



Copper One Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the three and six months ended
June 30, 2015 and 2014

(in Canadian dollars)

(unaudited)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED 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 consolidated financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated 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.

Copper One Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at

	Notes	June 30, 2015	December 31, 2014
		(unaudited)	
ASSETS			
Current assets			
Cash and cash equivalents		\$ 11,451	\$ 222,994
Marketable securities	6	45,000	22,500
Receivables	7	110,058	53,834
Prepaid expenses and deposits		8,155	5,475
Total current assets		174,664	304,803
Non-current assets			
Exploration and evaluation assets	8	990,725	990,725
TOTAL ASSETS		\$ 1,165,389	\$ 1,295,528
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,024,904	\$ 666,878
Total liabilities		1,024,904	666,878
Shareholders' equity			
Share capital	9	17,014,798	17,014,798
Share-based payments reserves	10	452,661	449,571
Deficit		(17,326,974)	(16,835,719)
Total shareholders' equity		140,485	628,650
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,165,389	\$ 1,295,528
Nature of operations and going concern	1		
Commitments and contingencies	8, 12		
Approved on behalf of the Directors:			
<u>"Simon Marcotte"</u>		<u>"Scott Moore"</u>	
Director		Director	

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

Copper One Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

Unaudited

(Expressed in Canadian dollars)

	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2015	2014 (Note 2)	2015	2014 (Note 2)
Operating expenses					
Management and consulting fees	11	151,422	302,764	316,730	502,680
Share-based payments	10	-	265,655	3,090	273,379
Directors' fees		40,000	31,410	80,000	61,410
Office and rent		18,996	40,933	43,918	82,099
Investor relations		9,859	26,136	26,388	31,535
Travel and promotion		-	1,093	6,067	61,877
Accounting and legal		10,000	11,905	20,298	26,680
Regulatory and transfer agent		4,853	550	10,053	6,869
Exploration and evaluation expense		-	183,944	7,500	198,863
Foreign exchange (gain) loss		(175)	36	(175)	(6)
Total operating expenses		234,955	864,426	513,869	1,245,386
Loss before other income (expenses)		(234,955)	(864,426)	(513,869)	(1,245,386)
Other income (expenses)					
Interest income		-	2,385	114	3,033
Other income		-	9,600	-	-
Unrealized gain on held for trading marketable securities	6	22,500	(22,500)	22,500	9,600
Net loss for the period		\$ (212,455)	\$ (874,941)	\$ (491,255)	\$ (1,232,753)
Basic and diluted loss per share		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding:					
Basic and diluted		68,533,854	66,533,854	68,533,854	66,533,854

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

Copper One Inc.

Condensed Interim Consolidated Statements of Cash Flows

Unaudited

(Expressed in Canadian dollars)

	Note	For the six months ended June 30,	
		2015	2014
			(Note 2)
Cash (used in) provided by operations:			
Loss for the period		\$ (491,255)	\$ (1,232,753)
Items not involving cash:			
Share-based payments	9	3,090	273,379
Unrealized gain on held for trading marketable securities	5	(22,500)	-
Change in working capital items:			
Receivables		(56,224)	493,567
Prepaid expenses and deposits		(2,680)	(38,137)
Accounts payable and accrued liabilities		358,026	1,211
Net cash (used in) operating activities		(211,543)	(502,733)
Change in cash and cash equivalents		(211,543)	(502,733)
Cash and cash equivalents, beginning of period		222,994	854,667
Cash and cash equivalents, end of period		\$ 11,451	\$ 351,934
Cash and cash equivalents are comprised of:			
Cash in bank		\$ 11,451	\$ 349,934
Cashable guaranteed investment certificates		-	2,000

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

Copper One Inc.

