



COPPER LAKE
RESOURCES LTD

Condensed Interim Financial Statements
For the Three and Nine Months Ended
July 31, 2016

(Expressed in Canadian dollars)

Unaudited – Prepared by Management

Copper Lake Resources Ltd.

The accompanying unaudited condensed interim financial statements of Copper Lake Resources Ltd. for the three and nine months ended July 31, 2016 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company on September 27, 2016.

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

Copper Lake Resources Ltd.
Condensed Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	Notes	July 31, 2016	October 31 2015
		\$	\$
ASSETS			
Current assets			
Cash		4,624	16,007
Restricted cash	8	118,390	-
HST receivable		9,656	3,937
Deposits		21,157	2,457
		153,827	22,401
Exploration and evaluation assets	3	3,488,768	3,427,130
Total assets		3,642,595	3,449,531
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		296,567	371,230
Advances from shareholders	5	35,340	200,000
Loan payable	5	-	231,562
		331,907	802,792
Convertible debenture	4	291,734	-
Shareholders' equity			
Capital stock	6	12,099,946	11,745,046
Equity component of convertible debt	4	134,155	-
Share-based payments reserve		324,978	135,411
Deficit		(9,540,125)	(9,280,410)
		3,018,954	2,646,739
Total liabilities and shareholders' equity		3,364,259	3,449,531

On behalf of the Board:

"Terrence MacDonald" Director

"Gary O'Connor" Director

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

Copper Lake Resources Ltd.
Condensed Interim Statements of Comprehensive Loss

(Unaudited)

(Expressed in Canadian dollars, except per share amounts)

	Notes	Three months ended July 31		Nine months ended July 31	
		2016	2015	2016	2015
		\$	\$	\$	\$
Expenses					
Audit and legal		38,975	9,726	53,455	25,154
Insurance		-	2,619	-	7,731
Interest and bank charges	5	18,940	12,080	19,184	29,473
Management	5	-	33,425	53,500	87,225
Office and general		6,052	1,652	7,262	4,153
Rent	5	450	3,781	2,950	11,792
Share-based compensation	5	83,250	-	142,875	-
Transfer agent and regulatory		7,441	5,118	22,944	18,453
Travel		-	-	4,237	-
Net loss and comprehensive loss		\$155,108	\$ 68,401	\$306,407	\$ 183,981
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average common Shares outstanding		48,464,282	38,266,282	47,248,115	38,266,282

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

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

(Unaudited)

(Expressed in Canadian dollars)

	Capital stock		Share-based payments reserve	Equity component of convertible debt	Deficit	Total
	Shares	Amount				
		\$	\$	\$	\$	\$
Balance, October 31, 2015	41,266,282	11,745,046	135,411	-	(9,233,718)	2,646,739
Issued in connection with debt settlement	7,000,000	350,000	46,692			396,692
Advance share subscriptions		(5,000)				(5,000)
Private placement	198,000	9,900				9,900
Share-based payments			142,875			142,875
Equity component of convertible debt				134,155		134,155
Net loss and comprehensive loss for the period	-	-	-	-	(306,407)	(306,407)
Balance, July 31, 2016	48,464,282	12,099,946	324,978	134,155	(9,540,125)	3,018,954
Balance, October 31, 2014	38,266,282	11,590,218	791,950	-	(8,408,605)	3,973,563
Transfer on expiry of options and warrants	-	-	(647,608)	-	647,608	-
Shares issued to acquire property interest	2,000,000	100,000	-	-	-	100,000
Shares issued for extension of property option agreement	1,000,000	50,000	-	-	-	50,000
Net loss and comprehensive loss for the period	-	-	-	-	(183,981)	(183,981)
Balance, July 31, 2015	38,266,282	11,590,218	791,950	-	(7,944,978)	3,939,582

