

Copper Reef Mining Corporation

FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED MAY 31, 2017 AND 2016

(Expressed in Canadian Dollars)

Copper Reef Mining Corporation
Statements of Financial Position
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed, interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying un-audited, condensed interim financial statements of Copper Reef Mining Corp. for the three and six months ended May 31, 2017 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors. The accompanying unaudited, condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Copper Reef Mining Corporation
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	May 31, 2017 \$	November 30, 2016 \$
Assets			
Current assets			
Cash		175,264	112,014
Marketable securities	4	49,500	23,200
Amounts receivable	5	75,172	223,523
Total current assets		299,936	358,737
Non-current assets			
Equipment	6	1,230	1,444
Exploration and evaluation assets	7, 11	8,921,113	8,857,834
Total Assets		9,222,279	9,218,015
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	208,510	346,637
Non-current liabilities			
Deferred income taxes		1,100,000	1,100,000
Total Liabilities		1,308,510	1,446,637
Shareholders' equity			
Share capital	9(a)(b)	13,612,289	13,481,215
Warrant reserve	9(d)	275,400	129,700
Deficit		(5,973,920)	(5,839,537)
Total Shareholders' Equity		7,913,769	7,771,378
Total Liabilities and Shareholders' Equity		9,222,279	9,218,015

Going Concern (Note 1)

Commitments and contingencies (Notes 7 and 12)

Subsequent events (Note 16)

Approved on behalf of the Board of Directors

"Stephen L. Masson"

"Robert Granger"

Chief Executive Officer & Director

Director

The accompanying notes are an integral part of these financial statements

Copper Reef Mining Corporation
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

3 and 6 Months Ended May 31, 2017 and 2016

	Notes	3-Months Ended May 31		6-Months Ended May 31	
		2017	2,016	2017	2016
Expenses					
Amortization	6	109	154	217	307
General and administrative		66,031	59,745	117,783	117,916
Investor relations		1,725	2,583	2,440	3,158
Generative Exploration		15,731		33,068	
Property, written off		80,000	13,260	80,000	30,876
Total expenses		163,596	75,743	233,509	152,258
Other Income/(loss)					
Option payments		78,000		78,000	
Unrealized/ realized gain (loss) on marketable securities	4	(67,000)	4,768	(104,700)	(31,495)
Total other income (loss)		11,000	4,768	(26,700)	(31,495)
(Loss) before income taxes		(152,596)	(70,975)	(260,209)	(183,753)
Net (loss) and comprehensive (loss) for the period		(152,596)	(70,975)	(260,209)	(183,753)
(Loss) per share, basic and diluted		(0.001)	(0.001)	(0.002)	(0.001)
Weighted average shares outstanding, basic and diluted					
		133,526,952	124,103,691	130,502,069	122,441,628

The accompanying notes are an integral part of these financial statements

Copper Reef Mining Corporation
Statements of Changes in Equity
(Expressed in Canadian Dollars)

6 Months Ended May 31, 2017 and 2016

	Number of Shares #	Amount \$	Stock Option Reserve \$	Warrant Reserve \$	Deficit \$	Total Shareholder 's Equity \$
Balance as at November 30, 2015	120,761,300	13,374,415	284,900	57,500	(5,866,142)	7,850,672
Units issued for cash, private placement	5,170,000	157,000				157,000
Value of Options expired	–	–	(47,000)	–	47,000	–
Value of warrants issued	–	(71,300)	–	71,300	–	–
Value of warrants expired	–	–	–	(16,000)	16,000	–
Net & comprehensive loss for the 6-months ended May 31, 2016	–	–	–	–	(183,753)	(183,753)
Balance as at May 31, 2016	125,931,300	13,460,115	237,900	112,800	(5,986,895)	7,823,920
Units issued for cash, private placement	1,600,000	50,000	0	0	0	50,000
Value of Options expired	–	–	(237,900)	–	237,900	–
Value of warrants issued	–	(28,900)	–	28,900	–	–
Value of warrants expired	–	–	–	(12,000)	12,000	–
Net & comprehensive loss for the 6months ended Nov. 30, 2016	–	–	–	–	(102,540)	(102,540)
Balance as at November 30, 2016	127,531,300	13,481,215	0	129,700	(5,839,537)	7,771,378
Units issued for cash, private placement	14,350,000	425,000				425,000
Value of warrants issued	–	(190,700)	–	190,700	–	–
Broker warrants issued	–	(3,900)	–	3,900	–	–
Cash Commissions on issue of shares	–	(22,400)	–	–	–	(22,400)
Fair value of expired warrants	–	–	–	(48,900)	48,900	–
Prior period adjustment to warrant issue costs	–	(76,926)	–	–	76,926	–
Net & comprehensive loss for the 6months ended May 31, 2017	–	–	–	–	(260,209)	(260,209)
Balances as at May 31, 2017	141,881,300	13,612,289	–	275,400	(5,973,920)	7,913,769

