



Copper North Mining Corp.

**Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2016**

(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, 2016	December 31, 2015
			\$
ASSETS	Note		
Cash and cash equivalents		143,741	461,792
Prepaid expenses		184,050	316,320
Accounts receivable		23,595	23,327
CURRENT ASSETS		351,386	801,439
Reclamation bonds	3	85,300	85,300
Exploration and evaluation assets	3	19,321,737	19,281,737
ASSETS		19,758,423	20,168,476
LIABILITIES			
Accounts payable and accrued liabilities		548,846	344,560
Due to related parties	6c	605,165	444,563
LIABILITIES		1,154,011	789,123
SHAREHOLDERS' EQUITY			
Share capital	4	35,976,962	35,399,588
Subscriptions received in advance	11	116,550	-
Contributed surplus		2,186,184	1,852,012
Deficit		(19,675,284)	(17,872,247)
SHAREHOLDERS' EQUITY		18,604,412	19,379,353
LIABILITIES AND SHAREHOLDERS' EQUITY		19,758,423	20,168,476
Nature of operations and going concern	1		
Commitments	8		
Subsequent events	11		

Approved by the Board of DirectorsBill LeClair (signed) DirectorDale Corman (signed) 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

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2016 \$	2015 \$	2016 \$	2015 \$
Exploration and evaluation expenses	3e	590,488	717,041	890,103	1,471,452
Filing and regulatory fees		1,682	3,755	42,147	40,675
General administrative expenses		16,422	15,620	94,756	71,060
Professional fees		29,977	11,231	39,484	35,537
Rent and utilities		29,549	28,463	87,131	83,626
Share-based payments	6b	28,821	11,232	53,384	43,307
Shareholder communication and travel		93,083	74,290	290,100	324,343
Wages and benefits	6b	99,329	107,307	304,228	358,552
OPERATING EXPENSES		889,351	968,939	1,801,333	2,428,552
Exploration tax credit		-	(49,725)	-	(49,725)
Interest expense		-	2,600	1,704	9,173
LOSS AND COMPREHENSIVE LOSS		889,351	921,814	1,803,037	2,388,000
Basic and diluted loss per share		0.04	0.06	0.09	0.18
Weighted average number of common shares outstanding		22,718,196	15,008,148	19,648,639	13,507,046

Copper North Mining Corp.

Condensed Interim Consolidated Financial Statements

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30,	Note	2016	2015
Cash flows provided by (used in)		\$	\$
OPERATING ACTIVITIES			
Loss and comprehensive loss		(1,803,037)	(2,388,000)
Items not affecting cash			
Share-based payments		53,384	43,307
Change in non-cash working capital items		496,890	(9,147)
OPERATING ACTIVITIES		(1,252,763)	(2,353,840)
FINANCING ACTIVITIES			
Issuance of common shares and units		876,750	2,044,979
Subscriptions received in advance		116,550	-
Share and unit issuance costs		(33,588)	(32,852)
Exercise of warrants	5a	-	210,000
FINANCING ACTIVITIES		959,712	2,222,127
INVESTING ACTIVITIES			
Acquisition of exploration and evaluation asset	3b	(25,000)	(50,000)
Purchase of reclamation bond		-	(2,000)
INVESTING ACTIVITIES		(25,000)	(52,000)
CHANGE IN CASH AND CASH EQUIVALENTS		(318,051)	(183,713)
Cash and cash equivalents – Beginning		461,792	478,357
CASH AND CASH EQUIVALENTS - ENDING		143,741	294,644
SUPPLEMENTAL CASHFLOW INFORMATION			
Common shares issued for exploration and evaluation assets		15,000	-

Copper North Mining Corp.

