



Northern Superior Resources Inc.

Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in Canadian dollars)

For the nine months ended September 30, 2022 and 2021

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

<i>As at</i>	<i>Notes</i>	September 30, 2022	December 31, 2021
		(\$)	(\$)
Assets			
<i>Current assets</i>			
Cash and cash equivalents	4	4,768,484	11,959,293
Prepays and receivables		531,671	88,547
Marketable securities		-	3,600
		5,300,155	12,051,440
<i>Non-current assets</i>			
Right-of-use asset		85,639	
Equipment		8,200	-
Exploration and evaluation assets	6	25,216,376	12,795,113
		30,610,370	24,846,553
Liabilities			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	7	889,489	293,501
Flow-through share premium liability	8	1,301,468	3,250,486
Lease liability	12	23,692	-
		2,214,649	3,543,987
<i>Non-current liabilities</i>			
Lease liability	12	62,346	-
		2,276,995	3,543,987
Shareholders' Equity			
Share Capital	8	83,384,570	77,684,813
Reserves	8	12,941,449	12,772,592
Accumulated other comprehensive loss		(7,150)	(6,650)
Deficit		(67,985,494)	(69,148,189)
		28,333,375	21,302,566
		30,610,370	24,846,553

Nature of operations and going concern - Note 1

Subsequent events - Note 13

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD OF DIRECTORS ON NOVEMBER 29, 2022

"François Perron"
Director

"Andrew Farncomb"
Director

See accompanying notes to financial statements

Northern Superior Resources Inc.
Condensed Interim Consolidated Financial Statements
(Unaudited - Expressed in Canadian dollars)
Statements of Loss and Comprehensive Loss

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
		(\$)	(\$)	(\$)	(\$)
Expenses					
Consulting fees	9	40,285	21,473	83,628	65,175
Depreciation		3,027	-	3,027	-
Legal and accounting		(103,370)	15,000	141,492	31,512
Office expenses and salaries	9	220,873	152,847	542,159	423,781
Share-based payments	9	12,039	-	35,869	-
Shareholder information		116,175	24,713	169,357	94,793
Travel		21,776	1,717	21,776	1,717
Foreign exchange		2,120	410	1,905	951
Taxes		-	(5,579)	-	(2,186)
Loss before the undernoted		(312,925)	(210,581)	(999,213)	(615,743)
Interest income		36,704	4,489	55,264	18,208
Accretion and interest expense		(734)	-	(734)	-
Flow-through share premium recovery	8	445,994	18,317	2,107,378	426,240
Net income (loss) for the period		169,039	(187,775)	1,162,695	(171,295)
Other comprehensive loss					
<i>Items that will not be reclassified subsequently to loss</i>					
Change in value of marketable securities		300	(800)	500	1,800
Total comprehensive income (loss)		169,339	(188,575)	1,163,195	(169,495)
Basic and diluted income (loss) per share		0.00	(0.00)	0.02	(0.00)
		(#)	(#)	(#)	(#)
Weighted-average number of common shares outstanding		83,570,045	63,472,270	75,202,660	63,362,020

See accompanying notes to financial statements

Northern Superior Resources Inc.
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(Unaudited - Expressed in Canadian dollars)
Statements of Changes in Equity

