COPPER NORTH
MINING CORP.

Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

Notice of no Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Copper North Mining Corp.

Condensed Interim Consolidated Statements of Financial Position
As at
(Unaudited - Expressed in Canadian dollars)

	Note	June 30 2018	December 31 2017
		$	$
Assets			
Current			
Cash		**13,712**	230,484
Prepaid expenses		**40,231**	138,255
Accounts receivable		**3,868**	51,618
		57,811	420,357
Non-current			
Reclamation bonds	**6**	**90,300**	90,300
Exploration and evaluation assets	**6**	**17,143,325**	17,354,737
		17,291,436	17,865,394
Current Liabilities			
Accounts payable and accrued liabilities	**8, 10**	**1,188,816**	1,056,900
Shareholders' Equity			
Share capital	**9**	**39,462,032**	39,396,206
Contributed surplus		**2,737,772**	2,724,644
Deficit		**(26,097,184)**	(25,312,356)
		16,102,620	16,808,494
		17,291,436	17,865,394

Going concern – Note 2
Commitments – Notes 6 and 11
Subsequent events – Notes 6 and 12

APPROVED BY THE DIRECTORS

"Bob McKnight" Director *"Harlan Meade"* Director

Copper North Mining Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Three and six months ended June 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended June 30 2018	2017	Six months ended June 30 2018	2017
				$	$
Exploration and evaluation expenses	**7**	**49,963**	69,827	**146,210**	120,085
Filing and regulatory fees		**6,152**	7,763	**19,656**	15,938
General administrative costs		**11,789**	8,676	**36,989**	21,076
Professional fees		**20,025**	10,611	**35,626**	29,689
Rent and utilities		**23,166**	26,976	**46,331**	56,069
Share-based payments	**9, 10**	**10,858**	9,378	**13,128**	157,232
Shareholder communication and travel		**25,360**	64,412	**77,914**	144,291
Wages and benefits	**10**	**100,040**	77,965	**197,562**	158,185
		(247,353)	(275,608)	**(573,416)**	(702,565)
Write-down of exploration and evaluation assets	**6**	**(211,412)**	-	**(211,412)**	-
Loss and comprehensive loss		**(458,765)**	(275,608)	**(784,828)**	(702,565)
Loss per share					
- Basic and diluted		**(0.01)**	(0.00)	**(0.01)**	(0.02)
Weighted average number of shares outstanding					
- Basic and diluted		**79,691,322**	30,015,704	**79,168,296**	29,098,407

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

Copper North Mining Corp.

Condensed Interim Consolidated Statements of Cash Flows
Three and six months ended June 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	2018	**2017**
	$	**$**
Cash flows (used in) provided by		
Operating activities		
Net loss	**(784,828)**	(702,565)
Items not affecting cash		
Write-off of exploration and evaluation assets	**211,412**	-
Share-based payments	**13,128**	157,232
Net change in non-cash working capital items		
Prepaid expenses	**98,024**	122,186
Accounts receivable	**47,750**	9,283
Accounts payable and accrued liabilities	**131,916**	2,160
	(282,598)	(411,704)
Financing activities		
Issuance of common shares and units	**80,001**	278,000
Share and unit issuance costs	**(14,175)**	(8,469)
	65,826	269,531
Investing activity		
Acquisition of exploration and evaluation assets	**-**	(25,000)
Decrease in cash	**(216,772)**	(167,173)
Cash, beginning of period	**230,484**	178,223
Cash, end of period	**13,712**	11,050
Supplemental cash flow information		
Shares issued for acquisition of exploration and evaluation assets	**-**	8,000

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

Copper North Mining Corp.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in Canadian dollars)

	Common shares	Share Capital	Contributed surplus	Deficit	Total
	number	$	$	$	$
Balance, December 31, 2016	**27,326,473**	**36,450,151**	**2,269,913**	**(20,142,497)**	**18,577,567**
Private placements					
Share and unit issuance	2,780,000	278,000	-	-	278,000
Share and unit issuance costs	-	(8,469)	-	-	(8,469)
Allocation of warrant value	-	(72,500)	72,500	-	-
Shares issued for mineral property	100,000	8,000	-	-	8,000
Share-based payments	-	-	157,232	-	157,232
Loss and comprehensive loss	-	-	-	(702,565)	(702,565)
Balance, June 30, 2017	**30,206,473**	**36,655,182**	**2,499,645**	**(20,845,062)**	**18,309,765**
Private placements					
Share and unit issuance	48,151,500	2,915,140	-	-	2,915,140
Share and unit issuance costs	-	(174,116)	17,600	-	(156,516)
Share-based payments	-	-	207,399	-	207,399
Loss and comprehensive loss	-	-	-	(4,467,294)	(4,467,294)
Balance, December 31, 2017	**78,357,973**	**39,396,206**	**2,724,644**	**(25,312,356)**	**16,808,494**
Private placements					
Share and unit issuance	1,333,349	80,001	-	-	80,001
Share and unit issuance costs	-	(14,175)	-	-	(14,175)
Share-based payment	-	-	13,128	-	13,128
Comprehensive loss	-	-	-	(784,828)	(784,828)
Balance, June 30, 2018	**79,691,322**	**39,462,032**	**2,737,772**	**(26,097,184)**	**16,102,620**

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 condensed interim 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 June 30, 2018, the Company had working capital deficit of $1,131,005, has not yet achieved profitable operations, and had an accumulated deficit of $26,097,184 which 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.

