Northern Superior Resources Inc.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the Three Months Ended March 31, 2018 and 2017

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
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Statements of Financial Position

As at	*Notes*	**March 31, 2018 ($)**	**December 31, 2017 ($)**
Assets			
Current assets			
Cash and cash equivalents		**2,189,283**	**3,083,897**
Prepaids and receivables	*3*	**231,609**	**195,878**
Available for sale investment	*4*	**7,000**	**9,000**
		2,427,893	**3,288,775**
Non-current assets			
Exploration and evaluation assets	*6*	**6,895,089**	**6,723,142**
		9,322,982	**10,011,917**
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	*7*	**221,105**	**843,151**
Shareholders' Equity			
Share Capital	*8*	**63,981,956**	**63,981,956**
Reserve - Stock options	*8*	**5,529,926**	**5,525,026**
Reserve - Warrants	*8*	**4,823,509**	**4,823,509**
Accumulated other comprehensive income		**(3,250)**	**(1,250)**
Deficit		**(65,230,263)**	**(65,160,475)**
		9,101,878	**9,168,766**
		9,322,982	**10,011,917**

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD OF DIRECTORS ON MAY 23, 2018

“François Perron” — Director

“Andrew Farncomb” — Director

See accompanying notes to financial statements

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Statements of Loss and Comprehensive Loss

	Notes	Three months ended March 31, 2018 ($)	2017 ($)
Expenses			
Consulting fees	*9*	**58,400**	20,450
Depreciation		**-**	1,391
Legal and accounting	*9*	**28,818**	61,077
Office expenses	*9*	**88,909**	70,767
Shareholder information		**133,184**	78,892
Travel		**-**	1,645
Foreign exchange		**(40)**	-
Taxes		**7,343**	-
Loss before the undernoted		**(316,613)**	(234,222)
Interest (expense) income		**(5,486)**	776
Ontario litigation costs		**252,311**	-
Net loss for the period		**(69,788)**	(233,447)
Other comprehensive loss			
Items that may be classified subsequently to profit or loss			
Change in value of available for sale investment		**(2,000)**	1,000
Total comprehensive loss		**(71,788)**	(232,447)
Basic and diluted loss per share		**(0.00)**	(0.00)
		(#)	(#)
Weighted-average number of common shares outstanding		**319,078,626**	258,000,858

See accompanying notes to financial statements

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Statements of Equity

	Share Capital		Reserves				
	Number of Shares (#)	Amount ($)	Stock options ($)	Warrants ($)	Accumulated other comprehensive income ($)	Deficit ($)	Equity ($)
Balance, December 31, 2016	**229,577,969**	**63,813,207**	**4,704,251**	**586,600**	**(4,250)**	**(63,514,215)**	**5,585,593**
Shares issued for cash	88,909,997	263,091	-	4,236,909	-	-	4,500,000
Share issuance costs	-	(123,875)	-	-	-	-	(123,875)
Share based payments	-	-	2,450	-	-	-	2,450
Change in value of available for sale investment	-	-	-	-	1,000	-	1,000
Net loss	-	-	-	-	-	(233,446)	(233,446)
Balance, March 31, 2017	**318,487,966**	**63,952,423**	**4,706,701**	**4,823,509**	**(3,250)**	**(63,747,661)**	**9,731,722**
Share based payments	-	-	818,325	-	-	-	818,325
Shares issued for Directors' fees	590,660	29,533	-	-	-	-	29,533
Change in value of available for sale investment	-	-	-	-	2,000	-	2,000
Net loss	-	-	-	-	-	(1,412,814)	(1,412,814)
Balance, December 31, 2017	**319,078,626**	**63,981,956**	**5,525,026**	**4,823,509**	**(1,250)**	**(65,160,475)**	**9,168,766**
Share based payments	-	-	4,900	-	-	-	4,900
Change in value of available for sale investment	-	-	-	-	(2,000)	-	(2,000)
Net loss	-	-	-	-	-	(69,788)	(69,788)
Balance, March 31, 2018	**319,078,626**	**63,981,956**	**5,529,926**	**4,823,509**	**(3,250)**	**(65,230,263)**	**9,101,878**

