Copper North Mining Corp.

Consolidated Financial Statements
For the years ended December 31, 2016 and December 31, 2015

(Expressed in Canadian dollars)

April 27, 2017

Independent Auditor's Report

To the Shareholders of Copper North Mining Corp.

We have audited the accompanying consolidated financial statements of Copper North Mining Corp., which comprise the consolidated balance sheets as at December 31, 2016 and December 31, 2015 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Copper North Mining Corp. as at December 31, 2016 and December 31, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which discloses conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Copper North Mining Corp. to continue as a going concern.

(signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

(Expressed in Canadian dollars)

CONSOLIDATED BALANCE SHEETS

		December 31, 2016	**December 31, 2015**
		$	**$**
ASSETS	**Note**		
Cash and cash equivalents		178,223	461,792
Prepaid expenses		220,833	316,320
Accounts receivable		14,038	23,327
CURRENT ASSETS		413,094	801,439
Reclamation bonds	4	85,300	85,300
Exploration and evaluation assets	4	19,321,737	19,281,737
ASSETS		**19,820,131**	**20,168,476**
LIABILITIES			
Accounts payable and accrued liabilities	5	1,242,564	789,123
SHAREHOLDERS' EQUITY			
Share capital	6	36,450,151	35,399,588
Contributed surplus		2,269,913	1,852,012
Deficit		(20,142,497)	(17,872,247)
SHAREHOLDERS' EQUITY		**18,577,567**	**19,379,353**
LIABILITIES AND SHAREHOLDERS' EQUITY		**19,820,131**	**20,168,476**

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Approved by the Board of Directors

Bill LeClair (signed) Director *Harlan Meade (signed)* Director

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the year ended December 31,		**2016**	**2015**
		$	**$**
	Note		
Exploration and evaluation expenses	4e	1,176,264	1,784,367
Filing and regulatory fees		53,636	42,777
General administrative costs		107,210	82,589
Professional fees		67,938	60,084
Rent and utilities		115,923	112,089
Share-based payments	8, 9b	66,775	69,312
Shareholder communication and travel		375,147	420,805
Wages and benefits	9b	407,336	458,077
OPERATING EXPENSES		**2,370,229**	**3,030,100**
Gain on debt settlement	9c, 6d	(102,000)	(113,200)
Interest expense		2,021	9,173
LOSS AND COMPREHENSIVE LOSS		**2,270,250**	**2,926,073**
Basic and diluted loss per common share		0.11	0.21
Weighted average number of common shares outstanding		20,967,523	14,157,267

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31,		2016	2015
		$	$
Cash flows provided by (used in)	Note		
OPERATING ACTIVITIES			
Loss and comprehensive loss		(2,270,250)	(2,926,073)
Items not affecting cash			
Share-based payments		66,775	69,312
Gain on settlement of due to related parties		(102,000)	-
Change in non-cash working capital items	12	660,217	(100,837)
		(1,645,258)	**(2,957,598)**
FINANCING ACTIVITIES			
Issuance of common shares and units	6b, 6c	1,459,420	2,849,759
Share and unit issuance costs	6b, 6c	(72,731)	(64,797)
Exercise of warrants	7a	-	210,000
Related party debt settlement costs		-	(1,929)
		1,386,689	**2,993,033**
INVESTING ACTIVITIES			
Acquisition of exploration and evaluation assets	4b	(25,000)	(50,000)
Purchase of reclamation bond		-	(2,000)
		(25,000)	**(52,000)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(283,569)**	**(16,565)**
Cash and cash equivalents – Beginning		461,792	478,357
CASH AND CASH EQUIVALENTS - ENDING		**178,223**	**461,792**

