COPPER NORTH
MINING CORP.

Consolidated Financial Statements
For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

Independent auditor's report

To the Shareholders of Copper North Mining Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Copper North Mining Corp. and its subsidiaries, (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Lana Kirk.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 25, 2019

Copper North Mining Corp.

Consolidated Statements of Financial Position
As at
(Expressed in Canadian dollars)

	Note	December 31 2018	December 31 2017
		$	$
Assets			
Current			
Cash		**192,622**	230,484
Prepaid expenses		**29,833**	138,255
Accounts receivable		**2,637**	51,618
		225,092	420,357
Non-current			
Reclamation bonds	**7**	**90,300**	90,300
Exploration and evaluation assets	**7**	**17,143,325**	17,354,737
		17,458,717	17,865,394
Current Liabilities			
Accounts payable and accrued liabilities	**9, 11**	**1,606,422**	1,056,900
Shareholders' Equity			
Share capital	**10**	**39,673,952**	39,396,206
Contributed surplus		**2,849,404**	2,724,644
Deficit		**(26,671,061)**	(25,312,356)
		15,852,295	16,808,494
		17,458,717	17,865,394

Going concern – Note 2
Commitments – Note 13
Subsequent event – Note 17

APPROVED BY THE DIRECTORS

"Bob McKnight" Director *"Lorne Anderson"* Director

The accompanying notes are an integral part of these consolidated financial statements

Copper North Mining Corp.
Consolidated Statements of Loss and Comprehensive Loss
Years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	Notes	2018	2017
		$	**$**
Exploration and evaluation expenses	**8**	**397,205**	1,782,119
Filing and regulatory fees		**23,724**	37,533
General administrative costs		**71,681**	48,277
Professional fees		**92,194**	104,724
Rent and utilities		**92,661**	101,626
Share-based payments	**10, 11**	**13,960**	364,631
Shareholder communication and travel		**106,560**	388,111
Wages and benefits	**11**	**344,308**	342,838
		(1,142,293)	(3,169,859)
Write-down of exploration and evaluation assets	**7**	**(216,412)**	(2,000,000)
Loss and comprehensive loss		**(1,358,705)**	(5,169,859)
Loss per share			
- Basic and diluted		**(0.02)**	(0.11)
Weighted average number of shares outstanding			
- Basic and diluted		**80,396,068**	45,839,876

The accompanying notes are an integral part of these consolidated financial statements

Copper North Mining Corp.

Consolidated Statements of Cash Flows
Years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	2018	2017
	$	$
Cash flows (used in) provided by		
Operating activities		
Net loss	**(1,358,705)**	(5,169,859)
Items not affecting cash		
Write-off of exploration and evaluation assets	**216,412**	2,000,000
Share-based payments	**13,960**	364,631
Net change in non-cash working capital items		
Prepaid expenses	**108,422**	82,578
Accounts receivable	**48,981**	(37,580)
Accounts payable and accrued liabilities	**549,522**	(185,664)
	(421,408)	(2,945,894)
Financing activities		
Issuance of common shares and units	**406,001**	3,193,140
Share and unit issuance costs	**(22,455)**	(164,985)
	383,546	3,028,155
Investing activity		
Acquisition of exploration and evaluation assets	**-**	(25,000)
Purchase of reclamation bond	**-**	(5,000)
	-	(30,000)
Change in cash	**(37,862)**	52,261
Cash, beginning of year	**230,484**	178,223
Cash, end of year	**192,622**	230,484
Supplemental cash flow information		
Shares issued for acquisition of exploration and evaluation assets	**5,000**	8,000