See accompanying notes to financial statements

Northern Superior Resources Inc.
Condensed Interim Financial Statements
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Statements of Cash Flows

	Three months ended March 31,	
	2018	2017
	($)	($)
Operating Activities		
Net loss for the period	**(69,788)**	(233,447)
Items not involving cash:		
Depreciation	**-**	1,391
Share based payments	**4,900**	2,450
Change in non-cash operating working capital items:		
Decrease (increase) in prepaids and receivables	**(35,731)**	(49,196)
Increase in trade payables and accrued liabilities	**(622,046)**	295,387
Cash used in operating activities	**(722,666)**	16,585
Investing Activities		
Exploration and evaluation expenditures	**(171,947)**	(480,995)
Recovery of exploration and evaluation expenditures	**-**	2,971
Additions to equipment		
Cash received from (used in) investing activities	**(171,947)**	(478,024)
Financing Activities		
Proceeds from private placements (net)	**-**	4,376,125
Cash provided by financing activities	**-**	**4,376,125**
Increase (decrease) in cash during the period	**(894,614)**	3,914,686
Cash, beginning of period	**3,083,897**	2,697,072
Cash, end of period	**2,189,283**	6,611,758
Supplemental cash flow information:		
Interest received	**5,486**	776
Interest paid	**(9,793)**	-
Taxes paid	**(7,343)**	-
Unrealized gain (loss) on available for sale investment	**(2,000)**	1,000

See accompanying notes to financial statements

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

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 Company has not determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and attaining future profitable production from the properties or proceeds from disposition.

The head office, principal address and registered and records office of the Company is 1351C Kelly Lake Road, Unit 7, Sudbury, Ontario, Canada, P3E 5P5.

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, 2017. 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 2017 annual financial statements and the notes thereto.

These condensed interim financial statements have been prepared under the historical cost convention, except for certain financial instruments, as set out in the accounting policies in Note 3 of the 2016 annual financial statements. Unless otherwise indicated, all dollar amounts in these condensed interim financial statements are in Canadian Dollars.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements are disclosed in Note 3 of the 2017 annual financial statements.

As at March 31 2018, the Company has cash and cash equivalents of $2,189,283 and working capital of $2,206,789. In May 2016, the trial between Northern Superior and the Government of Ontario (the "Ontario litigation") was completed with the judge ruling against the Company ("the trial decision"). On August 26, 2016, the Ontario Superior Court ordered the Company to pay $440,570 in costs to the Province of Ontario in connection with the lawsuit; a provision for the full amount was recorded during the year ended December 31, 2016. At December 31, 2017, both the trial decision and the cost award were under appeal with the Ontario Court of Appeal, and on March 1, 2018, the Company announced it had concluded the Ontario litigation, avoiding any further court proceedings. The Company and the Ontario Government settled on a reduced costs amount (the "Amount"), which amount cannot be disclosed due to confidentiality restrictions as dictated in the final settlement. Payment of the Amount was made in the first quarter of 2018.

(Expressed in Canadian dollars)

While the Company has enough funds to allow it to continue its planned activities in the normal course, the Company is dependent on raising funds through the issuance of shares and/or attracting joint venture partners in order to undertake further exploration and development of its mineral properties. If the Company is unable to raise additional capital in the future and/or attracting joint venture partners for further exploration on its properties, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern beyond 2018.

These condensed interim financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

b) Changes in Accounting Policies

The Company has adopted the following new standard, along with any consequential amendments, prior to or effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions, and did not impact the Company's condensed interim financial statements.

- IFRS 2, "*Share-based payment*" (amended standard) is effective for annual periods beginning on or after January 1, 2018.
- IFRS 9, *"Financial Instruments: Classification and Measurement"*: is effective for annual periods beginning on or after January 1, 2018.
- IFRS 15, *"Revenue from Contracts and Customers"*: the effective date of adoption has been deferred to January 1, 2018 (with earlier application permitted).
- IFRIC 22, *"Foreign Currency Transactions and Advance Consideration":* is effective for annual period beginning on or after January 1, 2018.

c) Accounting Standards Issued but not yet in Effect

- 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.

