# COPPER NORTH MINING CORP.
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# FOR THE YEAR ENDED DECEMBER 31, 2016

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2016 ("MD&A") has been prepared as of April 27, 2017. It should be read in conjunction with the audited consolidated financial statements of Copper North Mining Corp. ("Copper North" or the "Company") for the year ended December 31, 2016.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in the Company's presentational currency of Canadian dollars unless otherwise indicated. The Company's shareholders approved a share consolidation on a 10:1 basis during the year ended December 31, 2016. All historical figures have been re-stated to reflect this consolidation.

## 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 ("TSXV") under the symbol COL.

## RECENT HIGHLIGHTS

On April 13, 2017 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.

On February 22, 2017 the Company completed a non-brokered private placement offering of 2,000,000 units for gross proceeds of $200,000. Each unit consists of one common share and one share purchase warrant.

On January 30, 2017, Dale Corman resigned as Chairman of the Board of Directors and Robert McKnight has been appointed as director and Chairman.

On December 28, 2016 the Company completed a non-brokered private placement offering of 2,124,000 flow-through shares at $0.13 per share and 250,000 units at $0.11 per unit for total gross proceeds of $303,620. Each unit consists of one common share and one half share purchase warrant.

## PROPERTY OVERVIEW AND DEVELOPMENT

### Carmacks (Yukon, Canada)

Preliminary Economic Assessment

The Carmacks Project is planned as 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. The 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. The Company acquired 114 claims in June and July of 2016 and an additional 18 claims in March 2017.

More detailed information is in the Oct 12, 2016 news release and the PEA filed on SEDAR November 25, 2016. An amended PEA was filed on SEDAR on January 30, 2017 to include non-material edits required by the TSXV. The resource estimate and the economic analysis were not altered.

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 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.

| | **Base Case Pricing Model** | | **Consensus Pricing Model** | |
|---|---|---|---|---|
| Life of Mine Production | 212.9 M lbs Cu<br>136,300 oz Gold<br>151,200 oz Silver | | 212.9 M lbs Cu<br>136,300 oz Gold<br>151,200 oz Silver | |
| Annual Production (average) | 30M lb cathode copper<br>19,500 oz gold<br>21,600 oz silver | | 30M lb cathode copper<br>19,500 oz gold<br>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 –<br>C1 Cost<br>All in Sustaining Cost | <br>US$1.08/lb<br>US$1.16/lb | | <br>US$1.08/lb<br>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-$11.4M | | 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<br>After-tax | 5.2 years<br>5.3 years | | 4.3 years<br>4.6 years | |

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 | |
| | | | | **Base Case** | **Consensus** | | | |
| | $1100 | -$98.6 | -$54.7 | -$10.7 | $33.3 | $77.2 | $121.2 | NPV (CAD$M) |
| | $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 | $155.1 | |
| **Gold Price US$/oz** | $1500 | -$53.4 | -$9.4 | $34.6 | $78.5 | $122.5 | $166.4 | |
| | $1100 | -4.8% | 1.3% | 6.7% | 11.7% | 16.4% | 20.8% | IRR |
| | $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% | |
| | $1100 | -- | 6.6 | 5.6 | 4.8 | 3.9 | 3.3 | Payback (years) |
| | $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 a 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.Geo., the President and CEO of Copper North and a qualified person within the meaning of NI 43-101.

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, $1.4 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 | *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 | - |

| 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 | - |

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

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.

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 the press release dated October 20, 2016.

### Redstone (Northwest Territories, Canada)

The Redstone property comprises five mining leases and 14 mineral claims in the Nahanni Mining District southwest of Norman Wells in the Northwest Territories.

Royalty

Should production be achieved on the five mining leases that comprise the Coates Lake area, the five 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; or
- 4% if the price is greater than US$1.00 per pound.

## SELECTED ANNUAL INFORMATION

The following information has been extracted from the Company's audited annual consolidated financial statements.

| **As at and for the year ended** | **31-Dec-16** | **31-Dec-15** | **31-Dec-14** |
|---|---:|---:|---:|
| | **$** | **$** | **$** |
| | | | |
| Loss and comprehensive loss | 2,270,250 | 2,926,073 | 2,021,666 |
| Exploration and evaluation expenses | 1,176,264 | 1,784,367 | 1,267,283 |
| Loss per share – basic and diluted | 0.11 | 0.21 | 0.30 |
| Cash and cash equivalents | 178,223 | 461,792 | 478,357 |
| Exploration and evaluation assets | 19,321,737 | 19,281,737 | 19,231,737 |
| Total assets | 19,820,131 | 20,168,476 | 20,174,459 |

The Company's loss and comprehensive loss for the year ended December 31, 2015 increased as the Company incurred higher exploration and evaluation expenses, and higher shareholder communication and travel expenses due to the fact that funds were available.