Condensed Interim Consolidated Statements of Changes in Equity

Unaudited

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share-based payments reserve (Note 9)	Deficit (Note 2)	Total
Balance, December 31, 2014	68,533,854	\$ 17,014,798	\$ 449,571	\$ (16,835,719)	\$ 628,650
Share-based payments	-	-	3,090	-	3,090
Net loss for the period	-	-	-	(491,255)	(491,255)
Balance, June 30, 2015	68,533,854	\$ 17,014,798	\$ 452,661	\$ (17,326,974)	\$ 140,485
Balance, December 31, 2013	66,533,854	\$ 16,934,798	\$ 2,870,967	\$ (17,498,019)	\$ 4,090,545
Share-based payments	-	-	273,379	-	273,379
Expiry of options	-	-	(28,967)	28,967	-
Net loss for the period	-	-	-	(1,232,753)	(1,232,753)
Balance, June 30, 2014	66,533,854	\$ 16,934,798	\$ 3,115,379	\$ (18,701,805)	\$ 3,131,171

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

Copper One Inc.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 and 2014 – Unaudited
(Expressed in Canadian dollars)

1. Nature of operations and going concern

Copper One Inc. (the “Company”) operates under the Canada Business Corporations Act. On August 22, 2013 the Company disposed of Copper One USA, Inc., the Company’s former wholly owned subsidiary. See Note 8 for details. The Company’s wholly owned subsidiary 7231300 Canada Ltd. was incorporated on August 26, 2009. The Company’s common shares trade on the TSX Venture Exchange under the symbol “CUO”.

The Company is in the process of exploring and evaluating mineral property interests in Quebec, Canada. The Company has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable. The Company’s continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its exploration and evaluation assets, and on future profitable production or proceeds from the disposition of the exploration and evaluation assets.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. 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, aboriginal claims and non-compliance with regulatory and environmental requirements.

The condensed interim consolidated financial statements of the Company for the period ended June 30, 2015 were reviewed, approved and authorized for issue by the Board of Directors on August 31, 2015.

The Company has an accumulated deficit of \$17,326,974 as at June 30, 2015 and has incurred losses totaling \$491,255 during six months ended June 30, 2015. The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company’s continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations, however, there is no assurance that these funds will be available on terms acceptable to the Company or at all.

The head office and principal address of the Company is at Suite 805, 65 Queen Street West, Toronto, Ontario M5H 2M5.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 and 2014 – Unaudited

(Expressed in Canadian dollars)

2. Change in accounting policy

During the year ended December 31, 2014, the Company changed its accounting policy of capitalizing all exploration and evaluation expenditures. The Company believes expensing certain exploration and evaluation costs as incurred provides more reliable and relevant financial information. Under the new policy, the cost of acquiring prospective properties and exploration rights are capitalized. As at December 31, 2014, the Company capitalized \$990,725 in costs associated with the acquisition of Rivière Doré and Queylus properties. Exploration and evaluation costs, subsequent to acquisition, are expensed until it has been established that a mineral property is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company capitalizes expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

The condensed interim consolidated financial statements for the three and six months ended June 30, 2014 have been restated to reflect adjustments made as a result of this change in accounting policy. The accumulated effect of the change has been reflected in the opening deficit of the consolidated financial statements as at January 1, 2014.

The following is a reconciliation of the Company's condensed interim consolidated financial statements for the three and six months ended June, 2014:

	For the three months ended June 30, 2014		
	As previously reported	Adjustment	Restated
	\$	\$	\$
Operating expenses			
Management and consulting fees	302,764	-	302,764
Share-based payments	265,655	-	265,655
Directors' fees	31,410	-	31,410
Office and rent	40,933	-	40,933
Investor relations	26,136	-	26,136
Travel and promotion	1,093	-	1,093
Accounting and legal	11,905	-	11,905
Regulatory and transfer agent	550	-	550
Exploration and evaluation expenses	-	183,944	183,944
Foreign exchange (gain) loss	36	-	36
Total operating expenses	680,482	183,944	864,426
Loss before other income (expenses)	(680,482)	(183,944)	(864,426)
Other income (expenses)			
Interest income	2,385	-	2,385
Other income	9,600	-	9,600
Unrealized gain on held for trading marketable securities	(22,500)	-	(22,500)
Net loss for the period	(690,997)	(183,944)	(874,941)

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 and 2014 – Unaudited

(Expressed in Canadian dollars)

