COPPER LAKE
RESOURCES LTD

Annual Financial Statements
For the Year Ended October 31, 2016

Expressed in Canadian dollars

December 22, 2016

Independent Auditor's Report

To the Shareholders of
Copper Lake Resources Ltd.

We have audited the accompanying financial statements of Copper Lake Resources Ltd., which comprise the statements of financial position as at October 31, 2016 and October 31, 2015 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Copper Lake Resources Ltd. as at October 31, 2016 and October 31, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Copper Lake Resources Ltd.'s ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Copper Lake Resources Ltd.
Statements of Financial Position
(Expressed in Canadian dollars)

As at		October 31, 2016		October 31, 2015
ASSETS				
Current assets				
Cash and cash equivalents	$	161,977	$	16,007
Restricted cash (note 13		118,390		-
HST receivable		25,425		3,937
Deposits		2,457		-
		308,249		19,944
Deposits		-		2,457
Exploration and evaluation assets (note 4)		5,870,994		3,427,130
Total assets	**$**	**6,179,243**	**$**	**3,449,531**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (note 7)	$	324,821	$	371,230
Loan payable (note 7)		-		231,562
Advances from shareholder (note 7)		10,340		200,000
		335,161		802,792
Convertible debt (note 5)		365,095		-
Shareholders' equity				
Capital stock (note 6)		14,588,021		11,740,046
Advance share subscriptions (note 6)		-		5,000
Reserves (note 6)		289,535		135,411
Equity component of convertible debt (note 5)		165,659		-
Deficit		(9,564,228)		(9,233,718)
		5,478,987		2,646,739
Total liabilities and shareholders' equity	**$**	**6,179,243**	**$**	**3,449,531**

Going concern (note 1)
Contingency (note 13)

On behalf of the Board:

"Terrence MacDonald" Director

"Paul Mcgroary" Director

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the year ended October 31, 2016	For the year ended October 31, 2015
General and administrative expenses		
Interest and accretion (notes 5 and 7)	$ 39,304	$ 24,000
Management fees (note 7)	53,500	133,931
Office and general	9,576	21,615
Professional fees	109,971	41,812
Rent (note 7)	2,950	14,792
Share-based compensation (notes 6 and 7)	189,105	-
Transfer agent and regulatory fees	44,977	19,593
Travel	1,437	6,046
Loss from operations	**450,820**	**261,789**
Impairment of exploration and evaluation assets	-	1,219,863
Net loss and comprehensive loss for the year	**$ 450,820**	**$ 1,481,652**
Basic and diluted loss per share	**$ 0.01**	**$ 0.04**
Weighted average number of common shares outstanding	**55,435,720**	**39,036,145**

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Statements of Changes in Shareholders' Equity
Years Ended October 31
(Expressed in Canadian dollars)

	Capital stock Shares	Capital stock Amount	Reserves	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
Private placement – January 2016	198,000	9,900	-	-	-	9,900
Advance share subscriptions	-	(5,000)	-	-	-	(5,000)
Equity component of convertible debt			-	245,951	-	245,951
Private placement – September 2016	6,533,329	392,000	-	-	-	392,000
Share issue costs		(13,557)	3,637	-	-	(9,920)
Shares issued as consideration	34,422,938	1,893,262	-	-		1,893,262
Conversion of convertible debt	4,570,363	251,370	-	(80,292)	-	171,078
Transfer on expiry of options	-	-	(120,310)	-	120,310	-
Share-based compensation	-	-	189,105	-		189,105
Net loss and comprehensive loss	-	-	-	-	(450,820)	(450,820)
Balance, October 31, 2016	**93,990,912**	**14,588,021**	**289,535**	**165,659**	**(9,564,228)**	**5,478,987**
Balance, October 31, 2014	38,266,282	11,590,218	207,057	-	(7,823,712)	3,973,563
Acquisition of property interest	2,000,000	100,000	-	-	-	100,000
Extension of property option agreement	1,000,000	50,000	-	-	-	50,000
Transfer on expiry of options	-	-	(71,646)	-	71,646	-
Share issue costs	-	(172)	-	-	-	(172)
Advance share subscriptions	-	5,000	-	-	-	5,000
Net loss and comprehensive loss	-	-	-	-	(1,481,652)	(1,481,652)
Balance, October 31, 2015	**41,266,282**	**11,745,046**	**135,411**	**-**	**(9,233,718)**	**2,646,739**