The accompanying notes are an integral part of these financial statements

Copper Reef Mining Corporation
Statements of Cash Flows
(Expressed in Canadian Dollars)

3 and 6 Months Ended May 31, 2017 and 2016

	3-Months Ended 2017	May 31 2016	6-Months Ended 2017	May 31 2016
	\$	\$	\$	\$
Cash Flows from Operating Activities				
Items not affecting cash:				
Net (loss) for the year	(152,596)	(70,976)	(260,209)	(183,753)
Unrealized/ realized (gain) loss on marketable securities	67,000	(4,768)	104,700	31,496
Option payment	(78,000)	–	(78,000)	–
Write down of properties	80,000	–	80,000	–
Amortization	109	154	217	307
(Increase)/decrease in amounts receivable, (3)	44,829	(2,897)	45,350	1,147
Increase/(decrease) in accounts payable and accrued liabilities, (1)	(55,030)	(2,604)	(38,169)	34,378
Cash (used in) operating activities	(93,688)	(81,091)	(146,112)	(116,425)
Cash Flows from Financing Activities				
Proceeds from share and warrant issuance	425,000	157,000	425,000	157,000
Share issue costs	(22,400)	–	(22,400)	–
Loans from shareholder	25,000	–	25,000	–
Cash provided from financing activities	438,000	157,000	438,000	157,000
Cash Flows from Investing Activities				
Exploration, evaluation and expenditures, (1,2)	(202,458)	(99,116)	(218,238)	(141,134)
Net proceeds - sale of marketable securities	–	24,165	–	67,519
Cash provided from (used in) investing activities	(202,458)	(74,951)	(218,238)	(73,615)
Change in cash	131,454	957	63,250	(33,039)
Cash, beginning of period	43,810	16,624	112,014	50,623
Cash, end of period	175,264	17,581	175,264	17,584

The accompanying notes are an integral part of these financial statements

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Copper Reef Mining Corporation (the "Company" or "Copper Reef") was incorporated under the laws of the Province of Manitoba by Letters Patent of Incorporation dated March 27, 1973 as "Copper Reef Mines (1973) Limited", as amended by Articles of Amendment dated January 18, 2005, and Articles of Amendment dated September 8, 2006, changing the corporate name to "Copper Reef Mining Corporation". The registered and head office of the Company is located at 6 Mitchell Road, Flin Flon, Manitoba R8A 1N1.

The shares of the Company are listed on the Canadian Securities Exchange under the symbol "CZC". The Company is engaged in the identification, acquisition and exploration of mineral properties in Canada, with present activities concentrated in the provinces of Manitoba and Saskatchewan.

The financial statements of Copper Reef for the period ended May 31, 2017, were reviewed by the Audit Committee and approved and authorized by the Board of Directors on July 27, 2017.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and 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, unregistered claims, other land claims and non-compliance with regulatory, social and environmental requirements. These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These adjustments could be material.

As at May 31, 2017, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company incurred a net loss of \$260,209 during the 6-month period ended May 31, 2017 (2016 – \$183,753), and had an accumulated deficit of \$5,973,920 as at May 31, 2017 (2016 - \$5,986,895). These conditions indicate the existence of material uncertainties which cast significant doubt on the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with funds currently on hand and through the raising of equity, if available.

