Northern Superior Resources Inc.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2016 and 2015

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
(Expressed in Canadian dollars)

Statements of Financial Position

As at	*Notes*	**September 30, 2016 ($)**	December 31, 2015 ($)
Assets			
Current assets			
Cash and cash equivalents		**1,037,035**	1,615,034
Prepaids and receivables	*3*	**81,587**	236,289
Available for sale investment		**7,000**	2,000
		1,125,622	1,853,323
Non-current assets			
Receivables	*3*	**3,241**	3,241
Equipment		**5,563**	10,523
Exploration and evaluation assets	*4*	**3,695,469**	3,580,917
		4,829,895	5,448,004
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	*5*	**515,305**	34,004
Shareholders' Equity			
Share Capital		**62,799,807**	62,799,807
Reserve - Stock options		**4,674,130**	4,661,234
Accumulated other comprehensive income		**(3,250)**	(3,250)
Deficit		**(63,156,097)**	(62,043,791)
		4,314,590	5,414,000
		4,829,895	5,448,004

Subsequent event – Note 10

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD OF DIRECTORS ON NOVEMBER 21, 2016

“Alan C. Moon” *“Arnold Klassen”*

Director Director

See accompanying notes to financial statements

(Expressed in Canadian dollars)

Statements of Loss and Comprehensive Loss

	Notes	Three months ended September 30, 2016 ($)	Three months ended September 30, 2015 ($)	Nine months ended September 30, 2016 ($)	Nine months ended September 30, 2015 ($)
Expenses					
Consulting fees	*6(c)*	**14,000**	28,587	**55,985**	84,761
Depreciation		**1,653**	2,803	**4,960**	8,410
Legal and accounting		**25,127**	20,225	**67,267**	101,887
Office expense	*6(c)*	**101,574**	128,042	**358,167**	410,814
Shareholder information		**74,836**	22,274	**144,164**	101,592
Travel		**2,857**	-	**7,850**	9,979
Loss before the undernoted		**(220,047)**	(201,931)	**(638,393)**	(717,443)
Interest income		**819**	5,739	**9,094**	21,433
Ontario litigation costs	*4*	**(4,730)**	(249,456)	**(483,007)**	(721,910)
Writedown of exploration exploration and evaluation assets	*4*	**-**	(131,712)	**-**	(131,712)
Net loss for the period		**(223,958)**	(577,360)	**(1,112,306)**	(1,549,632)
Other comprehensive loss					
Items that may be classified subsequently to profit or loss					
Change in value of available for sale investment		**(2,000)**	(500)	**(2,000)**	(1,750)
Total comprehensive loss		**(225,958)**	(577,860)	**(1,114,306)**	(1,551,382)
Basic and diluted loss per share		**(0.00)**	(0.00)	**(0.01)**	(0.01)
		(#)	(#)	**(#)**	(#)
Weighted-average number of common shares outstanding		**189,577,969**	188,714,624	**189,577,969**	189,151,933

See accompanying notes to financial statements

(Expressed in Canadian dollars)

Statements of Equity

		Share Capital		Reserves			
	Note	Number of Shares (#)	Amount ($)	Stock options ($)	Accumulated other comprehensive income ($)	Deficit ($)	Equity ($)
Balance, December 31, 2014		**188,962,583**	**62,784,407**	**4,600,764**	**(1,500)**	**(57,699,649)**	**9,684,022**
Common shares issued for exploration and evaluation properties		615,386	15,400	-	-	-	15,400
Share based payments	*6(c)*	-	-	53,754	-	-	53,754
Change in value of available for sale investment		-	-	-	(1,750)	-	(1,750)
Net loss		-	-	-	-	(1,549,632)	(1,549,632)
Balance, September 30, 2015		**189,577,969**	**62,799,807**	**4,654,518**	**(3,250)**	**(59,249,282)**	**8,201,794**
Share based payments		-	-	6,716	-	-	6,716
Net loss		-	-	-	-	(2,794,510)	(2,794,510)
Balance, December 31, 2015		**189,577,969**	**62,799,807**	**4,661,234**	**(3,250)**	**(62,043,791)**	**5,414,000**
Share based payments	*6(c)*	-	-	12,896	-	-	12,896
Net loss		-	-	-	-	(1,112,306)	(1,112,306)
Balance, September 30, 2016		**189,577,969**	**62,799,807**	**4,674,130**	**(3,250)**	**(63,156,097)**	**4,314,590**

See accompanying notes to financial statements

(Expressed in Canadian dollars)

Statements of Cash Flows

	Notes	Nine months ended September 30, 2016 ($)	2015 ($)
Operating Activities			
Net loss for the period		**(1,112,306)**	(1,549,632)
Items not involving cash:			
Writedown of exploration exploration and evaluation assets		**-**	131,712
Depreciation		**4,960**	8,410
Share based payments	*6(c)*	**12,896**	45,499
Change in non-cash operating working capital items:			
Decrease in prepaids and receivables		**14,493**	(59,554)
Increase in trade payables and accrued liabilities		**483,130**	(8,001)
Cash used in operating activities		**(596,827)**	(1,431,566)
Investing Activities			
Exploration and evaluation expenditures, including movements in working capital		**(140,586)**	(466,480)
Recovery of exploration and evaluation expenditures		**159,414**	383,406
Cash received from (used in) investing activities		**18,828**	(83,074)
Decrease in cash during the period		**(577,999)**	(1,514,640)
Cash, beginning of period		**1,615,034**	3,615,065
Cash, end of period		**1,037,035**	2,100,426