The accompanying notes are an integral part of these financial statements

Copper Lake Resources Ltd.
Statements of Cash Flows
(Expressed in Canadian dollars)

	For the year ended October 31, 2016	October 31, 2015
Cash flows from operating activities:		
(Loss) for the year	$ (450,820)	$ (1,481,652)
Items not affecting cash:		
Impairment of exploration and evaluation assets (note 4)	-	1,219,863
Share-based compensation (note 6, 7)	189,105	-
Accretion on convertible debenture (note 5)	12,124	
Accrued interest on convertible debenture and loan (note 5, 7)	26,720	24,000
Change in non-cash working capital items:		
HST receivable	(21,488)	1,821
Deposits	(2,457)	-
Restricted cash (note 13)	(118,390)	-
Prepaid expenses	-	9,519
Accounts payable and accrued liabilities	67,641	17,960
Net cash used in operating activities	**297,565**	**208,489**
Cash flows from investing activities:		
Deposits	(2,457)	
Exploration and evaluation asset expenditures	341,242	14,889
Net cash used in investing activities	**338,785**	**14,889**
Cash flows provided by (used in) financing activities:		
Advances from shareholder (note 7)	(24,660)	200,000
Advance share subscriptions	(5,000)	5,000
Issuance of shares (note 6)	401,900	-
Issuance of convertible debentures (note 5)	420,000	-
Share issue costs	(9,920)	(172)
Net cash provided by financing activities	**782,320**	**204,828**
Increase (decrease) in cash during the year	145,970	(18,550)
Cash and cash equivalents, beginning of year	16,007	34,557
Cash and cash equivalents, end of year	**$ 161,977**	**$ 16,007**

The accompanying notes are an integral part of these financial statements

(Expressed in Canadian dollars)

Supplemental cash flow information

	October 31, 2016	October 31, 2015
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	-	-
Non-cash financing and investing activities:		
Issuance of capital shares for exploration and evaluation assets	$ 1,893,262	$ 150,000
Transfer of shareholder equity reserves to record the expiry of share options	120,310	71,646
Exploration costs included in accounts payable	93,290	140,641

1. NATURE OF BUSINESS AND GOING CONCERN

Copper Lake Resources Ltd. (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 financial statements have been prepared on the basis of generally accepted 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 material uncertainties cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of generally accepted accounting principles applicable to a going concern.

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 carrying values of assets and liabilities, the reported expenses and statement of financial position classifications that might be necessary should the Company be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. 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 financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The policies applied in these financial statements are based on IFRS issued and outstanding as of October 31, 2016. The Board of Directors approved the financial statements for issue on December 22, 2016.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain non-current assets and financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3.

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.

2. BASIS OF PREPARATION (Continued)

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 following:

Recoverability of asset carrying values

The Company assesses its exploration and evaluation assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period. Judgment is required in determining if such indicators exist. The assessment of any impairment of property and equipment and exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves or resources, economic and market conditions, timing of cash flows, the useful lives of assets and their related salvage values.

Convertible debentures

The convertible debentures are classified as liabilities, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the liability being less than its face value. The discount is being accreted over the term of the debentures, using the effective interest rate method which approximates the market rate at the date the debentures were issued. Management uses its judgment to determine an interest rate that would have been applicable to non-convertible debt at the time the debentures were issued.

Share-based payments

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option pricing model. In assessing the fair value of equity-based compensation, estimates have been made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are a list of significant accounting policies used by the Company.

a) Cash and cash equivalents

Cash and cash equivalents includes highly liquid instruments with original maturities of 90 days or less and that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

b) Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of loss and comprehensive loss.