	Share Capital		Reserves				Accumulated other comprehensive loss (\$)	Deficit (\$)	Equity (\$)
	Number of Shares (#)	Amount (\$)	Stock options (\$)	Restricted share units (\$)	Warrants (\$)				
Balance, December 31, 2020	63,302,270	73,088,625	6,112,663	-	5,671,856	(4,850)	(67,842,058)	17,026,236	
Shares issued on exercise of stock options	170,000	98,042	(48,642)	-	-	-	-	49,400	
Shares issued for exploration and evaluation	-	-	-	-	-	-	-	-	
Unrealized loss on marketable securities	-	-	-	-	-	(1,800)	-	(1,800)	
Net loss	-	-	-	-	-	-	(171,295)	(171,295)	
Balance, September 30, 2021	63,472,270	73,186,667	6,064,021	-	5,671,856	(6,650)	(68,013,353)	16,902,541	
Shares issued for cash	7,392,354	6,650,351	-	-	-	-	-	6,650,351	
Share issuance costs - cash	-	(198,262)	-	-	-	-	-	(198,262)	
Share issuance costs - warrants	-	(49,093)	-	-	49,093	-	-	-	
Flow-through share premium liability	-	(1,965,200)	-	-	-	-	-	(1,965,200)	
Share based payments	-	-	945,148	42,474	-	-	-	987,622	
Shares issued for exploration and evaluation	85,000	60,350	-	-	-	-	-	60,350	
Net loss	-	-	-	-	-	-	(1,134,836)	(1,134,836)	
Balance, December 31, 2021	70,949,624	77,684,813	7,009,169	42,474	5,720,949	(6,650)	(69,148,189)	21,302,566	
Share based payments	-	-	152,096	32,018	-	-	-	184,114	
Shares issued on acquisition of Genesis	14,500,037	5,655,013	15,022	-	14,465	-	-	5,684,500	
Shares issued on vesting of restricted share units	24,450	44,744	-	(44,744)	-	-	-	-	
Unrealized loss on marketable securities	-	-	-	-	-	(500)	-	(500)	
Net income	-	-	-	-	-	-	1,162,695	1,162,695	
Balance, September 30, 2022	85,474,111	83,384,570	7,176,287	29,748	5,735,414	(7,150)	(67,985,494)	28,333,375	

See accompanying notes to financial statements

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

	Nine months ended September 30,	
	2022	2021
	(\$)	(\$)
Net income (loss) for the period	1,162,695	(171,295)
Items not involving cash:		
Depreciation	3,027	-
Lease liability accretion expense	734	-
Flow-through shares premium recovery	(2,107,378)	(426,240)
Share based payments	35,869	-
Change in non-cash operating working capital items:		
Prepays and receivables	(303,287)	(42,314)
Accounts payables and accrued liabilities	163,532	28,379
Cash used in operating activities	(1,044,808)	(611,470)
Investing Activities		
Exploration and evaluation expenditures	(5,836,206)	(3,041,883)
Sale of marketable securities	3,100	-
Cash acquired on the acquisition of Genesis	384,265	-
Transaction costs related to the acquisition of Genesis	(693,897)	-
Additions to equipment	(480)	-
Cash used in investing activities	(6,143,218)	(3,041,883)
Financing Activities		
Proceeds from exercise of stock options	-	49,400
Lease payments	(2,783)	-
Cash provided by financing activities	(2,783)	49,400
Decrease in cash during the period	(7,190,809)	(3,603,953)
Cash and cash equivalents, beginning of period	11,959,293	9,730,459
Cash and cash equivalents, end of period	4,768,484	6,126,506

See accompanying notes to financial statements

Northern Superior Resources Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Superior Resources Inc. (“Northern Superior” or the “Company”) is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold properties in Ontario and Québec. The head office and principal address of the Company is 1351C Kelly Lake Road, Unit 7, Sudbury, Ontario, Canada, P3E 5P5.

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

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for a period of at least 12 months from September 30, 2022. At September 30, 2022, the Company had cash and cash equivalents of \$4,768,484 and working capital (current assets less current liabilities) of \$3,085,506 (December 31, 2021: \$8,507,453). Current liabilities at September 30, 2022 include \$1,301,468 (December 31, 2021: \$3,250,486) in respect of flow-through premium liability, which is not a cash liability. Included in cash and cash equivalents at September 30, 2022 is \$3,860,552 remaining to be spent on qualifying Canadian exploration expenditures (December 31, 2021: \$9,232,398). Cash used in operating activities in the nine months ended September 30, 2022 was \$1,044,808 (September 30, 2021: \$611,470).

The Company continues to incur operating losses and has limited financial resources and no source of operating cash flow available to enable it to conduct further exploration and development of its mineral properties. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

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

2. BASIS OF PREPARATION

Statement of Compliance

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting

Northern Superior Resources Inc.
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Standard (“IAS”) 34, Interim Financial Reporting. These condensed interim consolidated 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, 2021. These condensed interim consolidated financial statements do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) and accordingly should be read in conjunction with the 2021 annual financial statements and the notes thereto. These condensed interim consolidated financial statements include the results for Genesis Metals Inc. (“Genesis”) from the date of its acquisition on July 13, 2022.

