# COPPER NORTH MINING CORP.
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and nine months ended September 30, 2018 ("MD&A") has been prepared as of November 27, 2018. It should be read in conjunction with the condensed interim consolidated financial statements of Copper North Mining Corp. ("Copper North" or the "Company") for the three and nine months ended September 30, 2018 as well as the audited annual consolidated financial statements for the year ended December 31, 2017 and the accompanying MD&A for the year then ended.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

## 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 Redstone property located in the Northwest Territories. Copper North is listed on the TSX Venture Exchange ("TSXV") under the symbol COL.

## RECENT HIGHLIGHTS

On November 1, 2018 the Company announced that the Board of Directors has named Doug Ramsey, VP, to succeed Dr. Harlan Meade as CEO upon Dr. Meade's planned retirement on December 31, 2018.

On August 13, 2018, the Company closed a private placement and issued an aggregate of 2,000,000 common share units at a price of $0.05 per common share unit for gross proceeds of $100,000.

## PROPERTY OVERVIEW AND DEVELOPMENT

Dr. Harlan Meade, President and CEO of the Company, is the Qualified Person as defined in National Instrument 43-101 responsible for the review of technical information disseminated to the public by the Company, including any technical information in this MD&A.

### 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.

2017 Engineering and Exploration

The Company undertook drilling in September and October to gather more geotechnical information and exploration in the mineral area that was drilled in 2015. The drilling in the location of the planned deposition of dry stacked tailings was completed as part of preparing for improvement of the environmental report required for submission for new environmental approval and amended permits.

The results of the drilling in 2000S, 13 and 12 zones in the south area south, confirmed the continuity and grades. The drill holes information was released in news releases on January 8 and 18$^{th}$ 2018. The drill results in the south area zones confirmed the continuity of the mineralized zones and extended the mineralized zones to further increase the size of the mineral areas.

The Company undertook renewing the mineral resource in zones 2000S 13 and 12 zones to provide a new mineral resource in the south area. A new report was prepared and news released on April 9, 2018 and available on SEDAR.

The highlights of the Updated Mineral Resource in Zones 2000S, 13, and 12:

- Step-out and infill drilling in fall 2017 was successful in confirming continuity of the mineral zones and grades of the oxide and sulphide mineralization in the southern extension of the Carmacks mineral deposit.
- Updated Oxide Measured and Indicated Mineral Resource increased to approximately 4,300,000 tonnes - grading 0.47% copper, 0.13 g/t gold and 1.92 g/t silver:
- The new Oxide Measured and Indicated Mineral Resource increased 40% over the 2016 Mineral Resource, primarily from lateral expansion of the oxide mineralized zone – upgrading of the already minor inferred resource category was a small contributor;
- The new Oxide Measured and Indicated Mineral Resource in Zones 2000S, 13, and 12 has the potential to provide an additional 2.4 years of mill feed at the planned processing rate of 1.775 million tonnes per year, subject to economic confirmation by future mine development planning; and,
- The Updated Sulphide Measured and Indicated Mineral Resource totaled 4,416,000 tonnes grading 0.62% copper, 0.13 g/t gold and 2.3 g/t silver, and an equal tonnage of mineral resource in Inferred category.

Dr. Harlan Meade, President and CEO, commented that "the increase of Measured and Indicated Oxide mineralization in the Updated Mineral Resource for the Carmacks Project confirms there is an opportunity to undertake mine development engineering work on the southern extension to evaluate the potential for extending oxide mineralization mine life and for a potential future shift to mining the sulphide mineralization".

Updated Oxide Mineral Resource

Zones 2000S, 13, and 12 are located 400 to 2,000 m to the south of the proposed open-pit, defined in the 2016 PEA based on the mineral resources in Zones 1, 4 and 7. The oxide mineral resources occur from surface and extend to depths of 80 to 100 m that may be amenable to open pit mining with a modest strip ratio. The Measured category represents 79% of the total Measured and Indicated resource. The 2017 drill results, including location maps, are available in news releases dated January 8 and January 18, 2018, or at www.coppernorthmining.com.

Updated Sulphide Mineral Resource

The Updated Sulphide Measured and Indicated Mineral Resource in Zones, 2000S, 13, and 12 is 4,416,000 tonnes, of which 26% is Measured Resource and 74% is Indicated Resource. The Measured Resource is 1,136,000 tonnes, grading 0.59% copper, 0.13 g/t gold and 2.3 g/t silver. The Indicated Resource is 3,280 tonnes, grading 0.63% copper, 0.13 g/t gold and 2.3 g/t silver. The Inferred Mineral Resource is 4,281,000 tonnes, grading 0.54% copper, 0.12 g/t gold and 1.9 g/t silver. Additional drilling is warranted to confirm the grade, extent, and continuity of the sulphide mineralization, and explore the potential for sulphide resource expansion.