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity
		$	$	$	$
DECEMBER 31, 2014	**11,649,725**	**32,778,755**	**1,240,700**	**(14,946,174)**	**19,073,281**
Private placements (note 6c)					
Share and unit issuance	5,240,032	2,849,759	-	-	2,849,759
Share and unit issuance costs	65,000	(76,297)	11,500	-	(64,797)
Allocation of warrant value	-	(646,000)	646,000	-	-
Warrant exercise (note 7a)	350,000	210,000	-	-	210,000
Allocation of warrant value	-	115,500	(115,500)	-	-
Shares for debt settlement (note 6d)					
Share issuance	566,000	169,800	-	-	169,800
Share issuance costs	-	(1,929)	-	-	(1,929)
Share-based payments	-	-	69,312	-	69,312
Loss and comprehensive loss	-	-	-	(2,926,073)	(2,926,073)
DECEMBER 31, 2015	**17,870,757**	**35,399,588**	**1,852,012**	**(17,872,247)**	**19,379,353**
Private placements (note 6b)					
Share and unit issuance	9,355,715	1,459,420	-	-	1,459,420
Share and unit issuance costs	-	(106,477)	33,746	-	(72,731)
Allocation of warrant value	-	(313,299)	313,299	-	-
Shares issued for mineral property	100,000	15,000	-	-	15,000
Extension of warrants	-	(4,081)	4,081	-	-
Share-based payments	-	-	66,775	-	66,775
Loss and comprehensive loss	-	-	-	(2,270,250)	(2,270,250)
DECEMBER 31, 2016	**27,326,472**	**36,450,151**	**2,269,913**	**(20,142,497)**	**18,577,567**

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

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

At December 31, 2016, the Company had a working capital deficit of $829,470, has not yet achieved profitable operations, has commitments due in the coming fiscal year and had an accumulated deficit of $20,142,497 since inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to develop its mineral property interests and to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. As part of its ongoing strategic plan the Company is exploring financing opportunities including equity financings and strategic partner arrangements. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2. BASIS OF PRESENTATION

a) Compliance with International Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention.

These financial statements were approved for issue by the Company's board of directors on April 27, 2017.

b) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires estimates and assumptions that affect the amounts reported in these consolidated financial statements. Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, going concern, impairment of mineral property interests and mineral property title.

i) Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for at least the next twelve months. The factors considered by management are disclosed in Note 1b.

ii) Impairment of exploration and evaluation assets

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When management determines that there are existing facts and circumstances that suggest the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment.

iii) Mineral property title

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and regulatory requirements. To the best of the Company's knowledge, title to all of its properties is in good standing.

During the year ended December 31, 2016 and 2015 there were no key assumptions used concerning the future and other key sources of estimation uncertainty that would have had a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities.

3. ACCOUNTING POLICIES

a) Summary of significant accounting policies

The Company's principal accounting policies are outlined below:

i) Basis of consolidation

The consolidated financial statements include the results of the Company and its wholly-owned subsidiaries Carmacks Mining Corp. and Redbed Resources Corp. The results of the subsidiaries will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiaries ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

Intercompany balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

ii) Presentation currency

The Company's presentation currency is the Canadian dollar ("$"). The functional currency of Copper North and its wholly-owned subsidiaries is the Canadian dollar.

iii) Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities are translated using the period end foreign exchange rate. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of loss and comprehensive loss. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction.

iv) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The estimated fair value of stock options granted by the Company is treated as compensation costs in accordance with IFRS 2 Share-based payment. These costs are charged to the consolidated statement of loss and comprehensive loss over the stock option vesting period.

If stock options are exercised, the value attributable to those stock options is transferred to share capital.

v) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statement of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regard to the previous year.

Deferred taxes are recorded using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (i.e. timing differences). Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

vi) Loss per share

Basic loss per share is calculated by dividing the net loss for the reporting period by the weighted average number of common shares outstanding during the reporting period.

