



2012 ANNUAL QUARTZ MINING LICENCE REPORT

**Submitted to Yukon Government, Energy Mines and Resources
Yukon Quartz Mining Licence QML-0007**

March 2013

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Carmacks Copper Project, Yukon Territory

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EXECUTIVE SUMMARY

Activities at the mine site during the period 1 January 2012 to 31 December 2012 have been limited. Site activities consisted of three site visits to monitor water quality and flows and the Annual Engineer's Inspection. Copies of the associated documents have been attached to this report. No development activities were undertaken in 2012.

Security in the amount of \$80,300 has been posted with Yukon against the liability incurred to date as a result of exploration activities.

This report has been formatted to respond to the specific requirements in the QML even though there may be no corresponding project undertakings.

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1.0 INTRODUCTION

This Annual Report has been prepared for Copper North Mining Corp. and covers the period from January 1, 2012 to December 31, 2012 as required by Clauses 16.5 and 16.6 of Quartz Mining Licence (QML) QML-0007. As of January 19, 2012 the assignment of QML-007 was authorized from Carmacks Copper Limited to Carmacks Mining Corp, a wholly-owned subsidiary of Copper North Mining Corp.

This report provides a summary of activities at the Carmacks Copper Property for the reporting year, including: but not limited to physical stability inspection and water quality monitoring.

Few site activities occurred that would normally form a part of this report in future years, once major project permitting is completed. Additional sections and information will be added as necessary to accommodate expanded reporting requirements from future mine development and related plans.

The preliminary mine layout (not yet constructed) is illustrated in Figure 1.

