



**COPPER LAKE**  
RESOURCES LTD

## **Condensed Interim Financial Statements**

**For the Three Months Ended  
January 31, 2018**

(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, 2018 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)

<b>As at</b>	<b>January 31, 2018</b>	<b>October 31, 2017</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 206,680	\$ 3,847
Restricted cash (note 7)	118,390	118,390
HST receivable	6,561	1,079
Prepaid expenses	7,855	785
	<u>339,486</u>	<u>124,101</u>
Mineral property interests (note 3)	<u>2,575,262</u>	<u>2,575,262</u>
<b>Total assets</b>	<b>\$ 2,914,748</b>	<b>\$ 2,699,363</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 188,550	\$ 310,762
Advances from shareholder	79	1,357
	<u>188,629</u>	<u>312,119</u>
<b>Convertible debentures</b> (note 4)	<u>85,399</u>	<u>83,843</u>
<b>Total liabilities</b>	<u>274,028</u>	<u>395,962</u>
<b>Shareholders' equity</b>		
Capital stock (note 5)	15,496,420	15,111,420
Reserves	403,459	281,854
Equity component of convertible debt (note 4)	35,890	35,890
Deficit	(13,295,049)	(13,125,587)
	<u>2,640,720</u>	<u>2,303,401</u>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,914,748</b>	<b>\$ 2,699,363</b>

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)

	<b>For the three months ended January 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Expenses</b>		
Accretion of interest on convertible debentures	1,556	7,073
Exploration and evaluation expenditures	20,135	100,830
Gain on settlement of debt	-	(4,614)
General and administration	8,633	2,502
Interest on convertible debentures and bank charges	3,451	16,479
Investor relations	-	3,500
Management fees	-	-
Professional fees	7,916	10,244
Share-based compensation	121,605	-
Transfer agent and regulatory fees	6,166	5,347
<b>Net loss and comprehensive loss for the period</b>	<b>\$ 169,462</b>	<b>\$ 141,361</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.002</b>	<b>\$ 0.002</b>
<b>Weighted average number of common shares outstanding</b>	<b>105,692,185</b>	<b>93,990,912</b>

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
		\$	\$	\$	\$	\$
<b>Balance, October 31, 2017</b>	103,942,185	15,111,244	281,854	35,890	(13,125,587)	2,303,401
Private placement of units	7,000,000	350,000	-	-	-	350,000
Subscriptions received for private placement	-	35,176	-	-	-	35,176
Share-based compensation	-	-	121,605	-	-	121,605
Net loss and comprehensive loss for the period	-	-	-	-	( 169,462)	( 169,462)
<b>Balance, January 31, 2018</b>	<b>110,942,185</b>	<b>15,496,420</b>	<b>403,459</b>	<b>35,890</b>	<b>(13,295,049)</b>	<b>2,640,720</b>
<b>Balance, October 31, 2016</b>	93,990,912	14,588,021	289,535	165,659	(12,895,960)	2,147,255
Net loss and comprehensive loss for the period	-	-	-	-	( 141,361)	( 141,361)
<b>Balance, January 31, 2017</b>	<b>93,990,912</b>	<b>14,588,021</b>	<b>289,535</b>	<b>165,659</b>	<b>(13,037,321)</b>	<b>2,005,894</b>

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)

	<b>For the three months ended</b>	
	<b>January 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Loss income for the period	\$ (169,462)	\$ (141,361)
Items not affecting cash:		
Accretion of interest on convertible debentures	1,556	7,073
Share-based compensation	121,605	-
Gain on settlement of debt	-	( 4,614)
Change in non-cash working capital items:		
HST receivable	(5,482)	( 11,554)
Prepaid expenses	( 7,070)	(7,069)
Accounts payable and accrued liabilities	(122,212)	14,118
<b>Net cash provided by (used in) operating activities</b>	<b>(181,605)</b>	<b>(143,407)</b>
<b>Cash flows from investing activities:</b>		
Mineral property interests	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities:</b>		
Advances from shareholder	( 1,278)	10,340
Issuance of units in private placement	350,000	-
Subscriptions received in private placement	35,176	-
<b>Net cash provided by (used in) financing activities</b>	<b>(383,898)</b>	<b>10,340</b>
<b>Increase (decrease) in cash during the period</b>	<b>202,833</b>	<b>(15,904)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>3,847</b>	<b>161,977</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 206,680</b>	<b>\$ 28,910</b>

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, 2018

(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 mineral property interests 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.