Condensed Interim Consolidated Financial Statements

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Shares	Share Capital \$	Subscription received in advance \$	Contributed Surplus \$	Deficit \$	Shareholders' Equity \$
DECEMBER 31, 2014	11,649,727	32,778,755	-	1,240,700	(14,946,174)	19,073,281
Private Placement (note 4b)						
Share and unit issuance	3,508,298	2,081,579	-	-	-	2,081,579
Share and unit issuance costs	61,000	(74,852)	-	5,400	-	(69,452)
Allocation of warrant value	-	(387,000)	-	387,000	-	-
Warrant exercises (note 5a)	350,000	325,500	-	(115,500)	-	210,000
Share-based payments	-	-	-	43,307	-	43,307
Loss and comprehensive loss	-	-	-	-	(2,388,000)	(2,388,000)
SEPTEMBER 30, 2015	15,569,025	34,723,982	-	1,560,907	(17,334,174)	18,950,715
Private placements						
Share and unit issuance	1,731,733	768,180	-	-	-	768,180
Share and unit issuance costs	4,000	(1,445)	-	6,100	-	4,655
Allocation of warrant value	-	(259,000)	-	259,000	-	-
Shares for debt settlement (note 4c)						
Share issuance	566,000	169,800	-	-	-	169,800
Share issuance costs	-	(1,929)	-	-	-	(1,929)
Share-based payments	-	-	-	26,005	-	26,005
Loss and comprehensive loss	-	-	-	-	(538,073)	(538,073)
DECEMBER 31, 2015	17,870,758	35,399,588	-	1,852,012	(17,872,247)	19,379,353
Private placements						
Share and unit issuance	5,216,715	876,750	116,550	-	-	993,300
Share and unit issuance costs	-	(44,545)	-	10,957	-	(33,588)
Allocation of warrant value	-	(269,831)	-	269,831	-	-
Shares issued for mineral property	100,000	15,000	-	-	-	15,000
Share-based payments	-	-	-	53,384	-	53,384
Loss and comprehensive loss	-	-	-	-	(1,803,037)	(1,803,037)
SEPTEMBER 30, 2016	23,187,473	35,976,962	116,550	2,186,184	(19,675,284)	18,604,412

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements
As at and for the three and nine months ended September 30, 2016
(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.

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 condensed interim 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, 2016, the Company reported a loss of \$1,803,037 and as at that date had a working capital deficit of \$802,625 and an accumulated deficit of \$19,675,284. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from equity transactions 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. Details of the financing transaction completed subsequent to September 30, 2016 are described in note 10.

These condensed interim 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, 2015, 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 25, 2016.

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements
As at and for the three and nine months ended September 30, 2016
(unaudited – prepared by management)

(Expressed in Canadian dollars)

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 items 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.

The fair value estimates 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 and resources; 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.

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 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
As at and for the three and nine months ended September 30, 2016
(unaudited – prepared by management)

(Expressed in Canadian dollars)

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 March 31, 2016, \$1.3 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 July 8, 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 certain payments in cash and common shares and incurring certain exploration expenditures. If the Company fails to make a scheduled payment of cash or common shares, or meet the expenditure requirements, it will retain no interest in the Thor property.

On May 11, 2016, Copper North amended certain terms of its acquisition agreement with Electrum. The terms of the agreement subsequent to the amendment are as follows:

Payment – Cash	Date	Status
\$25,000	July 8, 2014	<i>Completed</i>
\$50,000	June 27, 2015	<i>Completed</i>
\$50,000	August 1, 2016	<i>Paid \$25,000*</i>
\$100,000	June 27, 2017	-
\$100,000	June 27, 2018	-
\$100,000	June 27, 2019	-
\$100,000	June 27, 2020	-

Payment – Common Shares	Date	Status
100,000	July 8, 2014	<i>Completed</i>
100,000	June 27, 2016	<i>Completed</i>
100,000	June 27, 2017	-
100,000	June 27, 2018	-
100,000	June 27, 2019	-

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements
As at and for the three and nine months ended September 30, 2016
(unaudited – prepared by management)

(Expressed in Canadian dollars)

Cumulative Exploration Expenditures	Date	Status
\$200,000	June 27, 2015	<i>Completed</i>
\$700,000	October 1, 2016	<i>Completed</i>
\$1,500,000	October 1, 2017	-
\$2,500,000	October 1, 2018	-
\$3,500,000	October 1, 2019	-
\$5,000,000	October 1, 2020	-

**During the three months ended September 30, 2016 Electrum has verbally agreed to further postpone the additional \$25,000 cash payment until November 30, 2016.*

In addition to the above, 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 payable pursuant to the net smelter return royalty.