2. Change in accounting policy (continued)

	For the six months ended June 30, 2014		
	As previously reported	Adjustment	Restated
	\$	\$	\$
Operating expenses			
Management and consulting fees	502,680	-	502,680
Share-based payments	273,379	-	273,379
Directors' fees	61,410	-	61,410
Office and rent	82,099	-	82,099
Investor relations	31,535	-	31,535
Travel and promotion	61,877	-	61,877
Accounting and legal	26,680	-	26,680
Regulatory and transfer agent	6,869	-	6,869
Exploration and evaluation expenses	-	198,863	198,863
Foreign exchange (gain) loss	(6)	-	(6)
Total operating expenses	1,046,523	198,863	1,245,386
Loss before other income (expenses)	(1,046,523)	(198,863)	(1,245,386)
Other income (expenses)			
Interest income	3,033	-	3,033
Unrealized gain on held for trading marketable securities	9,600	-	9,600
Net loss for the period	\$ (1,033,890)	\$ (198,863)	\$ (1,232,753)

Consolidated Statements of Cash Flows

	For the six months ended June 30, 2014		
	As previously reported	Adjustment	Restated
	\$	\$	\$
Operating cash flow before working capital changes	(760,511)	90,084	(959,374)
Net change in working capital	167,694	288,947	456,641
Cash flow used in investing activities	90,084	(90,084)	-
Net change in cash and cash equivalents	\$ (502,733)	\$ -	\$ (502,733)

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 and 2014 – Unaudited

(Expressed in Canadian dollars)

3. Significant accounting policies

a) Statement of compliance

These condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). The policies set out in the Company’s Annual Consolidated Financial Statements for the twelve months ended December 31, 2014 were consistently applied to all the periods presented unless otherwise noted below.

b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for available-for-sale investments which are reflected at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Copper One USA, Inc (“Copper One USA”) (until the disposition of the Company’s subsidiary on August 22, 2013) and 7231300 Canada Ltd. All significant intercompany transactions and balances have been eliminated upon consolidation.

Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 and 2014 – Unaudited

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

d) New and future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 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.

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 permitted.

IAS 24 – Related Party Disclosures (“IAS 24”) was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014. The Company has adopted this standard and has included the required disclosure.

4. Critical accounting judgments and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 and 2014 – Unaudited

(Expressed in Canadian dollars)

4. Critical accounting judgments and estimation uncertainties (continued)

- Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income and other taxes

In assessing the probability of realizing income tax and other tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets and other recoverable taxes. The Company reassesses unrecognized income tax assets at each reporting period.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 and 2014 – Unaudited

(Expressed in Canadian dollars)

4. Critical accounting judgments and estimation uncertainties (continued)

- Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies

See Note 12.

5. Disposition of discontinued operations

On August 22, 2013, the Company completed the sale of its formerly wholly-owned subsidiary Copper One USA, which owns the Lone Mountain, Mimbres, Teague Springs, Twin Peaks, West Jerome, and West Safford properties, to Cornerstone Metals Inc. ("Cornerstone") and received in consideration 2,250,000 common shares of Cornerstone valued at \$202,500, plus additional consideration tied to specific properties (see note (i) below). As the additional consideration is contingent in nature, no value has been assigned to these items. The value of the contingent assets, if any, will be recorded in the period in which the value is determined. Cornerstone was a related party by virtue of Mr. Paul Cowley being on the board of both the Company and Cornerstone. 750,000 of the 2,250,000 Cornerstone shares issued were subject to a voluntary twelve-month hold period that expired on August 22, 2014.