Transactions costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties, loan payable, convertible debt and accounts payables and accrued liabilities, all of which are recognized at amortized cost using the effective interest method. The Company’s accounts payable and accrued liabilities are classified as other financial liabilities.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

c) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs upon obtaining the legal right to explore relating to the acquisition of, exploration for and evaluation of mineral claims and crediting all proceeds received against the

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation assets (Continued)

cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a exploration and evaluation asset is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. At such time as commercial production commences, these costs are reclassified as mining assets and will be charged to operations on a unit-of-production method based on proven and probable reserves.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment at each financial position reporting date. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

d) Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss and comprehensive loss the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Convertible debentures

Convertible debentures can be converted to share capital at the option of the holder and the number of shares to be issued does not vary with changes in the fair value. The liability component of the convertible debenture is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the convertible debenture as a whole and the fair value of the liability component. Any transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of the convertible debenture is measured at amortized cost using the effective interest method. The equity component is not re-measured subsequent to initial recognition.

f) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

g) Flow-through shares:

The Company will from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. This is referred to as the residual value method.

Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration and expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued and as an expense until paid.

h) Share based payment transactions

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. The fair value of the options is accrued and charged either to operations or exploration and evaluation assets, with the offset credit to share-based payments reserve, over the vesting period. If and when the stock options are exercised, the applicable amounts from share-based payments reserve are transferred to capital stock.

The Black-Scholes option valuation model used by the Company to determine fair values of options and similar financial instruments requires the input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

j) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it will not be recognized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Standards, Interpretations and Amendments Not Yet Effective

IFRS 9 "Financial Instruments" (IFRS 9)

IFRS 9 addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having three categories: amortized cost, fair value through profit and loss, and fair value through other comprehensive income. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in the statement of earnings to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is still assessing the impact of this standard.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards, Interpretations and Amendments Not Yet Effective (Continued)

IAS 16 "Property, Plant and Equipment" (IAS 16)

The IASB has published Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. The Company is still assessing the impact of this standard.

Amendments

The requirements of IAS 16 are amended to clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an assets expected future economic benefits.

IAS 1 - "Presentation of Financial Statements" (IAS 1)

The IASB has published Disclosure Initiative (Amendments to IAS 1). The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

Disclosure Initiative (Amendments to IAS 1) makes the following changes:

- Materiality. The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- Statement of financial position and statement of profit or loss and other comprehensive income. The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Company is still assessing the impact of this standard.

IFRS 7 "Financial Instruments"

Disclosures amended to (i) add guidance on whether an arrangement to service a financial asset which has been transferred constitutes continuing involvement, and (ii) clarify that the additional disclosure required by the amendments to IFRS 7, Disclosure - Offsetting financial assets and financial liabilities, is not specifically required for interim periods, unless required by IAS 34. The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Company is still assessing the impact of this standard.

IAS 7 "Statement of Cash Flows"

Disclosures related to financing activities was amended to require disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for years beginning on or after January 1, 2017. The Company is still assessing the impact of this standard.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards, Interpretations and Amendments Not Yet Effective (Continued)

IAS 12 "Income Taxes" Deferred tax was amended to clarify (i) the requirements for recognizing deferred tax assets on unrealized losses; (ii) deferred tax where an asset is measured at a fair value below the assets tax base, and (iii) certain other aspects of accounting for deferred tax assets. This amendment is effective for years beginning on or after January 1, 2017. The Company is still assessing the impact of this standard.

IFRS 16 "Leases"

IFRS 16 replaces current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on the balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets, however this exemption can only be applied by lessees. The standard applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is still assessing the impact of this standard.

The Company has initially assessed that there will be no material reporting changes as a result of adopting the above new standards; however, enhanced disclosure requirements are expected.

4. 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 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.

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 has earned a 37.5% joint venture interest in the Marshall Lake project. Both optionors have confirmed the Company's increased interest in Marshall Lake.

4. EXPLORATION AND EVALUATION ASSETS (Continued)

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 October 31, 2016, the company has incurred cumulative expenditures of $3,281,731.

