, less any write-down since that date. There was no change to the carrying value of exploration and evaluation assets during the three and six months ended June 30, 2014.

The Company recorded an impairment charge of $7,346,398 on its Redstone property during the year ended December 31, 2013. The carrying value prior to the write-down was predominantly attributed to the price allocated to the asset by Western when it purchased the Redstone property as part of a plan of arrangement with another company in 2006. The consideration paid by Western in that transaction was its own common shares.

The Company determined that a reduction of the carrying value was required because of the current and continued weakness in the mineral exploration sector and a general decrease in mineral property valuations. The write-down reflects the uncertainty as to the current value of the acquisition costs recorded at a time when mineral property valuations were much higher than at present.

The Company determined the carrying value of the Redstone property as at December 31, 2013 on the basis of the estimated fair value less costs to sell. The current value approximates costs spent on the Redstone property by Copper North. The Company believes that it could recover this amount through sale based on the high grade of the historical mineral resource identified at the property and recent positive exploration results.

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

For the six months ended June 30,	2014 $	2013 $
Advance royalty	100,000	100,000
Claims maintenance	19,635	20,475
Engineering studies	72,904	(3,724)
Exploration and camp support	3,375	-
Permitting	-	104,764
Salary and wages	80,000	83,982
Share-based payments	-	5,200
EXPLORATION AND EVALUATION EXPENSES	**275,914**	**310,697**

(Expressed in Canadian dollars)

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

Any production from the Carmacks Project is subject to either a 15% net profits interest or a 3% net smelter return royalty, at Copper North's election. If Copper North elects to pay the net smelter return royalty, it has the right to purchase the royalty for $2.5 million, less any advance royalty payments made to that date. At June 30, 2014, $1.1 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 Company holds a Guaranteed Investment Certificate in the amount of $80,300 in safekeeping for the Yukon Government. This amount represents the estimated reclamation cost for the work performed to date on the property. The security will be released once the Company performs its obligations pursuant to its Quartz Mining License.

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

For the six months ended June 30,	2014 $	2013 $
Claims maintenance	(35,728)	5,035
Exploration and camp support	(424)	6,839
Salary and wages	-	1,250
Share-based payments	-	800
EXPLORATION AND EVALUATION EXPENSES	**(36,152)**	**13,924**

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 return 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; and
- 4% if the price is greater than US$1.00 per pound.

(Expressed in Canadian dollars)

5. SHARE CAPITAL

a. Authorized share capital

Unlimited common shares without par value

b. Financing

On April 24, 2014 Copper North completed a non-brokered private placement, which included certain insiders of the Company, of 13,180,000 units of the Company at a price of $0.05 per unit for gross proceeds of $659,000. Each unit comprised one common share and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional share of the Company at a price of $0.07 until August 24, 2016. The Company incurred $7,482 in share issuance costs as part of the transaction.

The fair value assigned to warrants was $215,000. The fair value was calculated using the Black-Scholes options pricing model and was based on the following assumptions:

Expected stock price volatility	133%
Expected term, in years	2.0
Average risk-free interest rate	1.07%
Expected dividend yield	-

c. Loan Settlement

On June 23, 2014, the Company issued 6,860,000 common shares at a deemed price of $0.05 per share to settle amounts owing under the terms of the loan agreement with an insider of the Company. The Company incurred $4,090 in share issuance costs as part of the transaction.

6. WARRANTS AND STOCK OPTIONS

a. Warrants

(i) In November 2013, the Company announced a warrant exercise incentive program to encourage the early exercise of the warrants issued as part of the December 2012 private placement. As part of the program, the Company amended the terms of the warrants issued in December 2012, such that each holder who exercised such warrants by December 20, 2013 was entitled to a reduced exercise price from $0.20 to $0.05 and to receive an additional warrant. Warrants issued in December 2012 not exercised by December 20, 2013 continue to be exercisable for only common shares of the Company on the original terms.

Copper North completed the warrant exercise incentive program on December 20, 2013. 1,765,000 of the 2,584,500 warrants issued in December 2012 were exercised, which included certain insiders of the Company, for gross proceeds of $88,250. Each additional warrant issued entitles the holder to acquire one common share of the Company at an exercise price of $0.05 until December 20, 2015.

(Expressed in Canadian dollars)

The fair value assigned to the warrants was $27,250. 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	116.0%
Expected term, in years	2.0
Average risk-free interest rate	1.11%
Expected dividend yield	-

(ii) On November 1, 2013, the Company extended the expiry date of 800,000 warrants issued to an officer on November 16, 2011 as part of a financing. The expiry date was extended from November 16, 2013 to November 16, 2016. The exercise price of the warrants is $0.28. No incremental value was attributed to the warrants as a result of the extension of the exercise price.

A summary of the Company's warrants outstanding, including changes for the periods then ended, is presented below.