Supplemental cash flow information:

Non-cash investing activities			
Change in working capital related to exploration and evaluation properties		**(26,034)**	334,005
Shares received for Lac Surprise option agreement		**5,000**	-
		(21,034)	334,005
Interest received		**12,009**	37,399
Interest paid		**-**	-
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, 2015. 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 2015 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 2015 annual financial statements.

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(m) of the 2015 annual financial statements.

As at September 30, 2016, the Company has cash and cash equivalents of $1,037,035 and working capital of $610,317. 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 4), 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 September 30, 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, 2016. These changes were made in accordance with the applicable transitional provisions, and did not impact the Company's condensed interim financial statements.

- IAS 16, "*Property, Plant and Equipment*" and IAS 38, "*Intangible Assets*": were adopted effective January 1, 2016.
- IFRS 7, "*Financial Instruments: Disclosure*": was adopted effective January 1, 2016.
- IFRS 11, "*Joint Arrangements*": was adopted effective January 1, 2016.
- IAS 1, "*Presentation of Financial Statements*": was adopted effective January 1, 2016.
- IAS 19, "*Employee Benefits*": was adopted effective January 1, 2016.

c) Accounting Standards Issued but not yet in Effect

- 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.
- 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.

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.

(Expressed in Canadian dollars)

3. PREPAIDS AND RECEIVABLES

As at	**September 30, 2016 ($)**	December 31, 2015 ($)
Quebec government refundable tax credits	**-**	154,862
Sales tax receivable	**18,991**	30,825
Prepaid and advances	**45,320**	26,755
Interest receivable	**14,291**	21,821
Other receivables	**2,985**	2,026
Total Current Prepaids and Receivables	**81,587**	236,289
Receivables (non-current):		
Quebec Government refundable tax credits	**3,241**	3,241
Total	**84,828**	239,530

The fair value of receivables approximates their carrying value. None of the amounts included in receivables at September 30, 2016 are past due.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION PROPERTIES

For the period ended September 30, 2016	**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	678	7,355	8,083	-	16,116
Analytical	-	350	-	-	350
Geology	9,157	20,361	5,761		35,279
Drilling	-	-	220	-	220
Research	79,849	-	-	-	79,849
Project administration	231	2,035	477	-	2,743
Cost recoveries	-	(1,592)	(18,413)	-	(20,005)
Net change for the period	**89,915**	**28,509**	**(3,872)**	**-**	**114,552**
Balance, September 30, 2016	**1,242,323**	**1,711,017**	**713,766**	**28,363**	**3,695,469**

For the year ended December 31, 2015	Ti-pa-haa-kaa-ning ($)	Croteau Est ($)	Lac Surprise ($)	Wapistan ($)	Waconichi ($)	Grizzly ($)	Total ($)
Balance, December 31, 2014	2,254,124	1,917,421	1,161,115	-	234,766	105,053	5,672,479
Acquisition, assessment and maintenance	74,541	176,697	-	29,062	105	5,969	286,374
Analytical	-	998	-	-	-	-	998
Geophysics							-
Geology	13,841	63,840	20,817	9,315	-	31,326	139,139
Drilling	384	689	-	-	-	-	1,073
Research	72,684	228	-	-	-	-	72,912
Project administration	1,526	5,388	2,031	765	-	1,434	11,144
Cost recoveries	-	(52,223)	(20,247)	-	-	-	(72,470)
Refundable tax credits and adjustments	-	27,246	3,593	(3,062)	-	(10,060)	17,717
Write-off exploration and evaluation properties	(1,264,692)	(457,776)	(449,671)	(7,717)	(234,871)	(133,722)	(2,548,449)
Net (decrease) increase for the year	(1,101,716)	(234,913)	(443,477)	28,363	(234,766)	(105,053)	(2,091,562)
Balance, December 31, 2015	1,152,408	1,682,508	717,638	28,363	-	-	3,580,917

Option Earn-in Agreement on Lac Surprise Property

During the second quarter of 2016, the Company received 100,000 shares of Bold Ventures Inc. ("Bold") as provided in the option agreement signed in April 2014 between the Company and Bold, whereby Bold can earn a 50% working interest in the Lac Surprise property (100% owned by the Company) by spending an aggregate of $2,000,000 on exploration of the property and issuing to the Company a total of 350,000 common shares of Bold.

As at September 30, 2016, Bold has spent over $1,000,000 on exploration on the property ($1,000,000 were required to be spent by the second anniversary of the agreement) and issued a total of 200,000 shares to the Company). To complete the 50% earn in Bold will have to spend the remaining $1,000,000 on exploration on the property and issue 150,000 common shares to the Company by April 2017.