Diluted loss per share is calculated using the treasury share method whereby all "in the money" stock options and warrants are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. When effects of potential issuances of shares from the exercise of stock options or warrants would be anti-dilutive, basic loss and diluted loss per share are the same.

vii) Long-lived assets

1. Exploration and evaluation assets

All direct costs related to the acquisition of mineral properties held or controlled by the Company are capitalized on an individual property basis until the property is put into production, sold, abandoned, or determined to be impaired. All direct costs related to the exploration and evaluation of mineral properties are recognized in the consolidated statement of loss and comprehensive loss in the period in which the costs are incurred.

The Company classifies its mineral properties as exploration and evaluation assets until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. At this point, the exploration and evaluation assets are transferred to property and equipment. The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as the extent of established mineral reserves, the results of feasibility and technical evaluations, and the status of mining leases or permits.

2. Impairment

The Company's assets are reviewed for indication of impairment at each balance sheet date. If any such indication exists, an estimate of the recoverable amount is undertaken, being the higher of an asset's fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). If the asset's carrying amount exceeds its recoverable amount then an impairment loss is recognized in the consolidated statement of loss and comprehensive loss.

FVLCD is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects.

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Impairment is normally assessed at the level of cash-generating units, which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

3. Reversal of impairment

   An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

viii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

ix) Valuation of equity units issued as part of a financing

The Company has adopted a pro-rata basis method for the measurement of shares and warrants issued as units in financing arrangements. The pro-rata basis method requires that gross proceeds and related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of each component.

The fair value of the common shares is based on the closing price on the closing date of the transaction and the fair value of the warrants is determined on the closing date of the transaction using the Black-Scholes option pricing model.

The fair value attributed to the warrants is recorded as contributed surplus. If the warrants are exercised, the value attributable to the warrants is transferred to share capital.

x) Financial instruments

1. Loans and receivables

   Accounts receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

   Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses using the effective interest rate method. Interest income is recognized by applying the effective interest rate.

   The Company has classified cash and cash equivalents, reclamation bonds and accounts receivable as loans and receivables.

2. Other financial liabilities

   Other financial liabilities are initially measured at transaction value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

   The Company has classified amounts due to related parties, and accounts payable and accrued liabilities as other financial liabilities.

xi) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

b) Accounting standards issued but not yet effective

The standards and interpretations that are issued up to the date of issuance of the Company's financial statements and applicable to the Company, but were not effective during the year ended December 31, 2016, are disclosed below. The Company intends to adopt these standards when they become effective. The Company is in the process of assessing the impact of the adoption of these standards and interpretations.

i) IFRS 16 – *Leases*

This standard replaces IAS 17 – *Leases* and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

ii) IFRS 9 - *Financial instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments*: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 *Financial Instruments*: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted.

4. 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 December 31, 2016, $1.4 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.

(Expressed in Canadian dollars)

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.

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.

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	*Completed*
$50,000	June 27, 2015	*Completed*
$50,000	August 1, 2016	*Paid $25,000**
$100,000	June 27, 2017	-
$100,000	June 27, 2018	-
$100,000	June 27, 2019	-
$100,000	June 27, 2020	-

**Subsequent to December 31, 2016 the Company paid the remaining $25,000*

Payment – Common Shares	Date	Status
100,000	July 8, 2014	*Completed*
100,000	June 27, 2016	*Completed*
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	*Completed*
$700,000	October 1, 2016	*Completed*
$1,500,000	October 1, 2017	-
$2,500,000	October 1, 2018	-
$3,500,000	October 1, 2019	-
$5,000,000	October 1, 2020	-

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.