The Company successfully raised \$425,000 in flow-through and non-flow-through funds during the period ended May 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies set out below were consistently applied to all periods presented unless otherwise noted below. These financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after December 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.
- IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.
- IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

4. MARKETABLE SECURITIES

The Company holds shares in three public companies (2016 – three),

- Callinex Mines Inc. (**CNX**)
- Jaxon Minerals Inc. (**JAX**);
- Rockcliff Copper Corporation (**RCU**) and
- Foran Mining Corporation (**FOM**). Nil shares at Nov 30, 2016

Activity in marketable securities is summarized as follows:

Securities issuer	May 31, 2017					November 30, 2016		
	Shares held Nov. 30, 2016	Shares Acquired/ (sold) during period	Shares Held May 28, 2017	Value \$	Cumm. Un-realized Gain/ (loss) \$	Number of shares held	Value \$	Cumm Unrealized Gain/(loss) \$
CNX	–	100,000		32,000	4,000	–	–	–
FOM	–	–	–	–	–	–	–	–
JAX	20,000	–	20,000	4,500	3,300	20,000	1,200	300
RCU	200,000	400,000	600,000	13,000	(29,000)	200,000	22,000	(2,000)
Total				49,500	(21,700)		23,200	(1,700)

5. AMOUNTS RECEIVABLE

The Company's amounts receivable are broken down as follows:

	May 31, 2017 \$	November 30, 2016 \$
Goods and services tax receivable	10,172	5,523
Value of Rockcliff Copper Corp. Shares receivable– (1)	65,000	168,000
Cash payment due by Rockcliff Copper Corp.	–	50,000
Total	75,172	223,523

(1) The Rockcliff Copper Corporation shares were valued based on their trading price as at May 31, 2017. Acquisition value was 120,000. The amount above includes an unrealized loss of \$55,000.

6. EQUIPMENT

	Cost	Accumulated Amortization	May 31, 2017 Net Book Value	November 30, 2016 Net Book Value
	\$	\$	\$	\$
Vehicles	10,031	8,801	1,230	1,444

7. EVALUATION AND EXPLORATION ASSETS The following is a continuity schedule of the capitalized expenditures allocated to individual major properties and summarized for minor properties:

	Total	Non Capitalised Expenditures	Total Capitalised Expenditures	Gold Rock Group	Alberts Lake Group	Morgan Group	Otter/TwinLakes	Pikoo	Others
Balance, November 30, 2015			9,030,611	1,526,487	566,787	343,135	259,967	228,536	6,105,700
Claim acquisition & holding	3,079	2,680	7,692	467	5,775	105	39		1,306
Assay	13,752	248	17,282	–	3,580	–	–	13,702	–
Geological	2,000	–	3,020	–	120	–	–	2,900	–
Field labour costs	44,748	20,205	63,125	–	45,737	–	–	17,388	–
Other fields costs	11,395	7,784	19,824	–	19,540	–	–	284	–
Drilling	11,395	–	66,640	–	66,640	–	–	–	–
Total exploration for period	86,369	30,917	177,583	467	141,392	105	39	34,274	1,306
Balance, May 31, 2016			9,208,194	1,526,954	708,179	343,241	260,005	262,809	6,107,006
Claim acquisition & holding	11,335	6,786	-59	733	–	–	–	–	-846
Assay	7,633	1,317	2,787	2,787	–	–	–	–	–
Geological	2,392	250	1,122	1,122	–	–	–	–	–
Field labour costs	104,704	44,478	41,845	33,763	3,326	–	–	4,763	–
Other fields costs	29,229	15,579	5,220	5,220	–	–	–	–	–
Drilling	66,640	–	–	–	–	–	–	–	–
Total Q3/Q4 2016 expenditures	221,933	68,410	50,915	43,625	3,326	0	54	4,763	-846
Subtotal - November 30, 2016			9,259,109	1,570,579	711,505	343,241	260,059	267,572	6,106,160
MEAP Rebates			(57,059)	–	(57,059)	–	–	–	–
Disposition and write downs of properties			(344,216)	–	–	(343,241)	–	–	(975)
Balance, November 30, 2016			8,857,834	1,570,579	654,446	0	260,059	267,572	6,105,185

Refer overleaf for balance of table

Copper Reef Mining Corporation
Notes to Financial Statements
(Expressed in Canadian Dollars)