A deposit of \$5,000 is held by the Government of British Columbia to cover reclamation costs for the work performed to date on the property.

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, 2014	17,143,325	2,000,000	88,412	19,231,737
Property option payment	-	-	50,000	50,000
DECEMBER 31, 2015	17,143,325	2,000,000	138,412	19,281,737
Property option payment	-	-	40,000	40,000
SEPTEMBER 30, 2016	17,143,325	2,000,000	178,412	19,321,737

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2016

(unaudited – prepared by management)

(Expressed in Canadian dollars)

e) Exploration and evaluation expenditures

For the three months ended	Carmacks	Redstone	Thor	Total
	\$	\$	\$	\$
Claims maintenance	1,470	-	7,451	8,921
Engineering studies	82,223	-	-	82,223
Exploration and camp support	46,842	-	397,899	444,741
Permitting	16,603	-	-	16,603
Salary and wages	16,000	-	22,000	38,000
	-	-	-	-
SEPTEMBER 30, 2016	163,138	-	427,350	590,488

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
	-	-	-	-
SEPTEMBER 30, 2015	693,798	4,470	18,773	717,041

For the nine months ended	Carmacks	Redstone	Thor	Total
	\$	\$	\$	\$
Claims maintenance	10,276	-	9,701	19,977
Engineering studies	217,697	-	-	217,697
Exploration and camp support	104,877	950	411,999	517,826
Permitting	16,603	-	-	16,603
Salary and wages	90,000	-	28,000	118,000
	-	-	-	-
SEPTEMBER 30, 2016	439,453	950	449,700	890,103

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
	-	-	-	-
SEPTEMBER 30, 2015	1,394,957	39,810	36,685	1,471,452

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2016

(unaudited – prepared by management)

(Expressed in Canadian dollars)

4. SHARE CAPITAL

a) Authorized share capital

Unlimited common shares without par value

On June 2, 2016 the Company's shareholders approved a share consolidation on a 10:1 basis. All historical figures in these condensed interim financial statements have been re-stated to reflect this consolidation

b) Financing

i) On July 21, 2016, the Company completed a private placement of 1,730,000 units at a price of \$0.15 per unit and 325,882 flow-through shares at a price of \$0.17 per share for gross proceeds of \$314,900. Each unit consists of one common share of the Company and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.25 until July 21, 2018. The Company incurred other share issuance costs of \$6,341 with respect to this financing.

The fair value assigned to the warrants of the unit offering was \$106,400. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	161%
Expected term, in years	2.0
Average risk-free interest rate	1.00%
Expected dividend yield	-

ii) On June 30, 2016 Copper North issued 1,726,666 units at a price of \$0.15 per unit for gross proceeds of \$259,000 and issued 980,000 flow-through shares at a price of \$0.17 per FT Share for gross proceeds of \$166,600. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.25 until June 30, 2018. The Company issued 88,666 and 98,000 broker warrants in connection with the financings respectively. Each broker warrant entitles the holder to purchase one share at a price of \$0.25 until June 30, 2018. The Company incurred other share issuance costs of \$23,243 with respect to this financing.

The fair value assigned to the warrants of the unit offering was \$106,200. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	158%
Expected term, in years	2.0
Average risk-free interest rate	1.00%
Expected dividend yield	-

The fair value assigned to the broker warrants was \$10,957. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	158%
Expected term, in years	2.0
Average risk-free interest rate	1.00%
Expected dividend yield	-

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2016

(unaudited – prepared by management)

(Expressed in Canadian dollars)

iii) On April 1, 2016, Copper North issued 454,167 units at a price of \$0.30 for gross proceeds of \$136,250. Each unit consisted of one common share of the Company and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.50 until April 1, 2018. The Company incurred other share issuance costs of \$4,003 with respect to this financing.