(Expressed in Canadian dollars)

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
DECEMBER 31, 2016	**17,143,325**	**2,000,000**	**178,412**	**19,321,737**

e) Exploration and evaluation expenditures

For the year ended	Carmacks $	Redstone $	Thor $	Total $
Advance royalty	100,000	-	-	100,000
Claims maintenance	10,276	26,144	9,701	46,121
Engineering studies	256,962	-	-	256,962
Exploration and camp support	109,736	2,300	499,717	611,753
Permitting	23,428	-	-	23,428
Salary and wages	102,000	-	36,000	138,000
DECEMBER 31, 2016	**602,402**	**28,444**	**545,418**	**1,176,264**

(Expressed in Canadian dollars)

For the year ended	Carmacks	Redstone	Thor	Total
	$	$	$	$
Advance royalty	100,000	-	-	100,000
Claims maintenance	15,485	33,704	4,443	53,632
Engineering studies	383,105	-	-	383,105
Exploration and camp support	1,109,089	969	10,154	1,120,212
Exploration tax credit	-	-	(49,725)	(49,725)
Permitting	17,143	-	-	17,143
Salary and wages	130,000	6,000	24,000	160,000
DECEMBER 31, 2015	**1,754,822**	**40,673**	**(11,128)**	**1,784,367**

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31,	2016	2015
	$	$
Accounts payables and accrued liabilities	892,230	526,789
Related party payables	350,334	262,334
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**1,242,564**	**789,123**

6. 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 consolidated financial statements have been re-stated to reflect this consolidation.

b) 2016 Financing

On December 28, 2016, the Company issued 250,000 units at a price of $0.11 and 2,124,000 flow-through common shares at $0.13 for gross proceeds of $303,620. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.16 until December 28, 2018. The Company issued 169,310 broker warrants in connection with the financings. Each broker warrant entitles the holder to purchase one share at a price of $0.16 until December 28, 2018. The Company incurred other share issuance costs of $34,199 with respect to this financing.

On October 4, 2016 and October 12, 2016, the Company issued 715,000 flow-through common shares at $0.17 and 1,050,000 units at $0.15 respectively 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 to purchase one additional common share of the Company at a price of $0.25 until October 12, 2018. The Company incurred share issuance costs of $4,945 with respect to this financing.

(Expressed in Canadian dollars)

On July 21, 2016, the Company issued 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 share issuance costs of $6,341 with respect to this financing

On June 30, 2016 Copper North issued 1,726,666 units at a price of $0.15 per unit and issued 980,000 flow-through shares at a price of $0.17 per flow-through share for total gross proceeds of $425,600. 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 186,666 broker warrants in connection with the financings. 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.

On April 1, 2016, the Company 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 share issuance costs of $4,003 with respect to this financing.

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	December 28, 2016	October 12, 2016	July 21, 2016	June 30, 2016	April 1, 2016
Warrants issued	294,310	525,000	1,730,000	1,913,332	454,167
Exercise price	$0.16	$0.25	$0.25	$0.25	$0.50
Market price	$0.12	$0.16	$0.18	$0.15	$0.02
Expected term, in years	2.0	2.0	2.0	2.0	2.0
Expected stock price volatility	165.0%	164.0%	161.0%	165.0%	165.0%
Average risk-free interest rate	1.00%	1.00%	1.00%	1.00%	1.00%
Expected dividend yield	-	-	-	-	-
FAIR VALUE ASSIGNED	**$21,000**	**$40,900**	**$106,400**	**$129,443**	**$53,150**

c) 2015 Financing

On December 29, 2015, Copper North issued 333,400 units at a price of $0.45 per unit for gross proceeds of $150,030. Each unit consisted of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.50 until December 29, 2020. The fair value assigned to the warrants was $60,000.

On December 18, 2015, Copper North issued 333,333 flow-through units at a price of $0.45 per flow-through unit for gross proceeds of $150,000. Each flow-through unit consisted of one flow-through common share and one half of one non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.50 until December 18, 2017. The fair value assigned to the warrants was $23,000. The Company paid finders' fees of $13,500 and issued 30,000 finders' warrants in relation with the private placement. The finders' warrants have the same terms as the subscriber warrants. The fair value assigned to the finders' warrants was $3,900.