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.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

The Company's expenditures on exploration and evaluation assets are as follows:

	Marshall Lake Property	Norton Lake Property	Total
Balance, October 31, 2014	**$ 3,283,789**	**$ 1,119,864**	**$ 4,403,653**
Acquisition costs	75,000	100,000	175,000
Expenditures for the year			
Geological and geophysical	65,000	-	65,000
Storage	247	-	247
Travel	3,093	-	3,093
Total expenditures for the year	143,340	100,000	243,340
Impairment charge	-	(1,219,863)	(1,219,863)
Balance, October 31, 2015	**$ 3,427,129**	**$ 1**	**$ 3,427,130**
Acquisition costs	2,255,762	-	2,255,762
Expenditures for the year			
Assays	605	-	605
Geological and geophysical	138,081	-	138,081
Property staking costs	23,028	-	23,028
Reports	24,597	-	24,597
Transportation	1,088	-	1,088
Travel	703	-	703
Total expenditures for the year	2,443,864	-	2,443,864
Balance, October 31, 2016	**$ 5,870,993**	**$ 1**	**$ 5,870,994**

5. 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**

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

5. CONVERTIBLE DEBENTURES (Continued)

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).

6. 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 year ended October 31, 2016, the Company completed the following share transactions:

a) On December 10, 2015 the Company completed a debt settlement with Prairie Enterprises (Alberta) Inc., a company controlled by a director, whereby the Company issued 7,000,000 common shares and 900,000 share purchase warrants to settle debt in the amount of $396,692. The share purchase warrants have an exercise price of $0.10 and expire 18 months from the date of issue. The settlement resulted in a gain of $67,112 which has been recorded in reserves in equity.

b) On January 14, 2016 the Company announced that it closed a 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 entitles 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.

c) On September 26, 2016 the Company announced that it closed a private placement, and issued 2,483,332 non-flow through units at $0.06 and 4,049,997 flow through units at $0.06 for total gross proceeds of $392,000. Each flow through unit consists of one flow-through common share and one-half of one common share purchase warrant, with each full warrant being exercisable at $0.15 for two years. Each non-flow through unit consists of one non flow-through common share and one full common share purchase warrant, with each full warrant being exercisable at $0.15 for two years. The share purchase warrants will be subject to the right of the Company to accelerate the exercise if the shares of the Company trade at or above $0.25 for a period of ten consecutive trading days.

   In connection with financing, the Company paid finders fees of $9,920 and issued 165,333 broker warrants. The broker warrants will be exercisable at $0.15 for twenty-four months from closing.

d) On September 29, 2016, the Company announced that it had closed the acquisition of the 31.25% interest in the Marshall Lake property held by Marshall Lake Mining Limited, a privately held UK based company. In consideration the Company issued 34,422,938 common shares and a principal amount of $350,000 of 12% five year unsecured convertible debentures (see note 5).

e) On October 11, 2016 the Company announced that convertible debentures with a principal value of $251,370 that were issued to Marshal Lake Mining Limited (UK) had been converted into units, consisting of common shares and common share warrants. The debentures were converted at the conversion rate of $0.055 per unit and resulted in the issuance of 4,570,363 common shares and 4,570,363 common share warrants. Each common share warrant entitles the holder to acquire one additional common share at a price of $0.055 for a period of four years from the date of issue.

(Expressed in Canadian dollars)

6. CAPITAL STOCK (Continued)

During the year ended October 31, 2015, the Company completed the following share transactions:

a) On July 29, 2015, the Company issued 2,000,000 common shares to White Metal Resources Corp. to acquire an additional 9.09% in its Norton Lake property.

b) On July 30, 2015, the Company issued an aggregate 1,000,000 common shares, 500,000 common shares to each Marshall Lake Mining PLC and Rainy Mountain, to extend its earn-in option on the Marshall Lake property.

c) received advance share subscriptions of $5,000 in respect of a non-brokered private placement of up to 10,000,000 units priced at $0.05 per unit to raise gross proceeds of up to $500,000. Each unit is comprised of one common share plus one share purchase exercisable at a price of $0.10 for a period of 18 months from the date of closing of the placement. The placement closed on January 14, 2016 having raised gross proceeds of $9,900.

