NORTHERN
SUPERIOR
RESOURCES

Northern Superior Resources Inc.

Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian dollars)

For the Six Months Ended June 30, 2019 and 2018

Northern Superior Resources Inc.

Notice to Reader:

These condensed interim financial statements of Northern Superior Resources Inc. (the "Company") have been prepared by management and reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

Northern Superior Resources Inc.
Condensed Interim Financial Statements
(Unaudited - Expressed in Canadian dollars)

Statements of Financial Position

As at	*Notes*	June 30, 2019 ($)	December 31, 2018 ($)
Assets			
Current assets			
Cash and cash equivalents		**1,692,795**	**2,268,508**
Prepaids and receivables	*3*	**111,119**	**87,870**
Marketable securities	*4*	**3,000**	**3,000**
		1,806,914	**2,359,378**
Non-current assets			
Exploration and evaluation assets	*5*	**7,322,650**	**7,126,110**
		9,129,565	**9,485,488**
Liabilities			
Current liabilities			
Accounts payables and accrued liabilities	*6*	**489,885**	**443,670**
Shareholders' Equity			
Share Capital	*7*	**64,525,038**	**64,542,840**
Reserve - Stock options	*7*	**5,786,103**	**5,541,816**
Reserve - Warrants	*7*	**5,005,493**	**5,005,493**
Accumulated other comprehensive loss		**(7,250)**	**(7,250)**
Deficit		**(66,669,705)**	**(66,041,081)**
		8,639,679	**9,041,818**
		9,129,565	**9,485,488**

Nature of operations and going concern (Note 1)

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD OF DIRECTORS ON AUGUST 23, 2019

"François Perron"
Director

"Andrew Farncomb"
Director

See accompanying notes to financial statements

Northern Superior Resources Inc.
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Statements of Loss and Comprehensive Loss

	Notes	Three months ended June 30, 2019 ($)	Three months ended June 30, 2018 ($)	Six months ended June 30, 2019 ($)	Six months ended June 30, 2018 ($)
Expenses					
Consulting fees	*8*	**21,553**	(11,500)	**43,466**	46,900
Legal and accounting	*8*	**19,512**	(2,081)	**40,357**	26,737
Office expenses and salaries	*8*	**139,338**	218,333	**274,528**	307,241
Share-based payments	*8*	**-**	-	**244,287**	-
Shareholder information		**63,344**	65,379	**121,113**	198,563
Travel		**688**	717	**688**	717
Foreign exchange		**282**	(1)	**318**	(41)
Taxes		**4,350**	-	**4,350**	7,343
Loss before the undernoted		**(249,067)**	(270,845)	**(729,107)**	(587,459)
Interest (expense) income		**4,637**	2,161	**11,367**	(3,325)
Management fees	*5*	**33,424**	-	**89,117**	-
Ontario litigation		**-**	-	**-**	252,311
Net loss for the period		**(211,007)**	(268,684)	**(628,624)**	(338,473)
Other comprehensive loss					
Change in value of marketable securities		**-**	-	**-**	(2,000)
Total comprehensive loss		**(211,007)**	(268,684)	**(628,624)**	(340,473)
Basic and diluted loss per share		**(0.01)**	(0.01)	**(0.02)**	(0.01)
		(#)	(#)	**(#)**	(#)
Weighted-average number of common shares outstanding		**35,126,689**	31,907,863	**35,126,689**	31,907,863

See accompanying notes to financial statements

Northern Superior Resources Inc.
Condensed Interim Financial Statements
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Statements of Equity

