



**Copper North Mining Corp.**

**Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2015**

(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.

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**CONSOLIDATED BALANCE SHEETS**

		September 30, 2015 \$	December 31, 2014 \$
<b>ASSETS</b>	Note		
Cash and cash equivalents		294,644	478,357
Other assets		316,824	381,065
<b>CURRENT ASSETS</b>		<b>611,468</b>	<b>859,422</b>
Reclamation bonds	3	85,300	83,300
Exploration and evaluation assets	3d	19,281,737	19,231,737
<b>ASSETS</b>		<b>19,978,505</b>	<b>20,174,459</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities		566,586	712,643
Due to related parties	7c	461,204	388,535
<b>LIABILITIES</b>		<b>1,027,790</b>	<b>1,101,178</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4	34,723,982	32,778,755
Contributed surplus		1,560,907	1,240,700
Deficit		(17,334,174)	(14,946,174)
<b>SHAREHOLDERS' EQUITY</b>		<b>18,950,715</b>	<b>19,073,281</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>19,978,505</b>	<b>20,174,459</b>
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**Approved by the Board of Directors**Bill LeClair (signed) DirectorDale Corman (signed) Director

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**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2015 \$	2014 \$	2015 \$	2014 \$
Exploration and evaluation expenses	3e	717,041	609,835	1,471,452	849,597
Filing and regulatory fees		3,755	6,852	40,675	38,375
General administrative expenses		15,620	16,251	71,060	32,603
Professional fees		11,231	25,816	35,537	62,261
Rent and utilities		28,463	7,500	83,626	22,500
Share-based payments	6, 7b	11,232	64,043	43,307	73,352
Shareholder communication and travel		74,290	27,050	324,343	67,001
Wages and benefits	7b	107,307	71,645	358,552	168,229
<b>OPERATING EXPENSES</b>		<b>968,939</b>	<b>828,992</b>	<b>2,428,552</b>	<b>1,313,918</b>
Exploration Tax Credit		(49,725)	-	(49,725)	-
Interest expense	7a	2,600	-	9,173	10,489
<b>LOSS AND COMPREHENSIVE LOSS</b>		<b>921,814</b>	<b>828,992</b>	<b>2,388,000</b>	<b>1,324,407</b>
Basic and diluted loss per share		0.01	0.01	0.02	0.02
Weighted average number of common shares outstanding		150,081,487	86,925,390	135,070,463	72,795,621

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the nine months ended September 30,		2015	2014
		\$	\$
Cash flows provided by (used in)	Note		
<b>OPERATING ACTIVITIES</b>			
Loss and comprehensive loss		(2,388,000)	(1,324,407)
Items not affecting cash - share-based payments		43,307	73,352
Change in non-cash working capital items		(9,147)	311,561
<b>OPERATING ACTIVITIES</b>		<b>(2,353,840)</b>	<b>(939,494)</b>
<b>FINANCING ACTIVITIES</b>			
Related party loan settlement		-	(43,000)
Loan settlement costs		-	(4,090)
Issuance of common shares and units	4b	2,044,979	1,534,732
Share and unit issuance costs	4b	(32,852)	(38,674)
Exercise of warrants	5a	210,000	-
<b>FINANCING ACTIVITIES</b>		<b>2,222,127</b>	<b>1,448,968</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of exploration and evaluation asset	3b	(50,000)	(38,412)
Purchase of reclamation bond	3b	(2,000)	(3,000)
<b>INVESTING ACTIVITIES</b>		<b>(52,000)</b>	<b>(41,412)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(183,713)</b>	<b>468,062</b>
Cash and cash equivalents – Beginning		478,357	36,289
<b>CASH AND CASH EQUIVALENTS - ENDING</b>		<b>294,644</b>	<b>504,351</b>

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**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

