

**COPPER NORTH MINING CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**

The following management discussion and analysis of Copper North Mining Corp. ("Copper North" or the "Company") is dated November 25, 2016, and provides an analysis of the Company's results of operations for the three and nine months ended September 30, 2016.

This discussion is intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward looking statements relating to its potential future performance. The information should be read in conjunction with the Copper North unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2016, the Copper North audited consolidated financial statements for the year ended December 31, 2015, and the notes thereto. Copper North's accounting policies are described in note 3 of the aforementioned audited consolidated financial statements. All of the financial information presented herein is expressed in Canadian dollars, unless otherwise indicated.

The operations of the Company are speculative due to the high-risk nature of the mining industry. Copper North faces risks that are generally applicable to its industry and others that are specific to its operations. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. Such risk factors could materially affect the value of the Company's assets, and future operating results of the Company and could cause actual results to differ materially from those described in the forward looking statements contained in this management discussion and analysis. *Reference is made to the discussion of forward-looking statements at the end of this document.*

#### **DESCRIPTION OF THE BUSINESS**

Copper North is a Canadian-based publicly-traded mineral exploration company with a primary focus of advancing its Carmacks Project located in the Yukon Territory, Canada. The Company also holds the Thor property in British Columbia and the Redstone property located in the Northwest Territories. Copper North is listed on the TSX Venture Exchange under the symbol COL.

On July 22, the Company announced that Rebecca Moriarty, CPA, CA, was appointed as Chief Financial Officer of the Company.

#### **FINANCING AND FINANCIAL POSITION**

During the nine months ended September 30, 2016 the Company's shareholders approved a share consolidation on a 10:1 basis. All historical figures have been re-stated to reflect this consolidation.

As at September 30, 2016, the Company had \$143,741 in cash and a working capital deficit of \$802,625.

On October 4, 2016 the Company closed private placements of 715,000 flow-through shares at a price of \$0.17 per share and 1,050,000 units at a price of \$0.15 per unit for gross proceeds of \$279,100. 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.

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.

## **Copper North Mining Corp.**

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2016

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On June 30, 2016 Copper North completed a non-brokered private placement of 1,726,666 units at a price of \$0.15 per unit for gross proceeds of \$259,000 and 980,000 flow-through shares at a price of \$0.17 per flow-through 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 at a price of \$0.25 until June 30, 2018.

On April 1, 2016, Copper North completed a non-brokered private placement of 454,167 units of the Company at a price of \$0.03 per unit for gross proceeds of \$136,000. 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.

Although finding sources of financing continues to prove challenging for mineral exploration companies, Copper North was successful in completing 9 private placements in 2015, raising a total of \$2.85 million in gross proceeds. The Company issued 5,305,031 common shares (including flow-through shares) and 3,110,682 warrants as part of these private placements. The issue price of the securities ranged from \$0.30 to \$0.60. The placements enabled Copper North to accomplish some of its goals related to the Carmacks Project, including drilling additional holes, delineating an updated mineral resource estimate, and advancing the new preliminary economic assessment.

The Company's consolidated financial statements have been prepared using IFRS applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due, however certain conditions and events cast significant doubt on the validity of this assumption. For the three and nine months ended September 30, 2016, the Company reported a loss of \$889,351 and \$1,803,333 respectively 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 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.

## **PROPERTY OVERVIEW AND DEVELOPMENT**

### **Carmacks (Yukon, Canada)**

#### Preliminary Economic Assessment

The Carmacks Project is an open pit operation for processing of oxide copper, gold and silver mineralization. The re-engineered project in the new Preliminary Economic Assessment (the "New PEA" or "PEA") utilizes agitated tank leach processing of copper oxide mineralization to produce cathode copper, followed by agitated tank leach cyanidation and carbon-in-leach (CIL) processing for recovery of gold and silver in doré. Tailings are filtered for dry-stacked storage. Drilling in 2015 identified a substantial sulphide mineral resource that warrants further evaluation of the potential for mining and processing the sulphide mineralization. Exploration has also indicated additional oxide mineral resources for which management believes further drilling is warranted for both oxide and sulphide mineralization to expand mineral resources and extend mine life.

More detailed information is in the Oct 12, 2016 news release and the PEA filed on SEDAR November 25, 2016.

