



COPPER LAKE
RESOURCES LTD

Condensed Interim Financial Statements

**For the Three Months Ended
January 31, 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 months ended January 31, 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)

As at	January 31, 2017	October 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 28,910	\$ 161,977
Restricted cash (note 7)	118,390	118,390
HST receivable	36,979	25,425
Deposits and prepaids	9,526	2,457
	193,805	308,249
Exploration and evaluation assets (note 3)	5,949,825	5,870,994
Total assets	\$ 6,143,630	\$ 6,179,243
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 333,006	\$ 324,821
Advances from shareholder	-	10,340
	333,006	355,161
Convertible debentures (note 4)	372,168	365,095
Shareholders' equity		
Capital stock (note 5)	14,588,021	14,588,021
Reserves	289,535	289,535
Equity component of convertible debt (note 4)	165,659	165,659
Deficit	(9,604,759)	(9,564,228)
	5,438,456	5,478,097
Total liabilities and shareholders' equity	\$ 6,143,630	\$ 6,179,243

On behalf of the Board:

“Terrence MacDonald” Director

“Gary O'Connor” Director

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Condensed Interim Statements of Comprehensive Loss

(Unaudited)
(Expressed in Canadian dollars)

	For the three months ended	
	January	January
	31,	31,
	2017	2016
General and administrative expenses		
Consulting fees (note 5)	-	48,500
Directors' fees (note 5)	-	3,000
Accretion of interest on convertible debentures	7,073	-
Gain on settlement of debt	(4,614)	-
Interest (note 5)	16,479	-
Investor relations	3,500	-
Office and miscellaneous	2,502	576
Professional fees	10,244	15,222
Rent	-	2,000
Transfer agent and regulatory fees	5,347	4,662
Travel	-	4,237
Net loss and comprehensive loss for the period	\$ 40,531	\$ 78,197
Basic and diluted loss per share	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding	93,990,912	44,766,282

The accompanying notes are an integral part of these financial statements

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

(Unaudited)

(Expressed in Canadian dollars)

	Shares	Capital stock Amount	Share-based payment reserve	Equity component of convertible debt	Deficit	Total
		\$	\$	\$	\$	\$
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	315,000	-	-	-	315,000
Warrants issued on debt settlement		-	14,580			14,580
Gain on debt settlement			67,112			67,112
Advance share subscriptions		(5,000)				(5,000)
Private placement	198,000	9,900				9,900
Net loss and comprehensive loss for the period	-	-	-	-	(78,197)	(78,197)
Balance, January 31, 2016	48,464,282	12,099,946	135,411	46,692	(9,311,875)	2,970,134
Balance, October 31, 2016	93,990,912	14,588,021	289,535	165,659	(9,564,228)	5,478,987
Net loss and comprehensive loss for the period	-	-	-	-	(40,531)	(40,531)
Balance, January 31, 2017	93,990,912	14,588,021	289,535	165,659	(9,604,759)	5,438,456

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Condensed Interim Statement of Cash Flows

(Unaudited)
(Expressed in Canadian dollars)

	For the three months ended	
	January 31, 2017	January 31, 2016
Cash flows from operating activities:		
Loss income for the period	\$ (40,531)	\$ (78,197)
Accretion of interest on convertible debentures	7,073	
Gain on settlement of debt	(4,614)	-
Change in non-cash working capital items:		
HST receivable	(11,554)	(3,750)
Prepaid expenses	(7,069)	-
Accounts payable and accrued liabilities	12,799	50,803
Net cash provided by (used in) operating activities	(43,896)	(31,144)
Cash flows from investing activities:		
Deposits	-	-
Exploration and evaluation asset expenditures	78,331	-
Net cash used in investing activities	78,331	-
Cash flows from financing activities:		
Advances from shareholder	(10,340)	10,340
Issuance of shares	-	4,900
Net cash provided by (used in) financing activities	(10,340)	15,240
Decrease in cash during the period	(133,067)	(15,904)
Cash and cash equivalents, beginning of period	161,977	16,007
Cash and cash equivalents, end of period	\$ 28,910	\$ 103

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 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 address of the Company’s head office is 501 Alliance Avenue – Suite 401, Toronto, Ontario. The Company’s shares are listed on the TSX-V under the trading symbol CPL.