	Number of Shares	Share Capital \$	Contributed Surplus \$	Deficit \$	Shareholders' Equity \$
<b>DECEMBER 31, 2013</b>	<b>60,469,998</b>	<b>30,072,444</b>	<b>736,635</b>	<b>(12,924,508)</b>	<b>17,884,571</b>
Shares issued to acquire Thor property (note 3b and 3d)	1,000,000	50,000	-	-	50,000
Private Placements					
Share and unit issuance	25,552,700	1,401,362	-	-	1,401,362
Share and unit issuance costs	-	(33,402)	-	-	(33,402)
Allocation of warrant value	-	(341,674)	341,674	-	-
Loan settlement	6,860,000	343,000	-	-	343,000
Loan settlement costs	-	(4,090)	-	-	(4,090)
Subscription received	-	133,370	-	-	133,370
Costs related to private placement	-	(5,272)	-	-	(5,272)
Share-based payments	-	-	73,352	-	73,352
Loss and comprehensive loss	-	-	-	(1,324,407)	(1,324,407)
<b>SEPTEMBER 30, 2014</b>	<b>93,882,698</b>	<b>31,615,738</b>	<b>1,151,661</b>	<b>(14,248,915)</b>	<b>18,518,484</b>
Private Placements					
Share and unit issuance	15,614,500	803,500	-	-	803,500
Share and unit issuance costs	-	(83,533)	21,333	-	(62,200)
Allocation of warrant value	-	(38,800)	38,800	-	-
Warrant exercise incentive program					
Unit issuance	7,000,000	490,000	-	-	490,000
Unit issuance costs	-	(6,650)	-	-	(6,650)
Allocation of warrant value	-	(115,500)	115,500	-	-
Transfer of warrant exercise value	-	114,000	(114,000)	-	-
Share-based payments	-	-	27,406	-	27,406
Loss and comprehensive loss	-	-	-	(697,259)	(697,259)
<b>DECEMBER 31, 2014</b>	<b>116,497,198</b>	<b>32,778,755</b>	<b>1,240,700</b>	<b>(14,946,174)</b>	<b>19,073,281</b>
Private Placements (note 4b)					
Share and unit issuance	35,082,984	2,081,579	-	-	2,081,579
Share and unit issuance costs	610,001	(74,852)	5,400	-	(69,452)
Allocation of warrant value	-	(387,000)	387,000	-	-
Warrant exercises (note 5a)	3,500,000	210,000	-	-	210,000
Allocation of warrant exercise value	-	115,500	(115,500)	-	-
Share-based payments	-	-	43,307	-	43,307
Loss and comprehensive loss	-	-	-	(2,388,000)	(2,388,000)
<b>SEPTEMBER 30, 2015</b>	<b>155,690,183</b>	<b>34,723,982</b>	<b>1,560,907</b>	<b>(17,334,174)</b>	<b>18,950,715</b>

## **Copper North Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements  
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(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.

Copper North began trading on the TSX Venture Exchange on October 24, 2011. The Company's head office is located at 1120 – 1095 West Pender 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 result in a material uncertainty casting significant doubt on the validity of this assumption. For the nine months ended September 30, 2015, the Company reported a loss of \$2,388,000 and as at that date had working capital deficit of \$416,322 and an accumulated deficit of \$17,334,174. 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. Further detail of the Company's financing transactions for the nine months ended September 30, 2015 is available in notes 4 and 5.

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**

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, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved for issue by the Company's board of directors on November 18, 2015.

**Copper North Mining Corp.**

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**3. EXPLORATION AND EVALUATION ASSETS****a) Carmacks (Yukon, Canada)**

The Company owns 100% of the Carmacks Project, an oxide copper, gold, and silver 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 September 30, 2015, \$1.2 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.

**b) Thor (British Columbia, Canada)**

The Thor property is located south of the Kemess South mine-mill complex in North Central British Columbia.

On June 27, 2014, Copper North entered into an acquisition agreement with Electrum Resource Corporation ("Electrum"). Pursuant to the acquisition agreement, the Company will earn 100% interest in the Thor property by making the following payments and incurring the following exploration expenditures. If the Company fails to make a scheduled payment of cash or common shares, it will retain no interest in the Thor property.

Payment Date	Cash payment	Common shares	Exploration expenditures (cumulative)	Status
July 8, 2014	\$25,000	1,000,000	-	<i>Completed</i>
June 27, 2015	\$50,000	-	\$200,000	<i>Completed</i>
June 27, 2016	\$50,000	1,000,000	\$700,000	-
June 27, 2017	\$100,000	1,000,000	\$1,500,000	-
June 27, 2018	\$100,000	1,000,000	\$2,500,000	-
June 27, 2019	\$100,000	1,000,000	\$3,500,000	-
June 27, 2020	\$100,000	-	\$5,000,000	-
TOTAL	\$525,000	5,000,000	\$5,000,000	

In addition, Electrum will receive a 2% net smelter return royalty to a maximum of \$5 million. The Company agrees to pay an advanced royalty payment of \$1 million at each of the seventh, eighth, ninth, tenth and eleventh anniversaries of the acquisition agreement if commercial production is not attained in respect of the Thor Property before those dates. Advance royalty payments are deductible from the maximum amount of payable pursuant to the net smelter return royalty.