The assets and liabilities related to Copper One USA as at August 22, 2013 were as follows:

	August 22, 2013
	\$
Assets	
Cash and cash equivalents	1,171
Prepaid expenses	-
Reclamation bonds	67,500
Exploration and evaluation assets	135,000
Property and equipment	232
	<u>203,903</u>
Liabilities	
Accounts payable and accrued liabilities	7,551
	<u>7,551</u>

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 and 2014 – Unaudited

(Expressed in Canadian dollars)

5. Disposition of discontinued operations (continued)

The following represents the amounts presented as net loss from discontinued operations for the year ended December 31, 2013:

	December 31, 2013 \$ (Note 2)
Impact on statement of operations and comprehensive loss:	
Revenues	-
Operating expenses	(67,476)
Loss before other income (expenses)	(67,476)
Write-down of exploration and evaluation assets	(818,377)
Write-down of reclamation bonds	(193,487)
Gain on sale	16,148
Gain (loss) before tax	(1,063,192)
Income tax expense	-
Net (loss) from discontinued operations	(1,063,192)
Loss per share from discontinued operations - basic and diluted	(0.02)
	December 31, 2013 \$
Impact on statement of cash flows:	
Cash flows from operating activities	58,346
Cash flows from investing activities	(106,241)
Cash flows from financing activities	-
Net cash flows from discontinued operations	(47,895)

- (i) Additional consideration from Cornerstone, tied to specific properties:
- within 30 days of completing a Feasibility Study in respect of the Lone Mountain property, Cornerstone will:
 - issue to the Company 2,000,000 Cornerstone common shares;
 - pay to the Company \$1,000,000 in cash or shares at the Company's option; and
 - grant to the Company a 0.5% net smelter return royalty capped at \$5,000,000, which may be repurchased by Cornerstone for \$1,000,000 in cash or shares at the Company's option;

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2015 and 2014 – Unaudited

(Expressed in Canadian dollars)

5. Disposition of discontinued operations (continued)

2. within 30 days of completing a Feasibility Study in respect of the Jerome property, Cornerstone will:
 - a. issue to the Company 500,000 Cornerstone common shares;
 - b. pay to the Company \$750,000 in cash or shares at the Company's option; and
 - c. grant to the Company a 0.5% net smelter return royalty capped at \$4,000,000, which may be repurchased by Cornerstone for \$800,000 in cash or shares at the Company's option;
3. within 30 days of completing a Feasibility Study in respect of any of the other properties, Cornerstone will:
 - a. issue to the Company 350,000 Cornerstone common shares;
 - b. pay to the Company \$375,000 in cash or shares at the Company's option; and
 - c. grant to the Company a 0.5% net smelter return royalty capped at \$3,000,000, which may be repurchased by Cornerstone for \$350,000 in cash or shares at the Company's option.

(ii) Exploration and evaluation assets

	Lone Mountain \$	LT Ranch \$	Mimbres \$	Teague Springs \$	Twin Peaks \$	West Jerome \$	West Safford \$	Total \$
Balance, December 31, 2011	434,034	307,812	138,375	144,873	137,483	131,477	154,868	1,448,922
Acquisition costs	50,000	49,565	-	-	-	-	-	99,565
Impairment	-	-	(138,375)	(144,873)	(137,483)	(131,477)	(154,868)	(707,076)
Balance, December 31, 2012	484,034	357,377	-	-	-	-	-	841,411
Acquisition costs	-	106,271	-	-	-	-	-	106,271
Disposition of discontinued operations	(484,034)	(463,648)	-	-	-	-	-	(947,682)
Balance, August 22, 2013	-	-	-	-	-	-	-	-

6. Marketable securities

On August 22, 2013, the Company completed the sale of its wholly-owned subsidiary Copper One USA to Cornerstone and received in consideration 2,250,000 common shares of Cornerstone. The Common shares were valued at \$202,500 on the sale date based on their quoted market value. See Note 8. At June 30, 2015, the quoted market value of these shares was \$45,000 (June 30, 2014 - \$90,000). An unrealized gain of \$22,500 was recorded for the six months ended June 30, 2015 (six months ended June 30, 2014: gain of \$9,600).

