Northern Superior Resources Inc.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2015 and 2014

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

		September 30 2015		December 31 2014
Assets				
Current assets				
Cash and cash equivalents	$	2,100,426	$	3,615,065
Prepaids and receivables *note 4*		287,679		513,491
Available-for-sale investments *note 5*		2,000		1,750
	$	2,390,105	$	4,130,306
Non-current assets				
Receivables *note 4*		18,994		49,796
Equipment		12,911		21,321
Exploration and evaluation properties *note 6*		6,105,107		5,672,479
		6,137,012		5,743,596
Total Assets	$	8,527,117	$	9,873,902
Liabilities				
Current				
Trade payables and accrued liabilities *note 7*	$	180,723	$	189,880
Equity				
		62,944,407		62,784,407
Reserve - Stock options *notes 8(c) and 8(d)*		4,654,518		4,600,764
Accumulated other comprehensive income *note 5*		(3,250)		(1,500)
Deficit		(59,249,281)		(57,699,649)
Total Equity		8,346,394		9,684,022
Total Liabilities and Equity	$	8,527,117	$	9,873,902

Nature of operations *note 1*
Commitments *note 13*

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD ON NOVEMBER 5, 2015

"Alan C. Moon" *"Arnold Klassen"*

Director Director

See accompanying notes to condensed interim financial statements

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

Statements of Loss and Comprehensive Loss

	Three months ended September 30		Nine months ended September 30	
	2015	2014	**2015**	2014
Expenses				
Consulting fees *note 8(d)*	**$ 28,587**	$ 26,374	**$ 84,761**	$ 83,402
Depreciation	**2,803**	2,803	**8,410**	8,410
Legal and accounting	**20,225**	23,362	**101,887**	69,125
Office expense *note 8(d)*	**128,042**	142,329	**410,814**	474,598
Shareholder information	**22,274**	21,030	**101,592**	130,893
Travel	**-**	9,646	**9,979**	27,955
Loss before the undernoted	**(201,931)**	(225,544)	**(717,443)**	(794,383)
Interest income	**5,739**	11,097	**21,433**	39,259
Ontario litigation costs *notes 6 and 14*	**(249,456)**	(93,309)	**(721,910)**	(241,149)
Writedown of exploration properties *note 6*	**(131,712)**	-	**(131,712)**	-
Net loss for the period	**$ (577,360)**	$ (307,756)	**$ (1,549,632)**	$ (996,273)
Items that may be classified subsequently to profit or loss				
Change in available-for-sale investments *note 5*	**(500)**	-	**(1,750)**	-
Net loss and comprehensive loss for the period	**$ (577,860)**	$ (307,756)	**$ (1,551,382)**	$ (996,273)
Net loss per share - basic and diluted				
Basic	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Diluted	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Weighted-average number of shares outstanding *note 8e*				
Basic	**189,151,933**	188,714,624	**189,151,933**	188,714,624
Diluted	**189,151,933**	188,714,624	**189,151,933**	188,714,624

See accompanying notes to condensed interim financial statements

Northern Superior Resources Inc.
Financial Statements
(Expressed in Canadian dollars)

Statements of Equity

	Share Capital		Reserves			
	Number of Shares	Amount	Stock options	Accumulated other comprehensive income	Deficit	Total Equity
Balance, December 31, 2013	**188,654,889**	**$ 62,704,407**	**$ 4,462,802**	**$ -**	**$ (47,035,094)**	**$ 20,132,115**
Common shares issued						
for exploration and evaluation property *note 8(b)*	307,694	80,000	-	-	-	80,000
Share-based payments *note 8(d)*	-	-	125,219	-	-	125,219
Net loss for the period	-	-	-	-	(996,273)	(996,273)
Balance, September 30, 2014	**188,962,583**	**$ 62,784,407**	**$ 4,588,021**	**$ -**	**$ (48,031,367)**	**$ 19,341,061**
Change in available-for-sale investments *note 5*	-	-	-	(1,500)	-	(1,500)
Share-based payments			12,743	-	-	12,743
Net loss for the period	-	-	-	-	(9,668,282)	(9,668,282)
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 property *note 8(b)*	615,386	160,000	-	-	-	160,000
Change in available-for-sale investments note 5	-	-	-	(1,750)	-	(1,750)
Share-based payments *note 8(d)*	-	-	53,754	-	-	53,754
Net loss for the period	-	-	-	-	(1,549,632)	(1,549,632)
Balance, September 30, 2015	**189,577,969**	**$ 62,944,407**	**$ 4,654,518**	**$ (3,250)**	**$ (59,249,281)**	**$ 8,346,394**