The Company has reclassified certain amounts within equity relating to common share options that expired during the year by transferring amounts from reserves to deficit. During the year ended October 31, 2016, the amount transferred from reserves to deficit was $120,310 (2015 - $71,646). Prior year figures were also reclassified to transfer $567,829 from reserves to deficit at October 31, 2014 to reflect options that had expired prior to that date.

Share Purchase Warrants

Share purchase warrant transactions are summarized for the years ended as at October 31, 2016 and 2015:

	October 31, 2016			October 31, 2015		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Opening balance	-	$	-	262,500	$	0.26
Issued	10,243,025		0.10			
Expired	-		-	(262,500)		0.26
Ending balance	10,243,025	$	0.10	-		-
Warrants exercisable	10,243,025	$	0.10	-	$	-

As at October 31, 2016 the following share purchase warrants were outstanding:

	Number of Warrants		
Expiry Date	**October 31, 2016**	**October 31, 2015**	**Exercise Price**
June 10, 2017	900,000	-	$ 0.100
July 14, 2017	99,000	-	0.100
September 26, 2018	4,673,662	-	0.150
September 29, 2020	4,570,363	-	0.055
Outstanding and exercisable	**10,243,025**	**-**	**$ 0.103**

(Expressed in Canadian dollars)

6. CAPITAL STOCK (Continued)

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 exercise price of each option is based on the market price of the Company's share as calculated on the date of grant. The options can be granted for a maximum term of five years. Options granted to investor relations consultants are subject to vesting provisions, as established by regulatory authorities, over a twelve month period, with no more than ¼ vesting during any three month period. Vesting provisions for other options are determined by the Company's Board of Directors.

During the year ended October 31, 2016, the Company granted 5,600,000 (2015 – nil) stock options to its officers and directors, with a weighted average exercise price of $0.05. The options vested immediately and are exercisable for a period of five years from the date of grant. The estimated weighted average grant date fair value of the options was $0.034 per option, as determined using the Black-Scholes valuation model and the following assumptions: risk free interest rate – 0.50%; expected life in years – 5; expected volatility 83% to 107%; and expected forfeiture rate – 0%.

The following options were outstanding as at October 31, 2016 and 2015:

	October 31, 2016		**October 31,2015**	
	Number of Options	Wtd Ave Exercise Price	Number of Options	Wtd Ave Exercise Price
Opening balance	745,000	$0.21	920,000	$0.21
Granted	5,600,000	0.05	-	-
Expired	(630,000)	0.21	(175,000)	0.22
Ending balance	5,715,000	$0.05	745,000	$0.21
Options exercisable	5,715,000	$0.05	745,000	$0.21

As at October 31, 2016, the following incentive stock options were outstanding:

		Number of Options		
	Expiry Date	**October 31, 2016**	**October 31, 2015**	Exercise Price
	February 16, 2016	-	130,000	$ 0.380
	May 10, 2016	-	48,000	0.300
	August 31, 2016	-	42,000	0.250
	July 3, 2017	80,000	280,000	0.160
	August 29, 2017	35,000	245,000	0.160
	April 6, 2021	2,250,000	-	0.050
	July 29, 2021	2,250,000	-	0.050
	August 8, 2021	100,000	-	0.065
	September 29, 2016	1,000,000	-	0.055
Outstanding and exercisable		5,715,000	745,000	$ 0.053

Share-based compensation

During the year ended October 31, 2016, the Company recognized $189,105 (2015 - $Nil) as share-based compensation expense for options vested during the period.

During the year, reserves were decreased by the amount of $120,310 (2015 - $71,646) upon the expiry of unexercised incentive share options previously expensed as share-based compensation in operations.

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

The following are related party transactions that have occurred during the year ended October 31, 2016 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:

	2016	2015
Interest	13,178	24,000
Rent	2,950	14,792
	$ 16,128	$ 38,792

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 years ended October 31, 2016 and 2015 is outlined below:

	2016	2015
Consulting fees	53,500	133,931
Share-based compensation	189,105	-
	$ 242,605	$ 133,931

Included in accounts payable and accrued liabilities as at October 31, 2016 is $139,306 (2015 - $141,974) owed to directors, companies controlled by former directors or companies having certain directors in common.