	Share Capital		Reserves				
	Number of Shares (#)	**Amount** ($)	**Stock options** ($)	**Warrants** ($)	**Accumulated other comprehensive loss** ($)	**Deficit** ($)	**Equity** ($)
Balance, December 31, 2017	**31,907,871**	**63,981,956**	**5,525,026**	**4,823,509**	**(1,250)**	**(65,160,475)**	**9,168,766**
Share based payments	-	-	4,900	-	-	-	4,900
Unrealized loss on marketable securities	-	-	-	-	(5,000)	-	(5,000)
Net loss	-	-	-	-	-	(338,473)	(338,473)
Balance, June 30, 2018	**31,907,871**	**63,981,956**	**5,529,926**	**4,823,509**	**(6,250)**	**(65,498,948)**	**8,830,193**
Shares issued for cash	3,030,300	843,116	-	156,883	-	-	999,999
Share issuance costs - cash	-	(78,664)	-	-	-	-	(78,664)
Share issuance costs - shares	60,606	-	-	-	-	-	-
Share issuance costs - warrants	-	(25,101)	-	25,101	-	-	-
Share based payments	-	-	11,890	-	-	-	11,890
Shares issued for Directors' fees	127,912	63,957	-	-	-	-	63,957
Flow-through share premium liability	-	(242,424)	-	-	-	-	(242,424)
Unrealized loss on marketable securities	-	-	-	-	(1,000)	-	(1,000)
Net loss	-	-	-	-	-	(542,133)	(542,133)
Balance, December 31, 2018	**35,126,689**	**64,542,839**	**5,541,816**	**5,005,493**	**(7,250)**	**(66,041,081)**	**9,041,818**
Share issuance costs - cash	-	(17,802)	-	-	-	-	(17,802)
Share based payments	-	-	244,287	-	-	-	244,287
Net loss	-	-	-	-	-	(628,624)	(628,624)
Balance, June 30, 2019	**35,126,689**	**64,525,038**	**5,786,103**	**5,005,493**	**(7,250)**	**(66,669,705)**	**8,639,679**

See accompanying notes to financial statements

(Unaudited - Expressed in Canadian dollars)

Statements of Cash Flows

	Six months ended June 30, 2019 ($)	2018 ($)
Operating Activities		
Net loss for the period	**(628,624)**	(338,473)
Items not involving cash:		
Share based payments	**244,287**	4,900
Change in non-cash operating working capital items:		
Prepaids and receivables	**(193,708)**	127,338
Accounts payables and accrued liabilities	**63,387**	(677,557)
Cash used in operating activities	**(514,659)**	(883,793)
Investing Activities		
Exploration and evaluation expenditures (net)	**(43,751)**	(301,551)
Option payment received	**498**	-
Cash received from (used in) investing activities	**(43,251)**	(301,551)
Financing Activities		
Share issuance costs	**(17,802)**	-
Cash provided by financing activities	**(17,802)**	-
Increase (decrease) in cash during the period	**(575,712)**	(1,185,345)
Cash, beginning of year	**2,268,508**	3,083,897
Cash, end of period	**1,692,796**	1,898,552

See accompanying notes to financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Superior Resources Inc. ("Northern Superior" or the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold properties in Ontario and Québec. The head office, principal address and registered and records office of the Company is 1351C Kelly Lake Road, Unit 7, Sudbury, Ontario, Canada.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent deferred acquisition costs incurred to date, less amounts written off or written down, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the Company raising capital, the sale or entering into a joint venture of the Company's exploration and evaluation assets, and/or the attainment of profitable operations.

At June 30, 2019, the Company has working capital of $1,317,031, which amount includes $827,501 restricted to flow-through purposes (resulting in an unrestricted working capital of $489,530), has incurred a loss for the period of $628,624 and has an accumulated deficit of $66,669,705. These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the ensuing 12 months. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding will be available to conduct further exploration and development of its mineral properties. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock or joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Management plans to continue to secure the necessary financing through a combination of equity financing and entering into joint venture arrangements. However, there is no assurance that the Company will be successful in these actions. These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of Compliance

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Except as noted below under Changes in Accounting Policies, these condensed interim financial statements follow the same accounting policies and methods of application as the annual financial statements of the Company for the year ended December 31, 2018. These condensed interim financial statements do not contain all disclosures required by International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the 2018 annual financial statements and the notes thereto.

Unless otherwise indicated, all dollar amounts in these condensed interim financial statements are in Canadian Dollars.

b) Changes in Accounting Policies

The Company adopted the following new standard, along with any consequential amendments, prior to or effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions and did not impact the Company's condensed interim financial statements.

- IFRS 16, "Leases": is effective for annual periods beginning on or after January 1, 2019.
- IFRIC 23, "Uncertainty over Income Tax Treatments": the effective for annual periods beginning on or after January 1, 2019.

3. PREPAIDS AND RECEIVABLES

	June 30, 2019 ($)	December 31, 2018 ($)
Sales tax receivable	**88,752**	**32,122**
Prepaid and advances	**22,367**	**55,748**
Total Current Prepaids and Receivables	**111,119**	**87,870**

The fair value of receivables approximates their carrying value.