The New PEA was prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") by JDS Energy and Mining Inc., and a number of other consultants. The New PEA supersedes the Company's previous technical reports in respect of the Carmacks Project. The New PEA builds upon previous engineering studies on the Carmacks Project and additional work completed during the past 28 months. Initial work was focused on additional metallurgical test work supervised by Dr. Morris Beattie P.Eng. and Dr. David Dreisinger P.Eng. The expanded resource estimate was completed by

**Copper North Mining Corp.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2016

Dr. Gilles Arseneau, P.Geo. of Arseneau Consulting Services Inc.; designs of the waste rock storage area and tailings management area were developed by Fiona Esford, P.Eng. and David Anstey, P.Eng. of Golder Associates Ltd.; and the mining plan was developed by Michael Hester, FAusIMM of Independent Mining Consultants Inc. All of the foregoing individuals are "Qualified Persons" as defined under NI 43-101.

The base case metal price in the PEA is US\$2.50/lb copper which is near the median of current medium to long term analyst forecasts for copper. Gold was applied at US\$1300/oz and silver at US\$17.50/oz. With the recent rapid increase in copper price a Consensus Price model is included in the table with copper price at US\$2.75/lb and the gold and silver price remained the same as in the Base case. The Consensus Price reflects price forecasts for 2017. The PEA uses an exchange rate of CAD\$1.00 equals US\$0.78 (US\$1.00 equals CAD\$1.28). Copper recovery is 85.5% and gold recovery is 84.4%; additional metallurgical test work is warranted to improve current 9.4% recovery for silver.

Costing is in Canadian dollars.

	<b>Base Case Pricing Model</b>		<b>Consensus Pricing Model</b>	
Life of Mine Production	212.9 M lbs Cu 136,300 oz Gold 151,200 oz Silver		212.9 M lbs Cu 136,300 oz Gold 151,200 oz Silver	
Annual Production (average)	30M lb cathode copper 19,500 oz gold 21,600 oz silver		30M lb cathode copper 19,500 oz gold 21,600 oz silver	
Life of Mine	7 years		7 years	
Preproduction Capex	CAD\$214.7M	US\$167.5M	CAD\$214.7M	US\$167.5M
Sustaining Capital	CAD\$20.5M	US\$16.0M	CAD\$20.5M	US\$16.0M
Contingency	CAD\$28.4M	US\$22.2M	CAD\$28.4M	US\$22.2M
Total Capex	CAD\$263.6M	US\$205.6M	CAD\$263.6M	US\$205.6M
LOM Gross Revenue	CAD \$912.8M		CAD \$981.0M	
LOM Mine Operating Costs	CAD \$524.9M		CAD \$524.9M	
LOM Net Operating Revenue	CAD\$381.8M		CAD \$450.0M	
Annual Net Operating Cashflow	Range CAD\$39M to CAD\$79M		Range CAD\$49M to CAD\$91M	
Cash Cost Production – C1 Cost	US\$1.08/lb		US\$1.08/lb	
All in Sustaining Cost	US\$1.16/lb		US\$1.16/lb	
NPV Pre-tax (discounted 8%)	CAD\$11.9M		CAD\$55.9M	
NPV Pre-tax (discounted 0%)	CAD\$118.2M		CAD\$186.4M	
NPV After-tax (discounted 8%)	CAD-\$11.4.4M		CAD\$18.1M	
NPV After-tax (discounted 0%)	CAD\$75.2M		CAD\$118.7M	
IRR Pre-tax	9.4%		14.2%	
IRR After-tax	6.6%		10.2%	
Payback – Pre-tax	5.2 years		4.3 years	
After-tax	5.3 years		4.6 years	

## Copper North Mining Corp.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2016

The pre-tax price sensitivity for copper and gold provides a range of values for Net Present Value, Internal Rate of Return and Payback of capital. The project economics would be much improved in the event of a 10 to 20% increase in copper and gold pricing and extension of mine life. Extension of mine life would also have a significant positive impact on the project economics and is a key objective for project improvement.