The Company posted a reclamation security deposit of \$5,000 with the Government of British Columbia to cover reclamation costs for the work performed on the property.

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**c) Redstone (Northwest Territories, Canada)**

Copper North owns 100% of the Redstone property. 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.

**d) Acquisition costs**

	Carmacks \$	Redstone \$	Thor \$	Total \$
DECEMBER 31, 2013	17,143,325	2,000,000	-	19,143,325
Acquisition costs	-	-	88,412	88,412
<b>DECEMBER 31, 2014</b>	<b>17,143,325</b>	<b>2,000,000</b>	<b>88,412</b>	<b>19,231,737</b>
Property option payment	-	-	50,000	50,000
<b>SEPTEMBER 30, 2015</b>	<b>17,143,325</b>	<b>2,000,000</b>	<b>138,412</b>	<b>19,281,737</b>

**e) Exploration and evaluation expenditures**

For the three months ended	Carmacks \$	Redstone \$	Thor \$	Total \$
Claims maintenance	-	2,470	1,151	3,621
Engineering studies	2,742	-	-	2,742
Exploration and camp support	662,795	-	3,622	666,417
Permitting	4,261	-	-	4,261
Salary and wages	24,000	2,000	14,000	40,000
<b>SEPTEMBER 30, 2015</b>	<b>693,798</b>	<b>4,470</b>	<b>18,773</b>	<b>717,041</b>
For the three months ended	Carmacks \$	Redstone \$	Thor \$	Total \$
Claims maintenance	-	2,110	-	2,110
Engineering studies	20,678	-	-	20,678
Exploration and camp support	450,370	-	84,799	535,169
Permitting	11,878	-	-	11,878
Salary and wages	40,000	-	-	40,000
<b>SEPTEMBER 30, 2014</b>	<b>522,926</b>	<b>2,110</b>	<b>84,799</b>	<b>609,835</b>



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For the nine months ended	Carmacks	Redstone	Thor	Total
	\$	\$	\$	\$
Advance royalty	100,000	-	-	100,000
Claims maintenance	15,485	33,704	4,443	53,632
Engineering studies	336,902	-	-	336,902
Exploration and camp support	848,309	106	8,242	856,657
Permitting	4,261	-	-	4,261
Salary and wages	90,000	6,000	24,000	120,000
<b>SEPTEMBER 30, 2015</b>	<b>1,394,957</b>	<b>39,810</b>	<b>36,685</b>	<b>1,471,452</b>

  

For the nine months ended	Carmacks	Redstone	Thor	Total
	\$	\$	\$	\$
Advance royalty	100,000	-	-	100,000
Claims maintenance	19,635	(33,618)	-	(13,983)
Engineering studies	93,582	-	-	93,582
Exploration and camp support	453,745	(424)	84,799	538,120
Permitting	11,878	-	-	11,878
Salary and wages	120,000	-	-	120,000
<b>SEPTEMBER 30, 2014</b>	<b>798,840</b>	<b>(34,042)</b>	<b>84,799</b>	<b>849,597</b>

**4. SHARE CAPITAL****a) Authorized share capital**

Unlimited common shares without par value

**b) Financing**

- i) On September 24, 2015, Copper North completed a non-brokered private placement of 6,000,000 units of the Company at a price of \$0.05 per unit for gross proceeds of \$300,000. Each unit consists of one common share and one non-transferable warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional share at a price of \$0.05 until September 24, 2020. The fair value assigned to the Warrants was \$121,000.
- ii) On June 25, 2015, Copper North completed a non-brokered private placement of 8,533,350 flow-through shares at a price of \$0.06 per common share and 1,881,300 units of the Company at a price of \$0.06 per unit for total gross proceeds of \$624,879. Each unit consists of one common share and one half of one non-transferable warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional share at a price of \$0.09 until June 25, 2017. The fair value assigned to Warrants was \$27,000. In connection with the flow-through portion of the private placement, the Company issued 500,001 shares as finders' fees. Julien Francois, Chief Financial Officer, purchased 500,000 units of the private placement.