3. Basis of presentation

These condensed interim consolidated financial statements for the three and six months ended June 30, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s December 31, 2017 annual consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The condensed interim consolidated financial statements have been prepared under the historical cost convention.

These financial statements were approved by the board of directors on August 28, 2018.

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s December 31, 2017 annual audited consolidated financial statements except for IFRS 9, Financial Instruments (Note 4).

4. Adoption of new accounting standards and standards issued but not yet effective

IFRS 16, Leases
The new standard eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset. The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019.

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

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

Recognition and Classification

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

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

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

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

	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	Amortized cost	Amortized cost
Accounts receivable	Amortized cost	Amortized cost
Reclamation bonds	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost

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

Measurement

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

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

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

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

(Unaudited - Expressed in Canadian dollars)

5. Critical accounting estimates and judgments

There have been no material revisions to the nature of judgments and estimates of amounts reported in the Company's December 31, 2017 annual consolidated financial statements.

6. Exploration and evaluation assets

	Carmacks	Redstone	Thor	Total
	$	$	$	$
Balance, December 31, 2016	17,143,325	2,000,000	178,412	19,321,737
Additions - cash	-	-	25,000	25,000
Additions – common shares	-	-	8,000	8,000
Impairment	-	(2,000,000)	-	(2,000,000)
Balance, December 31, 2017	17,143,325	-	211,412	17,354,737
Write-down	-	-	(211,412)	(211,412)
Balance, June 30, 2018	**17,143,325**	**-**	**-**	**17,143,325**

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

Any production from the Carmacks Project is subject to either a 15% net profits interest or a 3% net smelter return royalty, at Copper North's election. If Copper North elects to pay the net smelter return royalty, it has the right to purchase the royalty for $2.5 million, less any advance royalty payments made to that date.

At June 30, 2018, $1.5 million has been paid in advance royalty payments. The Company is required to make an advance royalty payment of $100,000 in any year in which the average daily copper price reported by the London Metal Exchange is US$1.10 per pound or greater.

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

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

During 2014, Copper North entered into an acquisition agreement with Electrum Resource Corporation ("Electrum"). 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.

On September 6, 2017 Copper North amended certain terms of its acquisition agreement with Electrum.

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

(Unaudited - Expressed in Canadian dollars)

The terms of the agreement subsequent to the amendments were 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	Default
$100,000	October 1, 2018	-
$100,000	October1, 2019	-
$100,000	October1, 2020	-

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:

- 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.

(Unaudited - Expressed in Canadian dollars)

During the year ended December 31, 2017, an impairment write down of $2,000,000 was taken to reduce the Redstone property's carrying value to $nil as the Company has no plans for the property in the near future.

7. Exploration and evaluation expenditures

During the three months ended June 30, 2018, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Carmacks	**Redstone**	**Thor**	**Total**
	$	**$**	**$**	**$**
Engineering studies	980	-	-	980
Exploration and camp support	6,866	-	222	7,088
Permitting	1,895	-	-	1,895
Salary and wages	36,000	4,000	-	40,000
	45,741	**4,000**	**222**	**49,963**

During the three months ended June 30, 2017, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Carmacks	**Redstone**	**Thor**	**Total**
	$	**$**	**$**	**$**
Claims maintenance	774	-	-	774
Engineering studies	1,350	-	-	1,350
Exploration and camp support	25,583	900	1,220	27,703
Salary and wages	28,000	4,000	8,000	40,000
	55,707	**4,900**	**9,220**	**69,827**

During the six months ended June 30, 2018, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Carmacks	**Redstone**	**Thor**	**Total**
	$	**$**	**$**	**$**
Claims maintenance	8,330	-	-	8,330
Engineering studies	37,624	-	-	37,624
Exploration and camp support	17,128	-	1,233	18,361
Permitting	1,895	-	-	1,895
Salary and wages	74,000	6,000	-	80,000
	138,977	**6,000**	**1,233**	**146,210**