Copper Lake Resources Ltd.
Condensed Interim Statements of Cash Flows

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	July 31, 2016	July 31, 2015	July 31, 2016	July 31, 2015
	\$		\$	
Cash flows (used in) from operating activities:				
Net loss and comprehensive loss for the period	(155,108)	(68,401)	(306,407)	(183,981)
Items not involving cash:				
Share-based compensation	83,250	-	142,875	-
Interest and accretion on convertible debentures	18,869		18,869	
Change in non-cash working capital items:				
Restricted cash	(118,390)		(118,390)	
HST receivable	(6,270)	(4,394)	(5,719)	(16,489)
Deposits	(18,700)	2,618	(18,700)	7,731
Accounts payable and accrued liabilities	49,569	27,344	(122,513)	45,565
	(146,780)	(42,833)	(409,985)	(147,174)
Cash flows (used in) from investing activities:				
Exploration and evaluation asset expenditures	(55,305)	(32,348)	(61,638)	(80,840)
	(55,305)	(32,348)	(61,638)	(80,840)
Cash flows from financing activities:				
Advance from shareholders	(10,657)	-	35,340	200,000
Proceeds from issuance of capital stock	-	-	4,900	-
Proceeds from issuance of convertible debenture	-	-	420,000	-
	(10,657)	-	460,240	200,000
Increase (decrease) in cash and cash equivalents	(212,472)	(75,181)	(11,383)	(28,014)
Cash and cash equivalents, beginning of period	217,096	81,724	16,007	34,557
Cash and cash equivalents, end of period	4,624	6,543	4,624	6,543

Copper Lake Resources Ltd.

Notes to Condensed Interim Financial Statements

Three and nine months ended July 31, 2016

(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. On September 23, 2014 White Tiger Mining Corp. received TSX Venture Exchange acceptance and officially changed its name to Copper Lake Resources Ltd. The Company’s shares are listed on the TSX Venture Exchange under the trading symbol CPL. The Company’s head office is located at 501 Alliance Avenue, Suite 401, Toronto, Ontario.

These 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 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. 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, 2015.

These condensed interim financial statements were authorized for issue by the Board of Directors on September 27, 2016.

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, 2015.

Functional and presentation currency

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

Convertible Debentures

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

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and nine months ended July 31, 2016

(Unaudited)

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (Continued)

Use of estimates and judgments

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

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended October 31, 2015.

3. EXPLORATION AND DEVELOPMENT ASSETS

During the nine months ended July 31, 2016, the Company incurred expenditures on the Marshall Lake property in the amount of \$61,638.

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. This acquisition will give Copper Lake a 68.75% interest in the property.

Consideration for the acquisition will consist of a maximum of 34,268,738 common shares and a principal amount of \$350,000 of 12% five year unsecured subordinated convertible debentures, subject to customary closing adjustments. 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 \$2,063,000. The transaction was approved by shareholders on July 26, 2016, and received regulatory approval on September 22, 2016. The transaction is expected to close in the fourth quarter.

4. CONVERTIBLE DEBENTURES

	Liability Component	Equity Component
Balance October 31, 2015		
Issuance of convertible debentures	\$ 285,845	\$ 134,155
Accretion	5,889	-
Balance July 31, 2016	\$ 291,734	\$ 134,155

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.

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and nine months ended July 31, 2016

(Unaudited)

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS

The following are related party transactions that have occurred during the three and nine months ended July 31, 2016, which have not otherwise been disclosed herein.

The Company paid or accrued the following amounts to directors, companies controlled by directors or companies having common directors during the three and nine months ended July 31, 2016:

	Three months ended July 31		Nine months ended July 31	
	2016	2015	2016	2015
Interest on loan	-	12,000	-	17,000
Interest on convertible debentures	6,351	-	6,351	-
Rent	-	3,781	1,000	8,011
	6,351	15,781	7,351	25,011

Key management compensation

Key management includes directors and other key personnel, including the CEO, President and CFO, who have authority and responsibility for planning, directing, and controlling the activities of the Company. The compensation paid to these key management personnel for the three and nine months ended July 31, 2016 and 2015 is outlined below:

	Three months ended July 31		Nine months ended July 31	
	2016	2015	2016	2015
Management fees	-	26,050	53,500	53,800
Share-based compensation	83,250	-	142,875	-
	83,250	26,050	196,375	53,800

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.

During the nine months ended July 31, 2016 shareholders who were also a director and officer advanced funds to the Company totaling \$35,340 (2015 \$200,000). These advances are unsecured, non-interest bearing and have no terms of repayment.

