Northern Superior Resources Inc.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the Three Months Ended March 31, 2017 and 2016

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, 2017 ($)**	**December 31, 2016 ($)**
Assets			
Current assets			
Cash and cash equivalents	*3*	**6,611,758**	**2,697,072**
Prepaids and receivables	*4*	**118,105**	**68,911**
Available for sale investment	*5*	**7,000**	**6,000**
		6,736,863	**2,771,983**
Non-current assets			
Equipment	*6*	**2,782**	**4,172**
Exploration and evaluation assets	*7*	**4,206,434**	**3,728,410**
		10,946,079	**6,504,565**
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	*8*	**1,214,359**	**918,972**
Shareholders' Equity	*9*		
Share Capital		**66,488,432**	**63,813,207**
Reserve - Stock options		**4,706,701**	**4,704,251**
Reserve - Warrants		**2,287,500**	**586,600**
Accumulated other comprehensive income		**(3,250)**	**(4,250)**
Deficit		**(63,747,662)**	**(63,514,215)**
		9,731,720	**5,585,593**
		10,946,079	**6,504,565**

Subsequent events – Note 14

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD OF DIRECTORS ON MAY 18, 2017

"François Perron" Director

"Andrew Farncomb" Director

See accompanying notes to financial statements

(Expressed in Canadian dollars)

Statements of Loss and Comprehensive Loss

	Notes	Three months ended March 31, 2017 ($)	2016 ($)
Expenses			
Consulting fees	*10*	**20,450**	30,273
Depreciation		**1,391**	1,653
Legal and accounting		**61,077**	24,213
Office expense	*10*	**70,767**	128,109
Shareholder information		**78,892**	42,153
Travel		**1,645**	4,994
Loss before the undernoted		**(234,222)**	(231,395)
Interest income		**776**	2,975
Ontario litigation costs		**-**	(4,575)
Net loss for the period		**(233,446)**	(232,995)
Other comprehensive loss			
Items that may be classified subsequently to profit or loss			
Change in value of available for sale investment		**1,000**	-
Total comprehensive loss		**(232,446)**	(232,995)
Basic and diluted loss per share		**(0.00)**	(0.00)
		(#)	(#)
Weighted-average number of common shares outstanding		**258,000,858**	189,577,969

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, 2015	**189,577,969**	**62,799,807**	**4,661,234**	**-**	**(3,250)**	**(62,043,791)**	**5,413,999**
Shares issued for cash	-	-	-	-	-	-	-
Share based payments	-	-	13,971	-	-	-	13,971
Flow-through shares premium liability	-	-	-	-	-	-	-
Change in value of available for sale investment	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	(232,995)	(232,995)
Balance, March 31, 2016	**189,577,969**	**62,799,807**	**4,675,205**	**-**	**(3,250)**	**(62,276,786)**	**5,194,976**
Shares issued for cash	40,000,000	1,413,400		586,600			2,000,000
Share based payments	-	-	29,046	-	-	-	29,046
Flow-through shares premium liability	-	(400,000)	-	-	-	-	(400,000)
Change in value of available for sale investment	-	-	-	-	(1,000)	-	(1,000)
Net loss	-	-	-	-	-	(1,237,429)	(1,237,429)
Balance, December 31, 2016	**229,577,969**	**63,813,207**	**4,704,251**	**586,600**	**(4,250)**	**(63,514,216)**	**5,585,593**
Shares issued for cash	88,909,999	2,799,100	-	1,700,900	-	-	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	**318,487,968**	**66,488,432**	**4,706,701**	**2,287,500**	**(3,250)**	**(63,747,662)**	**9,731,720**

See accompanying notes to financial statements

(Expressed in Canadian dollars)

Statements of Cash Flows

	Three months ended March 31,	
	2017	2016
	($)	($)
Operating Activities		
Net loss for the period	**(233,446)**	(232,995)
Items not involving cash:		
Depreciation	**1,391**	1,653
Share based payments	**2,450**	13,971
Change in non-cash operating working capital items:		
Decrease (increase) in prepaids and receivables	**(49,196)**	41,008
Increase in trade payables and accrued liabilities	**295,387**	25,316
Cash used in operating activities	**16,585**	(151,047)
Investing Activities		
Exploration and evaluation expenditures	**(480,995)**	(79,147)
Recovery of exploration and evaluation expenditures	**2,971**	139,409
Cash received from (used in) investing activities	**(478,024)**	60,262
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	**3,914,686**	(90,785)
Cash, beginning of period	**2,697,072**	1,615,034
Cash, end of period	**6,611,758**	1,524,249
Supplemental cash flow information:		
Interest received	**776**	8,000
Interest paid	**-**	250
Taxes paid	**-**	-

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, 2016. 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 2016 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 2016 annual financial statements.