	Number of Warrants	**Weighted average exercise price** $
DECEMBER 31, 2012	**3,384,500**	**0.22**
Exercised (see note 6(a)(i))	(1,765,000)	0.05
Issued	1,765,000	0.05
DECEMBER 31, 2013	**3,384,500**	**0.14**
Issued	13,180,000	0.07
JUNE 30, 2014	**16,564,500**	**0.08**

Warrants outstanding are as follows:

Warrants outstanding, by exercise price	**Number of warrants**	**Average remaining contractual life** in years
$0.05	1,765,000	1.47
$0.07	13,180,000	1.82
$0.20	819,500	0.47
$0.28	800,000	2.38
JUNE 30, 2014	**16,564,500**	**1.74**

(Expressed in Canadian dollars)

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, 2012	**3,989,334**	**0.21**
Cancelled/Forfeited	(30,000)	0.30
Expired	(306,000)	0.17
DECEMBER 31, 2013	**3,653,334**	**0.22**
Granted	200,000	0.08
Cancelled/Forfeited	(850,000)	0.24
Expired	(167,500)	0.06
JUNE 30, 2014	**2,835,834**	**0.21**

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
$0.08 – 0.11	1,068,334	0.10	2.89
$0.17 – 0.24	750,000	0.24	2.30
$0.27 – 0.32	1,017,500	0.31	2.28
JUNE 30, 2014	**2,835,834**	**0.21**	**2.51**

Of the total stock options outstanding, 2,502,498 were vested and exercisable at June 30, 2014. The weighted average exercise price of vested stock options is $0.22 and the average remaining contractual life is 2.35 years.

(Expressed in Canadian dollars)

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	March 1, 2014
Stock options granted	200,000
Exercise price	$0.08
Market price	$0.08
Expected option term (years)	3.0
Expected stock price volatility	121%
Average risk-free interest rate	1.18%
Expected forfeiture rate	-
Expected dividend yield	-
FAIR VALUE ASSIGNED	**$12,000**

7. RELATED PARTY TRANSACTIONS

a. Due to related parties

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 Loan accrued interest at a rate of 8% per annum. In consideration of the risk taken by the Lender, the Company also agreed to issue shares equal to 20% of the principal amount of the Loan.

On June 23, 2014 the Company paid $43,000 in cash and issued 6,860,000 common shares at a deemed price of $0.05 per share to settle amounts owing under the terms of the Loan.

Certain officers entered into agreements with the Company to defer payment of salaries from April 1, 2013 to September 30, 2013. The deferred salaries accrued interest at 8% per annum. The Company has also agreed to pay a one-time bonus equal to 20% of the deferred salaries owing on September 30, 2013. The Company may pay the deferred salaries, accrued interest, and bonus in cash or common shares of Copper North. The Company has not made any payments towards the salary deferral agreements.

Certain officers deferred their salaries from October 1, 2013 to February 28, 2014 for no additional compensation. The Company has accrued the wages but has only made partial payments towards these amounts.

All amounts are payable on demand.

(Expressed in Canadian dollars)

As at	June 30, 2014	December 31, 2013
	$	$
Loan principal	-	300,000
Value of bonus shares relating to the Loan	-	60,000
Wages subject to salary deferral agreements	155,000	155,000
Value of bonus shares - salary deferral agreements	31,000	31,000
Wages not subject to salary deferral agreements	85,833	124,166
Interest	3,100	18,684
Director fees	72,000	54,000
DUE TO RELATED PARTIES	**346,933**	**742,850**

b. Directors and officers

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	$	$	$	$
Salaries and director fees	91,500	145,000	163,000	273,250
Share-based payments	2,578	11,521	8,200	23,004
DIRECTOR AND OFFICER REMUNERATION	**94,078**	**156,521**	**171,200**	**296,254**

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

c. Other related party transactions

From October 1, 2011 to March 31, 2013, 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. From that date onward, Ravenwolf is no longer considered a related party of the Company. For the six months ended June 30, 2013, Ravenwolf charged Copper North $219,077 for its services.

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 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. As at June 30, 2014, certain conditions and events cast significant doubt upon the Company's ability to continue as a going concern. Refer to note 1(b) for more information.

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. 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.

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.

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 risks from the use of financial instruments. Financial instruments consist of cash and cash equivalents, other assets, reclamation bond, amounts due to related parties, 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. Certain conditions cast significant doubt on the Company's ability to meet its financial obligations. 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. It deposits cash and cash equivalents 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 June 30, 2014 or December 31, 2013.

11. SUBSEQUENT EVENTS

a. Acquisition of Thor property

On July 8, 2014, the Company acquired a 100% interest in the Thor property from Electrum Resource Corporation ("Electrum"). Pursuant to the acquisition agreement, Copper North will maintain its 100% interest in the Thor property by making the following payments and incurring the following exploration expenditures:

Milestone	Cash payment	Common shares	Exploration expenditures (cumulative)	
Upon exchange approval	$25,000	1,000,000	-	*Completed*
Year 1	$50,000	-	$200,000	
Year 2	$50,000	1,000,000	$700,000	
Year 3	$100,000	1,000,000	$1,500,000	
Year 4	$100,000	1,000,000	$2,500,000	
Year 5	$100,000	1,000,000	$3,500,000	
Year 6	$100,000	-	$5,000,000	
TOTAL	**$525,000**	**5,000,000**	**$5,000,000**	

If the Company fails to make a scheduled payment of cash or common shares, title to the property will revert to Electrum. In addition, Electrum will receive a 2% Net Smelter Return which is capped at $5 million. The Company agrees to pay an advanced royalty payment of $1 million if commercial production is not attained in respect of the Thor Property before the seventh, eighth, ninth, tenth and eleventh anniversaries of the acquisition agreement.

b. Private Placement

On August 20, 2014 Copper North completed a non-brokered private placement, which included certain insiders of the Company, of 6,700,000 flow-through shares at a price of $0.06 per common share and 5,672,000 units of the Company at a price of $0.06 per unit for total gross proceeds of $742,362.

Each unit consists of one common share of the Company and one half of one non-transferable warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one additional share at a price of $0.08 until August 20, 2015 and $0.09 from August 21, 2015 to expiry. The Warrants expire on August 20, 2016.