



COPPER LAKE
RESOURCES LTD

Condensed Interim Financial Statements

**For the Three and Six Months Ended
April 30, 2017**

(Expressed in Canadian dollars)

Unaudited – Prepared by Management

Copper Lake Resources Ltd.

The accompanying unaudited condensed interim financial statements of Copper Lake Resources Ltd. for the three and six months ended April 30, 2017 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that these unaudited condensed interim financial statements have not been reviewed by its auditor.

Copper Lake Resources Ltd.
Condensed Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	Notes	April 30, 2017	October 31 2016
		\$	\$
ASSETS			
Current assets			
Cash		12,693	161,977
Restricted cash	8	118,390	118,390
HST receivable		4,011	24,425
Deposits and prepaids		7,170	2,457
		142,264	308,249
Exploration and evaluation assets	3	6,003,310	5,870,994
Total assets		6,145,574	6,179,243
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		343,037	324,821
Advances from shareholders		-	10,340
		343,037	355,161
Convertible debenture	4	157,370	365,095
Shareholders' equity			
Capital stock	6	14,943,844	14,588,021
Equity component of convertible debt	4	67,394	165,659
Share-based payments reserve		289,535	289,535
Deficit		(9,655,606)	(9,564,228)
		5,645,167	5,478,097
Total liabilities and shareholders' equity		6,145,574	6,179,243

Going concern (Note 1)
Subsequent event (Note 8)

On behalf of the Board:

"Terrence MacDonald" Director

"Gary O'Connor" Director

The accompanying notes are an integral part of these condensed interim financial statements

Copper Lake Resources Ltd.
Condensed Interim Statements of Comprehensive Loss

(Unaudited)

(Expressed in Canadian dollars, except per share amounts)

	Notes	Three months ended April 30		Six months ended April 30	
		2017	2016	2017	2016
		\$	\$	\$	\$
Expenses					
Accretion of interest on convertible debentures		6,760	-	13,833	-
Gain on settlement of debt		-	-	(4,614)	-
Interest	5	15,004	14	30,874	244
Investor relations		7,000	-	10,500	-
Management fees	5	-	2,000	-	53,500
Office and general		3,604	462	6,107	1,209
Professional fees		6,820	(741)	17,064	14,480
Rent	5	-	500	-	2,500
Share-based compensation	5	-	59,625	-	59,625
Transfer agent and regulatory		6,641	10,842	12,596	15,504
Travel		5,018	-	5,018	4,237
Net loss and comprehensive loss for the period		\$50,847	\$72,702	\$91,378	\$151,299
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average common Shares outstanding		94,240,912	48,464,282	94,115,912	46,640,032

The accompanying notes are an integral part of these condensed interim financial statements.

Copper Lake Resources Ltd.
Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited)

(Expressed in Canadian dollars)

	Capital stock		Share-based payments reserve	Equity component of convertible debt	Deficit	Total
	Shares	Amount				
		\$	\$	\$	\$	\$
Balance, October 31, 2015	41,266,282	11,745,046	135,411	-	(9,233,718)	2,646,739
Issued in connection with debt settlement	7,000,000	350,000	46,692			396,692
Advance share subscriptions		(5,000)				(5,000)
Private placement	198,000	9,900				9,900
Share-based payments			59,625			59,625
Equity component of convertible debt				134,155		134,155
Net loss and comprehensive loss for the period	-	-	-	-	(151,299)	(151,299)
Balance, April 30, 2016	48,464,282	12,099,946	241,728	134,155	(9,385,017)	3,090,812
Balance, October 31, 2016	93,990,912	14,588,021	289,535	165,659	(9,564,228)	5,478,987
Issued for property acquisition	200,000	9,000				9,000
Issued for option extension	600,000	27,000				27,000
Issued on conversion of debentures	6,150,000	319,823		(98,625)		221,558
Net loss and comprehensive loss for the period	-	-	-	-	(91,378)	(91,378)
Balance at April 30, 2017	100,940,912	14,943,844	289,535	67,394	(9,655,606)	5,645,167