As at March 31 2017, the Company has cash and cash equivalents of $6,611,758 and working capital of $5,522,504. 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 (note 7), the Ontario Superior Court of Justice ordered Northern Superior to pay an aggregate of $440,570 in costs to the Province of Ontario in connection with the lawsuit. At December 31, 2016, the Company provided for the full amount as decided by the Court; both the trial decision and the cost award are now under appeal to the Ontario Court of Appeal and the Company will not be required to pay any amount to the Province until the appeal has been heard and a decision rendered.

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 2017.

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, 2017. These changes were made in accordance with the applicable transitional provisions, and did not impact the Company's condensed interim financial statements.

- IAS 7, "Statement of Cash Flows": is effective for annual periods beginning on or after January 1, 2017,
- IAS 12, *"Income Taxes"* (amended standard): is effective for annual periods beginning on or after January 1, 2017.

c) Accounting Standards Issued but not yet in Effect

- 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).
- IFRS 16, *"Leases"*: is 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. CASH AND CASH EQUIVALENTS

During the period ended March 31, 2017, the Company issued 10,899,999 flow-through shares for a total of $599,500 (year ended December 31, 2016: 40,000,000 flow-through shares for a total of $2,000,000). As at March 31, 2017, the Company has $2,108,658 (December 31, 2016: 1,981,160) remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

(Expressed in Canadian dollars)

4. PREPAIDS AND RECEIVABLES

	March 31, 2017 ($)	December 31, 2016 ($)
Quebec government refundable tax credits	**3,241**	3,241
Sales tax receivable	**79,532**	25,181
Prepaid and advances	**21,074**	21,557
Interest receivable	**11,250**	14,686
Other receivables	**3,008**	4,247
Total Current Prepaids and Receivables	**118,105**	68,911

The fair value of receivables approximates their carrying value.

5. AVAILABLE FOR SALE INVESTMENT

At March 31, 2017 and December 31, 2016, the Company held the following available for sale investments:

	March 31, 2017			December 31, 2016		
	Shares (#)	**Cost ($)**	**Fair Value ($)**	Shares (#)	Cost ($)	Fair Value ($)
Bold Ventures Inc.	**200,000**	**10,250**	**7,000**	200,000	10,250	6,000

In 2016, the Company received 100,000 of shares of Bold Ventures Inc. ("Bold") valued at $6,000 as provided in the option earn-in agreement between the Company and Bold for the Lac Surprise property (note 7).

During the period ended March 31, 2017, the Company recorded in other comprehensive loss an unrealized gain of $1,000 related to the investment (2016: unrealized loss of $1,000), representing the difference between the carrying value of the investment and its fair value at each period end.

(Expressed in Canadian dollars)

6. EQUIPMENT

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

	Leasehold Improvements ($)	Total ($)
Cost		
At December 31, 2016	27,817	27,817
At March 31, 2017	**27,817**	**27,817**
Depreciation		
At December 31, 2016	23,645	23,645
Change for the period	1,391	1,391
At March 31, 2017	**25,036**	**25,036**
Net book value		
At December 31, 2016	4,172	4,172
At March 31, 2017	**2,782**	**2,782**

	Office and other equipment ($)	Leasehold Improvements ($)	Total ($)
Cost			
At December 31, 2015	41,618	27,817	69,435
At December 31, 2016	**41,618**	**27,817**	**69,435**
Depreciation			
At December 31, 2015	40,831	18,081	58,912
Change for the year	787	5,564	6,351
At December 31, 2016	**41,618**	**23,645**	**65,263**
Net book value			
At December 31, 2015	787	9,736	10,523
At December 31, 2016	**-**	**4,172**	**4,172**