The Company is a mineral exploration company focused on acquiring, exploring and developing exploration and evaluation assets in Canada.

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 March 28, 2017.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 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 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.

Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include 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 applied to the financial statements as at and for the year ended October 31, 2016.

3. EXPLORATION AND EVALUATION ASSETS

Marshall Lake Property

The Company entered into an option agreement dated July 6, 2010 with Rainy Mountain Royalty Corp. ("Rainy Mountain") and Marshall Lake Mining Limited of London, England, whereby the Company was granted an option to earn up to a 50% interest in certain mining claims that comprise the Marshall Lake property located north-northeast of Thunder Bay, Ontario.

Under the option agreement, the Company is required to:

- a) incur aggregate exploration expenditures of \$4,000,000 on the property, as follows:
 - (i) \$400,000 (incurred) on or before the first anniversary of August 11, 2011;
 - (ii) \$600,000 (incurred) on or before the second anniversary of August 11, 2012;
 - (iii) \$1,000,000 (incurred) on or before the third anniversary of August 11, 2013;
 - (iv) \$1,000,000 (incurred) on or before the fourth anniversary, amended to October 11, 2014; and
 - (v) \$1,000,000 on or before the fifth anniversary, amended to July 15, 2017.
- b) issue a total of 2,000,000 common shares of the Company, as follows:
 - (i) 400,000 common shares (issued) within ten business days of the effective date of the

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (Continued)

agreement; and

- (ii) 1,000,000 common shares (issued) to be issued on each of the first, second and third and fourth anniversary dates of the Agreement.

During the year ended October 31, 2015 the Company negotiated an extension of the option agreement to July 15, 2017. In consideration for the extension the Company issued 500,000 shares to each of the two optionors (1,000,000 shares in total).

As at October 31, 2016, the Company had earned a 37.5% joint venture interest in the Marshall Lake project. Both optionors have confirmed the Company's increased interest in Marshall Lake.

On May 5, 2016 the Company announced that it had reached an agreement to acquire the 31.25% interest in the Marshall Lake property currently held by Marshall Lake Mining Limited ("MLMP"), a privately held company based in the United Kingdom. The acquisition subsequently closed on September 29, 2016. This acquisition gives Copper Lake a 68.75% interest in the property.

Consideration for the acquisition was 34,422,938 common shares and a principal amount of \$350,000 of 12% five year unsecured subordinated convertible debentures. The debentures are convertible into units, comprised of one share and one warrant, at \$0.055 per unit for the first year and \$0.10 per unit thereafter. The warrants will have an exercise price equal to the conversion rate of the units when issued. The total consideration is valued at \$2,243,262. The transaction was approved by shareholders on July 26, 2016, received regulatory approval on September 22, 2016, and closed on September 29, 2016.

As a result of the acquisition, the Company can now earn a 75% interest by incurring cumulative expenditures of \$4,000,000 on the property by July 15, 2017. As of January 31, 2017, the company has incurred cumulative expenditures of \$3,360,062.

The Company also has the option to increase its interest to 87.5% by incurring such additional property expenditures as are necessary to take the Marshall Lake property to a bankable feasibility stage.

Norton Lake Property

The Company entered into a Joint Venture Assignment Agreement dated on January 21, 2009 with Cascadia International Resources Inc. of Calgary, Alberta ("Cascadia"), pursuant to which Cascadia assigned its 51% joint venture interest in the Norton Lake property to the Company for the sum of \$300,000. The other joint venture partners are Rainy Mountain and White Metals Resources Corp. ("White Metals"). The property is located north of Thunder Bay, Ontario and the Company is the operator. The Norton Lake Project consists of two properties, namely, the Norton West Property (the principal property) and the Norton East Property. By agreement dated February 21, 2012, the Company, Rainy Mountain and White Metals combined and consolidated their respective interests in the Norton West and Norton East Properties, and as a result, the Company has a 60.70% interest in the combined Properties (with Rainy Mountain having a 30.21% interest and White Metals having a 9.09% interest). On June 29, 2015, the Company announced that it had acquired the remainder of White Metals' 9.09% interest in the Norton Lake property, thus increasing its ownership position to 69.79%.