Copper Lake Resources Ltd.
Condensed Interim Statements of Cash Flows

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended		Six months ended	
	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016
			\$	
Cash flows (used in) from operating activities:				
Net loss and comprehensive loss for the period	(50,847)	(72,702)	(91,378)	(151,299)
Items not involving cash:				
Accretion of interest on convertible debt	6,760	-	13,833	-
Gain on settlement of debt	-	-	(4,614)	-
Share-based compensation	-	59,625	-	59,625
Change in non-cash working capital items:				
HST receivable	32,968	4,303	21,414	552
Prepaid expenses	2,356	-	(4,713)	-
Accounts payable and accrued liabilities	(96,839)	(188,418)	(230)	(137,214)
	(89,385)	(197,192)	(65,688)	(228,336)
Cash flows (used in) from investing activities:				
Exploration and evaluation asset expenditures	(43,682)	(6,603)	(73,256)	(6,603)
	(43,682)	(6,603)	(73,256)	(6,603)
Cash flows from financing activities:				
Advance from shareholders	-	788	10,340	11,128
Proceeds from issuance of capital stock	-	-	-	4,900
Proceeds from issuance of convertible debenture	-	420,000	-	420,000
		420,788	10,340	436,028
Increase (decrease) in cash and cash equivalents	(149,284)	216,933	(149,284)	201,089
Cash and cash equivalents, beginning of period	161,977	103	161,977	16,007
Cash and cash equivalents, end of period	12,693	217,096	12,693	217,096

Copper Lake Resources Ltd.

Notes to Condensed Interim Financial Statements

Three and six months ended April 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Copper Lake Resources Ltd. (“Copper Lake” or the “Company”) was incorporated under the laws of the Province of British Columbia and is in the business of exploration and development of mineral resource properties. The Company’s shares are listed on the TSX Venture Exchange under the trading symbol CPL. The Company’s head office is located at 501 Alliance Avenue, Suite 401, Toronto, Ontario.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has a working capital deficit, has accumulated losses since its inception, expects to incur further losses in the development of its business and has no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. These conditions cast significant doubt about the Company’s ability to continue as a going concern. The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations, and receive continued financial support from its creditors and shareholders.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favorable to the Company. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements as at and for the year ended October 31, 2016.

These condensed interim financial statements were authorized for issue by the Board of Directors on June 27, 2017.

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and six months ended April 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (Continued)

Significant accounting policies

The policies applied in these condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly they should be read in conjunction with our audited financial statements for the year ended October 31, 2016.

Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Convertible Debentures

Convertible debentures, where applicable, are separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue is determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value and the fair value of the liability component.

Use of estimates and judgments

In preparing these condensed interim financial statements, management made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include convertible debentures and the impairment of assets.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended October 31, 2016.

3. EXPLORATION AND DEVELOPMENT ASSETS

Marshall Lake Property

During the six months ended April 30, 2017, the Company incurred expenditures on the Marshall Lake property in the amount of \$100,816 (2016 - \$6,604).

On April 13, 2017 the Company announced that it had reached an agreement with Rainy Mountain Royalty Corp. ('RMO') whereby Copper Lake will acquire all of the assets owned by RMO at the Marshall Lake property. Copper Lake and RMO have also agreed to extend the Marshall Lake option agreement for a further 12 months to July 15, 2018. As consideration for the purchase of the camp assets and the one-year extension of the option agreement, Copper Lake issued a total of 600,000 shares to RMO.

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and six months ended April 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

3. EXPLORATION AND DEVELOPMENT ASSETS (continued)

Northwestern Ontario Gold Properties

On March 7, 2017 the Company announced that it had entered into a mineral property option agreement to acquire up to 100% of four separate properties made up of seven claims. The properties are situated in the Kenora and Patricia mining divisions in Northwestern Ontario and are known as the Queen Alexandria Gold Property, the Mine Lake Gold Property, the Grand Chibougamau Gold Property and the Centrefire-Redhat Gold-Copper Property.

Copper Lake can earn 25% interest of these properties by payment of \$10,000 and 200,000 shares upon signing and an additional \$10,000 and 200,000 shares within four months of approval by the TSX. The initial payment of \$10,000 has been made and the 200,000 shares have been issued.