Included in deposits at October 31, 2016 is $2,457 (2015 - $2,457) as office rent deposit, which is held by a public company with a director in common.

The advances from shareholder in the amount of $10,340 were advanced by the former CEO and are non-interest bearing and have no terms of repayment.

The Company entered into an amended loan agreement with Prairie Enterprises, dated September 2, 2014, pursuant to which the lender agreed to loan the Company an additional $100,000, for a total of $200,000, for general working capital purposes. The loan was repayable within one year from the date of advance and bears an interest at a rate of 1% per month (12% per annum).

In addition, Prairie Enterprises advanced shareholder loans in the aggregate amount of $200,000. These shareholder loans were unsecured, bear no interest and have no terms of repayment. These loans were settled during the year.

In December 2015, the Company completed a debt settlement agreement with Prairie Enterprises whereby Prairie Enterprises received 7,000,000 common shares and 900,000 share purchase warrants exercisable at $0.10 for a period of 18 months in settlement of debt in the amount of $396,692. The settlement resulted in a gain of $67,112 which has been recorded in reserves within equity. The fair value of the warrants was determined using the Black-Scholes valuation model and the following assumptions: risk free interest rate – 2.00%; expected life in years – 1.5; and expected volatility 120%.

Directors and officers of the Company participated in the convertible debenture financing that closed on April 28, 2016 and subscribed to a total of $205,500 out of the total issue of $420,000.

8. COMMITMENTS

On November 1, 2015, the Company entered into a 1-year consulting agreement with Coombes & Sons Administration Inc., a company controlled by Mr. Ron Coombes who is 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.

9. CAPITAL MANAGEMENT

The Company defines its capital under management as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk level.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

To fund future operations and exploration activities, the Company will need to raise funds through future share issuances, issue new debt or dispose of assets. See note 1.

There have been no changes to the Company's approach to capital management during the year ended October 31, 2016. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and cash equivalents, restricted cash, receivables and deposits as loans and receivables; and accounts payable and accrued liabilities and loan payable, advances from shareholders and convertible debt as other financial liabilities.

The carrying values of cash and cash equivalents, restricted cash, deposits and receivables approximate their fair values due to the short-term maturity of these financial instruments. The fair value of the accounts payable and accrued liabilities, loan payable, convertible debt and advances from shareholder may be less than the carrying value due to the liquidity and going concern risk (note 1).

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents and other receivables.

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. Management believes that the credit risk concentration with respect to cash and cash equivalents and receivables is remote as it maintains accounts with highly-rated financial institutions.

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At October 31, 2016, the Company had current liabilities of $335,161 (2015 - $802,792).

Based on the current funds held, the Company will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company. See Note 1.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices. The Company is not exposed to any significant interest rate risk volatility or exchange rate volatility.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2016	2015
Net income (loss) for the year	$ (450,820)	$ (1,481,652)
Expected income tax (recovery)	$ (119,467)	$ (392,638)
Share based compensation	50,113	-
Impairment of mineral property	-	323,264
Change in tax loss benefits not recognized	69,354	69,374
Income tax recovery (expense)	$ -	$ -

The significant components of the Company's unrecognized temporary differences, including unused tax credits and unused tax losses are as follows:

	2016	Expiry Date Range	2015
Temporary differences:			
Exploration and evaluation assets	$ 1,007,414	No expiry	$ 1,007,414
Canadian eligible capital (CEC)	32,359	No expiry	32,359
Share issue costs	37,625	No expiry	27,705
Investment tax credits	149,470	2029 to 2033	149,470
Allowable capital losses	10,844	No expiry	10,844
Non-capital losses available for future periods	4,988,123	2026 to 2036	4,724,834

As at December 31, 2016 the Company has non-capital losses of $4,988,123 available to reduce taxable income in future years. The benefits of these available tax losses and tax assets have not been recognized in the financial statements.

12. SEGMENTED INFORMATION

The Company currently has one business segment and operates in the mineral exploration business in Canada.

13. 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.