On December 8, 2015, Copper North issued 555,000 units at a price of $0.45 per unit for gross proceeds of $249,750. Each unit consisted of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.50 until December 8, 2020. The fair value assigned to the warrants was $98,000.

On November 4, 2015, Copper North issued 310,000 units at a price of $0.50 per unit for gross proceeds of $155,000. Each unit consisted of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.50 until November 4, 2020. The fair value assigned to the warrants was $62,000. The Company paid finders' fees of $1,200 and issued 2,400 finders' warrants in connection with this portion of the placement. Each finders' warrant entitles the holder to purchase one common share at a price of $0.05 until November 4, 2017. The fair value assigned to the finders' warrants was $400.

On November 4, 2015, Copper North also issued 200,000 flow-through units at a price of $0.50 per flow-through unit for gross proceeds of $100,000. Each flow-through unit consisted of one flow-through common share and one half of one non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.50 until November 4, 2017. The fair value assigned to the warrants was $16,000. In connection with this portion of the placement, the Company paid finders' fees of $5,200 and issued 4,000 finders' shares with a fair market value of $1,600. The Company also issued 10,400 finders' warrants. Each finders' warrant entitles the holder to purchase one common share at a price of $0.50 until November 4, 2017. The fair value assigned to the finders' warrants was $1,800.

On September 24, 2015, Copper North issued 600,000 units at a price of $0.50 per unit for gross proceeds of $300,000. Each unit consisted of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.50 until September 24, 2020. The fair value assigned to the warrants was $121,000.

On June 25, 2015, Copper North issued 853,350 flow-through shares at a price of $0.60 per share and 188,130 units at a price of $0.60 per unit for total gross proceeds of $624,879. Each unit consisted of one common share and one half of one non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.90 until June 25, 2017. The fair value assigned to warrants was $27,000. The Company also issued 50,000 shares as finders' fees with a fair market value of $30,000.

On June 8, 2015, Copper North issued 83,333 flow-through shares at a price of $0.60 per share and 778,500 units at a price of $0.60 per unit for total gross proceeds of $517,100. Each unit consisted of one common share and one half of one non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.90 until June 8, 2017. The fair value assigned to the warrants was $119,000. The Company also issued 11,000 shares as finders' fees with a fair market value of $6,600.

On March 19, 2015, Copper North issued 530,000 units at a price of $0.60 per unit for gross proceeds of $318,000. Each unit consisted of one common share and one half of one non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.90 until March 19, 2017. The fair value assigned to warrants was $69,000. The Company issued 17,000 finders' warrants as finders' fees. The finders' warrants have the same terms as the subscriber warrants. The fair value assigned to the finders' warrants was $5,400.

On February 3, 2015, Copper North issued 475,000 units 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 entitles the holder to purchase one additional common share at a price of $0.90 until February 3, 2017. The fair value assigned to the warrants was $51,000.

(Expressed in Canadian dollars)

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	December 29, 2015	December 18, 2015	December 8, 2015	November 4, 2015	November 4, 2015
Warrants issued	333,400	166,667	555,000	310,000	100,000
Exercise price	$0.50	$0.50	$0.50	$0.50	$0.50
Market price	$0.30	$0.30	$0.35	$0.40	$0.40
Expected term, in years	5.0	2.0	5.0	5.0	2.0
Expected stock price volatility	97.8%	87.0%	98.0%	98.0%	94.6%
Average risk-free interest rate	0.75%	0.50%	0.92%	0.96%	0.62%
Expected dividend yield	-	-	-	-	
FAIR VALUE ASSIGNED	**$60,000**	**$23,000**	**$98,000**	**$62,000**	**$16,000**

Inputs and assumptions	September 24, 2015	June 25, 2015	June 8, 2015	March 19, 2015	February 3, 2015
Warrants issued	600,000	94,065	389,250	265,000	237,500
Exercise price	$0.50	$0.90	$0.90	$0.90	$0.90
Market price	$0.40	$0.50	$0.55	$0.55	$0.60
Expected term, in years	5.0	2.0	2.0	2.0	2.0
Expected stock price volatility	98.1%	168.6%	170.0%	135.2%	105.0%
Average risk-free interest rate	0.80%	0.62%	0.63%	0.48%	0.43%
Expected dividend yield	-	-	-	-	-
FAIR VALUE ASSIGNED	**$121,000**	**$27,000**	**$119,000**	**$69,000**	**$51,000**

d) 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 consolidated statement of loss and comprehensive loss for the year ended December 31, 2015.