4. MARKETABLE SECURITIES

At June 30, 2019 and December 31, 2018, the Company held the following available for sale investments:

	June 30, 2019			December 31, 2018		
	Shares (#)	Cost ($)	Fair Value ($)	Shares (#)	Cost ($)	Fair Value ($)
Bold Ventures Inc.	**200,000**	**10,250**	**3,000**	**200,000**	**10,250**	**3,000**

(Unaudited - Expressed in Canadian dollars)

During the period ended June 30, 2019, the Company recorded $Nil in unrealized loss or gain related to the change in fair value of the marketable securities in other comprehensive loss (year ended December 31, 2018: unrealized loss of $6,000).

5. EXPLORATION AND EVALUATION ASSETS

	Ontario	Quebec			
	Ti-pa-haa-kaa-ning ($)	Croteau Est ($)	Lac Surprise ($)	Wapistan ($)	Total ($)
Balance, December 31, 2018	2,014,207	4,097,221	784,651	230,030	**7,126,110**
Acquisition, assessment and maintenance	74,545	1,214	716	1,031	**77,505**
Analytical	107,435	620	376	103	**108,535**
Geophysics	-	-	161,617	-	**161,617**
Geology	55,690	9,247	12,899	-	**77,836**
Drilling	1,621,613	(21,156)	-	-	**1,600,457**
Project administration	-	-	629	-	**629**
Recovery from option agreement	(498)	-	-	-	**(498)**
Recovery from JV partner	(1,829,541)	-	-	-	**(1,829,541)**
Net change for the period	**29,244**	**(10,075)**	**176,237**	**1,134**	**196,539**
Balance, June 30, 2019	**2,043,451**	**4,087,146**	**960,888**	**231,163**	**7,322,650**

	Ontario	Quebec			
	Ti-pa-haa-kaa-ning ($)	Croteau Est ($)	Lac Surprise ($)	Wapistan ($)	Total ($)
Balance, December 31, 2017	2,015,273	3,826,727	749,890	131,252	**6,723,142**
Acquisition, assessment and maintenance	18,442	1,843	3,006	36,463	**59,754**
Analytical	183	24,176	-	8,655	**33,014**
Geophysics	5,100	11,090	-	-	**16,190**
Geology	104,816	206,815	31,756	53,660	**397,046**
Research	9,950	-	-	-	**9,950**
Project administration	9,945	28,997	-	-	**38,942**
Refundable tax credits and adjustments	-	(2,426)	-	-	**(2,426)**
Recovery from option agreement	(149,502)	-	-	-	**(149,502)**
Net change for the year	**(1,065)**	**270,494**	**34,762**	**98,778**	**402,968**
Balance, December 31, 2018	**2,014,207**	**4,097,221**	**784,651**	**230,030**	**7,126,110**

a) Ti-pa-haa-kaa-ning ("TPK") property

The Company owns a 100% interest in the TPK property. Under an agreement with Lake Shore Gold Corp. ("Lake Shore") dated May 27, 2010, the Company granted Lake Shore an assignable 2% Net Smelter Royalty ("NSR") on all minerals produced from claims associated with the TPK property (subject to a right of first refusal in favour of the Company), with the Company having the right to purchase back 0.5% for $1.0 million. Regarding the current claim package for TPK, Lake Shore's NSR provisions only apply to 141 of the current 202 active claims. Upon Tahoe Resources ("Tahoe") taking over Lake Shore, the royalty resided with Tahoe, until Pan American Silver Corp. ("Pan American") acquired Tahoe on February 22, 2019, at which time the royalty transferred to Pan American. On 5 of the TPK claims, there is also a 2% NSR on all commodities in favour of Vale S.A., and on 7 of the TPK claims there is a 2% NSR for diamonds only in favour of Vale S.A.

On November 26, 2018, the Company entered into agreement with Yamana Gold Inc. ("Yamana"), pursuant to which Yamana has the option to earn up to a 75% interest in the TPK property (the "Yamana Agreement").

Yamana has the option to earn an initial interest of 70% in consideration for the following:

(Unaudited - Expressed in Canadian dollars)

		Cash payments to Northern Superior ($)		Minimum exploration expenditures at TPK ($)	
Initial Option	On signing of the agreement	150,000	(1)	-	
	On or before the 1 year anniversary	150,000		2,000,000	(2)
	On or before the 2 year anniversary	100,000		2,000,000	
	On or before the 3 year anniversary	150,000		-	
	On or before the 4 year anniversary	150,000		6,000,000	
	On exercising of the option	300,000		-	
	Total	**1,000,000**		**10,000,000**	

(1) Received
(2) Advance of $1,000,000 received January 15, 2019; advance of $1,000,000 received April 1, 2019

Yamana can earn an additional 5% interest upon delivery of the NI 43-101 resource to the Company (by the end of year 4) if the defined mineral resource is greater than 500,000 ounces of gold and Yamana pays the Company an additional $2.00 per ounce for each measured, indicated and inferred ounce included in the resource.

