Copper North Mining Corp.

Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2016

(Unaudited – prepared by management)
(Expressed in Canadian dollars)

NOTICE TO READER:
These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors. These statements have been prepared by and are the responsibility of the Company's management. This notice is being provided in accordance with National Instrument 52-102 – Continuous Disclosure Obligations.

(Expressed in Canadian dollars)

CONSOLIDATED BALANCE SHEETS

	Note	June 30, 2016	December 31, 2015 $
ASSETS			
Cash and cash equivalents	4b	380,350	461,792
Prepaid expenses		223,678	316,320
Accounts receivable		10,666	23,327
CURRENT ASSETS		614,694	801,439
Reclamation bonds	3	85,300	85,300
Exploration and evaluation assets	3	19,296,737	19,281,737
ASSETS		**19,996,731**	**20,168,476**
LIABILITIES			
Accounts payable and accrued liabilities		360,733	344,560
Due to related parties	6c	596,165	444,563
LIABILITIES		**956,898**	**789,123**
SHAREHOLDERS' EQUITY			
Share capital	4	35,784,184	35,399,588
Contributed surplus		2,041,582	1,852,012
Deficit		(18,785,933)	(17,872,247)
SHAREHOLDERS' EQUITY		**19,039,833**	**19,379,353**
LIABILITIES AND SHAREHOLDERS' EQUITY		**19,996,731**	**20,168,476**

Nature of operations and going concern	1
Commitments	8
Subsequent events	3b, 4b

Approved by the Board of Directors

Bill LeClair (signed) Director   *Dale Corman (signed)* Director

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note	2016 $	2015 $	2016 $	2015 $
Exploration and evaluation expenses	3e	150,363	529,566	299,615	754,411
Filing and regulatory fees		35,676	28,788	44,272	36,920
General administrative expenses		15,979	37,544	78,334	55,440
Professional fees		6,084	11,123	9,507	24,306
Rent and utilities		28,791	27,758	57,582	55,163
Share-based payments	6, 7c	12,091	14,336	24,563	32,075
Shareholder communication and travel		102,577	85,416	193,210	250,053
Wages and benefits	7c	108,221	121,712	204,899	251,245
OPERATING EXPENSES		**459,782**	**856,243**	**911,982**	**1,459,613**
Interest expense	7b	1,704	3,473	1,704	6,573
LOSS AND COMPREHENSIVE LOSS		**461,486**	**859,716**	**913,686**	**1,466,186**
Basic and diluted loss per share		0.03	0.10	0.05	0.10
Weighted average number of common shares outstanding		18,328,252	12,744,055	18,098,238	13,275,705

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30,	Note	2016	2015
Cash flows provided by (used in)		$	$
OPERATING ACTIVITIES			
Loss and comprehensive loss		(913,686)	(1,466,186)
Items not affecting cash			
Share-based payments		24,563	32,075
Change in non-cash working capital items		273,078	(179,021)
OPERATING ACTIVITIES		**(616,045)**	**(1,613,132)**
FINANCING ACTIVITIES			
Issuance of common shares and units		561,850	1,744,979
Share and unit issuance costs		(27,247)	(26,787)
Exercise of warrants	5a	-	210,000
FINANCING ACTIVITIES		**534,603**	**1,928,192**
CHANGE IN CASH AND CASH EQUIVALENTS		**(81,442)**	**315,060**
Cash and cash equivalents – Beginning		461,792	478,357
CASH AND CASH EQUIVALENTS - ENDING		**380,350**	**793,417**