The fair value assigned to the warrants was \$53,150. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	165%
Expected term, in years	2.0
Average risk-free interest rate	1.00%
Expected dividend yield	-

iv) On June 25, 2015, Copper North completed a non-brokered private placement of 853,335 flow-through shares at a price of \$0.60 per common share and 188,130 units of the Company at a price of \$0.60 per unit for total gross proceeds of \$62,488. 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 \$0.90 until June 25, 2017. Julien Francois, former Chief Financial Officer of the Company, purchased 50,000 units of the private placement.

The fair value assigned to the Warrants was \$27,000. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	168.6%
Expected term, in years	2.0
Average risk-free interest rate	0.62%
Expected dividend yield	-

In connection with the private placement, the Company issued 50,000 shares as finders' fees related to the flow-through shares.

v) On June 8, 2015, Copper North completed a non-brokered private placement of 83,333 flow-through shares at a price of \$0.60 per common share and 778,500 units of the Company at a price of \$0.60 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 \$0.90 until June 8, 2017. Harlan Meade, Chief Executive Officer of the Company, purchased 38,500 units of the private placement.

The fair value assigned to the Warrants was \$119,000. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	170.0%
Expected term, in years	2.0
Average risk-free interest rate	0.63%
Expected dividend yield	-

In connection with the private placement, the Company issued 6,000 Finders Shares related to the units and 5,000 Finders Shares related to the flow-through shares.

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2016

(unaudited – prepared by management)

(Expressed in Canadian dollars)

vi) On March 19, 2015, Copper North completed a non-brokered private placement of 530,000 units of the Company at a price of \$0.60 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 \$0.90 until March 19, 2017. Dale Corman, Chairman of the Company, purchased 170,000 units of the private placement.

The fair value assigned to the Warrants was \$69,000. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	135.2%
Expected term, in years	2.0
Average risk-free interest rate	0.48%
Expected dividend yield	-

In connection with the private placement, the Company issued 17,000 finders' warrants. The finders' warrants have the same terms as the Warrants and their valuation was calculated using the same assumptions. The value assigned to the finders' warrants was \$5,400.

vii) On February 3, 2015, Copper North completed a non-brokered private placement of 475,000 units of the Company at a price of \$0.60 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 \$0.90 until February 3, 2017. Harlan Meade, Chief Executive Officer of the Company, purchased 33,500 units of the private placement.

The fair value assigned to the Warrants was \$51,000. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	105.0%
Expected term, in years	2.0
Average risk-free interest rate	0.43%
Expected dividend yield	-

c) Shares for debt

On December 29, 2015, Copper North issued 566,000 common shares at a deemed price of \$0.50 per common share in settlement of \$283,000 payable to certain vendors. The fair market value of these shares on the date of issue was \$169,800. As a result, the Company recorded a gain on debt settlement of \$113,200 in the statement of loss and comprehensive loss for the year ended December 31, 2015.

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements
 As at and for the three and nine months ended September 30, 2016
 (unaudited – prepared by management)

(Expressed in Canadian dollars)

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	1,781,897	0.80
Issued	3,110,682	0.60
Exercised	(350,000)	0.60
Expired	(176,500)	0.50
DECEMBER 31, 2015	4,366,079	0.70
Issued	4,097,499	0.28
Expired	(283,635)	0.80
SEPTEMBER 30, 2016	8,179,943	0.49

Subsequent to September 30, 2016 a total of 205,104 warrants with an exercise price of \$0.90 and a total of 80,000 warrants with an exercise price of \$2.40 expired unexercised.

Warrants outstanding are as follows:

Warrants outstanding, by exercise price	Number of warrants	Average remaining contractual life in years
\$0.20 - \$0.40	3,643,332	1.78
\$0.50 – 0.60	2,630,782	3.22
\$0.70 – 0.90	1,825,829	0.50
\$2.80	80,000	0.13
SEPTEMBER 30, 2016	8,179,943	1.94

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.

