



COPPER LAKE
RESOURCES LTD

Condensed Interim Financial Statements
For the Three and Nine Months Ended
July 31, 2017

(Expressed in Canadian dollars)

Unaudited – Prepared by Management

Copper Lake Resources Ltd.

The accompanying unaudited condensed interim financial statements of Copper Lake Resources Ltd. for the three and nine months ended July 31, 2017 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

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

Copper Lake Resources Ltd.
Condensed Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	Notes	July 31, 2017	October 31 2016
		\$	\$
ASSETS			
Current assets			
Cash		4,909	161,977
Restricted cash	8	118,390	118,390
HST receivable		2,451	24,425
Deposits and prepaids		4,813	2,457
		142,264	308,249
Exploration and evaluation assets	3	6,030,956	5,870,994
Total assets		6,161,519	6,179,243
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		334,784	324,821
Advances from shareholders		-	10,340
		334,784	355,161
Convertible debenture	4	163,453	365,095
Shareholders' equity			
Capital stock	6	15,001,244	14,588,021
Equity component of convertible debt	4	67,394	165,659
Share-based payments reserve		263,988	289,535
Deficit		(9,669,344)	(9,564,228)
		5,663,282	5,478,097
Total liabilities and shareholders' equity		6,161,519	6,179,243

On behalf of the Board:

 "Terrence MacDonald" Director

 "Paul Mcgroary" 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	
		2017	2016	2017	2016
		\$	\$	\$	\$
Expenses					
Accretion of interest on convertible debentures		6,083	-	19,916	-
Gain on settlement of debt		-	-	(4,614)	-
Interest	5	7,080	18,940	37,954	19,184
Investor relations		-	-	10,500	-
Management fees	5	-	-	-	53,500
Office and general		2,511	6,052	8,618	7,262
Professional fees		18,539	38,975	35,603	53,455
Rent	5	-	450	-	2,950
Share-based compensation	5	-	83,250	-	142,875
Transfer agent and regulatory		3,209	7,441	15,805	22,944
Travel		1,863	-	6,881	4,237
Net loss and comprehensive loss for the period		\$39,285	\$155,108	\$130,663	\$306,407
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average common Shares outstanding		99,453,412	48,464,282	95,895,079	47,248,115

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	-	-	59,625	-	-	59,625
Equity component of convertible debt	-	-	-	134,155	-	134,155
Net loss and comprehensive loss for the period	-	-	-	-	(151,299)	(151,299)
Balance, July 31, 2016	48,464,282	12,099,946	241,728	134,155	(9,385,017)	3,090,812
Balance, October 31, 2016	93,990,912	14,588,021	289,535	165,659	(9,564,228)	5,478,987
Issued for property acquisition	400,000	16,000	-	-	-	16,000
Issued for option extension	600,000	27,000	-	-	-	27,000
Issued on conversion of debentures	6,150,000	319,823	-	(98,625)	-	221,558
Issued on settlement of debt	1,008,000	50,400	-	-	-	50,400
Transfer on expiry of options and warrants	-	-	(25,547)	-	25,547	-
Net loss and comprehensive loss for the period	-	-	-	-	(130,663)	(130,663)
Balance at July 31, 2017	102,148,912	15,001,244	263,988	67,394	(9,669,344)	5,663,282

Copper Lake Resources Ltd.
Condensed Interim Statements of Cash Flows

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	July 31,	July 31,	July 31,	July 31,
	2017	2016	2017	2016
			\$	
Cash flows (used in) from operating activities:				
Net loss and comprehensive loss for the period	(39,285)	(155,108)	(130,663)	(306,407)
Items not involving cash:				
Accretion of interest on convertible debt	6,083	18,869	19,916	18,869
Gain on settlement of debt	-	-	(4,614)	-
Share-based compensation	-	83,250	-	142,875
Change in non-cash working capital items:				
Restricted cash	-	(118,390)	-	(118,390)
HST receivable	1,560	(6,270)	22,974	(5,719)
Deposits and prepaids	2,357	(18,700)	(2,356)	(18,700)
Accounts payable and accrued liabilities	42,147	49,569	91,977	(122,513)
	12,862	(146,780)	(2,766)	(409,985)
Cash flows (used in) from investing activities:				
Exploration and evaluation asset expenditures	(20,646)	(55,035)	(143,962)	(61,638)
	(20,646)	(55,035)	(143,962)	(61,638)
Cash flows from financing activities:				
Advance from shareholders	-	(10,657)	(10,340)	35,340
Proceeds from issuance of capital stock	-	-	-	4,900
Proceeds from issuance of convertible debenture	-	-	-	420,000
	-	(10,657)	(10,340)	460,240
Increase (decrease) in cash and cash equivalents	(7,784)	(212,472)	(157,068)	(11,383)
Cash and cash equivalents, beginning of period	12,693	217,096	161,977	16,007
Cash and cash equivalents, end of period	4,909	4,624	4,909	4,624