See accompanying notes to condensed interim financial statements

Northern Superior Resources Inc.
Financial Statements
(Expressed in Canadian dollars)

Statements of Cash Flows

Nine months ended September 30,	**2015**	2014
Operating Activities		
Net loss for the period	**$ (1,549,632)**	$ (996,273)
Items not involving cash:		
Writedown of exploration properties *note 6*	**131,712**	-
Depreciation	**8,410**	8,410
Share-based payments *note 8(d)*	**45,499**	74,169
Change in non-cash operating working capital items:		
Decrease in prepaids and receivables	**(59,554)**	(45,492)
Decrease in trade payables and accrued liabilities	**(8,001)**	(22,591)
Cash used in operating activities	**(1,431,566)**	(981,777)
Investing Activities		
Exploration and evaluation expenditures	**(466,480)**	(1,121,042)
Recovery of exploration and evaluation expenditures	**383,406**	57,851
Cash used in investing activities	**(83,074)**	(1,063,191)
Decrease in cash during the period	**(1,514,639)**	(2,044,968)
Cash, beginning of period	**3,615,065**	5,390,544
Cash, end of period	**$ 2,100,426**	$ 3,345,576

Supplemental cash flow information *note 10*

See accompanying notes to condensed interim 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 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. Management believes that financing is available and may be sourced in time to allow the Company to continue its current planned activities in the normal course.

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

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS issued by the IASB.

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale ("AFS"), which are stated at their fair values. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the December 31, 2014 annual financial report.

b) Approval of Financial Statements

The condensed interim financial statements of the Company for the nine months ended September 30, 2015 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 5, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Use of Estimates and Judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates where management's judgment is applied include asset valuation, asset retirement obligations, income taxes, share-based payments and ability to continue as a going concern. Actual results may differ from those estimates and judgements.

(Expressed in Canadian dollars)

b) Comparative Figures

Certain comparative figures have been reclassified in accordance with the current period's presentation.

4. PREPAIDS AND RECEIVABLES

	September 30 2015	December 31 2014
Quebec government refundable tax credits	**$ 139,110**	$ 424,475
Sales tax receivable - net	**49,972**	22,556
Prepaid expenses	**65,159**	27,848
Interest receivable	**20,333**	36,299
Other receivables	**13,105**	2,313
Total Current Prepaids and Receivables	**$ 287,679**	$ 513,491
Receivables (non-current):		
Quebec Government refundable tax credits	**18,994**	49,796
Total	**$ 306,673**	$ 563,287

5. AVAILABLE-FOR-SALE ("AFS") INVESTMENTS

At September 30, 2015 and December 31, 2014, the Company held the following AFS investment:

As at	**September 30, 2015**			December 31, 2014		
	Number of Shares	**Cost**	**Fair Value**	Number of Shares	Cost	Fair Value
Bold Ventures Inc.	**100,000**	**$ 5,250**	**$2,000**	50,000	$ 3,250	$ 1,750

In July 2015 the Company received 50,000 shares of Bold Ventures Inc. under the terms of its property option agreement on the Lac Surprise property.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION PROPERTIES

For the nine months ended September 30, 2015	Ti-pa-haa-kaa-ning	Croteau Est	Waconichi	Grizzly	Lac Surprise	Wapistan	Total
Balance, December 31, 2014	$ 2,254,124	$ 1,917,421	$ 234,766	$ 105,053	$ 1,161,115	$ -	$ 5,672,479
Acquisition, assessment and maintenance	73,636	321,297	105	5,731	(1,081)	29,062	428,750
Analytical	-	999	-	-	-	-	999
Geology	13,841	51,420	-	29,799	20,178	9,070	124,308
Drilling	384	689	-	-	-	-	1,073
Research	35,867	228	-	-	-	-	36,095
Project administration	1,526	4,702	-	1,189	3,112	765	11,294
Cost recoveries	-	(35,951)	-	-	(19,945)	-	(55,896)
Refundable tax credits and adjustments	-	27,246	-	(10,060)	3,593	(3,062)	17,717
Write-off exploration and evaluation properties	-	-	-	(131,712)	-	-	(131,712)
Net increase for the period	125,254	370,630	105	(105,053)	5,857	35,835	432,628
Balance, September 30, 2015	$ 2,379,378	$ 2,288,051	$ 234,871	$ -	$ 1,166,972	$ 35,835	$ 6,105,107