Pre-tax	Copper Price US\$/lb							
	\$2.00	\$2.25	\$2.50	\$2.75	\$3.00	\$3.25		
Gold Price US\$/oz				<b>Base Case</b>	<b>Consensus</b>			NPV (CAD\$M)
	\$1100	-\$98.6	-\$54.7	-\$10.7	\$33.3	\$77.2	\$121.2	
	\$1200	-\$87.3	-\$43.3	\$0.6	\$44.6	\$88.5	\$132.5	
	\$1300	-\$76.0	-\$32.0	\$11.9	\$55.9	\$99.8	\$143.8	
	\$1400	-\$64.7	-\$20.7	\$23.2	\$67.2	\$111.2	\$155.1	
	\$1500	-\$53.4	-\$9.4	\$34.6	\$78.5	\$122.5	\$166.4	IRR
	\$1100	-4.8%	1.3%	6.7%	11.7%	16.4%	20.8%	
	\$1200	-3.2%	2.7%	8.1%	13.0%	17.5%	21.9%	
	\$1300	-1.6%	4.2%	9.4%	14.2%	18.7%	22.9%	
	\$1400	-0.1%	5.5%	10.6%	15.4%	19.8%	24.0%	
	\$1500	1.4%	6.9%	11.9%	16.5%	20.9%	25.1%	Payback (years)
	\$1100	--	6.6	5.6	4.8	3.9	3.3	
	\$1200	--	6.3	5.4	4.5	3.7	3.1	
	\$1300	--	6.0	5.2	4.3	3.6	3.0	
	\$1400	17.3	5.7	5.0	4.1	3.4	2.9	
\$1500	6.6	5.5	4.7	3.9	3.2	2.8		

This technical report contains forward-looking information regarding projected mine production rates, construction schedules and forecasts of resulting cash flows as part of this study. The mill head grades are based on sufficient sampling that is reasonably expected to be representative of the realized grades from actual mining operations. Factors such as the ability to obtain permits to construct and operate a mine, or to obtain major equipment or skilled labour on a timely basis, to achieve the assumed mine production rates at the assumed grades, may cause actual results to differ materially from those presented in this economic analysis.

In the re-engineering of the Carmacks Project and the preparation of the New PEA, the Company has identified a number of opportunities for improving project economics. Key to overall project economics is the extension of mine life and capital reductions, and positioning the project to achieve greater efficiencies in the event of improved metal prices.

- Process improvements include a modest metallurgical test program to optimize the balance between copper and gold-silver recoveries; particularly the optimal leach temperature for copper and recovery of silver.
- Alternative improved solid-liquid separation of copper leach circuit and equipment.
- Further evaluation of reagent efficiency and purchase.
- Mine and plant construction efficiency and timelines.
- Global sourcing of used equipment for some parts of operations.
- Evaluation of processing sulphide mineral resource at Carmacks, for future mine extension.

The Company intends to complete geotechnical and hydrogeology study for the dry stacked tailings management area needed for completion of environmental management planning for resumption of permitting of the project. A modest metallurgical and process study will be undertaken to improve and upgrade the PEA. Additional drilling is planned to expand the Measured and Indicated mineral resources that were reported in the January 2016 mineral resource prepared in accordance with NI 43-101, and undertake mine planning of the new oxide mineral resources for inclusion into an expanded mine plan.

The information is based upon information prepared by or under the supervision of the Qualified Persons named above under the heading "Preliminary Economic Assessment" and approved by Dr. Harlan Meade, P.Geol., the President and CEO of Copper North and a qualified person within the meaning of NI 43-101.

**Copper North Mining Corp.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2016

Royalty

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. As at the date of this report, \$1.3 million has been paid in advance royalty payments. The Company is required to make an advance royalty payment of \$100,000 for any year in which the average daily copper price reported by the London Metal Exchange is US\$1.10 per pound or greater.

**Thor (British Columbia, Canada)**

The Thor Property consists of 16,060 hectares of mineral claims. It is road accessible and is located approximately 20 kilometres south of the Kemess South mine-mill complex in North Central British Columbia. The property hosts several attractive large geophysical targets associated with intrusive complexes similar to those hosting the porphyry copper-gold deposits of the Kemess District.

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 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
1,000,000	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	-

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 the Company paid \$25,000 and Electrum has verbally agreed to postpone the additional \$25,000 cash payment until November 30, 2016*

**Copper North Mining Corp.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2016

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 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.

**Exploration Results**

A consolidation of geology, geochemistry, and geophysical data, including recent geophysical survey data, defined two large target areas with anomalies typical of porphyry copper type deposits. Copper North commenced a drilling campaign during September 2016 and announced that a drill hole in the Thor East target area intersected porphyry copper-gold mineralization. For more details refer to press release dated October 20, 2016.

**RESULTS OF OPERATIONS**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Exploration and evaluation expenses	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	28,821	11,232	53,384	43,307
Shareholder communication and travel	93,083	74,290	290,100	324,343
Wages and benefits	99,329	107,307	304,228	358,552
<b>OPERATING EXPENSES</b>	<b>889,351</b>	<b>968,939</b>	<b>1,801,333</b>	<b>2,428,552</b>
Exploration tax credit	-	(49,725)	-	(49,725)
Interest expense	-	2,600	1,704	9,173
<b>LOSS AND COMPREHENSIVE LOSS</b>	<b>889,351</b>	<b>921,814</b>	<b>1,803,037</b>	<b>2,388,000</b>

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**

The Company's exploration and evaluation expenses decreased during both the three months and nine months ended September 30, 2016 compared to the same periods in 2015 as the Company activities were restricted by the its financial resources. For more information on project development, refer to the Property Overview and Development section earlier in this report.