(Expressed in Canadian dollars)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Shares	Share Capital $	Contributed Surplus $	Deficit $	Shareholders' Equity $
DECEMBER 31, 2014	**11,649,720**	**32,778,755**	**1,240,700**	**(14,946,174)**	**19,073,281**
Private Placement (note 4b)					
Share and unit issuance	2,969,300	1,781,579	-	-	1,781,579
Share and unit issuance costs	-	(68,787)	5,400	-	(63,387)
Allocation of warrant value	-	(266,000)	266,000	-	-
Warrant exercises (note 5a)	350,000	210,000	-	-	210,000
Allocation of warrant exercise value	-	115,500	(115,500)	-	-
Share-based payments	-	-	32,075	-	32,075
Loss and comprehensive loss	-	-	-	(1,466,186)	(1,466,186)
JUNE 30, 2015	**14,969,020**	**34,551,047**	**1,428,675**	**(16,412,360)**	**19,567,362**
Private placements					
Share and unit issuance	2,270,732	1,068,180	-	-	1,068,180
Share and unit issuance costs	65,000	(7,510)	6,100	-	(1,410)
Allocation of warrant value	-	(380,000)	380,000	-	-
Shares for debt settlement (note 4c)					
Share issuance	566,000	169,800	-	-	169,800
Share issuance costs	-	(1,929)	-	-	(1,929)
Share-based payments	-	-	37,237	-	37,237
Loss and comprehensive loss	-	-	-	(1,459,887)	(1,459,887)
DECEMBER 31, 2015	**17,870,752**	**35,399,588**	**1,852,012**	**(17,872,247)**	**19,379,353**
Private placements					
Share and unit issuance	3,160,833	561,850	-	-	561,850
Share and unit issuance costs	-	(38,204)	10,957	-	(27,247)
Allocation of warrant value	-	(154,050)	154,050	-	-
Shares issued for mineral property	100,000	15,000	-	-	15,000
Share-based payments	-	-	24,563	-	24,563
Loss and comprehensive loss	-	-	-	(913,686)	(913,686)
JUNE 30, 2016	**21,131,584**	**35,784,184**	**2,041,582**	**(18,785,933)**	**19,039,833**

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of operations

Copper North Mining Corp. (together with its subsidiaries, "Copper North" or the "Company") was incorporated in British Columbia, Canada on August 3, 2011 and is directly engaged in the exploration and development of mineral properties in Canada.

Copper North began trading on the TSX Venture Exchange on October 24, 2011. The Company's head office is located at 1120 – 1095 West Pender Street, Vancouver, BC.

b) Going concern

The nature of the Company's operations requires significant expenditures for the acquisition, exploration, and development of mineral properties. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage. The Company's operations have been primarily funded from equity financings. The Company will continue to require additional funding to maintain its ongoing exploration programs, permitting efforts, advance royalty and property maintenance payments, and operations.

While these condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events result in a material uncertainty casting significant doubt on the validity of this assumption. For the six months ended June 30, 2016, the Company reported a loss of $452,200 and as at that date had a working capital deficit of $342,204 and an accumulated deficit of $18,785,933. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from equity transactions or through other arrangements. The Company has been successful in securing financing in the past, but there can be no assurance that it will be able to do so in the future. Details of the financing transaction completed subsequent to June 30, 2016 are described in note 4b.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumptions deemed to be inappropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

a) Compliance with International Financial Reporting Standards

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standard 34 - Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved for issue by the Company's board of directors on August 25, 2016.

b) Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant items that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, environmental obligations, the valuation of share-based payments, and the allocation of financing proceeds. Actual results could differ from those estimates. Differences may be material.

The recoverability of the carrying value of exploration and evaluation assets is dependent upon a number of factors including the existence of economically recoverable reserves and the Company's ability to secure and maintain title and beneficial interest in the properties, to obtain the necessary financing to continue the exploration and future development of the properties, or to realize the carrying amount through a sale or partial disposal. Realization values may be substantially different from carrying values.

The fair value estimates used to assess recoverability of the Company's exploration and evaluation asset carrying values are developed using management's projections for long-term average commodity prices for copper, gold and silver; recoverable reserves and resources; operating costs; capital expenditures; reclamation costs; applicable foreign currency exchange rates; and potential sale proceeds. Management makes estimates relating to current and future market conditions. There are inherent uncertainties related to these factors and management's judgment when using them to assess the recoverability of exploration and evaluation assets.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, or title may be affected by undetected defects.