To earn 75% Copper Lake needs to pay \$60,000 and issue 600,000 shares over 3 years and spend at least \$2,000,000 on the properties. Copper Lake can earn up to 100% interest by completing a 43-101 compliant resource estimate with 500,000 ounces on the properties and payment of 250,000 shares.

If at any time Copper Lake decides to return any of the four properties, the future cash, share and expenditure commitments will also reduce by 25% for each property returned.

The Optionor will retain a 2% NSR. Copper Lake can acquire half (1%) for \$1 million and will have a right of refusal to acquire the remaining 1%.

The transaction was approved by the TSX on March 24, 2017.

4. CONVERTIBLE DEBENTURES

	Liability Component	Equity Component	Total
Balance October 31, 2016	\$ 365,095	\$ 165,659	\$ 530,754
Accretion	13,833	-	13,833
Conversion of convertible debentures	(221,558)	(98,265)	(319,823)
Balance April 30, 2017	\$ 157,370	\$ 67,394	\$ 224,764

The debentures are convertible into units at the rate of \$0.05 for the first year and \$0.10 thereafter. Each unit is comprised of one common share and one common share warrant of the Company. Each common share warrant entitles the holder to purchase one additional common share of the Company at an exercise price equal to the conversion price at the time of issuance of the warrants. The warrants will expire on the date which is the earlier of (a) four years from the date of issuance of the warrant, and (b) April 28, 2021.

During the 3 months ended April 30, 2017, holders of convertible debentures with a principal amount of \$307,500 converted their debentures into units at the conversion rate of \$0.05, resulting in the issuance of 6,150,000 common shares and 6,150,000 common share warrants, exercisable at \$0.05 until April 28, 2021. Under the residual value method, no value has been allocated to the warrants. The balance of the convertible debentures issued in April 2016 in the principal amount of \$112,500 are now convertible into units at a rate of \$0.10, and will continue to accrue interest at 12% per annum until maturity, if not converted earlier.

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and six months ended April 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS

The following are related party transactions that have occurred during the three and six months ended April 30, 2017, which have not otherwise been disclosed herein.

The Company paid or accrued the following amounts to directors, companies controlled by directors or companies having common directors during the three and six months ended April 30, 2017:

	Three months ended April 30		Six months ended April 30	
	2017	2016	2017	2016
Interest accrued on convertible debentures	\$ 6,164	-	\$12,682	-
Rent	-	-	-	2,000
	<u>\$ 6,164</u>	<u>-</u>	<u>\$ 12,682</u>	<u>\$ 2,000</u>

Key management compensation

Key management includes directors and other key personnel, including the CEO, President and CFO, who have authority and responsibility for planning, directing, and controlling the activities of the Company. The compensation paid to these key management personnel for the three and six months ended April 30, 2016 and 2015 is outlined below:

	Three months ended April 30		Six months ended April 30	
	2017	2016	2017	2016
Management and director fees	\$ -	\$ 2,000	\$ -	\$ 51,500
Share-based compensation	-	59,625	-	59,625
	<u>\$ -</u>	<u>\$ 61,125</u>	<u>\$ -</u>	<u>\$ 111,125</u>

6. CAPITAL STOCK

The Company is authorized to issue unlimited common shares without par value.

Share Issuance

During the quarter the company issued 600,000 shares to Rainy Mountain Royalty Corp. in connection with an agreement to extend the Marshall Lake option agreement and to acquire all of the camp assets owned by Rainy Mountain at the Marshall Lake property. The Company also issued 200,000 shares in connection with an agreement to acquire four gold properties in Northwestern Ontario (see note 3).

Share Options

The Company has a share option plan, under which the Board of Directors is authorized to grant options to employees, directors, officers and consultants, enabling them to acquire up to 10% of the issued and outstanding share capital of the Company.

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and six months ended April 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

6. CAPITAL STOCK (continued)

The following options were outstanding as at April 30, 2017 and October 31, 2016.