7. EXPLORATION AND EVALUATION PROPERTIES

	Ti-pa-haa-kaa-ning ($)	Croteau Est ($)	Lac Surprise ($)	Wapistan ($)	Total ($)
Balance, December 31, 2016	1,253,303	1,732,214	713,846	29,047	3,728,410
Acquisition, assessment and maintenance	4,263	-	-	-	4,263
Analytical	-	11,121	-	-	11,121
Geology	1,584	30,660	1,796	-	34,039
Drilling	-	430,220	-	-	430,220
Project administration	461	-	891	-	1,352
Cost recoveries	-	-	(2,971)	-	(2,971)
Net change for the period	**6,307**	**472,001**	**(285)**	**-**	**478,024**
Balance, March 31, 2017	**1,259,610**	**2,204,215**	**713,560**	**29,048**	**4,206,434**

(Expressed in Canadian dollars)

	Ti-pa-haa-kaa-ning ($)	Croteau Est ($)	Lac Surprise ($)	Wapistan ($)	Total ($)
Balance, December 31, 2015	1,152,408	1,682,508	717,638	28,363	3,580,917
Acquisition, assessment and maintenance	1,793	7,888	11,935	-	21,616
Analytical	-	350	-	-	350
Geology	10,090	39,638	4,504	374	54,606
Drilling	-	1,386	2,047	-	3,433
Research	88,781	-	-	-	88,781
Project administration	231	2,034	476	309	3,049
Cost recoveries	-	(1,591)	(22,752)	-	(24,343)
Net change for the year	**100,895**	**49,705**	**(3,791)**	**683**	**147,492**
Balance, December 31, 2016	**1,253,303**	**1,732,214**	**713,846**	**29,047**	**3,728,410**

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 $1,000,000. Regarding the current claim package for TPK, Lake Shore's NSR provisions only apply to 141 of the current 193 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:

(i) the Company will be responsible for all expenditures on TPK from January 1, 2010 onward

(ii) for a period of 5 years and so long as Lake Shore maintains at least a 10% ownership interest on the Company, it will be offered the right to participate in any future equity financings pro rata in order to maintain its ownership interest

(iii) for so long as Lake Shore maintains at least a 19.9% ownership interest on the Company it will be entitled to nominate at least two directors to serve on the Company's board, and should its holdings drop below 19.9% but remain above 10% it shall be entitled to nominate one director.

Effective April 1, 2016, Tahoe Resources Inc. ("Tahoe") entered into a plan or arrangement, pursuant to which it acquired all the shares of Lake Shore. During the year ended December 31, 2016, Tahoe divested itself of its holdings in the Company. As such, the Provisions summarized in the previous paragraph no longer apply.

Croteau Est property

Under an agreement signed in 2011, the Company acquired a 100% interest in the Croteau Est gold property in Québec by spending $1.7 million in exploration and evaluation on the property, making cash payments of $350,000 and issuing $280,000 worth of common shares, all over a period of 4 years. Pursuant to terms of the agreement, the number of shares issued by the Company was based on the greater of the market price of the Company's shares at the time of issuance and $0.26 per share. In 2015, the Company made the final payment of $160,000 and issued 615,386 shares valued at $15,400.

The previous holders of the interest on the property retain a 1.0% NSR on any commercial production with the Company having the right to buyback 0.5% of the NSR for $1.5 million, at any time.

(Expressed in Canadian dollars)

Option Earn-in Agreement on Lac Surprise Property

In April 2014, the Company signed an 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:

	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.

Wapistan Property

The Wapistan property, located in Québec, was staked by the Company in July 2015, and is 100% owned by the Company.

Waconichi property

Under an agreement entered into in May 2013, the Company acquired a 100% interest in the Waconichi property in Québec by making a one-time cash payment of $225,000 and granting 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 $1,000,000. 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 $1,000,000. 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.

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.

(Expressed in Canadian dollars)

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. Both the trial decision and the cost award are now under appeal to the Ontario Court of Appeal and the Company will not be required to pay any amount to the Province until the appeal has been heard and a decision rendered.

8. TRADE PAYABLES AND ACCRUED LIABILITIES

As at	**March 31, 2017**	December 31, 2016
	($)	($)
Trade payables	**328,634**	19,073
Amounts due to related parties	**5,878**	10,492
Accrued liabilitites - general	**39,277**	48,837
Provision for Ontario litigation costs	**440,570**	440,570
Flow-through shares premium liability	**400,000**	400,000
	1,214,359	918,972

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.

9. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Issued Capital

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 is comprised of 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 November 14, 2018.
- 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 Share") at a price of $0.055 per share (the "FT Offering"). The Unit Offering and the FT Offering are collectively referred to as the

(Expressed in Canadian dollars)

"Concurrent Offering", and subscribers could elect to receive Units or flow-through shares or a combination thereof.