For year ended December 31, 2014	Ti-pa-haa-kaa-ning	Croteau Est	Waconichi	Grizzly	Lac Surprise	Total
Balance, beginning of year	$ 6,178,434	$ 5,832,840	$ 754,087	$ 41,897	$ 1,147,916	$ 13,955,174
Acquisition, assessment and maintenance	1,137	170,169	980	42,294	6,986	221,566
Analytical	-	51,354	8,023	-	-	59,377
Geology	69,099	424,876	31,644	28,524	22,744	576,887
Drilling	-	347,354	32,510	-	-	379,864
Research	53,870	466	-	-	-	54,336
Project administration	1,584	49,414	1,257	5,650	11,161	69,066
Cost recoveries	-	(2,000)	-	-	(20,774)	(22,774)
Refundable tax credits and adjustments	-	(335,317)	(29,410)	(13,312)	(6,918)	(384,957)
Write-off exploration and evaluation properties	(4,050,000)	(4,621,735)	(564,325)	-	-	(9,236,060)
Net increase (decrease) for the year	(3,924,310)	(3,915,419)	(519,321)	63,156	13,199	(8,282,695)
Balance, December 31, 2014	$ 2,254,124	$ 1,917,421	$ 234,766	$ 105,053	$ 1,161,115	$ 5,672,479

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

The Company owns a 100% interest in the TPK project. The Company incurred expenditures of $125,254 (2014-$89,179) on the property during the nine months ended September 30, 2015 and since acquisition has recorded total cumulative expenditures of $17,029,378 on the property.

The Company recorded write-downs of $4,050,000 in 2014 and $9,000,000 in 2013. The write-downs were based on a number of impairment review factors, including, but not limited to, the Company's assesment of indicated market value, current and the Company's market capitalization.

Under an agreement with Lake Shore Gold Corp. ("Lake Shore") dated May 27, 2010, the Company granted Lake Shore an assignable (subject to a right of first refusal in favor of the Company) 2% Net Smelter Royalty ("NSR") on all minerals produced from TPK, with the Company having the right to purchase back one quarter of the NSR (0.5%) for $1,000,000. 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 also provided that: (i) the Company with 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, it will be offered the right to participate in any future equity financings pro rata in order to maintain its ownership interest: and (iii) for so long as Lake Shore maintains at least a 19.9% ownership interest 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 nominated one director.

Croteau Est property

The Company incurred net expenditures of $370,630 (2014-$692,622) on the property during the nine months ended September 30, 2015 and since acquisition has recorded total cumulative expenditures of $6,909,785 on the property.

On December 31, 2014, the Company recorded a write-down of $4,621,735 (2013-$Nil) with respect to the Croteau Est property. The write-down was based on a number of impairment review factors, including, but not limited to, indicated market value and the Company's market capitalization.

In August 2015, the Company issued 615,386 shares at a deemed price of $160,000 and paid $160,000 cash, which represented the final option payments required to complete the acquisition of 100% of the Croteau Est property.

Waconichi property

The Company incurred net expenditures of $105 (2014-$47,891) on the property during the nine months ended September 30, 2015 and since acquisition has recorded total cumulative expenditures of $799,196 on the property.

On December 31, 2014, the Company recorded a write-down of $564,325 (2013-$Nil) with respect to the Waconichi property. The write-down was based on a number of impairment review factors, including, but not limited to, indicated market value and the Company's market capitalization.

Option Earn-in Agreement Signed on Croteau Est and Waconichi Properties

On April 21, 2015, the Company signed an option and joint venture agreement with Chalice Gold Mines Limited ("Chalice") relating to the Company's Croteau Est gold property in Quebec. For the purposes of the agreement, the Croteau Est property includes the Company's adjacent Waconichi property.

Under the agreement, Chalice can earn a 65% joint venture interest in the Croteau Est property by spending an aggregate of $4,000,000 on exploration expenditures over three years. Chalice is obligated to spend a minimum of $500,000 on exploration of the Croteau Est property in the first year regardless of whether it fully exercises its option.

Upon completion of the $4,000,000 expenditure earn-in requirement, a joint venture will be formed with Chalice holding a 65% joint venture interest and Northern Superior owning a 35% joint venture interest and thereafter, each party will be required to contribute to any further programs pro rata according to its joint venture interest. Should a joint venture party fail to make any of its required program contributions, its interest will be diluted accordingly.

Under this agreement, if one of the parties interest is diluted below 10%, its interest will be converted to a NSR interest as follows:

(i) with respect to any claims which are already subject to an NSR (to a third party):
  a. for period(s) where the price of gold (as quoted on the London Gold Fix) is less than C$1,800 per ounce, a 1% NSR; and
  b. for period(s) where the price of gold (as quoted on the London Gold Fix) exceeds C$1,800 per ounce, a 2% NSR; and

(ii) with respect to all other claims, a 2% NSR,

and in each case, one-half of the NSR percentages can be bought back for $1,000,000.