6. CAPITAL STOCK

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

Share Issuance

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

Share Options

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

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and nine months ended July 31, 2016

(Unaudited)

(Expressed in Canadian dollars)

5. CAPITAL STOCK (Continued)

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

	July 31, 2016		October 31, 2015	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Opening balance	745,000	\$0.21	920,000	\$ 0.24
Granted	4,500,000	0.05		
Expired	(615,000)	0.22	(175,000)	\$ 0.45
Ending balance	4,630,000	\$0.05	745,000	\$ 0.21
Options exercisable	4,630,000	\$0.05	745,000	\$ 0.21

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

Expiry Date	Number of Options		Exercise Price
	July 31, 2016	October 31, 2015	
February 16, 2016	-	130,000	\$ 0.38
May 10, 2016	-	48,000	\$0.30
August 31, 2016	15,000	42,000	\$ 0.25
July 3, 2017	80,000	280,000	\$ 0.16
August 29, 2017	35,000	245,000	\$ 0.16
April 6, 2021	2,250,000	-	\$ 0.05
July 26, 2021	2,250,000	-	\$0.05
Outstanding and exercisable	4,630,000	745,000	

Share Purchase Warrants

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

	July 31, 2016		October 31, 2015	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
Opening balance		\$	262,500	\$ 0.26
Expired	-	-	(262,500)	0.26
Issued	1,098,000	0.10		
Ending balance	1,098,000	\$ 0.10	-	\$ -
Warrants exercisable	1,098,000		-	

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

Expiry Date	Number of Warrants		Exercise Price
	July 31, 2016	October 31, 2015	
June 10, 2017	900,000	-	\$ 0.10
July 14, 2017	198,000	-	\$0.10
Outstanding and exercisable	1,098,000	-	

Copper Lake Resources Ltd.

Notes to Condensed Interim Financial Statements

Three and nine months ended July 31, 2016

(Unaudited)

(Expressed in Canadian dollars)

7. COMMITMENTS

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

The Company has no other commitments.

8. CONTINGENCY

The Company was named in a lawsuit filed in June 2016, by Ronald Coombes (“Coombes”), the former President and CEO and former director, who tendered his resignation as President, CEO and director of Copper Lake in February 2016. Coombes is seeking payment for amounts claimed to be owing for consulting fees and reimbursement of expenses and unspecified damages. He is also seeking damages for alleged termination of his consulting agreement. In conjunction with the lawsuit, a prejudgment garnish order was served on the Company which resulted in \$118,390 being held by the BC Supreme Court pending the outcome of the lawsuit. The claims made by Coombes excluding damages total \$137,185. These amounts were recorded in the records of the Company while Coombes was President and CEO and remain on the books pending the outcome. The board of directors considers that the claim by Coombes has no merit and has retained legal counsel and filed a defence and a counterclaim in July 2016. Management is unable to determine the potential impact of the claim, if any, at the present time, and no provision has been booked for the lawsuit as at July 31, 2016.

9. SUBSEQUENT EVENT

- a) On August 8, 2016 the Company announced a non-brokered private placement of flow-through units (“FT Units”) and non flow-through units (“NFT Units”) to raise gross proceeds of up to \$300,000. Each FT Unit will be issued at \$0.06 and will consist of one flow-through common share and one-half of one common share purchase warrant, with each full share purchase warrant exercisable at \$0.15 for two years. Each NFT Unit will be issued at \$0.06 and will consist of one non flow-through common share and one common share purchase warrant 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.

On September 13, 2016 the Company received conditional approval for the non-brokered private placement and announced that it had closed the first tranche for gross proceeds of \$238,000.

On September 26, 2016 the Company announced that it had closed the second and final tranche of the financing and, subject to regulatory approval, will issue 2,483,332 NFT Units at a price of \$0.06 and 4,049,997 FT Units at a price of \$0.06 for total gross proceeds of \$392,000.

Subject to regulatory approval the Company will pay a total of \$9,920 in finder’s fees and issue 98,666 broker warrants, with each broker warrant entitling the holder to acquire one common share of the Company at a price of \$0.15 for 24 months from closing.

- b) On September 19, 2016 the Company received notice that the TSX Venture Exchange had given its approval for the acquisition of the Marshall Lake Mining Limited 31.25% interest in the Marshall Lake project, and the Company is now proceeding to close the transaction.