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

7. Receivables

	June 30, 2015	December 31, 2014
Taxes receivable	\$ 89,068	\$ 32,845
Sundry receivable	1,390	1,390
Rent receivable	9,599	9,599
Consulting receivable	10,000	10,000
	\$ 110,058	\$ 53,834

8. Exploration and evaluation assets

The exploration and evaluation assets of the Company are comprised as follows:

	Canada	USA	Total
Balance, December 31, 2013 (Note 2)	\$ 1,053,225	\$ -	\$ 1,053,225
Impairment (b)	(62,500)	-	(62,500)
Balance, December 31, 2014 and June 30, 2015	\$ 990,725	\$ -	\$ 990,725

On August 22, 2013, the Company completed the sale of its wholly-owned subsidiary Copper One USA, which owns the Lone Mountain, Mimbres, Teague Springs, Twin Peaks, West Jerome, and West Safford properties, to Cornerstone. See Note 5.

	Rivière Doré	Queylus	Total
	\$	\$	\$
Balance, December 31, 2013 (Note 2)	854,996	198,229	1,053,225
Acquisition costs	-	-	-
Impairment (b)	-	(62,500)	(62,500)
Balance, December 31, 2014 and June 30, 2015	854,996	135,729	990,725

(a) Rivière Doré

On November 30, 2011, the Company signed an agreement with Cartier Resources Inc. ("Cartier") to acquire 100% of the Rivière Doré Copper Nickel property ("Rivière Doré") located southeast of the town Val D'Or, Quebec. This agreement superseded the agreement signed with Cartier in January 2011. In consideration for a 100% interest in Rivière Doré, the Company paid \$150,000 in cash, issued 2,000,000 common shares of the Company with an estimated fair value of \$550,000 and granted a royalty of 1% of the net smelter return in connection with ore extracted from the property. The Company is also committed to a 2% royalty payment of the net smelter return on 36 of its 1,052 existing claims on the property. This transaction closed on December 15, 2011.

Copper One Inc.

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8. Exploration and evaluation assets (continued)

The Company has also agreed to pay to Cartier an amount equal to 2% of the net present value shown in a bankable feasibility study on Rivière Doré, payable in cash in three equal installments over the 18-month period from the commencement of commercial production on the property.

There has been a suspension on the existing claims comprising the Rivière Doré property since 2011 as a result of discussions between the Company, government officials and the Algonquin Community of Barriere Lake (“ACBL”) in relation to the property. The suspension term is scheduled to end in July 2017. The ACBL reaffirmed through a press release on March 13, 2013, their opposition to the Company’s proposed exploration activities related to the Rivière Doré project.

(b) Queylus

On January 23, 2012, the Company entered into an agreement with Lounor Exploration Inc. (“Lounor”) to acquire 100% of the Queylus copper gold property, located near the town of Chibougamau, Quebec. Under the terms of the purchase agreement, the Company acquired 100% of the Queylus property by paying \$23,750, issuing 475,000 common shares of the Company valued at \$61,750 and granting royalties ranging from 1% to 2% of the net smelter return in connection with ore extracted from certain claims comprising the property. In connection with the transactions contemplated under the purchase agreement, the Company entered into an agreement with SOQUEM Inc. (“SOQUEM”) whereby SOQUEM agreed to renounce its right of first refusal over certain claims comprising the Queylus property in consideration for the Company paying \$2,500 and issuing to SOQUEM 50,000 shares of the Company valued at \$6,500. This transaction closed on August 7, 2012.

On February 8, 2012 the Company signed a purchase agreement with Diagnos Inc. (“Diagnos”) to acquire a 100% interest in certain claims (the “Claims”) contiguous to the Queylus copper gold property. Under the terms of the purchase agreement, the Company has acquired 100% of the Claims by paying \$10,000, issuing 175,000 common shares of the Company valued at \$52,500 and granting a royalty of 2% of the net smelter return in connection with ores and concentrates extracted from the property underlying the Claims. The purchase agreement provides that the Company has the right to reduce such royalty from 2% to 1% at any time by paying to Diagnos \$1,000,000 in cash. The Company has allowed the Diagnos claims to lapse. As at December 31, 2014, the Company wrote off \$62,500 related to the carrying value of Diagnos claims.

