COPPER NORTH
MINING CORP.

Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

(Expressed in Canadian dollars)

April 26, 2018

Independent Auditor's Report

To the Shareholders of Copper North Mining Corp.

We have audited the accompanying consolidated financial statements of Copper North Mining Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Copper North Mining Corp. as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 2 in the financial statements which discloses conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Copper North Mining Corp. to continue as a going concern.

(signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants

Copper North Mining Corp.

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

	Note	December 31 2017	December 31 2016
		$	**$**
Assets			
Current			
Cash		**230,484**	178,223
Prepaid expenses		**138,255**	220,833
Accounts receivable		**51,618**	14,038
		420,357	413,094
Non-current			
Reclamation bonds	**7**	**90,300**	85,300
Exploration and evaluation assets	**7**	**17,354,737**	19,321,737
		17,865,394	19,820,131
Current Liabilities			
Accounts payable and accrued liabilities	**9, 11**	**1,056,900**	1,242,564
Shareholders' Equity			
Share capital	**10**	**39,396,206**	36,450,151
Contributed surplus		**2,724,644**	2,269,913
Deficit		**(25,312,356)**	(20,142,497)
		16,808,494	18,577,567
		17,865,394	19,820,131

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

APPROVED BY THE DIRECTORS

"Bob McKnight" Director *"Harlan Meade"* 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, 2017 and 2016

(Expressed in Canadian dollars)

	Note	2017	2016
		$	**$**
Exploration and evaluation expenses	**8**	**1,782,119**	1,176,264
Filing and regulatory fees		**37,533**	53,636
General administrative costs		**48,277**	107,210
Professional fees		**104,724**	67,938
Rent and utilities		**101,626**	115,923
Share-based payments	**10, 11**	**364,631**	66,775
Shareholder communication and travel		**388,111**	375,147
Wages and benefits	**11**	**342,838**	407,336
		(3,169,859)	(2,370,229)
Gain on debt settlement		**-**	102,000
Interest expense		**-**	(2,021)
Impairment of exploration and evaluation assets		**(2,000,000)**	-
Loss and comprehensive loss		**(5,169,859)**	(2,270,250)
Loss per share			
- Basic and diluted		**(0.11)**	(0.11)
Weighted average number of shares outstanding			
- Basic and diluted		**45,839,876**	20,967,523

Copper North Mining Corp.
Consolidated Statements of Cash Flows
Years ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

	2017	2016
	$	$
Cash flows (used in) provided by		
Operating activities		
Net loss	**(5,169,859)**	(2,270,250)
Items not affecting cash		
Write-off of exploration and evaluation assets	**2,000,000**	-
Share-based payments	**364,631**	66,775
Gain on settlement of due to related parties	**-**	(102,000)
Net change in non-cash working capital items		
Prepaid expenses	**82,578**	95,487
Accounts receivable	**(37,580)**	9,289
Accounts payable and accrued liabilities	**(185,664)**	555,441
	(2,945,894)	(1,645,258)
Financing activities		
Issuance of common shares and units	**3,193,140**	1,459,420
Share and unit issuance costs	**(164,985)**	(72,731)
	3,028,155	1,386,689
Investing activities		
Acquisition of exploration and evaluation assets	**(25,000)**	(25,000)
Purchase of reclamation bond	**(5,000)**	-
	(30,000)	-
Change in cash	**52,261**	(283,569)
Cash, beginning of year	**178,223**	461,792
Cash, end of year	**230,484**	178,223

	2017	2016
Supplemental cash flow information		
Shares issued for acquisition of exploration and evaluation assets	**8,000**	15,000