Copper Lake Resources Ltd.

Notes to Condensed Interim Financial Statements

Three and Nine Months Ended July 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Copper Lake Resources Ltd. (“Copper Lake” or the “Company”) was incorporated under the laws of the Province of British Columbia and is in the business of exploration and development of mineral resource properties. The 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 condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has a working capital deficit, has accumulated losses since its inception, expects to incur further losses in the development of its business and has no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. These conditions cast significant doubt about the Company’s ability to continue as a going concern. The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations, and receive continued financial support from its creditors and shareholders.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favorable to the Company. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements as at and for the year ended October 31, 2016.

These condensed interim financial statements were authorized for issue by the Board of Directors on September 29, 2017.

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and Nine Months Ended July 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (Continued)

Significant accounting policies

The policies applied in these condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with our audited financial statements for the year ended October 31, 2016.

Functional and presentation currency

These 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 an 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.

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, 2016.

3. EXPLORATION AND DEVELOPMENT ASSETS

Marshall Lake Property

During the nine months ended July 31, 2017, the Company incurred expenditures on the Marshall Lake property in the amount of \$122,735 (2016 - \$61,638).

On April 13, 2017 the Company announced that it had reached an agreement with Rainy Mountain Royalty Corp. ('RMO') whereby Copper Lake will acquire all of the assets owned by RMO at the Marshall Lake property. Copper Lake and RMO have also agreed to extend the Marshall Lake option agreement for a further 12 months to July 15, 2018. As consideration for the purchase of the camp assets and the one-year extension of the option agreement, Copper Lake issued a total of 600,000 shares to RMO.

The Company currently has a 68.75% interest in the property and can earn a 75% interest by incurring an additional \$595,534 in expenditures by July 15, 2018.

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and Nine Months Ended July 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

3. EXPLORATION AND DEVELOPMENT ASSETS (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.

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. 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% NSR. Copper Lake can acquire half (1%) for \$1 million and will have a right of refusal to acquire the remaining 1%. The transaction was approved by the TSX on March 24, 2017.

4. CONVERTIBLE DEBENTURES

	Liability Component	Equity Component	Total
Balance October 31, 2016	\$ 365,095	\$ 165,659	\$ 530,754
Accretion	19,916	-	13,833
Conversion of convertible debentures	(221,558)	(98,265)	(319,823)
Balance July 31, 2017	\$ 163,453	\$ 67,394	\$ 224,764

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.

During the 3 months ended April 30, 2017, holders of convertible debentures with a principal amount of \$307,500 converted their debentures into units at the conversion rate of \$0.05, resulting in the issuance of 6,150,000 common shares and 6,150,000 common share warrants, exercisable at \$0.05 until April 28, 2021. Under the residual value method, no value has been allocated to the warrants. The balance of the convertible debentures issued in April 2016 in the principal amount of \$112,500 are now convertible into units at a rate of \$0.10, and will continue to accrue interest at 12% per annum until maturity, if not converted earlier.