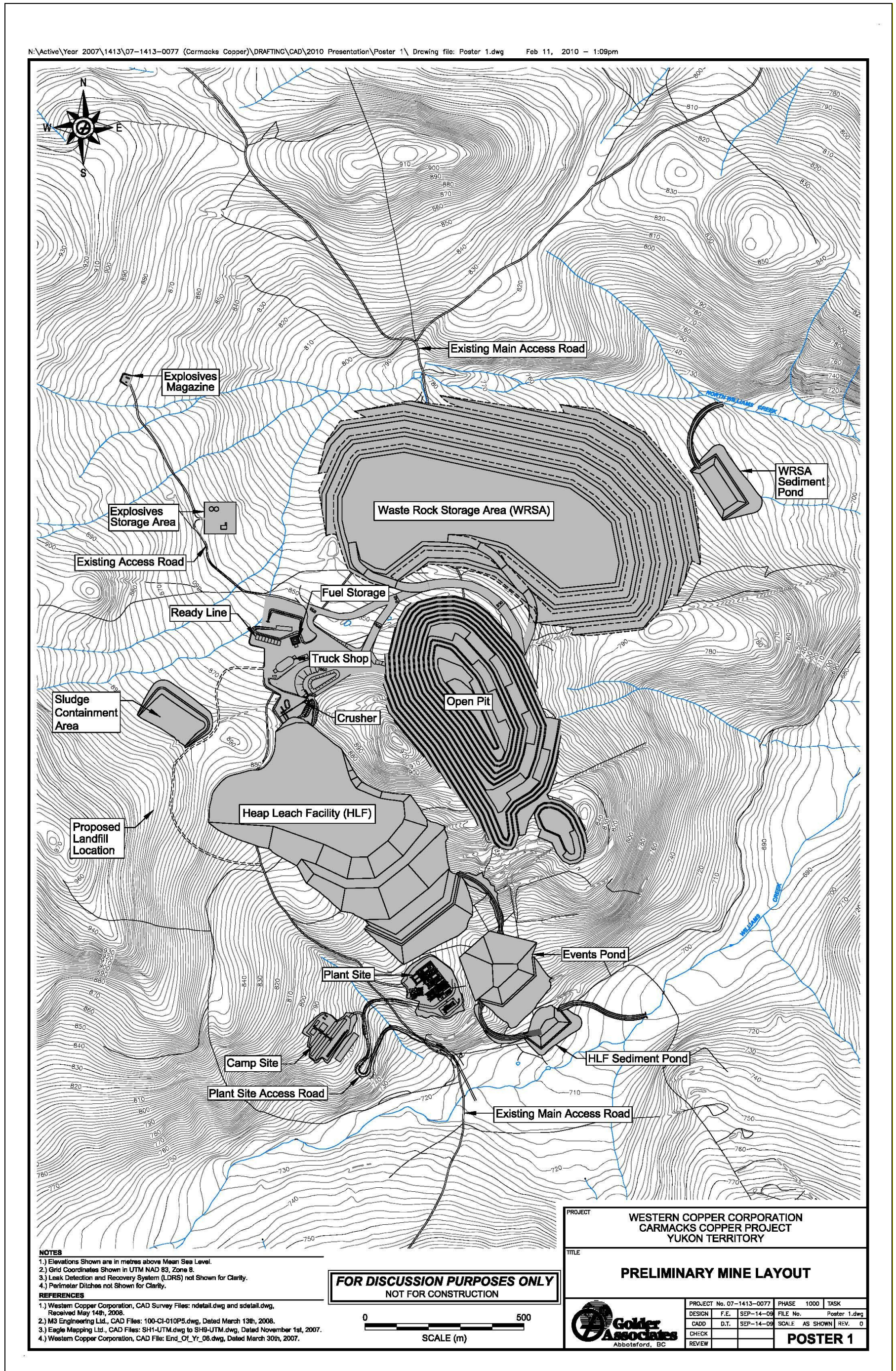


Figure 1. Preliminary Mine Layout

2.0 SITE ACTIVITIES

2.1 EXPLORATION

No exploration activities occurred on the property in 2012. .

2.2 CONSTRUCTION AND DEVELOPMENT

2.2.1 Overview of Activities by Quarter

No construction or development activities occurred on the property in 2012.

2.2.2 As-built Drawings

No “as-built” drawings were produced in 2012.

2.3 MINING ACTIVITIES

2.3.1 Overview of Activities by Quarter

No mining activities took place in 2012.

2.3.2 Production Schedule – Ore and Waste Removal

Not applicable for this reporting period; no mining activities took place in 2012.

2.3.3 Average Head Grades

Not applicable for this reporting period; no mining activities took place in 2012.

2.3.4 Open Pit Stability

Not applicable for this reporting period; no mining activities took place in 2012.

2.3.5 Heap Leach Cells – Status of Leaching (including layout drawing)

Not applicable for this reporting period; no mining activities took place in 2012.

2.3.6 Copper Production

Not applicable for this reporting period; no mining activities took place in 2012.

2.3.7 Spills

No spills occurred during the reporting period.

2.3.8 On-going Reclamation

No reclamation activities were undertaken in 2012.

2.3.9 Actions Undertaken in Response to Annual Engineer's Inspection

The Annual Engineer's Inspection of the entire project area was undertaken on July 10, 2012 (see Appendix A) and recommended some minor maintenance activities. These activities are planned to be completed during summer 2013.

2.3.10 Access Road

The access road to the site has not been constructed.

2.4 RESOURCES AND RESERVES

The resource and reserve estimates for the property are shown in Tables 1 and 2 respectively. The reserves remain as stated in the "Feasibility Study" prepared in 2007, while the resource was updated later that year.

Table 1. Updated Resource Estimate for Zones 1, 4 and 7 at 0.25% Total Copper Cut-Off

Category	Tonnes (000)'s	Copper (%)		Gold (g/t)	Silver (g/t)	Contained Metal			
		Total	Oxide			Copper (000)'s lb.	Gold oz.	Silver oz.	
Oxide	Measured	4,031	1.10	0.90	0.59	5.7	98,130	76,000	734,000
	Indicated	7,949	1.04	0.84	0.39	4.0	182,448	100,000	1,032,000
	M+I	11,980	1.06	0.86	0.46	4.6	280,577	176,000	1,766,000
	Inferred	90	0.73	0.53	0.13	1.8	1,452	370	5,000
Sulphide	Measured	695	0.80	0.02	0.26	2.5	12,192	6,000	57,000
	Indicated	3,645	0.74	0.03	0.20	2.3	59,195	24,000	269,000
	M+I	4,340	0.75	0.03	0.21	2.3	71,387	30,000	326,000
	Inferred	4,031	0.71	0.01	0.18	1.9	63,383	23,000	246,000