Copper North Mining Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Common shares	Share Capital	Contributed surplus	Deficit	Total
	number	$	$	$	$
Balance, December 31, 2016	**27,326,473**	**36,450,151**	**2,269,913**	**(20,142,497)**	**18,577,567**
Private placements					
Share and unit issuance	50,931,500	3,193,140	-	-	3,193,140
Share and unit issuance costs	-	(182,585)	17,600	-	(164,985)
Allocation of warrant value	-	(72,500)	72,500	-	-
Shares issued for exploration and evaluation asset	100,000	8,000	-	-	8,000
Share-based payments	-	-	364,631	-	364,631
Loss and comprehensive loss	-	-	-	(5,169,859)	(5,169,859)
Balance, December 31, 2017	**78,357,973**	**39,396,206**	**2,724,644**	**(25,312,356)**	**16,808,494**
Private placements					
Share and unit issuance	7,442,440	406,001	-	-	406,001
Share and unit issuance costs	-	(22,455)	-	-	(22,455)
Allocation of warrant value	-	(110,800)	110,800	-	-
Shares issued for exploration and evaluation asset	100,000	5,000	-	-	5,000
Share-based payment	-	-	13,960	-	13,960
Loss and comprehensive loss	-	-	-	(1,358,705)	(1,358,705)
Balance, December 31, 2018	**85,900,413**	**39,673,952**	**2,849,404**	**(26,671,061)**	**15,852,295**

The accompanying notes are an integral part of these consolidated financial statements

1. 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.

2. 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.

At December 31, 2018, the Company had a working capital deficit of $1,381,330 (as at December 31, 2017 $636,543), negative cashflow from operations of $421,409 (as at December 31, 2017 $2,945,894) and has not yet achieved profitable operations and had an accumulated deficit of $26,671,061 (as at December 31, 2017 $25,312,356). These factors indicate the existence of a material uncertainty that casts 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, strategic partner arrangements and disposal of assets (see note 17 for disclosure of sale subsequent to year-end).

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. 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.

3. Basis of presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention except certain financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

These financial statements were approved by the board of directors on April 25, 2019.

4. Summary of significant accounting policies

a) 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.

b) Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency 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.

c) 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.

d) 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.

e) 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.

f) Long-lived assets

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.

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.

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.

g) 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.

h) 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.

i) Financial instruments

Recognition of Financial Instruments
The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes a party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.
.
Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition of financial assets and liabilities
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss in the period in which they arise. However, gains and losses on derecognition of financial assets designated as FVTOCI are recorded in other comprehensive income (loss) in the period in which they arise. Cumulative gains and losses on derecognized financial assets designated as FVTOCI are reclassified from accumulated other comprehensive income (loss) to deficit.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j) 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.

5. New accounting standards

i) Standards adopted during the year:

IFRS 9, Financial Instruments
This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company’s financial statements.

(Expressed in Canadian dollars)

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	**New classification IFRS 9**
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Reclamation bonds	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

ii) Standard issued but not yet effective

IFRS 16, Leases
The new standard eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset. The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019. The adoption of IFRS 16 is not expected to have a material effect on the Company's financial statements. The Company's current operating lease commitment are disclosed in note 13.

6. Critical 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.

a) Going Concern
The assessment by management of the Company's liquidity position and whether going concern disclosure is required in the financial statements.

As part of this process, management prepares cash flow budgets detailing expected expenditures for at least the next twelve months. The assessment of the Company's liquidity position takes into account the Company's working capital position, the timing of discretionary and non-discretionary expenditures and also the status of any potential equity financings

b) Impairment of exploration and evaluation assets
The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and these assets have been accounted for under the assumption that the carrying value will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company

(Expressed in Canadian dollars)

to obtain the necessary financing to complete the development and future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves.

Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Management reviewed exploration and evaluation assets for the year ended December 31, 2018 and noted no impairment indicators on the Carmacks property and have recognised impairment on the Thor property (Refer note 7(b)).

Subsequent to December 31, 2018 the Company sold all the issued and outstanding shares in the capital of Redbed Resources Corp., a wholly-owned subsidiary of the Company which holds 100% of the Redstone property. (Refer to note 17). As at December 31, 2018 the sale was not probable and therefore Management did not reverse the impairment charge previously taken on the Redstone property (Refer to note 7(c)).