The Company is currently evaluating the impact of these new and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations.

3. PREPAIDS AND RECEIVABLES

	March 31, 2018 ($)	December 31, 2017 ($)
Sales tax receivable	**197,760**	**165,993**
Prepaid and advances	**33,849**	**29,885**
Total Current Prepaids and Receivables	**231,609**	**195,878**

The fair value of receivables approximates their carrying value.

(Expressed in Canadian dollars)

4. AVAILABLE FOR SALE INVESTMENT

At March 31, 2018 and December 31, 2017, the Company held the following available for sale investments:

	March 31, 2018			December 31, 2017		
	Shares (#)	Cost ($)	Fair Value ($)	Shares (#)	Cost ($)	Fair Value ($)
Bold Ventures Inc.	**200,000**	**10,250**	**7,000**	**200,000**	**10,250**	**9,000**

During the period ended March 31, 2018, the Company recorded in other comprehensive loss an unrealized loss of $2,000 related to the investment (2017: unrealized gain of $1,000), representing the difference between the carrying value of the investment and its fair value at each period end.

5. EQUIPMENT

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

	Leasehold Improvements ($)	Total ($)
Cost		
At December 31, 2017	27,817	27,817
At March 31, 2018	**27,817**	**27,817**
Depreciation		
At December 31, 2017	27,817	27,817
At March 31, 2018	**27,817**	**27,817**
Net book value		
At December 31, 2017	-	-
At March 31, 2018	**-**	**-**

	Leasehold Improvements ($)	Total ($)
Cost		
At December 31, 2016	27,817	27,817
At December 31, 2017	**27,817**	**27,817**
Depreciation		
At December 31, 2016	23,645	23,645
Change for the period	4,172	4,172
At December 31, 2017	**27,817**	**27,817**
Net book value		
At December 31, 2016	4,172	4,172
At December 31, 2017	**-**	**-**

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION PROPERTIES

	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	-	-	838	250	**1,088**
Analytical	-	22,229	-	-	**22,229**
Geophysics	5,100	11,090	-	-	**16,190**
Geology	37,724	91,170	4,318	1,269	**134,482**
Project administration	-	384	-	-	**384**
Refundable tax credits and adjustments	-	(2,426)	-	-	**(2,426)**
Net change for the period	**42,824**	**122,447**	**5,157**	**1,519**	**171,947**
Balance, March 31, 2018	**2,058,097**	**3,949,174**	**755,046**	**132,771**	**6,895,089**

	Ontario	Quebec			
	Ti-pa-haa-kaa-ning ($)	Croteau Est ($)	Lac Surprise ($)	Wapistan ($)	Total ($)
Balance, December 31, 2016	1,253,303	1,732,213	713,848	29,046	**3,728,410**
Acquisition, assessment and maintenance	37,657	35,131	35,047	31,249	**139,084**
Analytical	68,883	209,624	-	-	**278,507**
Geophysics	-	123,325	-	-	**123,325**
Geology	613,776	229,046	2,433	70,265	**915,519**
Drilling	-	1,446,274	-	-	**1,446,274**
Research	38,476	-	-	-	**38,476**
Project administration	3,178	3,936	891	219	**8,224**
Cost recoveries	-	-	(2,970)	-	**(2,970)**
Refundable tax credits and adjustments	-	47,178	643	473	**48,293**
Net change for the year	**761,970**	**2,094,514**	**36,043**	**102,205**	**2,994,732**
Balance, December 31, 2017	**2,015,273**	**3,826,727**	**749,890**	**131,252**	**6,723,142**

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 as at May 27, 2010 (subject to a right of first refusal in favour of the Company), with the Company having the right to purchase back one quarter of the NSR (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. 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. The agreement with Lake Shore also provides that the Company will be responsible for all expenditures on TPK from January 1, 2010 onward.

b) 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.

c) Option Earn-in Agreement on Lac Surprise Property

In April 2014, the Company signed an option agreement ("Option Agreement') with Bold Ventures Inc. ("Bold") whereby Bold can earn a 50% working interest in the Company's 100% owned Lac Surprise property in consideration for the following:

(Expressed in Canadian dollars)

	Common shares of Bold to be issued to the (#)		Minimum exploration expenditures on the property ($)	
On signing of the agreement	50,000	(received 2014)	-	
1 year anniversary	50,000	(received 2015)	500,000	(incurred 2015)
2 year anniversary	100,000	(received 2016)	500,000	(incurred 2016)
3 year anniversary	150,000		1,000,000	
	350,000		**2,000,000**	

Pursuant to the terms of the agreement, Bold can earn an additional 10% in the property by delivering a positive feasibility study within five years from the date of execution of the formal option agreement, bringing its total interest in the property to 60%. Upon Bold earning its interest in the property (either 50% or 60%), the Company and Bold shall form a joint venture to hold the property and conduct further exploration activities. In June, 2017, the Company was advised by Bold that it was terminating the Option Agreement.

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

e) 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 Charbonneau 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.

f) Ontario litigation
In 2013, the Company recorded a write-off of $6,005,125, representing the unamortized balance of its deferred exploration costs incurred in connection with the exploration of the Company's Meston Lake, Rapson Bay and Thorne Lake properties (the "Properties"). The decision to write-off the Properties was based on the Company's determination that it had lost the ability to access the Properties, as well as its ability to realize the benefits of any value created from its exploration expenditures to date, due to the actions of third parties. On October 24, 2013, the Company filed a civil lawsuit against the Government of Ontario (the "Crown") seeking among other things, damages of $110 million and consisting mainly of amounts expended to date as well as for lost value of the Properties, as a result of lost access to the Properties.

In May 2016, the Ontario Superior Court (the "Court") handed down its decision with respect to the trial dismissing the Company's claim. The Court also required both the Crown and the Company to make submissions regarding costs. The Crown requested the Court to award costs in the amount of $544,655. Northern Superior contested the Crown's costs and countered with an offer of $260,000. On August 26, 2016, the Ontario Superior Court ordered the Company to pay $440,570 in costs to the Province of Ontario in connection with the lawsuit; a provision for the full amount was recorded during the year ended December 31, 2016. At December 31, 2017, both the trial decision and the cost award were under appeal with the Ontario Court of Appeal, and on March 1, 2018, the Company announced it had concluded the Ontario litigation, avoiding any further court proceedings. The Company and the Ontario Government settled on a reduced costs amount (the "Amount"), which amount cannot be disclosed due to confidentiality restrictions as dictated in the final settlement. Payment of the Amount was made in the first quarter of 2018. The Company intends to request the Provincial Mining Recorder to remove the "pending proceedings" notation which was recorded on the claims' abstracts and to provide that the claims will remain in an extended exclusion of time for a minimum of two years.

(Expressed in Canadian dollars)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

As at	**March 31, 2018 ($)**	**March 31, 2018 ($)**
Trade payables	**92,083**	**265,507**
Amounts due to related parties	**92,037**	**88,229**
Accrued liabilitites - general	**36,985**	**48,845**
Provision for Ontario litigation costs	**-**	**440,570**
	221,105	**843,151**

The fair value 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.

8. SHARE CAPITAL

a) Authorized
Unlimited common shares without par value.

b) Issued Capital
Three Months Ended March 31, 2018
No shares in the capital of the Company were issued.

Year ended December 31, 2017
(i) On February 13, 2017, the Company announced concurrent financings ("Concurrent Financings"), as to:

- a non-brokered private placement of 40,000,000 units ("Units") at a price $0.05 per Unit for gross proceeds of $2,000,000 (the "Offering"). Each Unit comprised one non flow-through common share ("NFT Share") and one non-transferable share purchase warrant ("NFT Warrant") exercisable at a price of $0.075 per share until two years after the date of closing.
- an additional non-brokered private placement to raise gross proceeds of up to $2,500,000 by way of Units under the same terms as the Offering (the "Unit Offering") and flow-through common shares ("FT Shares") at a price of $0.055 per share (the "FT Offering"). The Unit Offering and the FT Offering are collectively referred to as the "Concurrent Offering", and subscribers could elect to receive Units or flow-through shares or a combination thereof.