Table 2. Mineral Reserve

Reserve Class	Ore t (000)	Total Cu (%)	Cu Oxide (%)	Cu Non- Oxide (%)	Au (g/t)	Ag (g/t)
Proven Mineral Reserve	3,190	1.227	1.028	0.199	0.659	6.20
Probable Mineral Reserve						
Open Pit Ore	6,462	1.099	0.938	0.162	0.466	4.49
Estimated Dilution	960	0.065	0.043	0.021	0.018	0.20
Total Probable Mineral Reserve	7,422	0.965	0.822	0.144	0.408	3.93
Proven and Probable Mineral Reserve	10,611	1.044	0.884	0.160	0.483	4.62

2.5 CARE AND MAINTENANCE

No activities to report.

2.6 PROPOSED DEVELOPMENT AND PRODUCTION FOR UPCOMING YEAR

There are presently no development or production plans for the 2013 year.

3.0 MONITORING PROGRAMS AND STUDIES

The QML contains a number of requirements for studies and monitoring programs. The following sections outline work done with respect to these studies and programs. Copies of the actual reports relating to these are

appended.

3.1 ON-GOING METALLURGICAL STUDIES

3.1.1 *Field Tests*

No metallurgical field tests were in progress as of 2012.

3.1.2 *Laboratory Tests*

No metallurgical laboratory tests were conducted in 2012.

3.2 HEAP LEACH PAD LINER PERFORMANCE MONITORING

No liner has been placed and no performance monitoring is in progress.

3.3 WATER QUALITY SURVEILLANCE PROGRAM

During 2012, four separate site visits were made for the purpose of collecting water quality, hydrology, and groundwater quality data. These visits took place on the following dates:

- May 24 and 25 – water quality and stream hydrology;
- June 14 – hydrology at station W12;
- August 9 and 10 – water quality, stream hydrology, groundwater quality; and,
- October 3 – water quality and stream hydrology.

Table 3 lists the locations (shown on Figure 2) that have been established for the routine monitoring of surface water quality to date. Further locations will be added as the mine is brought into production.