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

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, 2015	**17,870,758**	**35,399,588**	**1,852,012**	**(17,872,247)**	**19,379,353**
Private placements					
Share and unit issuance	9,355,715	1,459,420	-	-	1,459,420
Share and unit issuance costs	-	(106,477)	33,746	-	(72,731)
Allocation of warrant value	-	(313,299)	313,299	-	-
Shares issued for mineral property	100,000	15,000	-	-	15,000
Extension of warrants	-	(4,081)	4,081	-	-
Share-based payments	-	-	66,775	-	66,775
Loss and comprehensive loss	-	-	-	(2,270,250)	(2,270,250)
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 mineral property	100,000	8,000	-	-	8,000
Share-based payment	-	-	364,631	-	364,631
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**

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. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

At December 31, 2017, the Company had a working capital deficit of $636,543 and has not yet achieved profitable operations and had an accumulated deficit of $25,312,356. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to develop its mineral property interests and to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. As part of its ongoing strategic plan the Company is exploring financing opportunities including equity financings and strategic partner arrangements. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Subsequent to December 31, 2017 the Company closed a private placement for gross proceeds of $80,801 (Note 17).

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 and interpretations of the IFRS Interpretations Committee. 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 26, 2018.

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

(i) 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.

(ii) 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.

(iii) 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

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

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

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

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

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

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. Accounting standards issued but not yet effective

The standards and interpretations that are issued up to the date of issuance of the Company's financial statements and applicable to the Company, but were not effective during the year ended December 31, 2017, are disclosed below.

a) IFRS 9 Financial Instruments
This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is mandatory for annual periods beginning on or after 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. . The adoption of this standard is not expected to have a material measurement or disclosure impact on the Company's financial statements.

b) IFRS 16 Leases
This standard 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. The adoption of IFRS 16 is expected to increase the leased assets and liabilities on the Statement of Financial Position of the Company through the recognition of a right to use asset and lease liability arising from the Company's current office lease commitments.

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 Company's management has made an assessment of the Company's ability to continue as a going concern. The factors considered by management are disclosed in Note 2.

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

Management reviewed exploration and evaluation assets for the year ended December 31, 2017 and noted the Redstone property had impairment indicators. Management made an assessment of the net recoverable amount of the property and wrote the carrying value down to $Nil. (Refer to Note 7).

Management reviewed exploration and evaluation assets for the year ended December 31, 2016 and noted there were no impairment indicators.

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

(Expressed in Canadian dollars)

7. Exploration and evaluation assets

	Carmacks	Redstone	Thor	Total
	$	$	$	$
Balance, December 31, 2015	17,143,325	2,000,000	138,412	19,281,737
Additions - cash	-	-	25,000	25,000
Additions – common shares	-	-	15,000	15,000
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**

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, 2017, $1.4 million has been paid in advance royalty payments. The Company is required to make an advance royalty payment of $100,000 in any year in which the average daily copper price reported by the London Metal Exchange is US$1.10 per pound or greater.

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"). Pursuant to the acquisition agreement, the Company will earn 100% interest in the Thor property by making certain payments and incurring certain exploration expenditures. If the Company fails to make a scheduled payment of cash or common shares, it will retain no interest in the Thor property.

(Expressed in Canadian dollars)

On September 6, 2017 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	*Completed*
$100,000	October 1, 2017	*Deferred**
$100,000	October 1, 2018	-
$100,000	October1, 2019	-
$100,000	October1, 2020	-

**The Company has communicated with Electrum to delay the October 1, 2017 payment under the amended agreement and no default notice has been issued.*

Payment – Common Shares	Date	Status
100,000	July 8, 2014	*Completed*
100,000	June 27, 2016	*Completed*
100,000	June 27, 2017	*Completed*
200,000	October 1, 2018	-
200,000	October 1, 2019	-

Cumulative Exploration Expenditures	Date	Status
$200,000	June 27, 2015	*Completed*
$700,000	October 1, 2016	*Completed*
$1,500,000	October 1, 2018	-
$2,500,000	October 1, 2019	-
$3,500,000	October 1, 2020	-
$5,000,000	October 1, 2021	-

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 (which is, respectively, in 2021, 2022, 2023, 2024 and 2025) if commercial production is not attained in respect of the Thor Property before those dates. Advance royalty payments are deductible from the maximum amount payable pursuant to the net smelter return royalty.