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. The Company has completed a \$420,500 financing subsequent to January 31, 2018 – see note 6.

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.

**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, 2017.

These condensed interim financial statements were authorized for issue by the Board of Directors on March 19, 2017.

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

For the Three Months Ended January 31, 2018

(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, 2017.

**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, 2017.

**3. MINERAL PROPERTY INTERESTS**

***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 ("MLMP") 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, 2018.
- b) issue a total of 2,000,000 common shares of the Company, as follows:
  - (i) 400,000 common shares (issued at a value of \$88,000) within ten business days of the effective date of the agreement; and
  - (ii) 1,000,000 common shares (issued) to be issued on each of the first (issued at a value of \$104,000), second (issued at a value of \$60,000) and third (issued at a value of \$20,000) and fourth (issued at a value of \$24,000) anniversary dates of the Agreement.



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

For the Three Months Ended January 31, 2018

(Unaudited)

(Expressed in Canadian dollars)

---

**3. MINERAL PROPERTY INTERESTS** *(Continued)*

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). During the year ended October 31, 2017 the Company negotiated an extension of the option agreement to July 15, 2018 and issued 600,000 shares as consideration.

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 \MLMP, a privately held company based in the United Kingdom. The acquisition subsequently closed on September 29, 2016. This acquisition gave 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, 2018. As of January 31, 2017, the company has incurred cumulative expenditures of \$3,440,927.

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. Joint venture expenditures are being recorded by each joint venture partner on a cash call basis and as a result of the programs completed by the Company on the Norton West Property, the Company had a 57.6% interest in the Norton West Property (with Rainy Mountain having a 32.6% interest and White Metals having a 9.8% interest) and a 51% interest in the Norton East Property (with Rainy Mountain having a 9.8% interest and Trillium having a 39.2% interest). 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**

For the Three Months Ended January 31, 2018

(Unaudited)

(Expressed in Canadian dollars)

**3. MINERAL PROPERTY INTERESTS** *(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, collectively the NWO Gold Properties.

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, which approval was received on March 24, 2017. The initial payment of \$10,000 has been made and the 200,000 shares have been issued. The second payment of \$10,000 has also been made and the additional 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% net smelter royalty (“NSR”). Copper Lake can acquire half (1%) of the NSR for \$1 million and will have a right of refusal to acquire the remaining 1%.

The Company’s acquisition costs on the mineral property interests are as follows:

	Marshall Lake Property	Norton Lake Property	NOW Gold Properties	Total
<b>Balance, October 31, 2015</b>	\$ 296,000	\$ -	-	\$ 296,000
Acquisition costs	2,243,262	-	-	2,243,262
<b>Balance, October 31, 2016</b>	\$ 2,539,262	\$ -	-	\$ 2,539,262
Acquisition costs	-	-	36,000	36,000
<b>Balance, October 31, 2017 and January 31, 2018</b>	\$ 2,539,262	\$ -	36,000	\$ 2,575,262

**Exploration and evaluation expenses**

Details of the Company’s exploration and evaluation expenditures, which have been cumulatively expensed in the statement of loss and comprehensive loss, are as follows:

For the three months ended January 31, 2018	Marshall Lake Property	Norton Lake Property	NOW Gold Properties	Total
Core shack	5,228	-	-	5,228
Drilling mobilization	8,200	-	-	8,200
Field office	1,038	-	-	12,000
Property taxes and lease rent	1,795	-	-	4,832
Roads and access	2,700	-	-	2,700
Storage	450	-	-	2,100
Transportation	724	-	-	724
<b>Expenditures for the period</b>	<b>20,135</b>	<b>-</b>	<b>-</b>	<b>20,135</b>
Cumulative balance - October 31, 2017	3,417,656	819,864	1,227	4,238,747
<b>Cumulative balance - January 31, 2018</b>	<b>\$ 3,437,791</b>	<b>\$ 819,864</b>	<b>1,227</b>	<b>\$ 4,258,882</b>