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements
As at and for the three and nine months ended September 30, 2016
(unaudited – prepared by management)

(Expressed in Canadian dollars)

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, 2014	628,583	1.30
Granted	415,000	0.50
Expired	(31,833)	1.00
DECEMBER 31, 2015	1,011,750	1.00
Granted	335,000	0.20
Expired	(56,250)	3.20
SEPTEMBER 30, 2016	1,290,500	0.67

Subsequent to September 30, 2016 a total of 70,000 options with an exercise price of \$2.40 expired unexercised.

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
\$0.20 - \$0.40	335,000	0.20	4.84
\$0.50 - 0.80	780,000	0.56	3.59
\$1.00 - 2.40	130,000	1.77	0.46
\$2.70 - 3.20	45,500	2.88	0.32
SEPTEMBER 30, 2016	1,290,500	0.67	3.48

Of the total stock options outstanding, 795,500 were vested and exercisable at September 30, 2016. The weighted average exercise price of vested stock options is \$0.86 and the average remaining contractual life is 2.85 years.

6. RELATED PARTY TRANSACTIONS

a) Deferred salary

Certain current and former officers and directors have agreed to defer some, or all, of their salary. The Company has accrued these wages in the statement of loss. During the three and nine months ended September 30, 2016, the Company accrued \$nil and \$133,602 respectively (September 30, 2015 - \$71,667 and \$91,667 respectively) in wages to officers and \$9,000 and \$27,000 respectively in director fees (September 30, 2015 - \$9,000 and \$27,000 respectively).

During the year ended December 31, 2015, the Company repaid \$54,798 due to the former Chief Financial Officer, in cash. Of this amount, \$3,965 was interest. Also during the year ended December 31, 2015, Copper North repaid \$100,000 due to the Company's previous Chief Executive Officer by

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2016

(unaudited – prepared by management)

(Expressed in Canadian dollars)

making a cash payment of \$27,000 and issuing 146,000 common shares with a deemed value of \$0.50 per common share. Effective December 31, 2015, amounts due to Ms. Eyre no longer accrue interest.

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 years presented was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Salaries and director fees	119,287	121,500	362,287	354,500
Share-based payments	12,372	9,345	31,595	34,292
DIRECTOR AND OFFICER REMUNERATION	131,659	130,845	393,882	388,792

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, 2016	December 31, 2015
	\$	\$
Wages and salary	428,948	295,346
Interest	23,217	23,217
Director fees	153,000	126,000
DUE TO RELATED PARTIES	605,165	444,563

Amounts due to related parties are non-interest bearing and payable on demand.

7. 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.

8. COMMITMENTS

The Company has an agreement to sub-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, 2016 is \$76,000. The Company has the option to terminate the sub-lease without penalty by providing the sub-lessor 90 days' notice.

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

Copper North Mining Corp.

Notes to the Condensed Interim Consolidated Financial Statements
As at and for the three and nine months ended September 30, 2016
(unaudited – prepared by management)

(Expressed in Canadian dollars)

9. CAPITAL MANAGEMENT

Copper North is a mineral exploration and development company focusing on advancing the Carmacks Project, the Thor property and the Redstone property. 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 September 30, 2016, certain conditions and events cast significant doubt upon the Company's ability to continue as a going concern. Refer to note 1(b) and note 4(b) for more information.

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.

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.

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 risks from the use of financial instruments. Financial instruments consist of cash and cash equivalents, accounts receivable, 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 deposits cash and cash equivalents in Canadian chartered banks.

11. SUBSEQUENT EVENT

Subsequent to September 30, 2016 the Company closed a private placement of 715,000 flow-through common shares at \$0.17 and 1,050,000 non flow-through units at \$0.15 for gross proceeds of \$279,050. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of \$0.25 per common share for a period of two years. As at September 30, 2016 the Company had received \$116,550 of the funds.