(Expressed in Canadian dollars)

7. WARRANTS AND STOCK OPTIONS

a) Warrants

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

	Number of Warrants	Weighted average exercise price
DECEMBER 31, 2014	1,781,896	$0.80
Issued	3,110,682	$0.60
Exercised	(350,000)	$0.60
Expired	(176,500)	$0.50
DECEMBER 31, 2015	4,366,078	$0.70
Issued	4,916,809	$0.27
Expired	(637,397)	$1.06
DECEMBER 31, 2016	**8,645,490**	**$0.43**

Warrants outstanding are as follows:

Warrants outstanding, by exercise price	Number of warrants	Average remaining contractual life in years
$0.15 – $0.40	4,462,642	1.58
$0.50 – $0.60	2,562,033	3.05
$0.80 - $0.90	1,620,815	0.30
DECEMBER 31 , 2016	**8,645,490**	**1.78**

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.

(Expressed in Canadian dollars)

A summary of the Company's stock options outstanding, including the changes for the years 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	(126,250)	$3.20
DECEMBER 31, 2016	**1,220,500**	**$0.57**

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	4.59
$0.50 – $0.80	780,000	$0.56	3.34
$1.00 – $2.40	60,000	$1.03	0.62
$2.70 – $3.20	45,500	$2.88	0.06
DECEMBER 31, 2016	**1,220,500**	**$0.57**	**3.43**

Of the total stock options outstanding 725,500 were vested and exercisable at December 31, 2016. The weighted average exercise price of vested stock options is $0.71 and the average remaining contractual life is 2.86 years.

Subsequent to December 31, 2016 the Company granted 1,800,000 stock options with an exercise price of $0.10 that are exercisable for a period of five years from the date of grant.

(Expressed in Canadian dollars)

8. SHARE-BASED PAYMENTS

The following is a summary of the stock options granted by the Company during the years ended December 31, 2016 and 2015 and the fair value assigned to each grant. The fair value was calculated using the Black-Scholes option pricing model and the following inputs and assumptions:

Inputs and assumptions	August 2, 2016	December 30, 2015	January 7, 2015
Stock options granted	335,000	400,000	15,000
Exercise price	\$0.20	\$0.50	\$0.70
Market price	\$0.16	\$0.30	\$0.70
Expected option term (years)	3.0	3.0	3.0
Expected stock price volatility	148.0%	98.0%	159.8%
Average risk-free interest rate	1.00%	0.50%	1.00%
Expected forfeiture rate	-	-	-
Expected dividend yield	-	-	-
FAIR VALUE ASSIGNED	**\$55,231**	**\$60,000**	**\$9,000**

9. 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 consolidated statement of loss and comprehensive loss. During the year ended December 31, 2016, the Company accrued \$165,151 (2015 - \$166,026) in wages to officers and \$36,000 in director fees (2015 - \$36,000).