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- iii) On June 8, 2015, Copper North completed a non-brokered private placement of 833,334 flow-through shares at a price of \$0.06 per common share and 7,785,000 units of the Company at a price of \$0.06 per unit for total gross proceeds of \$517,100. Each unit consists of one common share and one half of one non-transferable warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional share at a price of \$0.09 until June 8, 2017. The fair value assigned to the Warrants was \$119,000. Harlan Meade, Chief Executive Officer, purchased 385,000 units of the private placement. The Company issued 110,000 shares as finders' fees.
- iv) On March 19, 2015, Copper North completed a non-brokered private placement of 5,300,000 units of the Company at a price of \$0.06 per unit for gross proceeds of \$318,000. Each unit consists of one common share and one half of one non-transferable warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of \$0.09 until March 19, 2017. The fair value assigned to Warrants was \$69,000. Dale Corman, Chairman, purchased 1,700,000 units of the private placement. The Company issued 170,000 finders' warrants as finders' fees in relation with the private placement. The finders' warrants have the same terms as the Warrants. The value assigned to the finders' warrants was \$5,400.
- v) On February 3, 2015, Copper North completed a non-brokered private placement of 4,750,000 units of the Company at a price of \$0.06 per unit for gross proceeds of \$285,000. Each unit consists of one common share and one half of one non-transferable warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of \$0.09 until February 3, 2017. The fair value assigned to the Warrants was \$51,000. Harlan Meade, Chief Executive Officer, purchased 335,000 units of the private placement.

The fair value assigned to the warrants noted above was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Inputs and assumptions	September 24, 2015	June 25, 2015	June 8, 2015	March 19, 2015	February 3, 2015
Warrants issued	3,000,000	940,650	3,892,500	2,650,000	2,375,000
Exercise price	\$0.05	\$0.09	\$0.09	\$0.09	\$0.09
Market price	\$0.04	\$0.05	\$0.055	\$0.055	\$0.06
Expected term, in years	5.0	2.0	2.0	2.0	2.0
Expected stock price volatility	98.1%	168.6%	170%	135.2%	105.0%
Average risk-free interest rate	0.80%	0.62%	0.63%	0.48%	0.43%
Expected dividend yield	-	-	-	-	-
<b>FAIR VALUE ASSIGNED</b>	<b>\$121,000</b>	<b>\$27,000</b>	<b>\$119,000</b>	<b>\$69,000</b>	<b>\$51,000</b>

**Copper North Mining Corp.**

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

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, 2014	17,818,974	0.08
Issued	16,028,150	0.08
Exercised	(3,500,000)	0.06
<b>SEPTEMBER 30, 2015</b>	<b>30,347,124</b>	<b>0.08</b>

Warrants outstanding are as follows:

Warrants outstanding, by exercise price	Number of warrants	Weighted average exercise price \$	Average remaining contractual life <i>years</i>
\$0.05 – 0.06	8,452,483	0.05	3.69
\$0.07 – 0.09	21,094,641	0.08	1.13
\$0.28	800,000	0.28	1.13
<b>SEPTEMBER 30, 2015</b>	<b>30,347,124</b>	<b>0.08</b>	<b>1.84</b>

**b) Stock options**

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

	Number of Stock options	Weighted average exercise price \$
DECEMBER 31, 2014	6,285,834	0.13
Granted	150,000	0.07
Expired	(268,334)	0.09
<b>SEPTEMBER 30, 2015</b>	<b>6,167,500</b>	<b>0.13</b>

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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 – 0.08	3,800,000	0.06	3.90
\$0.10 – 0.17	650,000	0.11	1.74
\$0.24 – 0.32	1,717,500	0.28	1.06
<b>SEPTEMBER 30, 2015</b>	<b>6,167,500</b>	<b>0.13</b>	<b>2.88</b>