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9. Share Capital

Preferred Shares

Authorized: unlimited, without par value

Issued and outstanding: nil preferred shares

Common Shares

Authorized: unlimited, without par value

Issued and outstanding:

Common Shares	Number of Shares	Amount
Balance, December 31, 2013	66,533,854	\$ 16,934,798
Shares issued for debt settlement (i)	2,000,000	80,000
Balance, December 31, 2014 and June 30, 2015	68,533,854	\$ 17,014,798

- (i) On July 22, 2014, the Company issued 2,000,000 common shares at a deemed price per share of \$0.05 in settlement of certain accounts payable. The fair value market value of shares issued in the settlement of debts was \$80,000 based on the share price of the Company on the date the debt was settled. A gain on settlement of \$20,000 was recorded on the Company's consolidated statement of operations and comprehensive loss for the year ended December 31, 2014.

10. Share-based payments reserve

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the plan will be for a term not to exceed 5 years.

During the six months ended June 30, 2015, no stock options expired (six months ended 2014: 160,000 options expired, total of \$47,323 recorded against deficit).

	Number of options	Weighted average exercise price	Estimated Grant Date Fair Value of Options	Number of warrants	Weighted average exercise price	Estimated Grant Date Fair Value of Warrants	Total
December 31, 2013	10,665,000	\$ 0.36	\$ 2,870,967	12,321,428	\$ 0.44	\$ -	\$ 2,870,967
Granted and vested	4,065,000	0.07	280,079	-	-	-	280,079
Expired	(9,510,000)	0.32	(2,701,475)	(12,321,428)	0.44	-	(2,701,475)
December 31, 2014	5,220,000	0.11	449,571	-	-	-	449,571
Granted and vested	-	0.07	3,090	-	-	-	3,090
June 30, 2015	5,220,000	\$ 0.11	\$ 452,661	-	\$ -	\$ -	\$ 452,661

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10. Share-based payments reserve (continued)

STOCK OPTIONS:

As at June 30, 2015, outstanding options to acquire common shares of the Company were as follows:

Expiry Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price (\$)	Estimated Grant Date Fair Value (\$)
28-Nov-2016	300,000	300,000	0.35	60,281
06-Feb-2017	350,000	350,000	0.35	72,008
27-Sep-2017	155,000	155,000	0.16	20,210
22-Feb-2018	350,000	350,000	0.10	27,807
14-May-2019 (i)	3,965,000	3,965,000	0.07	265,655
03-Jul-2019 (ii)	100,000	100,000	0.07	6,700
	5,220,000	5,220,000	0.11	452,661

- (i) The grant date fair value of the 3,965,000 stock options granted on May 14, 2014, exercisable at \$0.07 and expiring on May 14, 2019, was estimated using the Black-Scholes option pricing model with the following assumptions: vested immediately, expected dividend yield of 0%; expected volatility of 120% (at the date of issue); risk-free interest rate of 1.50% and an expected life of 5 years.
- (ii) The grant date fair value of the 100,000 stock options granted on July 3, 2014, exercisable at \$0.16 and expiring on July 3, 2019, was estimated using the Black-Scholes option pricing model with the following assumptions: vested immediately, expected dividend yield of 0%; expected volatility of 120% (at the date of issue); risk-free interest rate of 1.52% and an expected life of 5 years.

The Company recorded stock based compensation of \$3,090 during the six months ended June 30, 2015 (June 30, 2014: \$273,379).

The weighted average remaining contractual life of outstanding options and exercisable options as of June 30, 2015 is 3.45 years (June 30, 2014 – 1.8 years).

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11. Related party transactions and balances

During the three and six months ended June 30, 2015 and 2014, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchase of goods and services			
	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Forbes & Manhattan, Inc.	\$ 75,000	\$ 75,000	\$ 150,000	\$ 150,000

Mr. Stan Bharti is the Executive Chairman of Forbes & Manhattan, Inc. The Company is part of the Forbes & Manhattan Group of Companies.

The Company shares its office space with other companies who may have similar officers or directors. The costs associated with this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc, to whom the Company pays a monthly fee. 2227929 Ontario Inc. does not have any officers or directors in common with the Company.