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, $1.5 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)

On July 11, 2018, the Company received a notice of default from Electrum as a result of the Company not being able to make the cash payment that was due on October 1, 2017. The Company decided not to remedy the default, nullifying the acquisition agreement. Accordingly, a write down of $211,412 was taken to reduce the Thor property's carrying value to $nil.

### 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. At December 31, 2017, an impairment write down of $2,000,000 was taken to reduce the carrying value of the Redstone property to $nil as the Company has no plan for the property in the near future.

## 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** | **30-Sep-18** | **30-Jun-18** | **31-Mar-18** | **31-Dec-17** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Loss and comprehensive loss | 223,607 | 458,765 | 326,063 | 3,542,823 |
| Exploration and evaluation expenses | 68,547 | 49,963 | 96,247 | 1,216,879 |
| Loss per share – basic and diluted | 0.00 | 0.01 | 0.00 | 0.05 |
| Cash | 34,499 | 13,712 | 18,658 | 230,484 |
| Exploration and evaluation assets | 17,143,325 | 17,143,325 | 17,354,737 | 17,354,737 |
| Total assets | 17,303,474 | 17,291,436 | 17,615,323 | 17,865,394 |

| **As at and for the quarter ended** | **30-Sep-17** | **30-Jun-17** | **31-Mar-17** | **31-Dec-16** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Loss and comprehensive loss | 924,471 | 275,608 | 426,957 | 466,213 |
| Exploration and evaluation expenses | 445,155 | 69,827 | 50,258 | 286,161 |
| Loss per share – basic and diluted | 0.02 | 0.00 | 0.02 | 0.02 |
| Cash | 1,336,363 | 11,050 | 23,851 | 178,223 |
| Exploration and evaluation assets | 19,354,737 | 19,354,737 | 19,346,737 | 19,321,737 |
| Total assets | 21,276,773 | 19,554,489 | 19,618,617 | 19,820,131 |

The increased loss and comprehensive loss reported for the quarter ended December 31, 2017 is attributed to the impairment write-down of exploration and evaluation assets and increased exploration and evaluation activities incurred due to the availability of funds from the close of the private placement in the period. The loss and comprehensive loss reported for the quarter ended September 30, 2017 is higher due to increased exploration and evaluation expenses incurred in the quarter.

## RESULTS OF OPERATIONS

### Nine months ended September 30, 2018

During the nine months ended September 30, 2018, the Company reported a loss and comprehensive loss of $1,008,435 or $0.01 loss per share (2017 - $1,627,036 or $0.05 loss per share). Operating activities consumed $355,561 including working capital adjustments which were primarily funded from private placement offerings completed during the current and prior periods.

| For the nine months ended | 30-Sep-18 | 30-Sep-17 |
|---|---|---|
| | $ | $ |
| General operating costs | 568,306 | 701,951 |
| Exploration and evaluation expenses | 214,757 | 565,240 |
| Share-based compensation | 13,960 | 359,845 |
| Impairment of exploration and evaluation assets | 211,412 | - |
| Loss and comprehensive loss | 1,008,435 | 1,627,036 |

The general operating costs during the nine months ended September 30, 2018 were generally less than the comparable period as the Company's corporate activities were restricted by its financial resources. The most significant accounts and / or variance in general operating costs were with respect to shareholder communication and travel. The shareholder communication and travel costs of $94,570 (2017 - $253,138) decreased compared with the 2017 comparable period, due to the financial constraints of the Company in the current period.

The Company's exploration and evaluation expenses decreased during the nine months ended September 30, 2018 compared to the comparable period as the Company's activities were restricted by its financial resources.

During the nine months ended September 30, 2018 the Company recorded share-based payments expense of $13,960 arising from 250,000 options granted and the vesting of options granted in prior periods. During the nine months ended September 30, 2017 the Company recorded share-based payments expense of $359,845 arising from 4,400,000 options granted and the vesting of options granted in prior periods.