Pursuant to 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.

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 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 Northern Superior 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; the full amount provided for as at September 30, 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.

5. TRADE PAYABLES AND ACCRUED LIABILITIES

As at	**September 30, 2016**	December 31, 2015
	($)	($)
Trade payables	**25,732**	9,126
Amounts due to related parties	**15,538**	763
Accrued liabilitites - general	**33,466**	24,115
Provision for Ontario litigation costs *note 4*	**440,570**	-
	515,305	34,004

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. Trade payables and accrued liabilities at September 30, 2016 and December 31, 2015 are denominated in Canadian dollars.

6. SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value.

b) Stock Options:

As at September 30, 2016, the Company had 9,005,000 stock options outstanding of which 5,005,000 were exercisable under the Company's stock option plan. A summary of the changes in the Company's stock option plan for the nine months ended September 30, 2016 and 2015, and the year ended December 31, 2015 follows:

	Outstanding	
	Number of options (#)	**Weighted average exercise price ($)**
Outstanding, December 31, 2014	**11,160,000**	**0.28**
Expired	(375,000)	0.11
Outstanding September 30, 2015	**10,785,000**	**0.19**
Granted	1,400,000	0.05
Expired	(1,025,000)	0.55
Forfeited	(2,230,000)	0.20
Outstanding, December 31, 2015	**8,930,000**	**0.11**
Granted	600,000	0.09
Expired	(525,000)	0.07
Outstanding, September 30, 2016	**9,005,000**	**0.10**
Exercisable, September 30, 2016	**5,005,000**	**0.13**

(Expressed in Canadian dollars)

The following table summarizes information regarding stock options outstanding and exercisable at September 30, 2016:

Grant date	Expiry date	Number	Exercise price	Weighted Average Life	Options exercisable
		(#)	($)	(years)	(#)
November 2, 2011	November 2, 2016	1,255,000 (1)	0.24	0.09	1,255,000
December 10, 2012	December 10, 2017	1,775,000 (1)	0.11	1.20	1,775,000
December 3, 2013	December 2, 2018	1,875,000 (1)	0.10	2.18	1,250,000
November 10, 2014	November 10, 2019	2,175,000 (1)	0.05	3.12	725,000
November 5, 2015	November 5, 2020	1,325,000 (1)	0.05	4.10	-
March 1, 2016	March 1, 2021	100,000 (1)	0.05	4.42	-
August 1, 2016	August 1, 2021	500,000 (2)	0.10	4.84	-
		9,005,000		**2.38**	**5,005,000**

(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 six months following the date of the grant.

The stock options granted on March 1, 2016 and August 1, 2016 were valued at $0.004 and $0.020 per share respectively, based on the Black-Scholes option-pricing model using the following assumptions:

Assumptions	
Risk-free interest rate	0.50% to 0.071%
Expected stock price volatility	40.00% to 140.36%
Expected dividend yield	0.00%
Expected life of stock options	5 years

c) 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 three and nine months ended September 30, 2016 and 2015:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
	($)	($)	($)	($)
Consulting fees	-	1,587	**4,411**	4,761
Office expense	-	13,578	**8,485**	40,738
	-	15,165	**12,896**	45,499
Capitalized on exploration and evaluation properties	-	2,751	-	8,255
Total share based payments	-	17,916	**12,896**	53,754

7. 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. During the nine months ended September 30, 2016 and 2015, the Company was charged for services, net of any share-based payments, by these parties as follows:

(Expressed in Canadian dollars)

For the nine months ended September 30,	**2016** **($)**	2015 ($)
CEO and President	**168,750**	168,750
CFO	**17,500**	54,000
Corporate Secretary	**30,000**	26,000
	216,250	248,750

Directors' Compensation

During the nine months ended September 30, 2016 and 2015, the Company provided for directors' fees, net of any share-based payments, as follows:

For the nine months ended September 30,	**2016** **($)**	2015 ($)
Directors' fees	**45,500**	71,000

8. FINANCIAL INSTRUMENTS

a) Carrying Values of Financial Instruments

The carrying value of financial assets and liabilities as at September 30, 2016 and December 31, 2015 follow:

As at	**September 30, 2016** **($)**	December 31, 2015 ($)
Financial Assets		
At fair value through profit or loss		
Cash and cash equivalents	**1,037,035**	1,615,034
Loans and receivable, measured at amortized cost		
Receivables *note 3*	**39,507**	212,774
Available-for-sale, measured at fair value		
Investments in public companies	**7,000**	2,000
Financial Liabilities		
Other financial liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	**515,305**	34,004

b) 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:

As at	**September 30, 2016** **($)**	December 31, 2015 ($)
	Level 1	Level 1
Cash and cash equivalents	**1,037,035**	1,615,034

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.

9. 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.

10. SUBSEQUENT EVENT

On November 15, 2016, the Company announced the closing of an offering of units (the "Offering") for gross proceeds of $2,000,000. Pursuant to the terms of the Offering, 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 are payable in connection with the Offering. The Offering received conditional acceptance from the TSX-V on October 21, 2016.