Of the total stock options outstanding, 5,150,828 were vested and exercisable at September 30, 2015. The weighted average exercise price of vested stock options is \$0.14 and the average remaining contractual life is 2.68 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	January 7, 2015	August 26, 2014	March 1, 2014
Stock options granted	150,000	3,450,000	200,000
Exercise price	\$0.07	\$0.06	\$0.08
Market price	\$0.07	\$0.06	\$0.08
Expected option term (years)	3.0	3.0	3.0
Expected stock price volatility	159.8%	101%	121%
Average risk-free interest rate	1.00%	1.13%	1.18%
Expected forfeiture rate	-	-	-
Expected dividend yield	-	-	-
<b>FAIR VALUE ASSIGNED</b>	<b>\$9,000</b>	<b>\$138,000</b>	<b>\$12,000</b>

**7. RELATED PARTY TRANSACTIONS****a) Deferred salary**

Sally Eyre, Copper North's previous Chief Executive Officer, and Julien Francois, Copper North's Chief Financial Officer, entered into agreements with the Company to defer payment of salaries from April 1, 2013 to September 30, 2013. The deferred salaries accrue 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.

Ms. Eyre and Mr. Francois deferred their salaries from October 1, 2013 to February 28, 2014 for no additional compensation. The Company accrued these wages but certain amounts are still outstanding.

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During the nine months ended September 30, 2015, the Company repaid \$54,798 due to Mr. François in cash, of which \$3,965 was interest.

Harlan Meade, Chief Executive Officer, Douglas Ramsey, Vice President of Sustainability and Environmental Affairs and Mr. Francois, deferred a portion of their salary during the nine months ended September 30, 2015 for no additional compensation. The Company has accrued these wages.

**b) Management compensation**

The Company's related parties include its directors and officers, who are the key management of the Company. The remuneration of directors and officers during the periods presented was as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Salaries and director fees	121,500	82,500	354,500	245,500
Share-based payments	9,345	63,882	34,292	72,082
<b>DIRECTOR AND OFFICER REMUNERATION</b>	<b>130,845</b>	<b>146,382</b>	<b>388,792</b>	<b>317,582</b>

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) Due to related parties**

As at	September 30, 2015	December 31, 2014
	\$	\$
Wages subject to salary deferral agreements	130,000	155,000
Value of bonus shares - salary deferral agreements	26,000	31,000
Accrued Interest – salary deferral agreements	23,217	18,382
Wages not subject to salary deferral agreements	164,987	94,153
Director fees	117,000	90,000
<b>DUE TO RELATED PARTIES</b>	<b>461,204</b>	<b>388,535</b>

All amounts are payable on demand.

**8. COMMITMENTS**

The Company has an agreement to lease its head office space until May 31, 2017. The total amount of payments remaining during the course of the agreement as at September 30, 2015 is \$190,000. Of this amount, \$114,000 is due within the next twelve months. The Company has the option to terminate the sub-lease without penalty after November 1, 2015 by providing the sub-lessor 90 days' notice.

The Company must incur an additional \$106,000 on qualifying Canadian exploration expenditures by December 31, 2016, respectively. Otherwise, it will be required to pay the investors who purchased flow-through shares the difference between the amount of tax benefit that they would have realized had the Company incurred all expenditures and the amount that the investors actually realized.

## **Copper North Mining Corp.**

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2015

(unaudited – prepared by management)

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(Expressed in Canadian dollars)

The Company's Other Assets includes \$75,000 in advances that the Company expects to put towards eligible flow-through activities.

Other commitments related to exploration and evaluation assets are described in note 3.

### **9. CAPITAL MANAGEMENT**

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 and credit risk 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.

In addition, amounts prepaid or on deposit may not be recovered. To limit this risk, the Company takes into account the financial condition of the vendor and the services to be provided before making such deposit or prepayment.

### **11. SUBSEQUENT EVENT**

On November 4, 2015, Copper North completed a non-brokered private placement of 3.1 million units of the Company at a price of \$0.05 per unit for gross proceeds of \$155,000. Each unit consists of one common share and one non-transferable warrant (each "Warrant"). Each Warrant entitles the holder to purchase one additional share at a price of \$0.05 until November 4, 2020. The Company also issued 2.0 million flow-through units (the "FT Units") at a price of \$0.05 per FT Unit for gross proceeds of \$100,000. Each FT Unit consists of one common share of the Company and one half of one non-transferable warrant (each whole warrant, a "FT Warrant"). Each FT Warrant entitles the holder to purchase one share of the Company at \$0.05 until November 4, 2017.