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

These condensed interim consolidated financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on November 29, 2022.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Genesis, a company incorporated in British Columbia, Canada. Genesis wholly owns Chevrier Metals Inc., a company incorporated in British Columbia, Canada. All significant inter-company transactions and balances have been eliminated.

3. BASIS OF PREPARATION

Critical Accounting Estimates and Judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS applicable to the preparation of interim financial statements requires judgments, estimates, and assumptions that affect the amounts reported. Those estimates and assumptions concerning the future may differ from actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature and number of significant estimates and judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty are substantially the same as those that management applied to the 2021 Annual Financials, except as described below.

Accounting for the acquisition of Genesis

The Company accounted for the July 13, 2022 acquisition of Genesis as an asset acquisition. Significant judgment was required to determine that the application of this accounting treatment was appropriate for the transaction. This included, among others, the determination that Genesis was not considered a business under IFRS 3 - Business combinations as Genesis did not have inputs and substantive processes that can collectively contribute to the creation of outputs.

4. CASH AND CASH EQUIVALENTS

During the years ended December 31, 2020 and 2021, the Company and Genesis issued flow-through shares. As of September 30, 2022, the Company has \$3,860,552 (December 31, 2021: \$9,232,398) included in cash and cash equivalents remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

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5. GENESIS ACQUISITION

On July 13, 2022, the Company completed the acquisition of Genesis through the acquisition of all of the issued and outstanding shares of Genesis, pursuant to which the Company issued 14,500,037 shares at a price of \$0.39 per share, for consideration of \$5,655,013. All outstanding stock options of Genesis were exchanged for economically equivalent stock options to purchase common shares of the Company, and holders of Genesis warrants are entitled, in accordance with the terms of such warrants, to receive Northern Superior Shares on the exercise of such warrants (subject to adjustment based on an exchange ratio of 0.2304). The fair value of the stock options was determined using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	3.4
Expected stock price volatility (%)	70.0
Expected dividend yield (%)	Nil
Expected life (years)	1

The fair value of the warrants was determined using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	2.56 to 3.44
Expected stock price volatility (%)	33.8 to 66.3
Expected dividend yield (%)	Nil
Expected life (years)	0.08 to 1.25

The Company incurred \$697,760 in other transaction costs. The transaction was accounted for as an asset acquisition.

Genesis owns two gold projects: October Gold in Ontario and Chevrier in Québec.

Consideration for the purchase is as follows:

	(\$)
Common shares of the Company	5,655,013
Value of stock options of Genesis	15,022
Value of warrants of Genesis	14,465
Transaction costs	697,760
	6,382,260

The allocation of the purchase price to the assets acquired and liabilities assumed is based upon estimated fair values at the date of acquisition as set out below:

	(\$)
Cash	384,265
Receivables and prepaids	140,540
Property, plant and equipment	8,297
Exploration and evaluation assets	5,783,283
Accounts payable and accrued liabilities	65,875
	6,382,260

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6. EXPLORATION AND EVALUATION ASSETS

	Ontario		Quebec				Total (\$)
	Ti-pa-haa-kaa-ning (\$)	October Gold (\$)	Croteau Est (\$)	Lac Surprise (\$)	Wapistan (\$)	Chevrier (\$)	
Balance, December 31, 2021	2,151,076	-	4,504,440	5,914,439	225,158	-	12,795,113
Acquisition	-	1,903,369	-	-	-	4,166,862	6,070,231
Assessment and maintenance	26,981	1,430	19,520	28,208	27,816	-	103,955
Analytical	-	3,997	168,035	317,730	36,700	2,205	528,667
Camp	15,714	3,525	-	-	-	9,637	28,876
Geophysics	-	-	64,833	133,731	-	-	198,564
Geology	-	78,225	398,454	505,787	638,176	67,015	1,687,656
Drilling	-	-	1,332,173	2,317,866	-	-	3,650,039
Project administration	2,346	-	58,220	82,780	11,095	-	154,441
Refundable tax credits and adjustments	-	-	(583)	(583)	-	-	(1,166)
Net change	45,041	1,990,546	2,040,652	3,385,519	713,787	4,245,719	12,421,263
Balance, September 30, 2022	2,196,117	1,990,546	6,545,092	9,299,958	938,945	4,245,719	25,216,376