At October 31, 2015, management identified indicators of impairment on the Norton Lake property and as a result recorded an impairment on the property. The primary indicator of impairment was that the Company has not incurred substantive expenditure on the property in the last three years and no further expenditure is currently budgeted.

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

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(Unaudited)

(Expressed in Canadian dollars)

4. CONVERTIBLE DEBENTURES

	Total	Liability Component	Equity Component
Balance at October 31, 2015	\$ -	\$ -	\$ -
Issuance of convertible debentures	770,000	524,049	245,951
Conversion of convertible debentures	(251,370)	(171,078)	(80,292)
Accretion	12,124	12,124	-
Balance October 31, 2016	530,754	365,095	165,659
Accretion	7,073	7,073	-
Balance January 31, 2017	\$537,827	\$372,168	\$165,659

On April 28, 2016 the Company closed a \$420,000 non-brokered private placement of convertible debentures. The unsecured subordinated convertible debentures bear interest at 12% per annum, calculated annually and have a term of five years from the date of issue. At the date of issue \$285,845 was allocated to the liability component of the convertible debenture and the residual amount of \$134,155 was allocated to the equity component, based on an effective interest rate of 20%.

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.

On September 29, 2016 the Company issued \$350,000 of convertible debentures in connection with the acquisition of the additional interest in the Marshall Lake property, as described in note 4. The unsecured subordinated convertible debentures bear interest at 12% per annum, calculated annually and have a term of five years from the date of issue. At the date of issue \$238,204 was allocated to the liability component of the convertible debenture and the residual amount of \$111,796 was allocated to the equity component, based on an effective interest rate of 20%.

The debentures are convertible into units at the rate of \$0.055 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) September 29, 2021.

Immediately following the closing of the above acquisition, debentures with a principal value of \$251,370 were converted into units (see note 6).

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

5. CAPITAL STOCK

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

Share Issuance

On January 14, 2016 the Company announced that it has closed a previously announced non-brokered private placement, and issued 198,000 units at \$0.05 per unit for gross proceeds of \$9,900. Each unit consists of one common share and one half share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire one additional common share at a price of \$0.10 for a period of 18 months from the date of issue.

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. The following options were outstanding as at January 31, 2017:

	3 Months Ended January 31, 2017		Year Ended October 31, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average 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	5,715,000	\$0.05

As at January 31, 2017, the following incentive stock options were outstanding:

Expiry Date	Number of Options		Exercise Price
	January 31, 2017	October 31, 2016	
July 3, 2017	80,000	80,000	\$ 0.160
August 29, 2017	35,000	35,000	\$ 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	

Share Purchase Warrants

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

	January 31, 2017		October 31, 2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	10,243,025	\$ 0.26	999,000	\$ 0.100
Issued	-	0.10	9,244,025	0.103
Ending balance	10,243,025	\$ 0.10	10,243,025	\$ 0.103
Warrants exercisable	10,243,025	\$ 0.103	-	\$ -

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS

The following are related party transactions that have occurred during the three months ended January 31, 2017, which have not yet 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 months ended January 31:

	2017	2016
Interest accrued on convertible debentures	\$ 6,518	\$ -
Rent	-	2,000
	\$ 6,518	\$ 2,000

Key management personnel 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 months ended January 31, 2017 and 2016 is outlined below:

	2017	2016
Consulting fees	\$ -	\$ 48,500
Directors fees	-	3,000
Share-based compensation	-	-
	\$ -	\$ 51,500

7. 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 October 31, 2016.

8. SUBSEQUENT EVENT

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

Copper Lake Resources Ltd.
Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

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.

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.

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.

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.

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.