7. Exploration and evaluation assets

	Carmacks	Redstone	Thor	Total
	$	$	$	$
Balance, December 31, 2016	17,143,325	2,000,000	178,412	19,321,737
Additions - cash	-	-	25,000	25,000
Additions – common shares	-	-	8,000	8,000
Impairment	-	(2,000,000)	-	(2,000,000)
Balance, December 31, 2017	17,143,325	-	211,412	17,354,737
Additions – common shares	-	-	5,000	5,000
Write-down	-	-	(216,412)	(216,412)
Balance, December 31, 2018	**17,143,325**	**-**	**-**	**17,143,325**

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, 2018, $1.5 million has been paid in advance royalty payments. The Company is required to make an advance royalty payment of $100,000 in any year in which the average daily copper price reported by the London Metal Exchange is US$1.10 per pound or greater.

The Company holds a Guaranteed Investment Certificate in the amount of $80,300 in safekeeping for the Yukon Government. This amount represents the estimated reclamation cost for the work performed to date on the property.

b) Thor (British Columbia, Canada)

The Thor property is located south of the Kemess South mine-mill complex in North Central British Columbia.

During 2014, Copper North entered into an acquisition agreement with Electrum Resource Corporation ("Electrum") and on September 6, 2017 amended certain terms. Pursuant to the acquisition agreement, the Company could earn 100% interest in the Thor property by making certain payments and incurring certain exploration expenditures.

During the year ended December 31, 2018, the Company received a notice of default from Electrum as a result of the Company not being able to pay the cash payment that was due on October 1, 2017. The Company did not remedy the default, nullifying the acquisition agreement. Accordingly, a write down of $216,412 was taken to reduce the Thor property's carrying value to $nil.

A deposit of $10,000 is held by the Government of British Columbia to cover reclamation costs for the work performed to date on the property.

c) Redstone (Northwest Territories, Canada)

Copper North owns 100% of the Redstone property. The Redstone property comprises mining leases and mineral claims in the western part of the Northwest Territories.

Should production be achieved on the mining leases, the mining leases are subject to a net smelter return royalty of between 3% and 4% depending on the monthly average of the final daily spot price of copper reported on the New York Commodities Exchange relating to each production month, as follows:

- 3% if the price is less than, or equal to US$0.75 per pound;
- 3.5% if the price is greater than US$0.75 per pound, but less than or equal to US$1.00 per pound; and
- 4% if the price is greater than US$1.00 per pound.

During the year ended December 31, 2017, an impairment write down of $2,000,000 was taken to reduce the Redstone property's carrying value to $nil.

Subsequent to December 31, 2018 the Company sold all of the issued and outstanding shares in the capital of Redbed Resources Corp., a wholly-owned subsidiary of the Company which holds 100% of the Redstone property (refer to Note 17).

(Expressed in Canadian dollars)

8. Exploration and evaluation expenditures

During the year ended December 31, 2018, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Carmacks	Redstone	Thor	Total
	$	$	$	$
Advance royalty	100,000	-	-	100,000
Claims maintenance	8,330	28,244	-	36,574
Engineering studies	61,937	-	-	61,937
Exploration and camp support	43,144	-	1,621	44,765
Recovery / tax credits	-	-	(3,966)	(3,966)
Permitting	1,895	-	-	1,895
Salary and wages	142,000	14,000	-	156,000
	357,306	**42,244**	**(2,345)**	**397,205**

During the year ended December 31, 2017, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Carmacks	Redstone	Thor	Total
	$	$	$	$
Advance royalty	100,000	-	-	100,000
Claims maintenance	774	28,255	4,396	33,425
Engineering studies	153,416	-	-	153,416
Exploration and camp support	1,323,031	2,931	20,232	1,346,194
Permitting	15,167	-	-	15,167
Recovery / tax credits	(17,225)	(75)	(8,783)	(26,083)
Salary and wages	134,000	8,000	18,000	160,000
	1,709,163	**39,111**	**33,845**	**1,782,119**

9. Accounts payable and accrued liabilities

	December 31, 2018	December 31, 2017
	$	$
Accounts payables and accrued liabilities	909,350	772,680
Related party payables	697,072	284,220
	1,606,422	**1,056,900**

10. Share capital

a) Authorized
Unlimited common shares without par value

b) Financings
On March 13, 2018, the Company issued 1,333,349 common shares at a price of $0.06 for gross proceeds of $80,001. The Company incurred share issuance costs of $14,175 with respect to this financing.