The Concurrent Financings closed as follows:

(Expressed in Canadian dollars)

	Tranche #1	Tranche #2	Total
Closing Date	March 2, 2017	March 6, 2017	
Gross Proceeds	$3,097,000	$1,403,000	**$4,500,000**
FT Shares Issued	3,400,000	7,499,997	**10,899,997**
NFT Shares Issued	58,200,000	19,810,000	**78,010,000**
Finders' Fees			
Cash	$41,250	$82,625	**$123,875**
NFT Warrants Issued	58,200,000	19,810,000	**78,010,000**
NFT Warrant Exercise Price	$0.075	$0.075	
NFT Warrant Expiry Date	March 2, 2019	March 6, 2019	

(ii) On July 18, 2017, the Company issued a total of 590,660 shares (valued at $29,533) in respect of Directors' fees for the period January 1 to June 30, 2017.

c) Stock Options

The Company has a stock option plan (the "Plan") to be 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. 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 Venture Exchange 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. The Board of Directors determines the vesting terms of the options.

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

	Outstanding	
	Number of options (#)	Weighted average exercise price ($)
Outstanding, December 31, 2016	**7,950,000**	**0.070**
Exercisable, December 31, 2016	**4,875,000**	**0.080**
Granted	14,650,000	0.060
Expired	(1,525,000)	0.105
Outstanding, December 31, 2017	**21,075,000**	**0.062**
Exercisable, December 31, 2017	**18,433,333**	**0.063**
Forfeited	(1,625,000)	0.050
Outstanding, March 31, 2018	**19,450,000**	**0.061**
Exercisable, March 31, 2018	**18,433,333**	**0.062**

The following table summarizes information regarding stock options outstanding and exercisable at March 31, 2018:

(Expressed in Canadian dollars)

Grant date	Expiry date	Number (#)	Exercise price ($)	Weighted Average Life (years)	Options exercisable (#)
December 3, 2013	December 3, 2018	1,000,000 (1)	0.100	0.68	1,000,000
November 10, 2014	November 10, 2019	1,300,000 (1)	0.050	1.62	1,300,000
November 5, 2015	November 5, 2020	950,000 (1)	0.050	2.85	633,333
August 1, 2016	August 1, 2021	500,000 (2)	0.100	3.34	500,000
November 21, 2016	November 21, 2021	1,050,000 (1)	0.050	3.90	350,000
April 23, 2017	April 23, 2022	9,600,000 (3)	0.065	4.07	9,600,000
November 30, 2017	November 30, 2022	5,050,000 (3)	0.050	4.67	5,050,000
		19,450,000	**0.062**	**3.80**	**18,433,333**

(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.

The weighted average grant-date fair value for options granted during the period ended March 31, 2018 was estimated at $Nil (December 31, 2017: $0.05) on grant date, which was determined using the Black-Scholes Option Pricing Model and the following assumptions: no dividends to be paid; volatility of Nil% (2017: 146.65%); risk-free interest Nil% (2017: 1.24%); and expected life of Nil years (2017: 5 years).

d) Share Based Payments

Share based payments recognized in the period are capitalized to exploration and evaluation properties or expensed as consulting fees and office expense, as appropriate. The following table summarizes the share based payments expense on the vesting of stock option for the periods ended March 31, 2018 and 2017:

	Three months ended March 31	
	2,018	2017
	($)	($)
Consulting fees	**4,900**	2,450
Total share based payments	**4,900**	2,450

e) Warrants

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

	Number of warrants (#)	Weighted average exercise price ($)
Outstanding, December 31, 2016	**20,000,000**	**0.075**
Issued	78,010,000	0.075
Outstanding, December 31, 2017 and March 31, 2018	**98,010,000**	**0.075**

(Expressed in Canadian dollars)

The following table summarizes information regarding warrants outstanding at March 31, 2018:

Issue date	Expiry date	Number (#)	Exercise price ($)	Weighted Average Life (years)
November 15, 2016	November 14, 2018 (1)	20,000,000	0.075	0.63
March 2, 2017	March 2, 2019	58,200,000	0.075	0.92
March 6, 2017	March 6, 2019	19,810,000	0.075	0.93
		98,010,000	**0.075**	**0.87**

(1) Subject to Accelerated Provisions

f) Basic and Diluted Loss per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

Potentially dilutive items not included in the calculation of diluted loss per share includes stock options that are anti-dilutive.