The Company believes that the estimates applied in the assessment of recoverability are reasonable; however such estimates are subject to significant uncertainties and judgments. Although management has made its best estimate of these factors based on current conditions, it is possible that the underlying assumptions can change significantly and impairment charges may be required in future periods. Such charges could be material.

(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS

a) Carmacks (Yukon, Canada)

The Company owns 100% of the Carmacks Project, an oxide copper, gold, and silver deposit located in Yukon, Canada.

Any production from the Carmacks Project is subject to either a 15% net profits interest or a 3% net smelter return royalty, at Copper North's election. If Copper North elects to pay the net smelter return royalty, it has the right to purchase the royalty for $2.5 million, less any advance royalty payments made to that date. At March 31, 2016, $1.3 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. The security will be released once the Company performs its obligations pursuant to its Quartz Mining License.

b) Thor (British Columbia, Canada)

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

On July 8, 2014, Copper North entered into an acquisition agreement with Electrum Resource Corporation ("Electrum"). Pursuant to the acquisition agreement, the Company will earn 100% interest in the Thor property by making certain payments in cash and common shares and incurring certain exploration expenditures. If the Company fails to make a scheduled payment of cash or common shares, or meet the expenditure requirements, it will retain no interest in the Thor property.

On May 11, 2016, Copper North amended certain terms of its acquisition agreement with Electrum. The terms of the agreement subsequent to the amendment are as follows:

Payment – Cash	Date	Status
$25,000	July 8, 2014	*Completed*
$50,000	June 27, 2015	*Completed*
$50,000	August 1, 2016	*Paid $25,000**
$100,000	June 27, 2017	-
$100,000	June 27, 2018	-
$100,000	June 27, 2019	-
$100,000	June 27, 2020	-

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

(Expressed in Canadian dollars)

Cumulative Exploration Expenditures	Date	Status
$200,000	June 27, 2015	*Completed*
$700,000	October 1, 2016	-
$1,500,000	October 1, 2017	-
$2,500,000	October 1, 2018	-
$3,500,000	October 1, 2019	-
$5,000,000	October 1, 2020	-

**Subsequent to June 30, 2016 the Company paid $25,000 and Electrum has verbally agreed to postpone the additional $25,000 cash payment until October 31, 2016.*

In addition to the above, Electrum will receive a 2% net smelter return royalty to a maximum of $5 million. The Company agrees to pay an advanced royalty payment of $1 million at each of the seventh, eighth, ninth, tenth and eleventh anniversaries of the acquisition agreement if commercial production is not attained in respect of the Thor Property before those dates. Advance royalty payments are deductible from the maximum amount payable pursuant to the net smelter return royalty.

A deposit of $5,000 is held by the Government of British Columbia to cover reclamation costs for the work performed to date on the property.

c) Redstone (Northwest Territories, Canada)

Copper North owns 100% of the Redstone property. The Redstone property comprises mining leases and mineral claims in the western part of the Northwest Territories. Should production be achieved on the mining leases, the mining leases are subject to a net smelter return royalty of between 3% and 4% depending on the monthly average of the final daily spot price of copper reported on the New York Commodities Exchange relating to each production month, as follows:

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

d) Acquisition costs

	Carmacks $	Redstone $	Thor $	Total $
DECEMBER 31, 2014	17,143,325	2,000,000	88,412	19,231,737
Property option payment	-	-	50,000	50,000
DECEMBER 31, 2015	17,143,325	2,000,000	138,412	19,281,737
Property option payment	-	-	15,000	15,000
JUNE 30, 2016	**17,143,325**	**2,000,000**	**153,412**	**19,296,737**

(Expressed in Canadian dollars)

e) Exploration and evaluation expenditures

Three months ended	Carmacks	Redstone	Thor	Total
	$	$	$	$
Claims maintenance	381	-	-	381
Engineering studies	58,227	-	-	58,227
Exploration and camp support	46,305	405	5,000	51,755
Salary and wages	36,000	-	4,000	40,000
JUNE 30, 2016	**140,913**	**450**	**9,000**	**150,363**