General administrative costs increased during the nine months ended September 30, 2106 compared to the same period in 2015 due to a one-time donation.

Shareholder communication and travel decreased during the nine months ended September 30, 2016 compared to the same period in 2015 as the Company took part in a fewer number of roadshows and decreased marketing in an effort to preserve cash.

**Copper North Mining Corp.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2016

Wages and benefits decreased during the three and nine months ended September 30, 2016 compared to the three and nine months ended September 30, 2015 as the Company minimized costs related to administrative activities.

**LIQUIDITY AND CAPITAL RESOURCES**

For the nine months ended September 30,	2016	2015
	\$	\$
CASH PROVIDED BY (USED IN)		
Operating activities	(1,252,763)	(2,353,840)
Financing activities	959,712	2,222,127
Investing activities	(25,000)	(52,000)
<b>CHANGE IN CASH AND EQUIVALENTS</b>	<b>(318,051)</b>	<b>(183,713)</b>
Cash and cash equivalents – beginning	461,792	478,357
<b>CASH AND CASH EQUIVALENTS</b>	<b>143,741</b>	<b>294,644</b>

Copper North had \$143,741 in cash and cash equivalents as at September 30, 2016 compared to \$461,792 in cash and cash equivalents as at December 31, 2015. The main components of cash flows used for operating activities are discussed in the Results of Operations section, above. Cash flows received from financing activities are discussed in the Financing and Financial Position section at the beginning of this report.

The Company will continue to require additional funding to maintain its ongoing exploration programs; permitting efforts; advance royalty and property maintenance payments; and operations. Its principal source of funds is the issuance of common shares. Copper North's common shares are publicly traded. As such, the price of its common shares is susceptible to factors beyond management's control including, but not limited to, fluctuations in commodity prices and foreign exchange rates and changes in the general market outlook. Should Copper North require funds during a time when the price of its common shares is depressed, the Company may be required to accept significant dilution to maintain enough liquidity to continue operations or may be unable to raise sufficient capital to meet its obligations.

**SUMMARY OF QUARTERLY RESULTS**

The Company's interim financial statements are reported under IFRS applicable to interim financial statements, including IAS 34 *Interim Financial Reporting*. The following table sets forth selected unaudited quarterly financial information derived from financial information for each of the eight most recent quarters.

<b>As at and for the quarter ended</b>	<b>30-Sep-16</b>	<b>30-Jun-16</b>	<b>31-Mar-16</b>	<b>31-Dec-15</b>
Loss and comprehensive loss	890,351	461,486	452,200	538,073
Exploration and evaluation expenses	590,488	150,363	149,252	362,640
Loss per share – basic and diluted	0.04	0.03	0.02	0.03
Cash and cash equivalents	143,471	380,350	185,108	461,792
Exploration and evaluation assets	19,321,737	19,296,737	19,281,737	19,281,737
Total assets	19,758,423	19,996,731	19,841,069	20,168,476

**Copper North Mining Corp.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2016

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<b>As at and for the quarter ended</b>	<b>30-Sep-15</b>	<b>30-Jun-15</b>	<b>31-Mar-15</b>	<b>31-Dec-14</b>
Loss and comprehensive loss	921,814	859,716	606,470	697,259
Exploration and evaluation expenses	667,316	529,566	224,845	417,686
Loss per share – basic and diluted	0.06	0.07	0.05	0.05
Cash and cash equivalents	294,644	793,417	261,351	478,357
Exploration and evaluation assets	19,281,737	19,281,737	19,231,737	19,231,737
Total assets	19,978,505	20,775,005	20,206,970	20,174,459

*Items that resulted in significant differences in the quarterly figures presented above are explained in the following narrative.*

**Loss and comprehensive loss; exploration and evaluation expenses**

The Company tends to incur more exploration and evaluation expenditures from April to October because of weather conditions in the Yukon. Copper North expenses all such expenditures. As a result, loss and comprehensive loss are expected to be higher during Q2 and Q3 of each given year. This trend has been somewhat inconsistent in recent years as the Company's exploration activities have been dictated as much by available financing as weather conditions.