The Concurrent Financings closed as follows:

	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	7,499,999	**10,899,999**
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	

On November 15, 2016, the Company announced the closing of an offering of units (the "Private Placement") for gross proceeds of $2,000,000. Pursuant to the terms of the Private Placement, the Company issued 40,000,000 units ("Units") at a price of $0.05 per Unit. Each Unit is comprised of one flow-through common share in the capital of the Company and 1/2 of a non-transferable warrant, with each whole warrant entitling the holder to purchase one additional non-flow-through common share in the capital of the Company at a price of $0.075 per share until November 14, 2018, provided, however, that in the event the closing price of the Company's shares on the TSX Venture Exchange ("TSX-V") exceeds $0.15 for a period of 10 consecutive trading days, the Company may thereafter provide notice to warrant holders accelerating the expiry of their warrants to 30 days from the date such notice is given. No commission, dealer or finders' fees were paid in connection with the Private Placement. This issuance of flow-through shares resulted in a flow-through share premium liability of $400,000 at the date of issue.

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.

(Expressed in Canadian dollars)

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

	Number of options (#)	Weighted average exercise price ($)
Outstanding, December 31, 2015	**8,930,000**	**0.11**
Granted	1,650,000	0.07
Expired	(1,105,000)	0.24
Forfeited	(1,525,000)	0.13
Outstanding, December 31, 2016	**7,950,000**	**0.07**
Exercisable, December 31, 2016	**4,875,000**	**0.08**
Outstanding, March 31, 2017	**7,950,000**	**0.07**
Exercisable, March 31, 2017	**5,000,000**	**0.08**

The following table summarizes information regarding stock options outstanding and exercisable at March 31, 2017:

Grant date	Expiry date	Number (#)	Exercise price ($)	Weighted Average Life (years)	Options exercisable (#)
December 10, 2012	December 10, 2017	1,525,000 [(1)]	0.11	0.70	1,525,000
December 3, 2013	December 2, 2018	1,625,000 [(1)]	0.10	1.68	1,625,000
November 10, 2014	November 10, 2019	1,925,000 [(1)]	0.05	2.62	1,283,333
November 5, 2015	November 5, 2020	1,325,000 [(1)]	0.05	3.61	441,667
March 1, 2016	March 1, 2021	0 [(1)]	0.05	3.92	-
August 1, 2016	August 1, 2021	500,000 [(2)]	0.10	4.34	125,000
November 21, 2016	November 21, 2021	1,050,000	0.05	4.65	-
		7,950,000		**0.90**	**5,000,000**

(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.

The weighted average grant-date fair value for options granted during the period ended March 31, 2017 was $Nil (December 31, 2016: $0.03), which was determined using the Black-Scholes Option Pricing Model and the following assumptions: no dividends to be paid; volatility of Nil% (2016: 143.38%); risk-free interest Nil% (2016: 0.50%); and expected life of Nil years (2016: 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, 2017 and 2016:

(Expressed in Canadian dollars)

	Three months ended March 31,	
	2017	2016
	($)	**($)**
Consulting fees	**2,450**	398
Office expense	**-**	13,273
Total share based payments	**2,450**	13,671

e) Warrants

Pursuant to the Concurrent Financings, the Company issued warrants allowing for the purchase of up to, in the aggregate, 58,200,000 common shares in the capital of the Company at a price of $0.075 per share until March 2, 2019 and 19,810,000 common shares in the capital of the Company at a price of $0.08 per share until March 6, 2019.

Pursuant to the Private Placement, the Company issued, on November 14, 2016, warrants allowing for the purchase of up to, in the aggregate, 20,000,000 common shares in the capital of the Company at a price of $0.075 per share until November 14, 2018, provided, however, that in the event the closing price of the Company's shares on the TSX Venture Exchange ("TSX-V") exceeds $0.15 for a period of 10 consecutive trading days, the Company may thereafter provide notice to warrant holders accelerating the expiry of their warrants to 30 days from the date such notice is given ("Accelerated Provisions").

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

	Number of warrants (#)	Weighted average exercise price ($)
Outstanding, December 31, 2015	**-**	
Issued	2,000,000	0.075
Outstanding, December 31, 2015	**2,000,000**	**0.075**
Issued	78,010,000	0.080
Outstanding, March 31, 2017	**80,010,000**	**0.080**

The following table summarizes information regarding warrants outstanding at March 31, 2017:

Issue date	Expiry date	Number (#)	Exercise price ($)	Weighted Average Life (years)
November 15, 2016	November 14, 2018 [1]	2,000,000	0.075	1.63
March 2, 2017	March 2, 2019	58,200,000	0.075	1.92
March 6, 2017	March 6, 2019	19,810,000	0.075	1.93
		80,010,000	**0.075**	**1.92**

[1] Subject to Accelerated Provisions

(Expressed in Canadian dollars)

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.