May 31, 2017 and 2016

	<i>Non Capitalised</i>	Total	Gold	Alberts	Morgan	Otter/ TwinLakes	Pikoo	Others
Total	<i>Expenditures</i>	Capitalised Expenditures	Rock Group	Lake Group	Group			
Balance, November 30, 2016		8,857,834	1,570,579	654,446	0	260,059	267,572	6,105,185
Claim acquisition & holding	4,015	1,800	468	799	–	104	–	429
Assay	457	4,522	4,522	–	–	–	–	0
Field labour costs	20,644	44,213	43,463	750	–0	–	–	0
Other fields costs	7,953	14,513	14,506	–	–	–	–	7
Drilling		78,232	78,232	–	–0	–	–	–
Total YTD expenditures, May 31, 2017	33,068	143,279	141,190	1,549	0	104	–	429
Write downs of properties		(80,000)	–	–	–	–	–	(80,000)
Balance, May 31, 2017		8,921,113	1,711,769	655,995	0	260,163	267,572	6,025,614

7. EVALUATION AND EXPLORATION ASSETS (CONT'D)

1. PROPERTIES INCLUDED IN THE PRECEDING TABLE

Gold Rock Group, Manitoba

The Gold Rock Group includes the Gold Rock, North Star and Star mineral properties, the North Star mining lease and the Gold Rock mining lease. The North Star mineral property and mining lease are subject to 2% Net Smelter Returns royalty (NSR).

The Gold Rock Mining Lease is 100% owned by the Company, subject to a 2% NSR. In addition, the NSR holder retains a 25% Net Profits Interest (NPI) in the first 25 feet below surface of vein material as currently documented.

Also included in the Gold Rock Group is the Murr claim, also owned 100% by the Company, subject to a 1% NSR.

Alberts Lake Group, Manitoba

The Alberts Lake Group includes the Alberts Lake, Lew, Amulet, Mike, Mur and Hanna mineral properties. With the exception of the Mike 1 (15% NPI) and Mur 6 (2% NSR), all claims are 100% owned by the Company.

Morgan Group, Manitoba

The Morgan Group includes the Morgan, Bruce Morgan, Woo and Woosey mineral properties. The Morgan claims are 100% owned, subject to a 10% NPI with an advance royalty payment of \$150,000 upon the making of a Bruce Morgan Property production decision by the Company. The Woo and Woosey claims are 100% owned with no underlying royalties or charges.

On October 24, 2016, the Company sold by way of a Vending Property Agreement, the Morgan Group Claims together with the Cooke Lake Claims and a small group of claims referred to as the Copper Reef Claims, to Rockcliff Copper Corp (TSXV – RCU). Terms of sale are:

	Shares	Price on Agreement Date	
Cash paid on close	–		\$ 100,000
Shares of RCU paid on close	200,000	\$0.12	24,000
Cash Due April 24, 2017 (i)	–	–	50,000
RCU Shares due April 24, 2017	400,000	0.12	48,000
RCU Shares due October 24, 2017	1,000,000	0.12	120,000
Total Sale Proceeds			\$ 342,000
Capitalized value of property at Closing			(343,231)
Loss on Disposition of Property			\$ (1,231)

(i) Amount paid February 23, 2017

None of the Cooke Lake claims or the Copper Reef Claims had any carrying value at close. All costs had been previously expensed.

7. EVALUATION AND EXPLORATION ASSETS (CONT'D)

Otter/Twin Lakes Group, Manitoba

The Company holds a 100% interest in the Otter Group claims, comprised of the Otter Lake and Twin Lakes mineral claims. The vendor retained a 1% NSR on the Otter Lake claims. The Twin Lakes property is owned 100% by the Company.

Pikoo, Saskatchewan

On January 23, 2014, the Company acquired a 100% interest in two claims located in Saskatchewan from CanAlaska Uranium Ltd. subject to a 2% Net Smelter Returns royalty. All terms and conditions of the purchase have been fulfilled.

On April 22, 2015, the Company entered a second property purchase agreement with CanAlaska Uranium Ltd. for the acquisition of two additional Pikoo claim blocks referred to as "C2" and "C3". Terms of acquisition were the issuance of 1,000,000 shares to CanAlaska Uranium Ltd. and completion of two years assessment work or the issuance of a further 1,000,000 shares of the Company.

On May 11, 2015, the Company issued the initial 1,000,000 shares at a deemed value of \$0.04/share to complete the acquisition.

The Agreement is subject to a 2.5% Net Smelter Returns Royalty ("NSR") to CanAlaska Uranium Ltd.

2. OTHER CLAIMS

Mink Narrows Group, Manitoba

The Mink Narrows Group includes the Mink Narrows, Mystic and Payuk mineral properties. The claims are 100% owned by the Company.