	April 30, 2017		October 31, 2016	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Opening balance	5,715,000	\$0.05	745,000	\$ 0.21
Granted	-	-	5,600,000	0.05
Expired	-	-	(630,000)	\$ 0.21
Ending balance	5,715,000	\$0.05	5,715,000	\$ 0.05
Options exercisable	5,715,000	\$0.05	745,000	\$ 0.21

As at April 30, 2017 the following incentive stock options were outstanding:

Expiry Date	Number of Options		Exercise Price
	April 30, 2017	October 31, 2016	
July 3, 2017	80,000	80,000	\$ 0.160
August 29, 2017	35,000	35,000	0.160
August 29, 2017	35,000	245,000	0.160
April 6, 2021	2,250,000	2,250,000	0.050
July 29, 2021	2,250,000	2,250,000	0.050
August 8, 2021	100,000	100,000	0.065
September 29, 2021	1,000,000	1,000,000	0.055
Outstanding and exercisable	5,715,000	5,715,000	\$0.053

Share-based compensation

During the three and six months ended April 30, 2017, the Company recognized \$nil (2016 - \$59,625) as share-based compensation expense for options vested during the period.

Share Purchase Warrants

Share purchase warrant transactions are summarized for the following six month periods:

	April 30, 2017		October 31, 2016	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
Opening balance	10,243,015	\$ 0.10	999,000	\$ 0.10
Issued	6,150,000	0.05	9,244,025	.10
Expired	-	-	-	-
Ending balance	16,393,025	\$ 0.08	10,243,025	\$ -
Warrants exercisable	16,393,025		10,243,015	

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and six months ended April 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

6. CAPITAL STOCK (continued)

As at April 30, 2017 and October 31, 2016 the following share purchase warrants were outstanding:

Expiry Date	Number of Warrants		Exercise Price
	April 30, 2017	October 31, 2016	
June 10, 2017	900,000	900,000	\$ 0.100
July 14, 2017	99,000	99,000	0.100
September 26, 2018	4,673,662	4,673,662	0.150
September 29, 2020	4,570,363	4,570,363	0.055
April 27, 2021	6,150,000	-	0.050
Outstanding and exercisable	16,393,025	10,243,025	

Subsequent to April 30, 2017 a total of 900,000 warrants expired unexercised.

7. COMMITMENTS

On November 1, 2015, the Company entered into a one-year consulting agreement with Coombes & Sons Administration Inc., a company controlled by Ronald Coombes who was a director and officer of the Company, to provide services at a cost of \$10,000 per month. On February 29, 2016 Mr. Coombes resigned as both a director and officer of the Company and the agreement was terminated.

The Company has no other commitments.

8. CONTINGENCY

The Company was named in a lawsuit filed in June 2016, by Ronald Coombes (“Coombes”), the former President and CEO and former director, who tendered his resignation as President, CEO and director of Copper Lake in February 2016. Coombes is seeking payment for amounts claimed to be owing for consulting fees and reimbursement of expenses and unspecified damages. He is also seeking damages for alleged termination of his consulting agreement. In conjunction with the lawsuit, a prejudgment garnish order was served on the Company which resulted in \$118,390 being held by the BC Supreme Court pending the outcome of the lawsuit. The claims made by Coombes excluding damages total \$137,185. These amounts were recorded in the records of the Company while Coombes was President and CEO and remain on the books pending the outcome of the lawsuit. The Board of Directors considers that the claim made by Coombes has no merit and has retained legal counsel and filed a defense, and has also filed a counterclaim for breach of fiduciary duty in July 2016. In October 2016, the Company successfully filed an action to have a second former director added to the counterclaim against Coombes. At the present time, management is unable to determine the outcome and potential impact of the claim, if any, and no provision has been booked for the lawsuit as at April 30, 2017.

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and six months ended April 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

9. SUBSEQUENT EVENT

Subsequent to period end, the Company announced that it would settle interest in the amount of \$50,400 accrued on the convertible debentures through the issuance of units consisting of one common share and one common share purchase warrant. Each common share purchase warrant will entitle the holder to acquire one common share at \$0.05 for a period of four years, subject to approval by the TSX Venture Exchange.