Three months ended	Carmacks	Redstone	Thor	Total
	$	$	$	$
Advance royalty	100,000	-	-	100,000
Claims maintenance	-	31,234	500	31,734
Engineering studies	171,421	-	-	171,421
Exploration and camp support	184,885	56	1,470	186,411
Salary and wages	32,000	2,000	6,000	40,000
JUNE 30, 2015	**488,306**	**33,290**	**7,970**	**529,566**

Six months ended	Carmacks	Redstone	Thor	Total
	$	$	$	$
Claims maintenance	8,806	-	2,250	11,056
Engineering studies	135,474	-	-	135,474
Exploration and camp support	58,035	950	14,100	73,085
Salary and wages	74,000	-	6,000	80,000
JUNE 30, 2016	**276,315**	**950**	**22,350**	**299,615**

Six months ended	Carmacks	Redstone	Thor	Total
	$	$	$	$
Advance royalty	100,000	-	-	100,000
Claims maintenance	15,485	31,234	3,292	50,011
Engineering studies	334,160	-	-	334,160
Exploration and camp support	185,514	106	4,620	190,240
Salary and wages	66,000	4,000	10,000	80,000
JUNE 30, 2015	**701,159**	**35,340**	**17,912**	**754,411**

(Expressed in Canadian dollars)

SHARE CAPITAL

f) Authorized share capital

Unlimited common shares without par value

During the three months ended June 30, 2016 the Company's shareholders approved a share consolidation on a 10:1 basis. All historical figures in these condensed interim financial statements have been re-stated to reflect this consolidation

g) Financing

i) On July 21, 2016, the Company completed a private placement of 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.

ii) On June 30, 2016 Copper North issued 1,726,666 units at a price of $0.15 per unit for gross proceeds of $259,000 and issued 980,000 flow-through shares at a price of $0.17 per FT Share for gross proceeds of $166,600. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.25 until June 30, 2018. The Company issued 88,666 and 98,000 broker warrants in connection with the financings respectively. Each broker warrant entitles the holder to purchase one share at a price of $0.25 until June 30, 2018. The Company incurred other share issuance costs of $23,243 with respect to this financing.

The fair value assigned to the warrants of the unit offering was $103,600. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	98%
Expected term, in years	5.0
Average risk-free interest rate	1.00%
Expected dividend yield	-

The fair value assigned to the broker warrants was $10,957. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	98%
Expected term, in years	2.0
Average risk-free interest rate	1.00%
Expected dividend yield	-

ii) On April 1, 2016, Copper North 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 other share issuance costs of $4,003 with respect to this financing.

(Expressed in Canadian dollars)

The fair value assigned to the warrants was $50,450. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	98%
Expected term, in years	5.0
Average risk-free interest rate	1.00%
Expected dividend yield	-

iii) On June 25, 2015, Copper North completed a non-brokered private placement of 853,335 flow-through shares at a price of $0.60 per common share and 188,130 units of the Company at a price of $0.60 per unit for total gross proceeds of $62,488. Each unit consists of one common share and one half of one non-transferable warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder to purchase one additional share at a price of $0.90 until June 25, 2017. Julien Francois, former Chief Financial Officer of the Company, purchased 50,000 units of the private placement.

The fair value assigned to the Warrants was $27,000. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	168.6%
Expected term, in years	2.0
Average risk-free interest rate	0.62%
Expected dividend yield	-

In connection with the private placement, the Company issued 50,000 shares as finders’ fees related to the flow-through shares.

iv) On June 8, 2015, Copper North completed a non-brokered private placement of 83,333 flow-through shares at a price of $0.60 per common share and 778,500 units of the Company at a price of $0.60 per unit for total gross proceeds of $517,100. Each unit consists of one common share and one half of one non-transferable warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder to purchase one additional share at a price of $0.90 until June 8, 2017. Harlan Meade, Chief Executive Officer of the Company, purchased 38,500 units of the private placement.