9. 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 are allocated as follows:

For the three months ended March 31,	2018 ($)	2017 ($)
Management fees	21,000	18,000
Directors' fees	32,500	-
Salaries and wages	95,250	56,250
Share based payments	4,900	-
	153,650	**74,250**

(Expressed in Canadian dollars)

During the periods ended March 31, 2018 and 2017, the Company was charged for services, net of any share-based payments, by these parties as follows:

For the three months ended March 31,	**2018 ($)**	**2017 ($)**
CEO and President [(2)]	**56,250**	56,250
Company controlled by CFO [(1)]	**12,000**	9,000
Corporate Secretary [(1)]	**9,000**	9,000
VP-Exploration [(2)]	**39,000**	-
Directors' fees [(1)]	**32,500** [(3)]	-
	148,750	**74,250**

[(1)] Included in Consulting fees

[(2)] Included in Office expenses

[(3)] At March 31, 2018, a total of $81,250 was owed to Directors in respect of Directors' fees, as to $32,500 payable in cash, and $48,750 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 that $0.05 per share.

Included in trade payables at March 31, 2018 is $10,787 due to related parties (December 31, 2017: $88,229) in expenses incurred on behalf of the Company.

10. 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 and cash and cash equivalents.

The Company's capital at March 31, 2018 and December 31, 2017 follows:

	March 31, 2018 ($)	December 31, 2017 ($)
Share Capital	**63,981,956**	63,981,956
Reserves	**10,350,185**	10,347,285
Deficit	**(65,230,263)**	(65,160,475)
	9,101,878	9,168,766

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 period ended March 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.

(Expressed in Canadian dollars)

Carrying Values of Financial Instruments

The carrying value of financial assets and liabilities as at March 31, 2018 and December 31, 2017 follow:

	March 31, 2018	December 31, 2017
	($)	($)
Financial Assets		
At fair value through profit or loss		
Cash and cash equivalents	**2,189,283**	3,083,897
Loans and receivable, measured at amortized cost		
Receivables	**-**	-
Available-for-sale, measured at fair value		
Investments in public companies	**7,000**	9,000
Financial Liabilities		
Other financial liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	**184,120**	794,306

Fair Values of Financial Instruments

The fair values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their carrying values due to the short term to maturity of these financial instruments. The fair value hierarchy of financial instruments measured at fair value on the statement of financial position is as follows:

	March 31, 2018	December 31, 2017
	($)	($)
	Level 1	Level 1
Cash and cash equivalents	**2,189,283**	3,083,897

The Company does not have any financial instruments measured using Level 2 or 3 inputs. The Company does not offset financial assets with financial liabilities and there were no transfers between Level 1 and Level 2 input financial instruments.

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 March 31, 2018 and December 31, 2017, 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. 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**

(Expressed in Canadian dollars)

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 March 31, 2018, the Company had unrestricted cash and cash equivalents of $2,189,283 (December 31, 2017: $3,083,897) to settle trade payables and accrued liabilities totaling $221,105 (December 31, 2017: $843,151).

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 $21,893 at March 31, 2018.

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

11. SEGMENTED INFORMATION

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

12. COMMITMENTS AND CONTINGENCIES

At March 31, 2018, the Company has the following commitments:

a) In respect of its operating lease:

	< 1 year ($)	2-5 years ($)	> 5 years ($)	Total ($)
Lease	45,633	152,110	-	**197,743**

At March 31, 2018, the Company has the following contingencies:

a) The Company has indemnified the subscribers of flow-through shares of the Company issued in prior years against any tax related amounts that may become payable as a result of the Company not making eligible expenditures.

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

c) As at March 31, 2018, the Company owns various exploration and evaluation properties (Note 6). Management does not consider that any amounts related to decommissioning liabilities are payable although there is no assurance that a formal claim will not be made against the Company for some