10. 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,	**2016** ($)	2015 ($)
Management fees	**$18,000**	17,000
Directors' fees	**-**	23,750
Salaries and wages	**56,250**	67,586
Share based payments	**-**	4,804
	74,250	113,140

During the periods ended March 31, 2017 and 2016, the Company was charged for services, net of any share-based payments, by these parties as follows:

For the three months ended March 31,	**2016** ($)	2015 ($)
CEO and President	**56,250**	56,250
Company controlled by CFO	**9,000**	-
Former CFO	**-**	5,000
Corporate Secretary	**9,000**	12,000
Directors and former directors	**-**	23,750
	74,250	97,000

Included in trade payables at March 31, 2017 is $5,878 due to related parties (December 31, 2016: $10,492).

(Expressed in Canadian dollars)

11. 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, 2017 and December 31, 2016 follows:

	March 31, 2017 ($)	December 31, 2016 ($)
Share Capital	**66,488,432**	63,813,207
Reserves	**6,990,951**	5,286,601
Deficit	**(63,747,662)**	(63,514,215)
	9,731,720	5,585,593

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, 2017. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

Carrying Values of Financial Instruments

The carrying value of financial assets and liabilities as at March 31, 2017 and December 31, 2016 follow:

	March 31, 2017 ($)	December 31, 2016 ($)
Financial Assets		
At fair value through profit or loss		
Cash and cash equivalents	**6,611,758**	2,697,072
Loans and receivable, measured at amortized cost		
Receivables	**14,259**	18,933
Available-for-sale, measured at fair value		
Investments in public companies	**7,000**	6,000
Financial Liabilities		
Other financial liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	**775,082**	470,135

(Expressed in Canadian dollars)

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, 2017	December 31, 2016
	($)	($)
	Level 1	Level 1
Cash and cash equivalents	**6,611,758** [1]	2,697,072

[1] Included in cash and cash equivalents at March 31, 2017, is restricted cash of $2,108,658 (December 31, 2016: $1,981,160) in respect of the unspent balance from the flow-through private placements.

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, 2017 and December 31, 2016, 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**

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, 2017, the Company had unrestricted cash and cash equivalents of $4,503,101 (December 31, 2016: $715,912) to settle trade payables and accrued liabilities totaling $373,789 (December 31, 2015: $519,698).

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 $66,117 at March 31, 2017.

(Expressed in Canadian dollars)

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

12. 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.

13. COMMITMENTS AND CONTINGENCIES

As at March 31, 2017, the Company has $1,981,160 (December 31, 2016: $1,981,160) remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

The Company has the following commitments relating to its operating lease:

	March 31, 2017 **($)**	December 31, 2016 ($)
Operating lease - office	**18,219**	29,150

As at March 31, 2017, 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 government. 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) The Company owns various exploration and evaluation properties (Note 7). 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 or all of these obligations in the future.

d) The Company has been ordered by the Ontario Superior Court to pay $440,570 in costs to the Province of Ontario in connection with the lawsuit. The company accrued this amount during the year ended December 31, 2016 and is appealing this ruling.

14. SUBSEQUENT EVENTS

- On April 6, 2017, the Company engaged Renmark Financial Communications Inc. to provide investor relation services. For the services, there is a cash consideration of up to $8,000 starting April 1, 2017 for a period of six months ending on September 30, 2017, and monthly thereafter.
- On April 23, 2017, stock options were granted to directors, officers, employees and consultants allowing for the purchase of up, in the aggregate, 9,600,000 shares in the capital of the Company at $0.065 until April 23, 2022.
- The Company revised the way in which it compensates independent directors. Each director will now be paid a fee of $20,000 per annum. In addition, the Chairman of the Board and the Chairman of the Audit Committee will each receive an additional sum of $5,000 and all fees will be paid quarterly, in arrears. Subject to exchange approval, one-half of the independent directors' fees will be paid in common shares of the Company and if so approved, the number of shares issuable will be determined based on the closing price of the Company's shares on the date such fees are payable.