The fair value assigned to the Warrants was $119,000. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	170.0%
Expected term, in years	2.0
Average risk-free interest rate	0.63%
Expected dividend yield	-

In connection with the private placement, the Company issued 6,000 Finders Shares related to the units and 5,000 Finders Shares related to the flow-through shares.

v) On March 19, 2015, Copper North completed a non-brokered private placement of 530,000 units of the Company at a price of $0.60 per unit for gross proceeds of $318,000. Each unit consists of one common share and one half of one non-transferable warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder to purchase one additional common share at a price of $0.90 until March 19, 2017. Dale Corman, Chairman of the Company, purchased 170,000 units of the private placement.

(Expressed in Canadian dollars)

The fair value assigned to the Warrants was $69,000. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	135.2%
Expected term, in years	2.0
Average risk-free interest rate	0.48%
Expected dividend yield	-

In connection with the private placement, the Company issued 17,000 finders' warrants. The finders' warrants have the same terms as the Warrants and their valuation was calculated using the same assumptions. The value assigned to the finders' warrants was $5,400.

vi) On February 3, 2015, Copper North completed a non-brokered private placement of 475,000 units of the Company at a price of $0.60 per unit for gross proceeds of $285,000. Each unit consists of one common share and one half of one non-transferable warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of $0.90 until February 3, 2017. Harlan Meade, Chief Executive Officer of the Company, purchased 33,500 units of the private placement.

The fair value assigned to the Warrants was $51,000. The fair value was calculated using the Black-Scholes option pricing model and was based on the following assumptions:

Expected stock price volatility	105.0%
Expected term, in years	2.0
Average risk-free interest rate	0.43%
Expected dividend yield	-

h) Shares for debt

On December 29, 2015, Copper North issued 566,000 common shares at a deemed price of $0.50 per common share in settlement of $283,000 payable to certain vendors. The fair market value of these shares on the date of issue was $169,800. As a result, the Company recorded a gain on debt settlement of $113,200 in the statement of loss and comprehensive loss for the year ended December 31, 2015.

(Expressed in Canadian dollars)

4. WARRANTS AND STOCK OPTIONS

a) Warrants

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

	Number of Warrants	Weighted average exercise price $
DECEMBER 31, 2014	1,781,897	0.80
Issued	3,110,682	0.60
Exercised	(350,000)	0.60
Expired	(176,500)	0.50
DECEMBER 31, 2015	**4,366,079**	**0.70**
Issued	2,367,499	0.22
Expired	(618,000)	0.70
JUNE 30, 2016	**6,115,578**	**$0.51**

Warrants outstanding are as follows:

Warrants outstanding, by exercise price	Number of warrants	Average remaining contractual life in years
$0.15	1,913,332	5.00
$0.50 – 0.60	2,630,782	3.99
$0.80 – 0.90	1,491,464	0.61
$2.80	80,000	0.38
JUNE 30, 2016	**6,115,578**	**3.44**

b) Stock options

The Company has a stock option plan that permits the grant of stock options for the purchase of up to 10% of the issued and outstanding common shares of the Company to directors, officers, employees, and consultants. Terms and pricing of stock options are determined in accordance with the stock option plan.

(Expressed in Canadian dollars)

A summary of the Company's stock options outstanding, including the changes for the periods then ended, is presented below:

	Number of Stock options	Weighted average exercise price $
DECEMBER 31, 2014	628,583	1.30
Granted	415,000	0.50
Expired	(31,833)	1.00
DECEMBER 31, 2015 and JUNE 30, 2016	**1,011,750**	**1.00**

Subsequent to June 30, 2016 the Company granted 335,000 options with an exercise price of $0.20 and an expiry of 5 years from the date of grant and a total of 51,250 options with an exercise price of $3.20 expired unexercised.