(Expressed in Canadian dollars)

On August 7, 2018, the Company issued 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 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 private placement. The Company incurred share issuance costs of $6,250 with respect to the financing.

On December 21, 2018, the Company issued 4,109,091 common share units at a price of $0.055 per common share unit for gross proceeds of $226,000. Each common share unit consisted of one common share and one-non-transferable share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.10 per common share for a period of thirty six months following the closing of the private placement. The Company incurred share issuance costs of $2,030 with respect to the 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 21, 2018	August 7, 2018	March 13, 2018
Warrants issued	4,109,091	2,000,000	-
Exercise price	$0.10	$0.05	$nil
Expected term, in years	3	5	-
Expected stock price volatility	95%	107%	-
Average risk-free interest rate	2.2%	1.6%	-
Expected dividend yield	-	-	-
FAIR VALUE ASSIGNED	**$67,800**	**$43,000**	**$nil**

On December 29, 2017, the Company closed a private placement and issued an aggregate of 882,000 flow-through shares at $0.085 per flow-through share for gross proceeds of $74,970. The Company incurred share issuance costs of $5,248 and agreed to issue 61,740 finders' warrants with respect to the financing. Each finders' warrant entitles the holder to acquire one common share at a price of $0.12 per share for a period of twenty-four months from the date of issue.

On October 26, 2017, the Company closed a private placement and issued an aggregate of 47,169,500 common shares at a price of $0.06 and 100,000 flow-through shares at $0.10 per flow-through share for gross proceeds of $2,840,170. The Company incurred share issuance costs of $151,268, and issued 346,720 finders' warrants with respect to the financing. Each finders' warrant entitles the holder to acquire one common share at a price of $0.06 per share for a period of twenty-four months from the date of issue.

On April 13, 2017, the Company closed a private placement and issued an aggregate of 700,000 flow-through shares at $0.10 per flow-through share 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. The Company incurred share issuance costs of $6,719 with respect to the financing.

(Expressed in Canadian dollars)

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 six months from the date of issue. The Company incurred share issuance costs of $1,750 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 29, 2017	October 26, 2017	April 13, 2017	February 22, 2017
Warrants issued	61,470	346,720	80,000	2,000,000
Exercise price	$0.12	$0.06	$0.15	$0.15
Expected term, in years	2	2	3	3
Expected stock price volatility	110%	110%	97%	99%
Average risk-free interest rate	1.6%	1.6%	1.0%	1.0%
Expected dividend yield	-	-	-	-
FAIR VALUE ASSIGNED	**$2,600**	**$15,000**	**$2,500**	**$70,000**

c) Stock options

The balance of options outstanding and related information for the year ended December 31, 2018 and 2017 are as follows:

	Number of options	**Weighted average exercise price (per share)**	**Weighted average remaining life (years)**
Balance, December 31, 2016	1,220,500	$0.57	3.43
Granted	4,400,000	$0.09	
Expired	(356,500)	$0.74	
Balance, December 31, 2017	5,264,000	$0.16	4.16
Granted	250,000	$0.05	
Expired	(831,500)	$0.16	
Balance, December 31, 2018	**4,682,500**	**$0.15**	**3.24**

During the year ended December 31, 2018 the Company recorded share-based payments expense of $13,960 (2017 - $364,631). The weighted average fair value of the options granted during the year ended December 31, 2018 was $0.03 (2017 - $0.08) and all options granted vested immediately.

(Expressed in Canadian dollars)

The fair value of the options granted was determined using an option pricing model using the following weighted average assumptions:

	2018	**2017**
Risk free interest rate	1.60%	1.35%
Expected life	5 years	5 years
Expected volatility	106%	126%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

The balance of options outstanding as at December 31, 2018 was as follows:

Stock options outstanding, by exercise price	**Number of Stock options**	**Average remaining contractual life (years)**
$0.05 – $0.085	2,575,000	3.80
$0.10 - $0.20	1,505,000	3.06
$0.50 – $0.60	567,500	1.36
$0.70 – $0.80	35,000	0.53
	4,682,500	**3.24**

d) Share purchase warrants

The balance of warrants outstanding and related information for the year ended December 31, 2018 is as follows:

	Number of warrants	**Weighted average exercise price (per share)**	**Weighted average remaining life (years)**
Balance, December 31, 2016	8,645,490	$0.43	1.78
Issued	2,488,460	$0.14	
Expired	(1,930,282)	$0.77	
Balance, December 31, 2017	9,203,668	$0.28	1.42
Issued	6,109,091	$0.08	
Expired	(4,916,808)	$0.27	
Balance, December 31, 2018	**10,395,951**	**$0.17**	**2.64**

(Expressed in Canadian dollars)

The balance of warrants outstanding as at December 31, 2018 was as follows:

Warrants outstanding, by exercise price	Number of warrants	Average remaining contractual life (year)
$0.05	2,000,000	4.60
$0.06	346,720	0.82
$0.10	4,109,091	2.98
$0.12	61,740	0.99
$0.15	2,080,000	1.14
$0.50	1,798,400	1.87
	10,395,951	**2.64**

11. 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 years ended December 31, 2018 and 2017 was as follows:

	2018	2017
	$	$
Salaries and director fees	448,000	408,739
Professional fees	11,135	22,240
Share-based payments	9,851	285,601
	468,986	**716,580**

Included in accounts payable and accrued liabilities as at December 31, 2018 was $697,072 (2017 - $284,220) 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 consolidated statement of loss and comprehensive loss. During the year ended December 31, 2018, the Company accrued $343,333 (2017 - $211,887) in wages to officers and $48,000 in directors' fees (2017 - $8,739).

During the year ended December 31, 2017 the Company repaid $303,173 in officers accrued salary.

12. Segmented information

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

(Expressed in Canadian dollars)

13. Commitments

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, 2019	$103,728
Fiscal year ended December 31, 2020	$43,220

The Company incurred the required $84,970 on qualifying Canadian exploration expenditures by December 31, 2018. Otherwise, it would have been 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 realized.

14. Income taxes

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:

	2018	2017
Statutory tax rate	**27%**	**26%**
	$	**$**
Loss for the year before taxes	1,358,705	5,169,859
Expected income tax recovery at statutory rate	366,850	1,344,163
Add (deduct)reconciling items:		
Non-deductible expenditures for tax	(3,769)	(614,804)
Flow-through share renunciation	(20,242)	(98,488)
Change in tax rate	(157,337)	3,117
Share issuance costs	6,063	42,896
Income tax benefit not recognized	(191,565)	(676,884)
Income tax recovery as booked	-	-

(Expressed in Canadian dollars)

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:

	2018	2017
	$	$
Unused cumulative exploration and development costs	1,370,140	1,557,738
Operating losses carried forward	2,282,831	2,028,897
Other items	212,077	66,872
Unrecognized net deferred tax assets	3,865,049	3,653,507

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.

The Company has incurred non-capital losses that may be carried forward and used to reduce taxable income in future years. These losses totalled $8,557,010 as at December 31, 2018 (2017 - $7,514,617) and will expire between 2031 and 2038.

The Company has approximately $8.3 million (2017 - $9.2 million) in Canadian Exploration and Development Expenditures ("CEDE") available to reduce future taxable income. CEDE do not expire.

15. Capital management

Copper North is a mineral exploration and development company focusing on advancing the Carmacks Project. 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, 2018, certain conditions and events cast significant doubt upon the Company's ability to continue as a going concern. Refer to note 2 and note 16 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.

16. Financial instruments

The Company's financial instruments consist of cash, accounts receivable, reclamation bond and accounts payable and accrued liabilities and are all designated as amortized cost. The fair value of cash, accounts receivable and reclamation bond approximates their carrying amount due to their short term to maturity. The fair value of accounts payable may be less than carrying value as a result of the Company's credit and liquidity risk (see Note 2).

Discussions of risk associated with financial assets and 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 2 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.

17. Subsequent event

On April 12, 2019, the Company completed a Share Purchase Agreement (the "Share Agreement") and sold all of the issued and outstanding shares in the capital of Redbed Resources Corp., a wholly-owned subsidiary of the Company which holds 100% of the Redstone property. In accordance with the terms of the Share Agreement, the Company received an aggregate of $575,000 in cash consideration.