	Ontario	Quebec			Total (\$)
	Ti-pa-haa-kaa-ning (\$)	Croteau Est (\$)	Lac Surprise (\$)	Wapistan (\$)	
Balance, December 31, 2020	2,070,142	4,057,367	2,903,306	224,439	9,255,254
Acquisition, assessment and maintenance	50,830	7,850	85,784	52	144,516
Analytical	-	30,349	490,100	-	520,449
Camp	14,685	-	-	-	14,685
Geophysics	-	-	119,305	-	119,305
Geology	6,605	35,056	247,033	667	289,361
Drilling	-	339,371	1,925,148	-	2,264,519
Project administration	8,814	34,447	144,062	-	187,323
Refundable tax credits and adjustments	-	-	(299)	-	(299)
Net change	80,934	447,073	3,011,133	719	3,539,859
Balance, December 31, 2021	2,151,076	4,504,440	5,914,439	225,158	12,795,113

a) **Ti-pa-haa-kaa-ning (“TPK”) property**

The Company owns a 100% interest in the TPK Property. Although claims associated with the Annex area of the property are free of any Net Smelter Royalties (“NSR”), some claims associated with the New Growth and Big Dam areas of the property are subject to a 2% NSR, of which the Company has the right to purchase back 0.5% for \$1.0 million. Additionally, certain claims within the Big Dam area are subject to a 2% NSR on diamonds only in favour of Vale S.A.

b) **Croteau Est property**

The Company owns a 100% interest in the Croteau Est Property. The Croteau Est property is comprised of claims blocks governed by two separate agreements. As the claims blocks under the agreements are contiguous, they have been aggregated, for geological and exploration reporting purposes, into the Croteau Est property.

Pursuant to agreement #1: The Company holds a 100% interest in this claim block, subject to a 1.0% NSR on any commercial production, of which Company has the right to buy back 0.5% for \$1.5 million.

Pursuant to agreement #2: The Company owns a 100% interest in this claim block, subject to a 1% NSR royalty on the majority of the claims. The 1% NSR royalty covers all except 7 claims (comprising approximately 287 hectares) which were already subject to a prior 2% NSR royalty in favor of the prospector who originally staked the claims. The Company has the right to repurchase one half of the 1% NSR royalty (reducing it to a 0.5% NSR royalty) at any time for \$1.0 million.

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Similarly, the Company has the right to repurchase half of the 2% NSR royalty (reducing it to a 1% NSR royalty) at any time, for \$1.0 million. In either case, should the Company exercise its buy-back right, it will then have a right of first refusal with respect to the remaining NSR royalty.

c) Lac Surprise property

The Company owns a 100% interest in the Lac Surprise Property. The Lac Surprise property is comprised of two claims blocks. As the claims blocks are contiguous, they have been aggregated, for geological and exploration reporting purposes, into the Lac Surprise property.

Pursuant to staking: The Company owns a 100% interest in the staked claims block.

Pursuant to agreement: On September 14, 2021, the Company entered into an agreement (the "Agreement") with Kintavar Exploration Inc. ("Kintavar") to acquire 100% of the Gaspard Nord mineral property, in consideration for 85,000 common shares of the Company, the granting of a 2% NSR on the property, 1% of which can be bought back for \$1,000,000, and a right of first refusal on any proposed transfer of the NSR royalty to a third party. Pursuant to the terms of the Agreement, the Company issued 85,000 common shares of the Company to Kintavar, valued at \$60,350, prior to December 31, 2021.

d) Wapistan property

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

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

The Properties are owned 100% by the Company.

f) Chevrier Gold Project, Quebec

Through its wholly owned subsidiary Genesis, the Company owns a 100% interest in the Chevrier Gold Project, comprised of:

- various contiguous mining claims, some of which are subject to royalties ranging from 7.5% - 10% on net profits of production and 0.5%-1% NSR
- certain mineral claims subject to a 1% NSR, of which the Company can purchase 0.5% for \$750,000
- certain mineral claims comprising the Hygrade Property, subject to a 2% NSR, of which the Company can purchase 1% for \$1,500,000.
- certain mineral claims comprising the Trenholme Property, subject to a 2% NSR, of which the Company can purchase 1% for \$1,000,000.

g) October Gold, Ontario

Through its wholly owned subsidiary Genesis, the Company has a 100% interest in the October Gold property subject to a 3% NSR of which the Company can purchase 2% on payment of \$500,000 for each 1% NSR.

In September 2021, Genesis entered into a Memorandum of Understanding ("MOU") with two First Nations regarding exploration activities on its October Gold project. The MOU sets out a framework to facilitate exploration activities at the October Gold project. In addition, the Genesis is required to pay a fee of 2% of eligible expenditures on the project to the First Nations (1% each) annually.

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	December 31, 2021
	(\$)	(\$)
Trade payables	696,594	206,742
Amounts due to related parties	108,719	14,868
Accrued liabilities - general	84,176	71,891
	889,489	293,501

The fair value of accounts payable and accrued liabilities approximate their carrying amount. Trade payables relate mainly to the acquisition of materials, supplies and services. These payables do not accrue interest.

8. SHARE CAPITAL

a) Authorized

At September 30, 2022, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

b) Common shares

Nine months ended September 30, 2022

- In connection with the acquisition of Genesis (note 5) the Company issued 14,500,037 common shares, with a fair value of \$5,655,013
- In connection with the vesting of Restricted Share Units ("RSU"), the Company issued 24,450 common shares
- In connection with flow-through expenditures incurred during the nine months ended September 30, 2022, \$2,107,378 of flow-through premium was recognized in the Statements of Loss and Comprehensive Loss (nine months ended September 30, 2021: \$426,240).

Year ended December 31, 2021

- The Company closed the following private placements ("Private Placements"):
 - a. On December 2, 2021, the Company closed a non-brokered private placement ("Private Placement #1") for gross proceeds of \$3,321,417, pursuant to which the Company issued 3,690,463 flow-through shares ("Québec FT Shares") at \$0.90 per FT Share. The issuance of the Québec FT Shares resulted in a flow-through premium liability of \$1,033,330.
 - b. On December 2, 2021, the Company closed a non-brokered private placement ("Private Placement #2") for total gross proceeds of \$1,963,584, pursuant to which the Company issued 1,664,054 charity flow-through common shares of the Company ("Québec Charity FT Shares") at \$1.18 per Québec Charity FT Share. The issuance of the Québec Charity FT Shares resulted in a flow-through premium liability of \$931,870.
 - c. On December 2, 2021, the Company closed a non-brokered private placement ("Private Placement #3") for gross proceeds of \$1,365,350, pursuant to which the Company issued 2,037,837 shares ("Shares") at \$0.67 per Share.

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In connection with the Private Placements, the Company paid finders' fees of \$147,503 and issued warrants ("Finders' Warrants") allowing for the purchase of up to, in the aggregate, 254,627 shares of the Company at \$0.90 per share until June 2, 2023.

The Private Placements are summarized as follows:

	Québec Charitable			Total
	Québec FT	FT	NFT	
Announcement Date	October 18, 2021	October 18, 2021	October 18, 2021	
Closing Date	December 2, 2021	December 2, 2021	December 2, 2021	
Gross Proceeds	\$3,321,417	\$1,963,584	\$1,365,350	\$6,650,351
FT Shares Issued ⁽¹⁾	3,690,463	1,664,054	-	5,354,517
NFT Shares Issued ⁽²⁾	-	-	2,037,837	2,037,837
Finders' Fees				
Cash	\$40,000	\$47,503	60000	\$147,503
Finders' Warrants	120,000	45,075	89,552	254,627
Exercise Prices	\$0.90	\$0.90	\$0.90	
Expiry Date	June 2, 2023	June 2, 2023	June 2, 2023	