Smelter Property, Manitoba

The Smelter Property is comprised of three contiguous claims, which are 100% owned by the Company.

Hanson Lake, Saskatchewan

The Hanson Lake Property consists of a single claim located in the Hanson Lake area of Saskatchewan.

Kiss/Kississing

The Kississing/Kiss Group includes the Kississing and Kiss mineral properties. The claims are 100% owned by the Company.

Lucille

The Lucille Lake property includes three, unpatented mineral claims all of which are owned 100% by the Company, with no underlying agreements or royalties.

Fort LaCorme

During the 3-months ended May 31, 2017, the Company abandoned the Ft. LaCorme property for a non-cash loss of \$80,000, which consisted solely of the value of the shares issued to the vendor of the property.

7. Evaluation and Exploration Assets (Cont'd)

Burn, Manitoba

The Burn property is 100% owned by the Company.

Small Balances

During the year November 30, 2016, the Company expensed \$975 of small residual balances on claims in this category. The Company expenses all other work on exploration properties.

Optioned Property – East Big Island

On March 3, 2017, the Company entered into an Option Agreement (“Agreement”) with Callinex Mines Inc. (“Callinex”) whereby Callinex has the Option to acquire a 100% interest subject to a 1% Net Smelter Returns royalty (“NSR”) in favour of the Company’s East Big Island property.

In order to complete its Option purchase, Callinex must make the following payments:

Date	Status	Cash Payments	Callinex shares issued
March 3, 2017	Cash and shares rec'd	50,000	100,000
March 3, 2018		50,000	100,000
March 3, 2019		50,000	100,000
March 3, 2020		50,000	150,000
March 3, 2021		65,000	300,000
Total		265,000	750,000

Callinex and Copper Reef have agreed, during the tenure of the Agreement and in order to protect the integrity of Copper Reef’s royalty throughout the entire property, every claim of the property would have enough assessment credits to hold each claim for at least 10 years.

It was also agreed that during the option period no assessment credit could be transferred to claims outside the property unless Copper Reef was also granted a 1% NSR on those claims as well. There is a 1 km area of interest around the property excluding those claims presently held or under some agreement by either party.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company’s accounts payable and accrued liabilities are broken down as follows:

	May 31, 2017	November 30, 2016
	\$	\$
Trade payables and accrued liabilities	114,392	115,642
Due to related parties (Note 10)	94,118	230,995
Total	208,510	346,637

9. SHARE CAPITAL

a) AUTHORIZED SHARE CAPITAL

Unlimited number of common shares without par value

b) ISSUED SHARE CAPITAL

As at May 31, 2017, the Company had 141,881,300 issued and fully paid common shares (November 30, 2016 – 125,931,300).

- i) On March 10, 2016, the Company closed a private placement which raised an aggregate of \$100,000 from the sale of 860,000 flow-through and 2,280,000 non-flow-through units. Details are as follows:
- i. 860,000 flow-through units at a price of \$0.05 per unit, comprised of 860,000 flow-through shares and 860,000 warrants. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.05 per warrant. The warrants are exercisable for twenty-four months and have an expiry date of March 9, 2018. A fair value of \$19,600 was ascribed to these warrants.

Directors and officers of the Company subscribed for 400,000 of these units for total proceeds of \$20,000.
 - ii. 2,280,000 non flow-through units at a price of \$0.025 per unit, comprised of 2,280,000 common shares and 4,560,000 warrants. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.05 per warrant. The warrants are exercisable for twelve months and have an expiry date of March 9, 2017. A fair value of \$27,700 was ascribed to the warrants.

Directors and officer of the Company subscribed for 400,000 of these units for total proceeds of \$10,000.
- ii) On May 12, 2016, the Company closed a private placement which raised an aggregate of \$57,000 from the sale of 250,000 flow-through and 1,780,000 non-flow-through units. Details are as follows:
- i. The flow-through units were issued at \$0.05, with each unit consisting of one common share and one share purchase warrant, exercisable at \$0.05 and expire on May 11, 2018. A fair value of \$2,800 was ascribed to the warrants;

Directors and officers of the Company subscribed for 150,000 of these units for total proceeds of \$7,500.
 - ii. The non-flow through units at \$0.025; each unit consists of one common share and two share purchase warrants exercisable at \$0.05 until May 11, 2017. A fair value of \$21,200 was ascribed to the warrants

An officer of the Company subscribed for 200,000 of these units for total proceeds of \$5,000.