A deposit of $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:

(Expressed in Canadian dollars)

- 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 of $Nil as the Company has no plans for the property in the near future.

8. Exploration and evaluation expenditures

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**

During the year ended December 31, 2016, the Company incurred the following exploration expenditures, which were expensed as incurred:

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

9. Accounts payable and accrued liabilities

	December 31, 2017	December 31, 2016
	$	$
Accounts payables and accrued liabilities	772,680	892,230
Related party payables	284,220	350,334
	1,056,900	**1,242,564**

(Expressed in Canadian dollars)

10. Share capital

a) Authorized
Unlimited common shares without par value.

b) Financings
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.

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**

(Expressed in Canadian dollars)

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

On October 4, 2016 and October 12, 2016, the Company issued 715,000 flow-through common shares at $0.17 and 1,050,000 units at $0.15 respectively for gross proceeds of $279,050. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.25 until October 12, 2018. The Company incurred share issuance costs of $4,945 with respect to this financing.

On July 21, 2016, the Company issued 1,730,000 units at a price of $0.15 per unit and 325,882 flow-through shares at a price of $0.17 per share for gross proceeds of $314,900. Each unit consists of one common share of the Company and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.25 until July 21, 2018. The Company incurred share issuance costs of $6,341 with respect to this financing

On June 30, 2016 the Company issued 1,726,666 units at a price of $0.15 per unit and issued 980,000 flow-through shares at a price of $0.17 per flow-through share for total gross proceeds of $425,600. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.25 until June 30, 2018. The Company incurred share issuance costs of $23,243 and issued 186,666 broker warrants in connection with the financings. Each broker warrant entitles the holder to purchase one share at a price of $0.25 until June 30, 2018.

On April 1, 2016, the Company issued 454,167 units at a price of $0.30 for gross proceeds of $136,250. Each unit consisted of one common share of the Company and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.50 until April 1, 2018. The Company incurred share issuance costs of $4,003 with respect to this financing.

The fair value assigned to the warrants noted above was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Inputs and assumptions	December 28, 2016	October 12, 2016	July 21, 2016	June 30, 2016	April 1, 2016
Warrants issued	294,310	525,000	1,730,000	1,913,332	454,167
Exercise price	$0.16	$0.25	$0.25	$0.25	$0.50
Expected term, in years	2	2	2	2	2
Expected stock price volatility	165%	164%	161%	165%	165%
Average risk-free interest rate	1.0%	1.0%	1.0%	1.0%	1.0%
Expected dividend yield	-	-	-	-	-
FAIR VALUE ASSIGNED	**$21,000**	**$40,900**	**$106,400**	**$129,443**	**$53,150**

(Expressed in Canadian dollars)

c) Stock options

The balance of options outstanding and related information for the year ended December 31, 2017 and 2016 are as follows:

	Number of options	**Weighted average exercise price (per share)**	**Weighted average remaining life (years)**
Balance, December 31, 2015	1,011,750	$1.00	
Granted	335,000	$0.20	
Expired	(126,250)	$3.20	
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
Unvested	(45,000)	$0.20	3.59
Exercisable, December 31, 2017	**5,219,000**	**$0.16**	**4.17**

During the year ended December 31, 2017 the Company recorded share-based payments expense of $364,631 (2016 - $66,775). The weighted average fair value of the options granted during the year was $0.08 (2016 - $0.16). During the year ended December 31, 2017 all options granted vested immediately.