The Company will be the operator for the first 12 months of the agreement, at which time Yamana has the option of assuming operator status for the remainder of the earn-in period. While acting as operator, the Company is entitled to a 5% management fee on all agreed to and related expenses. In addition, once Yamana becomes operator it may request the Company to continue to staff the project, in which case, the Company would continue to be entitled to the 5% management fee.

Upon Yamana successfully completing the earn-in requirements, Yamana and the Company will form a joint venture or similar arrangement, wherein each party will be required to fund their pro-rata share of all future exploration initiatives on the property. Should either joint venture party fail to contribute its pro-rata share of any approved work program, their ownership interest will be diluted accordingly. Should either joint venture partner dilute below a 10% ownership interest, their interest will convert to a royalty interest.

b) Croteau Est project

Croteau Est property: The Company holds a 100% interest in the Croteau Est property, subject to a 1.0% NSR on any commercial production, of which Company has the right to buy back 0.5% for $1.5 million.

Waconichi property: The Company owns a 100% interest in the Waconichi property, subject to a 1% NSR royalty on a majority of the Waconichi claims. The 1% NSR royalty covers all except 7 claims (comprising approximately 287 hectares) which were already subject to a prior 2% NSR royalty in favor of the prospector who originally staked the claims. The Company has the right to repurchase one half of the 1% NSR royalty (reducing it to a 0.5% NSR royalty) at any time for $1.0 million. Similarly, the Company has the right to repurchase half of the 2% NSR royalty (reducing it to a 1% NSR royalty) at any time, for $1.0 million. In either case, should the Company exercise its buy-back right, it will then have a right of first refusal with respect to the remaining NSR royalty.

(Unaudited - Expressed in Canadian dollars)

c) Lac Surprise property

The Company owns a 100% interest in the Lac Surprise property.

d) Wapistan property

The Company owns a 100% interest in the Wapistan property.

e) Metson Lake, Rapson Bay and Thorne Lake properties (collectively, the "Properties")

In 2013, due to the actions of third parties, the Company determined that it had lost the ability to access the Properties and realize the benefits of the value created from its exploration expenditures on the Properties, pursuant to which it filed a civil lawsuit (the "Ontario Litigation") against the Government of Ontario. In 2016, the Ontario Litigation completed with a ruling against the Company and an order that the Company pay $440,570 in costs to the Province of Ontario (provision for the full amount made by the Company). In March 2018, the Company and the Ontario Government settled on a reduced costs amount, which was paid in the first quarter of 2018. The Properties are owned 100% by the Company and have been released from an exclusion of time.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2019 ($)	December 31, 2018 ($)
Trade payables	66,139	127,566
Amounts due to related parties	75,589	41,250
Accrued liabilitites - general	35,975	32,430
Flow-through shares premium liability (note 7)	242,424	242,424
	489,885	443,670

The fair values of accounts payable and accrued liabilities approximate their carrying amount. Trade payables relate mainly to the acquisition of materials, supplies and contractor services. These payables do not accrue interest and no guarantees have been granted.

7. SHARE CAPITAL

a) Authorized

Share consolidation

On January 3, 2019, the Company received regulatory approval to consolidate its issued and outstanding common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares. Regulatory approval having been received, the common shares of the Company commenced trading on the TSX Venture Exchange ("TSX-V" or the "Exchange") on a post-consolidated basis on January 7, 2019. There was no change to the Company's trading symbol on the TSX-V or the OTCQB. All information relating to earnings/loss per share, issued and outstanding common shares, share options and warrants, and per share amounts in these financial statements have been adjusted retrospectively to reflect the share consolidation.

The authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(Unaudited - Expressed in Canadian dollars)

b) Common shares

Period ended June 30, 2019

The Company issued no common shares.

Year ended December 31, 2018

(i) On August 17, 2018, the Company issued a total of 127,912 shares (valued in the aggregate at $63,957) in respect of Directors' fees for the period July 1, 2017 to June 30, 2018.