The loss and comprehensive loss reported for the quarters ended September 30, 2014, June 30, 2015, and September 30, 2015 were higher than usual because Copper North incurred substantial exploration expenditures at its Carmacks Project and Thor exploration property during those periods.

**Exploration and evaluation assets**

In accordance with IFRS, Copper North only capitalizes acquisition and property payment costs.

During the three months ended June 30, 2016 the Company issued shares as part of the option payments on Thor. During the three months ended September 30, 2016 the Company paid \$25,000 in cash and received verbal agreement to delay the additional \$25,000 due until November 30, 2016. During the quarter ended June 30, 2015, Copper North made an option payment related to the Thor property. The Company made a payment and issued shares to acquire the Thor property during the quarter ended September 30, 2014. Please refer to the Property Overview and Development section earlier in this report for more information.

**Cash and cash equivalents**

Cash and cash equivalents are expected to decrease in periods when there is no financing transaction as the Company incurs costs related to exploration activities and operations. The Company has been continually raising funds over the last two years in order to advance its projects and pay its operating expenses. As such, the fluctuations in the quarters presented above are a direct result of the size and timing of financing transactions and expenses.

**RELATED PARTY TRANSACTIONS****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).



**Copper North Mining Corp.****MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and nine months ended September 30, 2016

During the year ended December 31, 2015, the Company repaid \$54,798 due to Julien François, 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 Sally Eyre, the Company's previous Chief Executive Officer by making a cash payment of \$27,000 and issuing 1,460,000 common shares with a deemed value of \$0.05 per common share. Effective December 31, 2015, amounts due to Ms. Eyre no longer accrue interest.

**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 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
<b>DIRECTOR AND OFFICER REMUNERATION</b>	<b>131,659</b>	<b>130,845</b>	<b>393,882</b>	<b>388,792</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.

**Due to related parties**

As at	September 30, 2016	December 31, 2015
	\$	\$
Deferred salary	428,948	295,346
Interest	23,217	23,217
Director fees	153,000	126,000
<b>DUE TO RELATED PARTIES</b>	<b>605,165</b>	<b>444,563</b>

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

**OUTSTANDING SHARE DATA**

As at the date of this report, the Company has 24,952,473 common shares outstanding. The Company also has 1,220,000 stock options outstanding with exercises prices ranging from \$0.50 to \$2.70 and 8,419,929 warrants outstanding with exercises prices ranging from \$0.15 to \$0.90.

## **CONTRACTUAL OBLIGATIONS**

The Company has an agreement to sub-lease its head office space until May 31, 2017. The Company has the option to terminate the sub-lease without penalty by providing the sub-lessor 90 days' notice.

The future minimum lease payments by calendar year are approximately as follows:

<b>Year</b>	<b>\$</b>
2016	28,500
Thereafter	19,000
<b>TOTAL</b>	<b>47,500</b>

The Company has no off-balance sheet arrangements, no capital lease agreements and no long term obligations other than those described above and throughout this document, or in the description of exploration and evaluation assets contained in the notes to the consolidated financial statements.

Neither the Company nor any of its subsidiaries has any externally imposed capital requirements.

## **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, accounts receivable, reclamation bond, amounts due to related parties, and accounts payable and accrued liabilities.

### **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 the Liquidity and Capital Resources and the Financing and Financial Position sections of this report for more information regarding the Company's liquidity risk.

### **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.

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.

**Copper North Mining Corp.****MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and nine months ended September 30, 2016

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**FORWARD-LOOKING STATEMENTS**

This Management Discussion and Analysis contains certain forward-looking statements concerning anticipated developments in Copper North's operations in future periods. Statements that are not historical fact are forward looking information as that term is defined in National Instrument 51-102 ("NI 51-102") of the Canadian Securities Administrators. Certain forward looking information should also be considered future-oriented financial information ("FOFI") as that term is defined in NI 51-102. The purpose of disclosing FOFI is to provide a general overview of management's expectations regarding the anticipated results of operations and capital expenditures. Forward-looking statements and information (referred to herein together as "forward-looking statements") are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The material factors or assumptions used to develop forward-looking statements include prevailing and projected market prices and foreign exchange rates, exploitation and exploration estimates and results, continued availability of capital and financing, and general economic, market or business conditions and as more specifically disclosed throughout this document. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of Copper North and its subsidiaries may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors.

Copper North's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and Copper North does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from Copper North's expectations include, but are not limited to, uncertainties involved in fluctuations in copper and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the need for cooperation of government agencies and First Nations in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty of meeting anticipated program milestones; and uncertainty as to timely availability of permits and other governmental approvals.