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

For the Three Months Ended January 31, 2018

(Unaudited)

(Expressed in Canadian dollars)

**3. MINERAL PROPERTY INTERESTS** *(Continued)*

For the three months ended January 31, 2017	Marshall Lake Property	Norton Lake Property	NOW Gold Properties	Total
Assays	17,019	-	-	17,019
Claims management	2,247	-	-	2,247
Geological and geophysical	79,769	-	-	79,769
Property taxes and lease rent	1,796	-	-	1,796
<b>Expenditures for the period</b>	<b>100,831</b>	<b>-</b>	<b>-</b>	<b>100,831</b>
Cumulative balance - October 31, 2016	3,331,732	819,864	-	4,151,596
<b>Balance, January 31, 2017</b>	<b>\$ 3,432,563</b>	<b>\$ 819,864</b>	<b>-</b>	<b>\$ 4,252,427</b>

**4. CONVERTIBLE DEBENTURES**

	Principal Amount	Liability Component	Equity Component
<b>Balance at October 31, 2015</b>	\$ -	\$ -	\$ -
Issuance of convertible debentures	770,000	524,049	245,951
Conversion of convertible debentures	(251,370)	(171,078)	(80,292)
Accretion	-	12,124	-
<b>Balance October 31, 2016</b>	<b>\$ 518,630</b>	<b>\$ 365,095</b>	<b>\$ 165,659</b>
Conversion of convertible debentures	(406,130)	(300,054)	(129,769)
Accretion	-	18,802	-
<b>Balance October 31, 2017</b>	<b>\$ 112,500</b>	<b>\$ 83,843</b>	<b>\$ 35,890</b>
Accretion	-	1,556	-
<b>Balance January 31, 2018</b>	<b>\$ 112,500</b>	<b>\$85,399</b>	<b>\$35,890</b>

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, 2018

(Unaudited)

(Expressed in Canadian dollars)

---

**5. CAPITAL STOCK**

The common shares of the Company are entitled to one vote per share at meetings of the shareholders of the Company, and upon dissolution or any other distribution of assets, to receive pro rata such assets of the Company as are distributable to the holders of common shares.

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

During the three months ended January 31, 2018, the Company completed the following transaction:

- a) On December 28, 2017 the Company closed the first tranche of a non-brokered private placement of units and issued 7,000,000 flow-through units, with each unit consisting of one flow-through common share and one-half of one common share purchase warrant, for gross proceeds of \$350,000. Each full warrant is exercisable into one common share at \$0.10 for 24 months from the date of issuance.
- b) On January 30, 2018 the Company announced that it was increasing the maximum amount of the private placement to \$750,000 and extending the closing date to March 1, 2018. On February 28, 2018 the company announced that had closed the second and final tranche of the private placement receiving \$420,500 from the issuance of a further 5,500,000 flow-through units and 2,910,000 non flow-through units. Each non flow-through unit was issued at \$0.05 and consists of one common share and one full common share purchase warrant, with each warrant being exercisable at \$0.08 for 24 months from the date of issuance.

During the year ended October 31, 2017, the Company completed the following share transactions:

- a) On March 24, 2017, the Company issued 200,000 shares in connection with the acquisition of the NOW Properties, and on July 24, 2017 the Company issued the second tranche of 200,000 shares, for a total of 400,000 shares.
- b) On April 18, 2017 the Company reached an agreement with Rainy Mountain, its joint venture partner on the Marshall Lake property, to acquire all of the camp assets owned by Rainy Mountain at the Marshall Lake property. The Company and Rainy Mountain also agreed to extend the option agreement for a further 12 months, to July 15, 2018. As consideration for the purchase of the camp assets and the extension of the option agreement, the Company issued 600,000 shares to Rainy Mountain.
- c) On April 27, 2017, holders of convertible debentures with a principal value of \$307,500 elected to convert the debentures into units at a conversion rate of \$0.05 per unit, with each unit comprising one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.05 for a period of four years from the date of conversion. As a result of the conversion, a total of 6,150,000 common shares and 6,150,000 warrants were issued. Accrued interest to the date of conversion in the amount of \$50,400 was settled through the issuance of 1,008,000 common shares and 490,800 common share purchase warrants. These warrants have the same terms as the warrants issued above.
- d) On September 26, 2017, holders of convertible debentures with a principal value of \$98,630 elected to convert the debentures into units at a conversion rate of \$0.055 per unit, with each unit comprising one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.055 for a period of four years from the date of conversion. As a result of the conversion, a total of 1,793,273 common shares and 1,793,273 warrants were issued.

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

For the Three Months Ended January 31, 2018

(Unaudited)

(Expressed in Canadian dollars)

**6. CAPITAL STOCK (Continued)**

The following options were outstanding as at January 31, 2018 and October 31, 2017:

	January 31, 2018		October 31, 2017	
	Number of Options	Weighted Ave Exercise Price	Number of Options	Weighted Ave Exercise Price
Opening balance	5,600,000	0.051	5,715,000	0.053
Granted	3,350,000	0.050	-	-
Expired	-	-	(115,000)	0.160
Ending balance	8,950,000	\$0.051	5,600,000	\$0.051
Options exercisable	8,950,000	\$0.051	5,600,000	\$0.051

Expiry Date	Number of Options		Exercise Price
	January 31, 2018	October 31, 2017	
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
January 18, 2023	3,350,000	-	-
Outstanding and exercisable	8,950,000	5,600,000	-
Weighted average remaining life	4.24 years	3.65 years	-

**Share Purchase Warrants**

Share purchase warrant transactions are summarized as follows:

	Three months ended January 31, 2018		Year ended October 31, 2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	17,678,098	\$ 0.078	10,243,025	\$ 0.103
Issued	3,500,000	0.100	8,434,073	0.051
Expired	-	-	(999,000)	-
Ending balance	21,178,098	\$ 0.082	17,678,098	\$ 0.078
Warrants exercisable	21,178,098	\$ 0.082	17,678,098	\$ 0.078

As at January 31, 2018 and October 31, 2017 the following share purchase warrants were outstanding:

Expiry Date	Number of Warrants		Exercise Price
	January 31, 2018	October 31, 2017	
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	6,150,000	0.050
July 5, 2021	490,800	490,800	0.050
September 26, 2021	1,793,273	1,793,273	0.055
December 28, 2019	3,500,000	-	0.100
<b>Outstanding and exercisable</b>	<b>21,178,098</b>	<b>17,678,098</b>	

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

For the Three Months Ended January 31, 2018

(Unaudited)

(Expressed in Canadian dollars)

---

---

**7. RELATED PARTY TRANSACTIONS**

The following are related party transactions that have occurred during the three months ended January 31, 2018, 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:

	<b>2018</b>	<b>2017</b>
Interest accrued on convertible debentures	\$ 3,000	\$ 6,518

**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, 2018 and 2017 is outlined below:

	<b>2017</b>	<b>2016</b>
Consulting fees	\$ -	\$ -
Directors fees	-	-
Share-based compensation	52,635	-
	\$ 52,635	\$ 51,500

**8. CONTINGENCY**

The Company was named in a lawsuit filed in June 2016 by Ronald Coombes (“Coombes”), the former President and CEO and a 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 \$118,390. 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 in July 2016 for breach of fiduciary duty. 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 January 31, 2018.

**9. SUBSEQUENT EVENT**

On February 28, 2018 the company announced that it had closed the second and final tranche of the private placement, receiving \$420,500 from the issuance of a further 5,500,000 flow-through units and 2,910,000 non flow-through units. Each non flow-through unit was issued at \$0.05 and consists of one common share and one full common share purchase warrant, with each warrant being exercisable at \$0.08 for 24 months from the date of issuance.