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and Nine Months Ended July 31, 2017

(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, 2017, 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, 2017:

	Three months ended July 31		Nine months ended July 31	
	2017	2016	2017	2016
Interest accrued on convertible debentures	\$ 6,164	6,518	\$18,365	6,518
Rent	-	-	-	2,000
	<u>\$ 6,164</u>	<u>6,518</u>	<u>\$ 18,365</u>	<u>\$ 8,518</u>

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, 2017 and 2016 is outlined below:

	Three months ended July 31		Nine months ended July 31	
	2017	2016	2017	2016
Management and director fees	\$ -	\$ -	\$ -	\$ 53,500
Share-based compensation	-	83,250	-	142,875
	<u>\$ -</u>	<u>\$ 83,250</u>	<u>\$ -</u>	<u>\$ 196,375</u>

6. CAPITAL STOCK

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

Share Issuance

During the nine months the company issued 600,000 shares to Rainy Mountain Royalty Corp. in connection with an agreement to extend the Marshall Lake option agreement and to acquire all of the camp assets owned by Rainy Mountain at the Marshall Lake property. The Company also issued 400,000 shares in connection with an agreement to acquire four gold properties in Northwestern Ontario (see note 3).

The Company also issued 1,008,000 shares and 490,800 warrants in connection with the settlement of interest owing on convertible debentures, announced on July 5, 2017

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, 2017

(Unaudited)

(Expressed in Canadian dollars)

6. CAPITAL STOCK (continued)

The following options were outstanding as at July 31, 2017 and October 31, 2016.

	July 31, 2017		October 31, 2016	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Opening balance	5,715,000	\$0.05	745,000	\$ 0.21
Granted	-	-	5,600,000	0.05
Expired	(80,000)	0.16	(630,000)	0.21
Ending balance	5,635,000	\$0.05	5,715,000	\$ 0.05
Options exercisable	5,635,000	\$0.05	745,000	\$ 0.21

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

Expiry Date	Number of Options		Exercise Price
	April 30, 2017	October 31, 2016	
July 3, 2017	-	80,000	\$ 0.160
August 29, 2017	35,000	245,000	0.160
April 6, 2021	2,250,000	2,250,000	0.050
July 29, 2021	2,250,000	2,250,000	0.050
August 8, 2021	100,000	100,000	0.065
September 29, 2021	1,000,000	1,000,000	0.055
Outstanding and exercisable	5,635,000	5,715,000	\$0.053

Share-based compensation

During the three and nine months ended July 31, 2017, the Company recognized \$nil (2016 - \$83,250) as share-based compensation expense for options vested during the period.

Share Purchase Warrants

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

	July 31, 2017		July 31, 2016	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
Opening balance	10,243,025	\$ 0.10	-	\$ -
Issued	6,640,800	0.05	1,098,000	.10
Expired	(999,000)	0.10	-	
Ending balance	15,884,825	\$ 0.08	1,098,000	\$ 0.10
Warrants exercisable	15,884,825		1,098,000	

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and Nine Months Ended July 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

6. CAPITAL STOCK (continued)

As at July 31, 2017 and October 31, 2016 the following share purchase warrants were outstanding:

Expiry Date	Number of Warrants		Exercise Price
	April 30, 2017	October 31, 2016	
June 10, 2017	-	900,000	\$ 0.100
July 14, 2017	-	99,000	0.100
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	6,640,800	-	0.050
Outstanding and exercisable	15,884,825	10,243,025	

7. COMMITMENTS

The Company has no 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 resigned 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 unspecified damages. 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 \$128,625. Amounts totaling \$118,125 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 other than the \$118,125 has been booked for the lawsuit as at July 31, 2017.

9. SUBSEQUENT EVENTS

Subsequent to period end, the Company announced that holders of convertible debentures issued in September 2016 have elected to convert debentures in the amount of \$98,630 into units at a conversion rate of \$0.055 per unit, effective September 26, 2017. Each unit will be comprised of one common share and one common share purchase warrant. Each common share purchase 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 1,793,293 common share purchase warrants will be issued. Directors of the Company held debentures in the amount of \$40,380 that were converted into units. Interest accrued on the debentures to September 26, 2017 in the amount of \$11,386 will be paid in shares, subject to approval by the TSX Venture Exchange.

Copper Lake Resources Ltd.
Notes to Condensed Interim Financial Statements
Three and Nine Months Ended July 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

Subsequent to period end, the Company received funding on its previously approved grant under the Junior Exploration Assistance Program (“JEAP”) in the amount of \$72,642. The JEAP grant was directed towards exploration at the Company’s Marshall Lake copper/zinc/gold property in 2016.