9 (b) SHARE CAPITAL – ISSUED SHARE CAPITAL (CONT'D)

iii) On August 18, 2016, the Company closed a private placement which raised an aggregate of \$50,000 from the sale of 400,000 flow-through and 1,200,000 non-flow-through units. Details are as follows:

- i. The flow through Units were issued at \$0.05, with each unit consisting of one common share and one share purchase warrant, exercisable at \$0.05 and expire on August 17, 2018. A fair value of \$9,800 was ascribed to the warrants;

Directors and officers of the Company subscribed for 100,000 of these units for total proceeds of \$5,000.

- ii. The non-flow-through Units were issued at \$0.025; each unit consists of one common share and two share purchase warrants exercisable at \$0.05 until August 17, 2017. A Fair value of \$19,100 was ascribed to the warrants

Directors and officers of the Company subscribed for 300,000 of these units for total proceeds of \$7,500.

During the six months ended May 31, 2017, the Company completed the following financings:

- iv) On April 5, 2017, the company closed the first tranche of an aggregate financing of 14,350,000 units in two tranches comprised of a total of 2,650,000 flow-through units at \$0.05/unit for aggregate proceeds of \$132,500 and 11,700,000 class A, non flow through units at \$0.025 for aggregate proceeds of \$292,500.

On April 5, 2017, the first tranche, which was comprised of 900,000 flow through units and 8,200,000 Class A units closed.

Directors and officers purchased 200,000 Flow Through units for proceeds of \$10,000.

On May 26, 2017, the second tranche, which was comprised of 1,750,000 flow through units and 3,500,000 Class A units closed.

Cash Finder's fee costs totaling \$22,400 were paid from the proceeds of the financings.

Directors and officers purchased 250,000 Flow Through units for proceeds of \$12,500.

All Flow-Through Units were sold for \$0.05 per unit and each unit split immediately into one flow-through common share and one class A share purchase warrant.

All Non-Flow-Through units were sold for \$0.025 per unit and each unit split immediately into common share and one class A share purchase warrant.

All warrants are exercisable at an exercise price of \$0.05 per warrant. The warrants are exercisable for 24 months from the date of issue.

c) INCENTIVE STOCK OPTIONS

Pursuant to the Company's stock option plan (the "Plan"), the Company may grant to its employees, officers, directors and consultants, options to purchase common shares of the Company at a fixed price as determined by the board of directors. The options vest in

accordance with the terms of their granting and have a maximum term of five years. The common shares reserved for issuance under the Plan will not exceed, in aggregate, 10% of the Company's common shares issued and outstanding at the time of grant.

The following tables summarize the Company's stock option transactions during the years ended November 30, 2016, and 2015:

Grant Date	Number of Options	Weighted Average Exercise Price \$	Estimated Grant Date Fair Value \$
Balance, November 30, 2014	8,070,000	0.10	472,637
Expired, May 24, 2015	(3,020,000)	0.10	(187,737)
Balance, November 30, 2015	5,050,000	0.10	284,900
Expired – December 31, 2015	(1,000,000)	0.10	(30,000)
Expired – April 27, 2016	(200,000)	0.10	(17,000)
Expired – June 15, 2016	(1,575,000)	0.10	(128,700)
Expired – June 20, 2016	(2,275,000)	0.10	(109,200)
Balance, November 30, 2016 & May 31, 2017	–		–

During the year ended November 30, 2016 all outstanding options either expired or were cancelled. As at February 28, 2017, there were no options outstanding.

9 SHARE CAPITAL – ISSUED SHARE CAPITAL (CONT'D)

d) WARRANTS

The following table summarizes a continuity of outstanding warrants:

	Issued	Expiry Date	Exercise Price \$'s	Remaining Contractual Life (years)	Estimated Grant Date Fair Value \$
Balance Nov. 30, 2015	2,980,000		0.10		57,500
Expired Dec. 31, 2015	(800,000)				(12,000)
Expired, January 23, 2016	(1,000,000)				(16,000)
Issued March 10, 2016	860,000	March 9, 2018	0.05	0.8	19,600
Issued March 10, 2016	4,560,000	March 6, 2017	0.05	0.0	27,700
Issued May 12, 2016	250,000	May 11, 2018	0.05	1.0	2,800
Issued May 12, 2016	3,560,000	May 11, 2017	0.05	0.0	21,200
Issued August 18, 2016	400,000	Aug. 17, 2018	0.05	1.3	9,800
Issued August 18, 2016	2,400,000	Aug. 17, 2017	0.05	0.3	19,100