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

	2017	**2016**
Risk free interest rate	1.35%	1.00%
Expected life	5 years	5 years
Expected volatility	126%	148%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

The balance of options outstanding as at December 31, 2017 was as follows:

Stock options outstanding, by exercise price	**Number of Stock options**	**Average remaining contractual life (years)**
$0.085 – $0.20	4,535,000	4.46
$0.50 – $0.60	694,000	2.37
$0.70 – $0.80	35,000	1.53
	5,264,000	**4.16**

(Expressed in Canadian dollars)

d) Share purchase warrants

The balance of warrants outstanding and related information for the year ended December 31, 2017 and 2016 are as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, December 31, 2015	4,366,078	$0.70	
Issued	4,916,809	$0.27	
Expired	(637,397)	$1.06	
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**

The balance of warrants outstanding as at December 31, 2017 was as follows:

Warrants outstanding, by exercise price	Number of warrants	Average remaining contractual life (year)
$0.06	346,720	1.82
$0.12	61,740	1.99
$0.15	2,080,000	2.14
$0.16	169,310	0.99
$0.25	4,293,332	0.57
$0.50	2,252,566	2.34
	9,203,668	**1.42**

11. Related party transactions

Compensation paid or payable to directors and officers, who are the key management of the Company, for services provided or earned during the years ended December 31, 2017 and 2016 was as follows:

	2017	2016
	$	$
Salaries and director fees	408,739	436,000
Professional fees	22,240	38,362
Share-based payments	285,601	39,881
	716,580	**514,243**

Included in accounts payable and accrued liabilities as at December 31 2017 was $284,220 (2016 - $350,334) due to directors and officers of the Company. The amounts due to related parties are non-interest bearing and payable on demand.

Certain current and former officers and directors have agreed to defer some, or all, of their salary. The Company has accrued these wages in the consolidated statement of loss and comprehensive loss. During the year ended December 31, 2017, the Company accrued $211,887 (2016 - $154,000) in wages to officers and $8,739 in director fees (2016 - $36,000). During the year ended December 31, 2017 the

(Expressed in Canadian dollars)

Company repaid $303,173 in officers accrued salary (2016 - $60,000). During the year ended December 31, 2016 the Company received a forgiveness letter for $102,000 of past due directors fees.

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.

13. Commitments

In addition to any commitments relating to exploration and evaluation assets (Note 7), 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 sub-lease commitment is as follows:

Fiscal year ended December 31, 2018	$90,967
Fiscal year ended December 31, 2019	$90,967
Fiscal year ended December 31, 2020	$37,903

The Company must spend $74,970 on qualifying Canadian exploration expenditures by December 31, 2018. 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.

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:

	2017	2016
Statutory tax rate	**26%**	**26%**
	$	**$**
Loss for the year before taxes	5,169,859	2,270,250
Expected income tax recovery at statutory rate	1,344,163	590,265
Add (deduct)reconciling items:		
Non-deductible expenditures for tax	(614,804)	(17,362)
Flow-through share renunciation	(98,488)	(228,663)
Change in tax rate	3,117	9,534
Share issuance costs	42,896	18,910
Income tax benefit not recognized	(676,884)	(372,684)
Income tax recovery as booked	-	-

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:

(Expressed in Canadian dollars)

	2017	2016
	$	$
Unused cumulative exploration and development costs	1,557,738	1,262,953
Operating losses carried forward	2,028,897	1,659,529
Other items	66,872	43,755
Unrecognized net deferred tax assets	3,653,507	2,966,237

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 $7,514,617 as at December 31, 2017 (2016 - $6,188,823) and will expire between 2031 and 2037.

The Company has approximately $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 and the Thor property. Its principal source of funds is the issuance of common shares. The Company considers capital to be equity attributable to common shareholders, comprised of share capital, contributed surplus, and deficit. It is the Company’s objective to safeguard its ability to continue as a going concern so that it can continue to explore and develop its projects. As at December 31, 2017, 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 instrument risk

The Company’s financial instruments consist of cash, accounts receivable, reclamation bond and accounts payable and accrued liabilities. 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 1).

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

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.