(ii) On December 28, 2018, the Company closed a non-brokered private placement for gross proceeds of $999,999 ("Private Placement") through the sale of 3,030,300 Units, with each Unit comprised one flow-through common share and one-half of one non-transferable non-flow-through share purchase warrant ("NFT Warrant") exercisable at a price of $0.40 per share until one year after the date of closing. The issuance of the 3,030,300 flow-through shares resulted in a flow-through premium liability of $242,424. Upon the flow-through funds being fully expended, the flow-through premium liability will be extinguished through the Statement of Loss and Comprehensive Loss during the year in which the expenditures occur.

The Private Placement closed as follows:

Closing Date		December 28, 2018
Gross Proceeds		$999,999
FT Shares Issued		3,030,300
Finders' Fees		
	Shares issued	60,606
	Cash	$78,664
NFT Warrants Issued		1,515,150
NFT Warrant Exercise Price		$0.40
NFT Warrant Expiry Date		December 28, 2019
NFT Broker Warrants Issued		242,424
NFT Warrant Exercise Price		$0.40
NFT Warrant Expiry Date		December 28, 2019

The NFT Warrants and NFT Broker Warrants were valued in the aggregate at $181,984, using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.75
Expected stock price volatility (%)	142
Expected dividend yield (%)	0
Expected life (years)	1

(Unaudited - Expressed in Canadian dollars)

c) Stock Options

The Company's stock option plan (the "Plan") is administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount at the time of grant. The terms of all options cannot exceed ten years and the minimum exercise price cannot be less than the closing price of the Company's common shares on the TSX-V on the last trading day preceding the grant of the option. All of the outstanding options of the Company were issued with an expiry date of 5 years from the date of issue. Except as may be prescribed by the Exchange, the Board of Directors determines the vesting terms of the options. Share-based payments reserve is included in shareholders' equity and consists of the estimated fair value of stock options.

Period ended June 30, 2019

On March 29, 2019, the Company granted incentive stock options allowing for the acquisition of up to, in the aggregate, 1,130,000 shares at $0.22 per share until March 29, 2024. The total amount of share-based payments expense of $244,287 was recognized during the period ended June 30, 2019.

The fair value for stock options issued during the was determined using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.75
Expected stock price volatility (%)	211
Expected dividend yield (%)	0
Expected life (years)	5

At June 30, 2019, the Company had stock options, with a total weighted average remaining contractual life of 3.52 years (December 31, 2018: 3.11 years) outstanding as follows:

Grant date	Expiry date	Number (#)	Exercise price ($)	Options exercisable (#)
November 10, 2014	November 10, 2019	130,000 (1)	0.500	130,000
November 5, 2015	November 5, 2020	95,000 (1)	0.500	95,000
August 1, 2016	August 1, 2021	50,000 (2)	1.000	50,000
November 21, 2016	November 21, 2021	105,000 (1)	0.500	70,000
April 23, 2017	April 23, 2022	810,000 (3)	0.650	810,000
November 30, 2017	November 30, 2022	355,000 (3)	0.500	355,000
March 29, 2019	March 29, 2024	1,130,000 (3)	0.220	1,130,000
		2,675,000	**0.436**	**2,640,000**

(1) Provided to directors, officers, consultants and employees; the options vest as to 1/3 each on the first, second and third anniversary of the grant.

(2) Provided to a consulting firm as part of the compensation for providing certain marketing services to the Company; the options vest as to 1/4 each every three months following the date of the grant.

(3) Provided to directors, officers, consultants and employees; the options fully vest on date of grant.

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A summary of the changes in the Company's stock options follows:

	Number of options (#)	Weighted average exercise price ($)
December 31, 2017	**2,107,500**	**0.620**
Expired	(100,000)	1.000
Forfeited	(462,500)	0.549
December 31, 2018	**1,545,000**	**0.595**
Granted	1,130,000	0.220
June 30, 2019	**2,675,000**	**0.430**

Year ended December 31, 2018

During the year ended December 31, 2018 the Company recorded $16,790 in respect of the vesting of options granted in prior years.

d) Share Based Payments

Share based payments recognized in the period are expensed as consulting fees, directors' fees or management and office expense, as appropriate. The following table summarizes the share based payments expense on the vesting of stock option for the period ended June 30, 2019 and the year ended December 31, 2018:

	June 30, 2019 ($)	December 31, 2018 ($)
Consulting fees	**-**	**4,900**
Management and office	**244,287**	**11,890**
	244,287	**16,790**

e) Warrants

Period ended June 30, 2019

Warrants allowing for the acquisition of up to, in the aggregate, 7,801,000 shares at $0.75 per share expired, as to 5,820,000 shares on March 2, 2019 and 1,981,000 shares on March 6, 2019.