Table 3. Water Quality Surveillance Program Site Descriptions and Locations

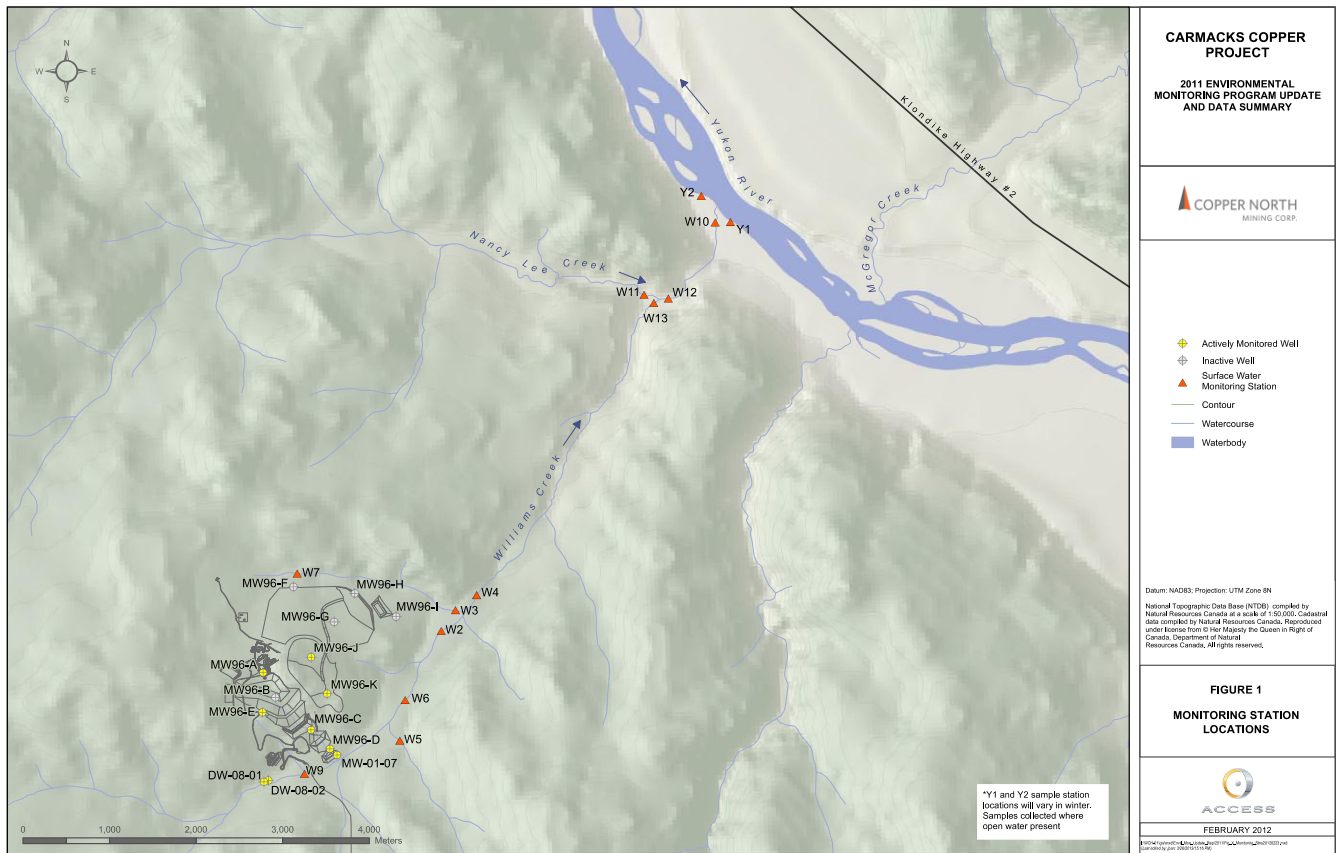
Station	Description	Northing	Easting
W2	Williams Creek Upstream of North Williams Creek Confluence	6914145	413499
W3	Lower North Williams Creek Upstream of Confluence with Williams Creek	6914379	413640
W4	Williams Creek Downstream of Confluence with North Williams Creek	6914653	413888
W5	South East Tributary to Williams Creek	6912947	412978
W6	Williams Creek Downstream of South East Tributary	6913373	413042
W7	Upper North Williams Creek Tributary Upstream of Road Crossing	6914810	411778
W9	Williams Creek Upstream of Access Road Crossing	6912511	411907
W10	Williams Creek Upstream of Yukon River	6919033	416606
W11	Nancy Lee Creek (Tributary of Williams Creek)	6918096	415803
W12	Williams Creek Downstream of Confluence with Nancy Lee Creek	6918000	416102
W13	Williams Creek Upstream of Confluence with Nancy Lee Creek	6917984	415912
Y1*	Yukon River Upstream of Williams Creek	6918974	416752
Y2*	Yukon River Downstream of Williams Creek	6919308	416249

Notes: Coordinates are UTM Zone 8 NAD83

* Yukon River open water sample station locations; during freezing conditions samples collected where open water available.

Surface water quality monitoring activities were conducted at ten of the thirteen stations in 2010, 2011, and 2012. Williams Creek near the confluence with Yukon River (station W10) as well as the Yukon River (stations Y1 and Y2) were not monitored in 2010, 2011, and 2012 due to the logistical challenge of accessing these locations. The data collected from these locations in previous years is considered relatively robust at this stage prior to project advancement.

Figure 2. Monitoring Station Locations



3.3.1 Surface Water Quality

Surface water quality sampling was conducted on three site visits in 2012 between May 24 and October 3. The reader is directed to the Carmacks Copper Baseline Environmental Data Collection Summary 2012,, included in Appendix B for details of the 2012 sampling and results.

3.3.2 Groundwater Quality

Groundwater monitoring was also conducted during the August water quality sampling event. The reader is referred to Appendix B for details of the sampling and results.

3.4 HYDROGEOLOGY STUDIES

No hydrogeologic studies were required or conducted in 2012.

3.5 WATER TREATMENT AND MANAGEMENT

No water treatment studies or water management studies were required or conducted in 2012.