⁽¹⁾ FT denotes flow-through

⁽²⁾ NFT denotes non-flow-through

- The Company issued a total of 170,000 shares on the exercise of stock options, for total gross proceeds of \$49,400.
- The Company issued, in connection with the acquisition of the Gaspard Nord claims, 85,000 common shares valued at \$60,350 (Note 6).
- In connection with flow-through expenditures incurred during the year ended December 31, 2021, \$431,194 of flow-through premium was recognized in the Statements of Loss and Comprehensive Loss (2020: \$452,575).

c) Stock Options

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

Nine months ended September 30, 2022

In respect of the vested portion of grants, a share-based payments expense of \$22,494 was recognized in the Statements of Loss and Comprehensive Loss (nine months ended September 30, 2021: \$Nil), and share-based payments of \$129,602 (nine months ended September 30, 2021: \$Nil) were capitalized to exploration and evaluation assets during the nine months ended September 30, 2022 in respect of the vested portion of grants.

At September 30, 2022, the Company had stock options outstanding as follows:

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Grant date	Expiry date	Number (#)	Exercisable (#)	Exercise price (\$)	Average Life (years)
November 30, 2017	November 30, 2022	285,000	285,000	0.500	0.17
March 29, 2019	March 29, 2024	530,000	530,000	0.220	1.50
June 16, 2020	June 16, 2025	1,350,000	1,350,000	0.340	2.72
December 9, 2021	April 22, 2026	400,000	0	0.690	3.56
December 9, 2021	June 28, 2026	100,000	0	0.690	3.75
December 9, 2021	December 9, 2026	1,490,000	1,490,000	0.690	4.20
August 5, 2014	July 13, 2023	4,608	4,608	2.180	0.79
August 8, 2018	July 13, 2023	4,608	4,608	2.180	0.79
December 11, 2018	July 13, 2023	54,257	54,257	2.180	0.79
January 14, 2019	July 13, 2023	76,032	76,032	2.180	0.79
May 30, 2019	July 13, 2023	11,520	11,520	2.180	0.79
December 20, 2019	July 13, 2023	414,720	414,720	1.180	0.79
September 1, 2020	July 13, 2023	330,624	330,624	1.220	0.79
April 21, 2021	July 13, 2023	92,160	92,160	1.050	0.79
May 10, 2021	July 13, 2023	241,920	241,920	1.050	0.79
July 5, 2021	July 13, 2023	34,560	34,560	1.050	0.79
		5,420,009	4,920,009	0.683	2.50

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

	Number of options (#)	Weighted average exercise price (\$)
Outstanding, December 31, 2020	3,000,000	0.401
Exercised	(170,000)	0.291
Expired	(155,000)	0.100
Granted	1,990,000	0.690
Outstanding, December 31, 2021	4,665,000	0.519
Expired	(510,000)	0.650
Issued in replacement of Genesis options	1,265,009	1.272
Outstanding, September 30, 2022	5,420,009	0.683

Year ended December 31, 2021

During the year ended December 31, 2021, the Company granted incentive stock options allowing for the acquisition of up to, in the aggregate, 400,000 common shares at \$0.69 per share until April 22, 2026, 100,000 common shares at \$0.69 per share until June 28, 2026 and 1,490,000 common shares at \$0.69 per share until December 9, 2026. The share-based payments expense of \$845,234 was recognized in the Statements of Loss and Comprehensive Loss and share-based payments of \$99,914 were capitalized to exploration and evaluation assets during the year ended December 31, 2021 in respect of the vested portion of these grants. The fair value for stock options granted during the period was determined using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.31 to 1.33
Expected stock price volatility (%)	132 to 147
Expected dividend yield (%)	Nil
Expected life (years)	4.25 to 5.0

d) Restricted Share Units ("RSU")

On August 29, 2021, the Company received regulatory approval for the Restricted Share Unit Plan ("RSU Plan") approved by the shareholders at the Company's Annual General Meeting on June 24, 2021. The RSU Plan permits the Company to grant awards of RSUs. Pursuant to the terms of the RSU Plan, the RSUs will be redeemed, upon vesting, within 30 days of the applicable redemption date, for:

- (i) the number of common shares equal to the numbers of RSUs vested on the redemption date;
 - (ii) a cash amount equal to the number of common shares multiplied by the fair market value of the common shares on the redemption date; or
 - (iii) a combination of (i) and (ii)
- as determined by the Company.