Copper Reef Mining Corporation
Notes to Financial Statements
(Expressed in Canadian Dollars)

May 31, 2017 and 2016

Balance Nov. 30, 2016	13,210,000		0.05	0.5	129,700
	Issued	Expiry Date	Exercise Price \$'s	Remaining Contractual Life (years)	Estimated Grant Date Fair Value \$
Balance Nov. 30, 2016	13,210,000		0.05	0.5	129,700
Expired March 9, 2017	(4,560,000)				(27,700)
Expired May 11, 2017	(3,560,000)				(21,200)
Issued April 5, 2017	900,000	Apr 5, 2019	0.05	1.8	20,700
Issued April 5, 2017	8,200,000	Apr 5, 2019	0.05	1.8	82,600
Issued May 26, 2017	1,750,000	May 26, 2019	0.05	2.0	43,700
Issued May 26, 2017	3,500,000	May 26, 2019	0.05	2.0	43,700
Issued May 26, 2017	312,000	May 26, 2019	0.05	2.0	3,900
Balance May 31, 2017	19,752,000		0.05	1.5	275,400

The weighted average grant date fair value of the warrants issued during the year ended November 30, 2016 of \$0.008 (2015 - \$0.025) was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2016	2015
Expected dividend yield	0%	0%
Expected volatility	255%	155%
Risk free interest rate	0.56%	0.72%
Life (years)	2.0	2.0

10. RELATED PARTY TRANSACTIONS AND BALANCES

a) RELATED PARTY BALANCES -- REQUIRES COMPLETION

Related party	Purpose	May 31, 2017		November 30, 2016	
		Amounts charged during the period \$	Amounts payable or accrued at period-end \$	Amount Charged during the year \$	Amounts payable or accrued at year-end \$
Corporation controlled by an officer	Filing fees	7,198	8,145	12,747	10,425
Accounting firm of which an officer of the Company is a partner	Professional fees	–	23,500	29,992	46,050
Corporation controlled by a director and significant shareholder	Management fees, Director	30,000	5,000	76,459	26,123
	Exploration	91,928	16,853	157,785	78,786
	Office, rent and general expenses	51,140	10,620	116,841	69,611
Totals		173,068	64,118	393,824	230,995

During the period ended May 31, 2017, the Company recorded director's fees of \$nil (2016 - \$nil).

The accounts payable and accrued liabilities to related parties are unsecured and non-interest bearing with no fixed terms of repayment (Note 8).

Key Management personnel compensation

The remuneration of directors and other members of management were as follows:

	May 31	
	2017	2016
	\$	\$
Short term employee benefits	30,000	30,000
Totals	30,000	30000

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

b) SHARE SUBSCRIPTIONS

See Note 9(b) for descriptions of related party share subscriptions.

11. COMMITMENTS AND CONTINGENCIES

a) COMMITMENTS

Consulting Agreement

The Company entered into an exploration management services agreement dated December 31, 2010 with M'Ore and the President and significant shareholder of M'Ore, who is an officer, director and shareholder of the Company. Pursuant to the agreement, M'Ore provides consulting and management services to the Company and incurs various administrative expenses, including administrative salaries and office and vehicle rentals on behalf of the Company. The term of the agreement is for a period of two years ended December 31, 2012 and can be renewed thereafter at the end of every 12 months. On February 28, 2017, the Company has extended the term of the agreement for a further term to December 31, 2017.

This would result in management fees and salaries incurred by M'Ore being capped at \$200,000 per annum. Additional charges to the Company in prior years consisted of a lease with M'Ore whereby the Company would pay \$30,000, plus operating expenses, per annum for rental of office and storage space. The lease also specifies rates to be charged for the use of various items of equipment if and when utilized by the Company.

b) CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

c) FLOW-THROUGH EXPENDITURES

During the year ended November 30, 2016, the Company renounced Canadian exploration expenditures in the aggregate amount of \$75,500 (2015 -\$99,000) related to proceeds from the issuance of flow-through shares pursuant to the financings described in Note 9(b) and had incurred these qualifying Canadian exploration expenditures as at November 30, 2016. If the Company did not incur the required qualifying expenditures, it would be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures.