### Three months ended September 30, 2018

During the three months ended September 30, 2018, the Company reported a loss and comprehensive loss of $223,607 or $0.00 loss per share (2017 - $924,471 or $0.02 loss per share).

| For the three months ended | 30-Sep-18 | 30-Sep-17 |
|---|---|---|
| | $ | $ |
| General operating costs | 154,228 | 276,703 |
| Exploration and evaluation expenses | 68,547 | 445,155 |
| Share-based compensation | 832 | 202,613 |
| Loss and comprehensive loss | 223,607 | 924,471 |

The general operating costs during the three months ended September 30, 2018 were generally less than the comparable period as the Company's corporate activities were restricted by its financial resources. The most significant accounts and / or variance in general operating costs were with respect to shareholder communication and travel. The shareholder communication and travel costs of $16,656 (2017 - $108,847) decreased compared with the 2017 comparable period, due to the financial constraints of the Company in the current period.

The Company's exploration and evaluation expenses decreased during the three months ended September 30, 2018 compared to the comparable period as the Company's activities were restricted by its financial resources.

During the three months ended September 30, 2018 the Company recorded share-based payments expense of $832 arising from the vesting of options granted in prior periods. During the three months ended September 30, 2017 the Company recorded share-based payments expense of $202,613 arising from 2,600,000 options granted and the vesting of options granted in prior periods.

## FINANCING

On August 13, 2018, the Company closed a private placement and issued an aggregate of 2,000,000 common share units at a price of $0.05 per common share unit for gross proceeds of $100,000. Each common share unit consisted of one common share and one-non-transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of $0.05 per Common Share for a period of sixty months following the closing of the offering.

On March 13, 2018, the Company closed a private placement and issued an aggregate of 1,333,349 common shares at a price of $0.06 for gross proceeds of $80,801.

On April 13, 2017, 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 nine months from the date of issue.

On February 22, 2017, the Company issued 2,000,000 units at a price of $0.10 for gross proceeds of $200,000. 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 nine months from the date of issue.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, the Company had $34,499 in cash and a negative working capital balance of $1,255,030. As at December 31, 2017, the Company had $230,484 in cash and a negative working capital balance of $636,543. The decrease in cash is due to net cash used in operating activities of $355,561 during the period offset by equity financings during the period of $159,576.

The Company's ability to continue as a going concern is dependent upon its ability to obtain necessary equity financing 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

Compensation paid or payable to its directors and officers, who are the key management of the Company for services provided or earned during the three and nine months ended September 30, 2018 and 2017 was as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$** | **$** | **$** | **$** |
| Salaries and director fees | 112,000 | 100,000 | 336,000 | 300,000 |
| Professional fees | 1,615 | 3,840 | 8,245 | 17,040 |
| Share-based payments | 198 | 42,982 | 9,851 | 163,101 |
| | **113,813** | **146,822** | **354,096** | **480,141** |

Included in accounts payable and accrued liabilities as at September 30 2018 was $560,233 (December 31 2017 - $531,841) due to directors and officers of the Company. The amounts due to related parties are non-interest bearing and payable on demand.

Officers and directors have agreed to defer some, or all, of their salary. The Company has accrued these wages in the condensed interim consolidated statement of loss and comprehensive loss. During the three and nine months ended September 30, 2018, the Company accrued $100,000 and $243,333 respectively (2017 - $48,333 and $220,000) in wages to officers and $12,000 and $36,000 respectively in directors' fees (2017 - $nil and $nil).

## CONTRACTUAL OBLIGATIONS

The Company has an agreement to lease its head office space until May 31, 2020. The Company has the option to terminate the lease without penalty by providing the lessor 90 days' notice. The annual lease commitment is as follows:

| | |
|---|---|
| Fiscal year ended December 31, 2018 | $22,742 |
| Fiscal year ended December 31, 2019 | $90,967 |
| Fiscal year ended December 31, 2020 | $37,903 |

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 condensed interim 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, 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.

## NEW AND AMENDED STANDARD ADOPTED BY THE COMPANY

**a) New and amended standard adopted by the Company**

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 was January 1, 2018. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

**b) New standards and interpretations not yet adopted**
IFRS 16, *Leases*, replaces IAS17-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 mandatory effective date is for annual periods beginning on or after January 1, 2019.

## OUTSTANDING SHARE DATA

As at the date of this MD&A, November 27, 2018, the Company has 81,791,322 common shares outstanding. The Company also has 4,682,500 stock options outstanding with exercises prices ranging from $0.05 to $0.80 and 6,581,170 warrants outstanding with exercises prices ranging from $0.05 to $0.50.

## OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at www.sedar.com.

## RISKS AND UNCERTAINTIES

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

- Financial risks include commodity prices and interest rates all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital and to repay indebtedness it incurs.

- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

## 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.