3.6 CLIMATE DATA AND SNOW SURVEY MONITORING PROGRAM

Copper North did not conduct any meteorological monitoring on site in 2012.

3.7 GEOCHEMICAL STUDIES AND ACID-BASE ACCOUNTING

No Geochemical studies were conducted in 2012.

3.8 PHYSICAL MONITORING PROGRAM

Physical monitoring of structures and facilities in 2012 was limited to the Annual Engineer's Inspection (Appendix A).

3.9 ENGINEER'S ANNUAL PHYSICAL INSPECTION REPORTS

As required under Section 16.1 and 16.2 of the QML, Copper North Mining Corp. engaged Golder Associates Ltd. to perform an Annual Physical Inspection of the site. The inspection was carried out on July 10, 2012 (QML Section 16.1). The complete report is contained in Appendix A. This report has been previously submitted to Government of Yukon, Department of Energy, Mines and Resources, Mineral Resources Branch.

Since no development has taken place on site, the report focused on existing site conditions and limited infrastructure. Areas observed on July 10, 2012 to require maintenance will be addressed in summer 2013 prior to the Annual Physical inspection. .

3.10 RECLAMATION AND REVEGETATION STUDIES

In 2007 a test patch of seeding was completed on an approximately 500 m x 12 m area adjacent (west) of the access road south of the Williams Creek crossing and the helicopter pad area. The seeding and resulting vegetation was intended to help stabilize sediments in this area and has been observed in the past five years to be performing well.

3.11 SUBMISSION AND APPROVAL OF PLANS

No plans were submitted during 2012.

4.0 OUTSTANDING FINANCIAL LIABILITY

4.1 HEAP LEACH

At present there has been no update to the assessment of the liability associated with the Heap Leach Facility, which was presented in the May 2009 revision of the Preliminary Detailed Closure and Reclamation Plan.

4.2 WASTE ROCK STORAGE

There has also been no update to the assessment of the liability associated with the Waste Rock Storage Facility, which was presented in the May 2009 revision of the Preliminary Detailed Closure and Reclamation Plan.

4.3 OVERALL LIABILITY

The estimated maximum overall liability associated with the development and operation of the mine remains as set out in the May 2009 revision of the Preliminary Detailed Closure and Reclamation Plan

Facility or Area Description	Cost
OPEN PIT	\$ 23,000
HEAP LEACH FACILITY	\$ 17,295,000
HLF EVENTS AND SEDIMENT PONDS	\$ 296,000
WASTE ROCK STORAGE AREA	\$ 740,000
PLANT AND ANCILLARY FACILITIES	\$ 467,000
CAMP	\$ 103,000
TRUCK SHOP SERVICE COMPLEX	\$ 70,000
MISCELLANEOUS FACILITIES	\$ 95,000
ACCESS AND HAUL ROADS	\$ 248,000
SITE MANAGEMENT	\$ 1,103,000
TOTAL	\$ 20,440,000

An additional \$2.675 million is estimated to cover costs associated with rinsing and neutralization of the heap leach facility, should it extend to a 9 year period as opposed to the initially estimated 4.5 year period.

To date security in the amount of \$80,300 has been posted with Yukon Government. This represents the liability incurred to date due to exploration activities on the site.

4.4 ENGINEERING CONTINGENCIES

In accordance with Section 11.0 of the QML, Copper North Mining Corp. prepared a Contingency Plan on the basis of a workshop held in October 2009. The plan was submitted to the Chief of Mining Land Use in January

2010. The main purpose of the Contingency Plan was to identify possible alternative approaches to decommissioning the Heap Leach Facility, however, other facilities were also examined. The plan identified a number of possible failure modes and contingency measures for each of the facilities and recommended further work that should be undertaken. The report was issued in draft format pending comments from government. No comment from government has been received to date. No further work has been undertaken at this time to develop any of the contingency plans identified.

COPPER NORTH MINING CORP.
(On behalf of CARMACKS COPPER LTD.)

Original Signed By

Doug Ramsey
Vice-President, Sustainability and Environmental Affairs

Appendix A. Annual Engineer's Inspection Report

Appendix B. Carmacks Copper Baseline Environmental Data Collection Summary 2012