The following balances were outstanding at the end of the reporting period:

	Amounts owed to related parties			
	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Forbes & Manhattan Inc.	\$ 84,750	\$ -	\$ 367,250	\$ -
Scott Moore	\$ 42,375	\$ -	\$ 56,500	\$ -

Mr. Scott Moore, the Executive Chairman of the Board of Directors, President and Chief Executive Officer of the Company, is a director of Mason Graphite.

Mr. Paul Cowley is on the board of both the Company and Cornerstone, purchaser of the Company's formerly wholly-owned subsidiary Copper One USA (see note 5).

Mr. Benoit Gascon is on the Board of Directors of both the Company and Mason Graphite Inc.

Compensation of Key Management, Directors and Officers

The remuneration of directors and other members of key management personnel during the reporting period were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	Short-term benefits	\$ 92,500	\$ 97,500	\$ 215,000
Share-based payments	-	187,600	3,090	195,324

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 remuneration committee having regard to the performance of individuals and market trends. See Note 12.

Copper One Inc.

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12. Commitments and contingencies

Contractual Obligations	Payments (Receipts) Due by Period				
	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
Minimum commitment under management contracts (i)	\$ 362,000	\$ 362,000	\$ -	\$ -	\$ -
Minimum commitment under Montreal office space lease (ii)	162,000	130,000	32,000	-	-
Minimum commitment under Montreal office sub-lease (iii)	(130,000)	(104,000)	(26,000)	-	-

- (i) The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately \$1,020,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under these contracts approximate \$362,000 due within one year.
- (ii) In June 2012, the Company entered into a 52 month lease agreement for office space rental in Montreal, ending on September 30, 2016. The total commitments remaining under this lease agreement is approximately \$162,000 at June 30, 2015.
- (iii) In December 2013, the Company signed a sublease agreement with a third party to rent out the Montreal office space, ending on September 30, 2016. Total rent receivable over the term of the sublease is expected to be approximately \$130,000.

The Company's exploration and evaluation 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.

See Note 8.

Copper One Inc.

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13. Financial instruments

Financial assets and financial liabilities as at June 30, 2015 and December 31, 2014 were as follows:

June 30, 2015	Loans and receivables	Assets at fair value through profit or loss	Total
Cash and cash equivalents	\$ 11,451	\$ -	\$ 11,451
Held for trading marketable securities	-	45,000	45,000
Receivables	110,058	-	110,058
Accounts payable and accrued liabilities	(1,024,904)	-	(1,024,904)

December 31, 2014	Loans and receivables	Assets at fair value through profit or loss	Total
Cash and cash equivalents	\$ 222,994	\$ -	\$ 222,994
Held for trading marketable securities	-	22,500	22,500
Receivables	53,834	-	53,834
Accounts payable and accrued liabilities	(666,878)	-	(666,878)

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the three and six months ended June 30, 2015 and 2014.

The carrying values of cash, receivable and accounts payable and accrued liabilities reflected on the consolidated statements of financial position approximate fair value due to the limited terms of these instruments.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in receivables consist of receivables from related and unrelated companies. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to endeavor to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2015, the Company had a cash and cash equivalent balance of \$11,451 (December 31, 2014 - \$222,994) to settle current liabilities of \$1,024,904 (December 31, 2014 - \$666,878). The Company's financial liabilities generally have contractual maturities of less than 30 days.

(a) Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

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13. Financial instruments (continued)

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices for commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in commodity prices. Such external economic factors may in turn be influenced by changes in international investment patterns, monetary systems and political developments.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the year.

- The Company does not hold interest bearing debt at interest rates subject to market fluctuations to give rise to interest rate risk.
- The Company does not hold significant cash balances in foreign currencies to give rise to foreign exchange risk.

(d) Fair value

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the balance sheet. These have been prioritized into three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

At June 30, 2015, the Company's financial instruments that are carried at fair value, consist of marketable securities of which \$45,000 (December 31, 2014 - \$22,500) have been classified as Level 1 within the fair value hierarchy.

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14. Management of capital risk

The Company considers its capital structure to consist of its cash and cash equivalents, common shares, stock options and warrants. 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 exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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 and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company's capital management objectives, policies and processes have remained unchanged during the three and six months ended June 30, 2015 and 2014.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2015, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.