Stock options outstanding are as follows:

Stock options outstanding, by exercise price	Number of Stock options	Weighted average exercise price $	Average remaining contractual life years
$0.50 – 0.80	780,000	0.60	3.84
$1.00 – 2.40	130,000	1.80	0.72
$2.70 – 3.20	101,750	3.10	0.27
JUNE 30, 2016	**1,011,750**	**1.00**	**3.10**

Of the total stock options outstanding, 655,082 were vested and exercisable at June 30, 2016. The weighted average exercise price of vested stock options is $1.20 and the average remaining contractual life is 2.49 years.

5. RELATED PARTY TRANSACTIONS

a) Deferred salary

Certain current and former officers and directors have agreed to defer some, or all, of their salary. The Company has accrued these wages in the statement of loss. During the three and six months ended June 30, 2016, the Company accrued $64,651 and $133,602 respectively (June 30, 2015 - $20,000 and $20,000 respectively) in wages to officers and $9,000 and $18,000 respectively in director fees (June 30, 2015 - $9,000 and $18,000 respectively).

During the year ended December 31, 2015, the Company repaid $54,798 due to Julien François, Chief Financial Officer, in cash. Of this amount, $3,965 was interest. Also during the year ended December 31, 2015, Copper North repaid $100,000 due to Sally Eyre, the Company's previous Chief Executive Officer by making a cash payment of $27,000 and issuing 146,000 common shares with a deemed value of $0.50 per common share. Effective December 31, 2015, amounts due to Ms. Eyre no longer accrue interest.

(Expressed in Canadian dollars)

b) Management compensation

The Company's related parties include its directors and officers, who are the key management of the Company. The remuneration of directors and officers during the years presented was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	$	$	$	$
Salaries and director fees	121,500	111,500	243,000	233,000
Share-based payments	9,450	12,217	19,223	24,947
DIRECTOR AND OFFICER REMUNERATION	**130,950**	**123,717**	**262,223**	**257,947**

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

c) Due to related parties

As at	June 30, 2016	December 31, 2015
	$	$
Wages and salary	428,948	295,346
Interest	23,217	23,217
Director fees	144,000	126,000
DUE TO RELATED PARTIES	**596,165**	**444,563**

Amounts due to related parties are non-interest bearing and payable on demand.

6. SEGMENTED INFORMATION

The Company's operations are primarily directed towards the acquisition, exploration, and future development of resource properties in Canada. All assets are held in Canada.

7. COMMITMENTS

The Company has an agreement to sub-lease its head office space until May 31, 2017. The total amount of payments remaining during the course of the agreement as at June 30, 2016 is $104,500. The Company has the option to terminate the sub- lease without penalty by providing the sub-lessor 90 days' notice.

The Company must spend $30,640 and $166,600 on qualifying Canadian exploration expenditures by December 31, 2016 and 2017 respectively. Otherwise, it will be required to pay the investors who purchased flow-through shares the difference between the amount of tax benefit that they would have realized had the Company incurred all expenditures and the amount that the investors actually realized.

Other commitments related to exploration and evaluation assets are described in note 3.

8. CAPITAL MANAGEMENT

Copper North is a mineral exploration and development company focusing on advancing the Carmacks Project, the Thor property and the Redstone property. Its principal source of funds is the issuance of common shares. The Company considers capital to be equity attributable to common shareholders, comprised of share capital, contributed surplus, and deficit. It is the Company's objective to safeguard its ability to continue as a going concern so that it can continue to explore and develop its projects. As at June 30, 2016, certain conditions and events cast significant doubt upon the Company's ability to continue as a going concern. Refer to note 1(b) and note 4(b) 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.

9. FINANCIAL INSTRUMENT RISK

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to liquidity and credit risks from the use of financial instruments. Financial instruments consist of cash and cash equivalents, accounts receivable, reclamation bond, amounts due to related parties, and accounts payable and accrued liabilities.

a) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. Certain conditions cast significant doubt on the Company's ability to meet its financial obligations. Refer to note 1(b) for more information regarding the Company's liquidity risk.

b) Credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. These financial instruments are at risk to the extent that the institutions issuing or holding them cannot redeem amounts when they are due or requested. To limit its credit risk, the Company deposits cash and cash equivalents in Canadian chartered banks.