12. SEGMENTED INFORMATION

All of the Company's assets, liabilities and operations are domiciled in Canada.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital as well as cash. There were no changes to the Company policy for capital management during the periods ended May 31, 2017 and 2016. 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 its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and marketable securities. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company is not subject to any externally imposed capital requirements. The Company's investment policy is to invest its excess cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that its current capital resources will be sufficient to fund its present operational commitments and working capital needs for the coming twelve months. However, additional funding will be required to meet any new operational commitments if further drilling programs are to be carried out.

14. FINANCIAL INSTRUMENTS

a) FAIR VALUE

The carrying values of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

As at May 31, 2016	Loans and receivables and other liabilities	Assets at fair value through profit and loss	Total
	\$	\$	\$
Cash	17,580	–	17,580
Marketable securities	–	1,500	1,500
Amounts receivable	–	9,504	9,504
Accounts payable and accrued liabilities	224,598	–	224,598
As at May 31, 2017			
Cash	175,264		175,264
Marketable securities		49,500	49,500
Amounts receivable		75,172	75,172
Accounts payable and accrued liabilities	208,510		208,510

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices 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 that are not based on observable market data.

As at February 28, 2017 and 2016, the financial instruments recorded at fair value on the statement of financial position are marketable securities which are measured using Level 1 of the fair value hierarchy and marketable securities receivable which are Level 2.

b) FINANCIAL RISK MANAGEMENT

Credit Risk

The Company is exposed to credit risk with respect to its cash and amounts receivable. Cash has been placed on deposit with major Canadian financial institutions.

Amounts receivable consist of amounts due from Rockcliff Copper Corporation Management believes that the credit risk concentration with respect to these financial instruments is minimal.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash, by purchasing term deposits held at a major Canadian financial institution. Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held at a single Canadian financial institution.

The credit risk associated with cash is minimized by ensuring the majority of these financial assets are held with major Canadian financial institutions with strong investment-grade ratings by a primary rating agency.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company's expected source of cash flow for the upcoming year ended November 30, 2016 will be through equity financings.

The Company maintained cash at May 31, 2017 in the amount of \$175,264 (2016 – \$17,524), in order to meet short-term business requirements. At May 31, 2017, the Company had accounts payable and accrued liabilities of \$208,510 (2016 – \$262,519). All accounts payable and accrued liabilities are current.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company also holds a portion of cash in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of November 30, 2016.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. A 1% change in interest rates on cash outstanding at November 30, 2016 would not have a significant impact on the Company's net loss for the year ended November 30, 2016.

b) FINANCIAL RISK MANAGEMENT

Currency risk

The Company is not exposed to any material currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk. The Company is not exposed to significant other price risk.

Marketable securities

Risk to the Company from its marketable securities is derived from two factors:

- The ability of the issuer to sustain itself financially; and
- The ability to monetize the securities of the issuer.

The Company's marketable securities as at May, 2017 consist of the following:

20,000 shares of Jaxon Minerals Inc. (2016 - 20,000 shares) with a quoted market value at May 31, 2017 of \$4,500 (2016 - \$1,500);

600,000 shares of Rockcliff Copper Corporation with a quoted market value at May 31, 2017 of \$13,000 (2016 - \$Nil);

1,000,000 shares by way of the Agreement Receivable with a quoted market value at May 31, 2017 of \$65,000 (2016 - \$Nil);

100,000 shares of Callinex Mines Inc. with a quoted market value as at May 31, 2017 or \$32,000 (2016 - \$Nil)

During the year ended November 30, 2016, the 948,700 shares of Foran Mining Corporation held at November 30, 2015 with a then market value of \$99,614, were sold for gross proceeds of \$69,209 and a realized loss of \$32,095

A 10% change in the quoted the total market value at May 31, 2017 of \$114,500 (2016 - \$100,514) would have resulted in a \$11,450 change to the Company's net loss for the period ended May 31, 2017 (2016 - \$2,090).

Commodity risk

The Company is exposed to price risk with respect to commodity prices, specifically precious and non-precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decision by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in investment patterns and monetary systems and political developments. As the Company does not have production assets, management believes this risk is minimal.