Exploration and evaluation assets increase when the Company makes payments related to the acquisition of mineral properties. Increases during the periods presented stem from on-going payments related to the option agreement to acquire 100% interest in the Thor property

## SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited quarterly financial information derived from financial information for each of the eight most recent quarters.

| As at and for the quarter ended | 31-Dec-16 | 30-Sep-16 | 30-Jun-16 | 31-Mar-16 |
|---|---|---|---|---|
| | | | | |
| Loss and comprehensive loss | 466,213 | 890,351 | 461,486 | 452,200 |
| Exploration and evaluation expenses | 286,161 | 590,488 | 150,363 | 149,252 |
| Loss per share – basic and diluted | 0.02 | 0.04 | 0.03 | 0.02 |
| Cash and cash equivalents | 178,223 | 143,471 | 380,350 | 185,108 |
| Exploration and evaluation assets | 19,321,737 | 19,321,737 | 19,296,737 | 19,281,737 |
| Total assets | 19,820,131 | 19,758,423 | 19,996,731 | 19,841,069 |

| As at and for the quarter ended | 31-Dec-15 | 30-Sep-15 | 30-Jun-15 | 31-Mar-15 |
|---|---|---|---|---|
| | | | | |
| Loss and comprehensive loss | 538,073 | 921,814 | 859,716 | 606,470 |
| Exploration and evaluation expenses | 362,640 | 667,316 | 529,566 | 224,845 |
| Loss per share – basic and diluted | 0.03 | 0.06 | 0.07 | 0.05 |
| Cash and cash equivalents | 461,792 | 294,644 | 793,417 | 261,351 |
| Exploration and evaluation assets | 19,281,737 | 19,281,737 | 19,281,737 | 19,231,737 |
| Total assets | 20,168,476 | 19,978,505 | 20,775,005 | 20,206,970 |

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. The loss and comprehensive loss reported for the quarters ended September 30, 2016, September 30, 2015 and June 30, 2015, are consistent with the trend, however the quarter ended June 30, 2016 was lower than expected due to the financial constraints of the Company.

## RESULTS OF OPERATIONS

During the year ended December 31, 2016, the Company reported a loss and comprehensive loss of $2,270,250 or $0.11 loss per share (2015 - $2,926,073 or $0.21 loss per share). Operating activities consumed $1,645,258 including working capital adjustments. Cash requirements for investing activities totaled $25,000. These cash requirements were primarily funded from private placement offerings completed during the year.

| For the year ended | 31-Dec-16 | 31-Dec-15 |
|---|---|---|
| | | |
| General and administrative expenses | 1,127,190 | 1,176,421 |
| Exploration and evaluation expenses | 1,176,264 | 1,784,367 |
| Share-based compensation | 66,775 | 69,312 |
| Gain on settlement of debt | (102,000) | (113,200) |
| Interest expense | 2,021 | 9,173 |
| Loss and comprehensive loss | 2,270,250 | 2,926,073 |

With respect to operating expenses the most significant accounts were with respect to shareholder communication and travel and wages and benefits.

Shareholder communication and travel -- $375,147 (2015 - $420,805)
The expense decreased compared to the prior year as the Company took part in a fewer number of roadshows and decreased marketing in an effort to preserve cash.

Wages and benefits -- $407,336 (2015 - $458,077)
Wages and benefits decreased during the year ended December 31, 2016 compared to the prior year as the Company's prior CFO resigned and the new CFO is employed under a consulting agreement.

The Company's exploration and evaluation expenses decreased during the year ended December 31, 2016 compared to the prior year 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 and detailed analysis within the audited consolidated financial statements.

## FINANCING AND FINANCIAL POSITION

Although finding sources of financing continues to prove challenging for mineral exploration companies, Copper North was successful in completing 5 private placements during the year ended December 31, 2016, raising a total of $1,459,420 in gross proceeds. The Company issued 9,355,715 common shares (including flow-through shares) and 4,916,809 warrants as part of these private placements. The issue price of the securities ranged from $0.11 to $0.30. The placements enabled Copper North to accomplish some of its goals related to the Carmacks Project and its Thor property. Subsequent to December 31, 2016 the Company has been successful in raising an additional $0.6 million in gross proceeds.

Copper North was successful in completing 9 private placements in 2015, raising a total of $2,849,759 in gross proceeds. The Company issued 5,305,032 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.

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2016, the Company had $178,223 in cash and cash equivalents and a negative working capital balance of $829,470. As at December 31, 2015, the Company had $461,792 in cash and cash equivalents and a positive working capital balance of $12,316. The decrease in cash and cash equivalents is due to operating activities of $1,645,258 offset by net financing activities of $1,386,689 due to equity financings discussed above. The only investing activity during the year of $25,000 was related to option agreement payments under the Thor option agreement.

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.

## RELATED PARTY TRANSACTIONS

### Deferred salary

Certain current and former officers and directors have agreed to defer some, or all, of their salary and the Company has accrued these wages. 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 fair value of $0.05 per common share. Effective December 31, 2015, amounts due to previous officers of the Company 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 years presented was as follows:

| **For the year ended,** | **31-Dec-16** | **31-Dec-15** |
|---|---|---|
| | **$** | **$** |
| | | |
| Salaries and directors fees | 474,362 | 476,000 |
| Share-based payments | 39,881 | 53,630 |
| **TOTAL** | **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.

### Due to related parties

| **As at** | **31-Dec-16** | **31-Dec-15** |
|---|---|---|
| | **$** | **$** |
| | | |
| Wages and salary | 302,333 | 148,333 |
| Directors fees | 48,000 | 114,000 |
| **TOTAL** | **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 a forgiveness letter for $102,000 of past due Directors' fees.

## CONTRACTUAL OBLIGATIONS

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.

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 RISKS

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:

### 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) to the consolidated financial statements 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.

## ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued up to the date 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.

### 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.

### 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.

## OUTSTANDING SHARE DATA

As at the date of this report, the Company has 30,106,473 common shares outstanding. The Company also has 2,719,000 stock options outstanding with exercises prices ranging from $0.10 to $1.10 and 9,587,990 warrants outstanding with exercises prices ranging from $0.15 to $0.90.

## 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.