During the year ended December 31, 2015, the Company repaid \$154,798 due to previous officers of the Company. Of this amount, \$81,798 was repaid in cash and the remaining was settled by issuing 1,460,000 common shares with a deemed value of \$0.05 per common share. Effective December 31, 2015, amounts due to previous officers of the Company 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:

For the year ended December 31,	2016 \$	2015 \$
Salaries and director fees	474,362	476,000
Share-based payments	39,881	53,630
DIRECTOR AND OFFICER REMUNERATION	**514,243**	**529,630**

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

(Expressed in Canadian dollars)

c) Due to related parties

As at December 31,	2016 $	2015 $
Wages and salary	302,333	148,333
Director fees	48,000	114,000
DUE TO RELATED PARTIES	**350,333**	**262,333**

As at December 31, 2016, amounts due to related parties are non-interest bearing and payable on demand. During the year ended December 31, 2016 the Company received forgiveness letter for $102,000 of past due Directors fees.

10. SEGMENTED INFORMATION

The Company's operations are limited to a single reportable segment, being mineral exploration and development. All assets are held in Canada.

11. 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 December 31, 2016 is $47,000. The Company has the option to terminate the sub-lease without penalty by providing the sub-lessor 90 days' notice.

The Company must spend $250,000 on qualifying Canadian exploration expenditures by December 31, 2017. 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.

Other commitments related to exploration and evaluation assets are described in note 4.

12. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in the Company's non-cash working capital items relating to operating activities for the years indicated below are as follows:

For the year ended December 31,	2016 $	2015 $
Prepaid expenses	95,487	43,238
Accounts receivable	9,289	(1,820)
Accounts payable and accrued liabilities	555,441	(142,255)
CHANGE IN NON-CASH WORKING CAPITAL	**660,217**	**(100,837)**

During the year ended December 31, 2016 the Company paid $2,021 in interest (2015 - $9,173) and no taxes (2015 - $nil).

(Expressed in Canadian dollars)

13. INCOME TAXES

a) Rate reconciliation

The income tax expense or recovery reported by the Company differs from the amounts obtained by applying statutory rates to the loss before income tax. A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is provided below:

For the year ended December 31,	2016	2015
Statutory income tax rate	26.00%	26.00%
	$	$
Loss before tax	2,270,250	2,926,073
Expected tax recovery at statutory rate	590,265	760,779
Non-deductible expenditures for tax	(17,362)	(19,099)
Flow-through share renunciation	(228,663)	(322,239)
Change in tax rate	9,534	(60,061)
Share issuance costs	18,910	16,269
Income tax benefit not recognized	(372,684)	(375,649)
INCOME TAX RECOVERY	**-**	**-**

b) Unrecognized deferred income tax asset

Future potential tax deductions that are not used to offset deferred income tax liabilities are considered to be unrecognized deferred income tax assets. The significant components of the Company's unrecognized deferred income tax asset are as follows:

As at December 31,	2016	2015
	$	$
Unused cumulative exploration and development costs	1,262,953	1,070,722
Operating losses carried forward	1,659,529	1,072,296
Other items	43,755	20,128
UNRECOGNIZED DEFERRED INCOME TAX ASSET	**2,966,237**	**2,163,146**

The Company estimates that the realization of income tax benefits related to these deferred income tax assets is uncertain and cannot be considered to be more likely than not. Accordingly, no deferred income tax asset has been recorded.

c) Non-capital losses

The Company has incurred non-capital losses that may be carried forward and used to reduce taxable income in future years. These losses totaled $6,188,823 as at December 31, 2016 (2015 - $4,994,762) and will expire between 2031 and 2036.

The Company has approximately $7.9 million in Canadian Exploration and Development Expenditures ("CEDE") available to reduce future taxable income. CEDE do not expire.

14. 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 December 31, 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 15 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.

15. FINANCIAL INSTRUMENT RISK

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, reclamation bond and accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying amount due to their short term to maturity.

Discussions of risk associated with financial assets are liabilities are detailed below:

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.

16. SUBSEQUENT EVENT

The Company closed the first tranche of a private placement. The Company raised an aggregate of 700,000 flow-through shares at $0.10 per flow-through shares and 80,000 non-flow-through units at a price of $0.10 for gross proceeds of $78,000. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one common share at a price of $0.15 for a period of thirty six months from the date of issue.