At June 30, 2019, the Company had warrants, with a total weighted average remaining contractual life of 0.50 years (December 31, 2018: 0.32 years) outstanding as follows:

Issue date	Expiry date	Number (#)	Exercise price ($)
December 28, 2018	December 28, 2019	1,515,150	0.400
December 28, 2018	December 28, 2019	242,424	0.400
		1,757,574	**0.400**

(Unaudited - Expressed in Canadian dollars)

A summary of the changes in the Company's warrants follows:

	Number of warrants (#)	Weighted average exercise price ($)
December 31, 2017	**9,801,000**	**0.750**
Issued	1,757,574	0.400
Expired	(2,000,000)	0.750
December 31, 2018	**9,558,574**	**0.686**
Expired	(7,801,000)	0.750
June 30, 2019	**1,757,574**	**0.400**

Year ended December 31, 2018

Pursuant to the Private Placement, the Company issued warrants allowing for the purchase of up to, in the aggregate, 1,757,574 common shares in the capital of the Company at a price of $0.40 per share until December 28, 2019. The warrants were valued in aggregate at $181,984.

The fair value for warrants issued during the year ended December 31, 2018 was determined using the Black-Scholes Option Pricing Model and the following assumptions:

	Year ended December 31, 2018
Risk-free interest rate (%)	1.75
Expected stock price volatility (%)	142
Expected dividend yield (%)	0
Expected life (years)	1

8. RELATED PARTY TRANSACTIONS

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. Transactions were in the normal course of operations and all of the costs recorded are based on fair value. The Company's related party expenses for the periods ended June 30, 2019 and 2018 are as follows:

	June 30, 2019 ($)	June 30, 2018 ($)
Management fees	42,000	42,000
Directors' fees	55,000 (1)	62,912 (2)
Salaries and wages	112,500	190,500
Share based payments	11,890	4,900
	221,390	300,312

(1) At June 30, 2019, a total of $68,750 (December 31, 2018: $41,250) was owed to Directors in respect of Directors' fees, as to $13,750 (December 31, 2018: $13,750) payable in cash, and $55,000 (December 31, 2018: $27,500) payable in common shares of the Company, with the number of shares issuable to be determined based on the closing price of the Company's shares on the date such shares are issuable, but in any event, not less than $0.50 per share.

(2) At June 30, 2018, a total of $79,162 was owed to Directors in respect of Directors' fees, as to $15,206 payable in cash, and $63,956 payable in common shares of the Company, with the number of shares issuable to be determined based on the closing price of the Company's shares on the date such shares are issuable, but in any event, not less than $0.50 per share.

Included in trade payables at June 30, 2019 is $6,839 due to related parties (December 31, 2018: $Nil) in expenses incurred on behalf of the Company.

(Unaudited - Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS

Management of Capital risk

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit, equity reserves.

The Company's capital at June 30, 2019 and December 31, 2018 follows:

	June 30, 2019 ($)	December 31, 2018 ($)
Share Capital	64,525,038	64,542,840
Reserves	10,784,346	10,540,059
Deficit	(66,669,705)	(66,041,081)
	8,639,679	9,041,818

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2018. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

Management of Financial Risks

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

i. **Credit Risk**

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. 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. The Company's surplus cash at June 30, 2019 and December 31, 2018, is invested in liquid low risk accounts in A rated Canadian Banks. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

(Unaudited - Expressed in Canadian dollars)

The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company had the Company had unrestricted cash and cash equivalents of $865,294 (December 31, 2018: $1,268,509) to settle trade payables and accrued liabilities totaling $489,885 (December 31, 2018: $443,742).

iii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. A 1% change in short term rates would change the interest income and net loss of the Company, assuming that all other variables remained constant, by approximately $16,928 at June 30, 2019.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency or commodity risk arising from financial instruments.

10. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment being the mineral exploration business in Canada. All exploration properties and equipment are situated in Canada.

11. COMMITMENTS AND CONTINGENCIES

At June 30, 2019, the Company has the following commitments in respect of its operating lease:

	< 1 year ($)	2-5 years ($)	> 5 years ($)	Total ($)
Lease	34,225	106,477	-	**140,702**