During the six months ended June 30, 2017, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Carmacks	**Redstone**	**Thor**	**Total**
	$	**$**	**$**	**$**
Claims maintenance	774	-	-	774
Engineering studies	2,250	-	-	2,250
Exploration and camp support	37,818	1,350	7,589	46,757
Permitting	7,604	-	-	7,604
Recovery	(17,225)	(75)	-	(17,300)
Salary and wages	64,000	6,000	10,000	80,000
	95,221	**7,275**	**17,589**	**120,085**

(Unaudited - Expressed in Canadian dollars)

8. Accounts payable and accrued liabilities

	June 30, 2018	December 31, 2017
	$	$
Accounts payables and accrued liabilities	740,583	772,680
Related party payables	448,233	284,220
	1,188,816	**1,056,900**

9. Share capital

a) Authorized

Unlimited common shares without par value

b) Financings

On March 13, 2018, the Company issued 1,333,349 common shares at a price of $0.06 for gross proceeds of $80,801. The Company incurred share issuance costs of $14,175 with respect to this financing.

c) Stock options

The balance of options outstanding and related information for the six months ended June 30, 2018 is as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, December 31, 2016	1,220,500	$0.57	3.43
Granted	4,400,000	$0.09	
Expired	(356,500)	$0.74	
Balance, December 31, 2017	5,264,000	$0.16	4.16
Granted	250,000	$0.05	
Expired	(694,000)	$0.14	
Balance, June 30, 2018	4,820,000	$0.16	3.72
Unvested	(45,000)	$0.20	3.09
Exercisable, June 30, 2018	**4,775,000**	**$0.16**	**3.73**

During the three and six months ended June 30, 2018 the Company recorded share-based payments expense of $10,858 and $13,128 respectively (2017 - $9,378 and $157,232). The weighted average fair value of the options granted during the six months ended June 30, 2018 was $0.05 (2017 - $0.07) and all options granted vested immediately.

(Unaudited - Expressed in Canadian dollars)

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

	2018	**2017**
Risk free interest rate	1.60%	1.00%
Expected life	5 years	5 years
Expected volatility	106%	106%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

The balance of options outstanding as at June 30, 2018 was as follows:

Stock options outstanding, by exercise price	**Number of Stock options**	**Average remaining contractual life (years)**
\$0.05 – \$0.20	4,160,000	4.02
\$0.50 – \$0.60	625,000	1.87
\$0.70 – \$0.80	35,000	1.03
	4,820,000	**3.72**

d) Share purchase warrants

The balance of warrants outstanding and related information for the six months ended June 30, 2018 is as follows:

	Number of warrants	**Weighted average exercise price (per share)**	**Weighted average remaining life (years)**
Balance, December 31, 2016	8,645,490	\$0.43	1.78
Issued	2,488,460	\$0.14	
Expired	(1,930,282)	\$0.77	
Balance, December 31, 2017	9,203,668	\$0.28	1.17
Expired	(2,367,498)	\$0.30	
June 30, 2018	**6,836,170**	**\$0.27**	**1.26**

The balance of warrants outstanding as at June 30, 2018 was as follows:

Warrants outstanding, by exercise price	**Number of warrants**	**Average remaining contractual life (year)**
\$0.06	346,720	1.32
\$0.12	61,740	1.50
\$0.15	2,080,000	1.64
\$0.16	169,310	0.50
\$0.25	2,380,000	0.13
\$0.50	1,798,400	2.37
	6,836,170	**1.26**

Subsequent to June 30, 2018 a total of 1,730,000 warrants with an exercise price of \$0.25 expired unexercised.

(Unaudited - Expressed in Canadian dollars)

10. Related party transactions

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

	Three months ended June 30		**Six months ended June 30**	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Salaries and director fees	112,000	100,000	224,000	200,000
Professional fees	3,570	6,360	6,630	13,200
Share-based payments	9,111	3,492	9,653	120,119
	124,681	**109,852**	**240,283**	**333,319**

Included in accounts payable and accrued liabilities as at June 30 2018 was $448,233 (December 31 2017 - $531,841) due to directors and officers of the Company. The amounts due to related parties are non-interest bearing and payable on demand.

Officers and directors have agreed to defer some, or all, of their salary. The Company has accrued these wages in the condensed interim consolidated statement of loss and comprehensive loss. During the three and six months ended June 30, 2018, the Company accrued $93,333 and $143,333 respectively (2017 - $88,333 and $171,666) in wages to officers and $12,000 and $24,000 respectively in directors' fees (2017 - $nil and $nil).

11. Commitments

In addition to any commitments relating to exploration and evaluation assets (Note 6), the Company has an agreement to lease its head office space until May 31, 2020. The Company has the option to terminate the lease without penalty by providing the lessor 90 days' notice. The annual lease commitment is as follows:

Fiscal year ended December 31, 2018	$45,484
Fiscal year ended December 31, 2019	$90,967
Fiscal year ended December 31, 2020	$37,903

The Company must spend $45,164 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.

12. Subsequent event

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