Grizzly Property

The Company incurred net expenditures of $26,659 (2014–$61,225) on the property during the nine months ended September 30, 2015 and since acquisition has recorded total cumulative expenditures of $131,712 on the property. Subsequent to the end of the period, the Company terminated its option on the Grizzly property, and wrote off its investment in the property as of September 30, 2015.

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 Lac Surprise property 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, all over a three year period, 50,000 shares of which were issued upon signing of the agreement. Bold met its first year commitment of $500,000 in exploration expenditures and the issuance of another 50,000 common shares of Bold to the Company. The second year optional commitment is 100,000 common shares of Bold and $500,000 in exploration expenditures. The third year optional commitment calls for $1,000,000 in exploration work on the property and the issuance of 150,000 common shares of Bold. Bold will also hold the option to earn an additional 10% in the project by delivering a positive feasibility study within five years from the date of execution of the formal option agreement. If Bold takes up all parts of the option it will have earned a 60% interest in the property. Upon Bold earning either 50% or 60% interest in the property, the Company and Bold shall form a joint venture to hold the property and conduct further exploration activities.

Write-off of Meston Lake, Rapson Bay and Thorne Lake Properties and Related Ontario Litigation Costs

In the year ended December 31, 2013, the Company recorded a write-off of $6,005,125, representing the remaining unamortized balance of its deferred exploration costs incurred in connection with the Meston Lake, Rapson Bay and Thorne Lake exploration properties (the "Properties"). The decision to write-off the Properties was based on the Company's determination that it lost the ability to access to 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

(Expressed in Canadian dollars)

Government of Ontario 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. The trial started on October 5, 2015 in the Ontario Superior Court. In the nine months ended September 30, 2015 the Company incurred costs of $721,910 (2014-$241,149) in respect to the litigation of its claim (note 14).

7. TRADE PAYABLES AND ACCRUED LIABILITIES

As at		**September 30, 2015**		December 31, 2014
Trade payables	**$**	**151,877**	$	32,846
Amounts due to related parties		**6,740**		2,931
Accrued liabilitites - general		**22,107**		19,103
Accrued liabilitites - severance		**-**		135,000
	$	**180,723**	$	189,880

8. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Issued Capital

In August 2015, the Company issued 615,386 shares of the Company at a deemed aggregate share cost of $160,000 in connection with an option agreement to acquire a 100% interest in the Croteau Est property in Québec (note 6).

In August 2014, the Company issued 307,694 shares of the Company at a deemed aggregate share cost of $80,000 in connection with an option agreement to acquire a 100% interest in the Croteau Est property in Québec (note 6).

c) Stock Options

As at September 30, 2015, the Company had 10,785,000 stock options outstanding of which 6,176,666 were exercisable under the Company's stock option plan. 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, with a typical vesting schedule of 1/3 of the options under the grant vesting on each anniversary over a three year period after the date of grant.

A summary of the changes in the Company's stock option plan for the nine months ended September 30, 2015 and the year ended December 31, 2014 is as follows:

	Nine months ended September 30, 2015		Year ended December 31, 2014	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
Outstanding, beginning of year	**11,160,000**	**$0.28**	12,194,567	$0.21
Granted	**-**	**-**	2,675,000	0.05
Expired	**(375,000)**	**0.11**	(2,154,567)	0.12
Forfeited	**-**	**-**	(1,555,000)	0.28
Outstanding, end of period	**10,785,000**	**$0.19**	11,160,000	$0.19
Exercisable, end of period	**6,176,666**	**$0.28**	6,043,334	$0.28

(Expressed in Canadian dollars)

The weighted average grant-date fair value for options granted during the year ended December 31, 2014 was $0.03, which was determined using the Black-Scholes Option Pricing Model and the following assumptions: no dividends to be paid; volatility of 121.50%; risk-free interest rate 1.43%; and expected life of 5 years.

The following table summarizes information regarding stock options outstanding and exercisable at September 30, 2015:

Exercise Price Range	Number of Options Outstanding	Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number of Options Exercisable	Remaining Vested Contractual Life (in years)	Weighted Average Vested Excercise Price
$0.05 - $0.19	7,150,000	3.15	$0.09	2,541,666	2.52	$0.10
$0.20 - $0.39	1,835,000	1.09	0.24	1,835,000	1.09	0.24
$0.40 - $0.59	1,750,000	0.11	0.55	1,750,000	0.11	0.55
$0.60 - $0.79	50,000	0.59	0.70	50,000	0.59	0.70
	10,785,000	2.30	$0.19	6,176,666	1.40	$0.28

d) Share-Based Payments

Share-based payments recognized in the year are capitalized to exploration and evaluation properties or expensed as consulting fees and office expense.

The following table summarizes the share-based payment expense for stock option grants that the Company recorded for the three and nine months ended September 30, 2015 and 2014:

	Three Months ended September 30		Nine Months ended September 30	
	2015	2014	**2015**	2014
Consulting fees	**$ 1,587**	$ 2,374	**$ 4,761**	$ 7,410
Office expense	**13,578**	20,317	**40,738**	66,759
	15,165	22,691	**45,499**	74,169
Exploration and evaluation properties	**2,751**	18,723	**8,255**	51,050
Total share-based payments	**$ 17,916**	$ 41,414	**$ 53,754**	$ 125,219

Share-based payments of $8,255 (2014-$51,050) related to exploration and evaluation properties are capitalized to exploration and evaluation properties and share-based payments of $45,499 (2014-$74,169) related to consulting fees and office expense were expensed for the nine months ended September 30, 2015.

e) 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 year. 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 year, if dilutive.

Potentially dilutive items not included in the calculation of diluted loss per share for the nine months ended September 30, 2015 were 10,785,000 (2014-12,194,567) stock options that were anti-dilutive.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Management fees	**$ 27,160**	$ 24,000	**$ 80,400**	$ 80,000
Directors' fees	**23,750**	23,500	**71,000**	71,500
Salaries and wages	**51,923**	60,577	**164,423**	398,327
Share-based payments	**9,925**	25,874	**29,776**	78,215
	$ 112,758	$ 133,951	**$ 345,599**	$ 628,042

The Company paid Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, $54,400 for accounting and management and administration services during the nine months ended September 30, 2015 (2014-$54,230), which amounts are included in management and other fees above. The Company paid $26,000 to Basman Smith LLP., for the services of the Company's corporate secretary during the nine months ended September 30, 2015 (2014-$26,000), which amounts are included in management fees above.

All related party transactions are in the normal course of operations and measured at the exchange amount agreed to between the related parties. For the purposes of disclosure, related parties are defined as the officers and directors of the Company and companies controlled by the officers and directors.

10. SUPPLEMENTAL CASH FLOW INFORMATION

For the nine months ended September 30	**2015**	2014
Non-cash investing and financing activities		
Changes in working capital related to exploration properties	**334,005**	691,110
Interest received	**$ 37,399**	$ 16,148
Interest paid	**-**	-
Taxes paid	**-**	-

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Instruments

The carrying value of financial assets and liabilities are as follows as of the dates shown:

As at	**September 30, 2015**	December 31, 2014
Financial Assets		
Fair value through profit or loss, measured at fair value		
Cash and cash equivalents	**$ 2,100,426**	$ 3,615,065
Loans and receivables, measured at amortized cost		
Receivables - interest	**33,438**	36,299
Financial Liabilities		
Other liabilities, measured at amortized cost		
Trade payables and due to related parties	**$ 158,617**	$ 189,880

(Expressed in Canadian dollars)

The fair value hierarchy of financial instruments measured at fair value on the statement of financial position is as follows:

As at	**September 30, 2015**	December 31, 2014
	Level 1	Level 1
Cash and cash equivalents	**$ 2,100,426**	$ 3,615,065

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 receivables. The Company has no significant concentration of credit risk arising from operations. 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 September 30, 2015, the Company had cash and cash equivalents of $2,100,426 (December 31, 2014-$3,615,065) to settle trade payables and accrued liabilities totaling $180,723 (December 31, 2014-$189,880). All of the Company's financial liabilities have contractual maturities of 30 days and are subject to normal trade terms.

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. For the nine months ended September 30, 2015, a 1% change in short term rates would not be material to the interest income and net loss of the Company.

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. CAPITAL MANAGEMENT

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 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 (Note 6).

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 September 30, 2015. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

13. COMMITMENTS

The Company has future commitments under exploration and evaluation property option agreements to issue shares and incur exploration expenditures (note 6).

The Company has future commitments to pay an aggregate of $83,806 in rent within the next two years under an existing lease agreement.

14. CONTINGENCIES

On October 24, 2013, the Company filed a civil lawsuit against the Government of Ontario 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. The trial started on October 5, 2015 in the Ontario Superior Court. In the nine months ended September 30, 2015 the Company incurred costs of $721,910 (2014-$241,149) in respect to the litigation of its claim (note 6).

15. SEGMENTED INFORMATION

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