The redemption date in respect of any RSU is the date provided for in the agreement granting the RSUs or if no date is set, the third anniversary of the grant date, unless otherwise provided for in the RSU Plan. The Company has the discretion to stipulate the length of time for vesting and to determine various performance objectives based on certain business criteria as a pre-condition to an RSU vesting.

The maximum number of common shares available for issuance upon the vesting of RSUs under the RSU Plan is fixed at 300,000 common shares, and in combination with all security-based compensation arrangements of the Company (including the SO Plan), cannot exceed 10% of the issued and outstanding common shares. Vested RSU Awards are not available for re-grant under the RSU Plan.

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Nine months ended September 30, 2022

In respect of the vested portion of grants, a share-based payments expense of \$13,375 was recognized in the Statements of Loss and Comprehensive Loss (nine months ended September 30, 2021: \$Nil), and share-based payments of \$18,643 were capitalized to exploration and evaluation assets (nine months ended September 30, 2021: \$Nil) during the nine months ended September 30, 2022 in respect of the vested portion of prior grants.

At September 30, 2022, the Company had RSUs outstanding as follows:

Issue date	Vesting date	Number (#)	Weighted Average Life (years)
April 22, 2021	April 22, 2023	24,450	0.81
July 17, 2021	July 17, 2024	50,000	2.05
		74,450	1.65

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

	Number of RSUs (#)
Outstanding, December 31, 2020	-
Granted	98,900
Outstanding, December 31, 2021	98,900
Converted	(24,450)
Outstanding, September 30, 2022	74,450

Year ended December 31, 2021

During the year ended December 31, 2021, the Company granted RSUs allowing for the acquisition of up to, in the aggregate, 98,900 common shares. The share-based payments expense of \$8,916 was recognized in the Statements of Loss and Comprehensive Loss and share-based payments of \$33,558 were capitalized to exploration and evaluation assets during the year ended December 31, 2021, in respect of the vested portion of the grants.

At December 31, 2021, the Company had RSUs, with a total weighted average remaining contractual life of 1.69 years (December 31, 2020: Nil years) outstanding as follows:

e) Share Based Payments

Share based payments recognized in the period are expensed as directors, management, office consultants, or capitalized to exploration and evaluation assets, as appropriate. The following table summarizes the share based payments recognized on the vesting of stock options and RSUs during the nine months ended September 30, 2022 and 2021:

	Sept 30,	
	2022	2021
	(\$)	(\$)
Expensed	35,869	-
Capitalized	148,245	-
	184,114	-

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f) Warrants

Nine months ended September 30, 2022

At September 30, 2022, the Company had warrants outstanding as follows:

Issue date	Expiry date	Number (#)	Exercise price (\$)	Weighted Average Life (years)
January 20, 2020	January 21, 2023	6,242,858	0.100	0.31
December 2, 2021	June 2, 2023	254,627	0.900	0.67
		6,497,485		0.33

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

	Number of warrants (#)	Weighted average exercise price (\$)
December 31, 2020	7,433,008	0.276
Issued	254,627	0.900
December 31, 2021	7,687,635	0.297
Expired	(1,190,150)	1.372
September 30, 2022	6,497,485	0.131

In addition, at September 30, 2022, holders of 3,458,445 of Genesis warrants were eligible to receive up to, in the aggregate, 796,821 common shares of Northern Superior Shares on the exercise of Genesis warrants.

Year ended December 31, 2021

Pursuant to the Private Placements, the Company issued warrants allowing for the purchase of up to, in the aggregate, 254,627 common shares in the capital of the Company. The warrants were valued at \$49,093 using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	0.8
Expected stock price volatility (%)	89
Expected dividend yield (%)	Nil
Expected life (years)	1.5

9. RELATED PARTY TRANSACTIONS

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. The Company's related party expenses for the nine months ended September 30, 2022 and 2021 are as follows:

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	September 30,	
	2022	2021
	(\$)	(\$)
Management fees	67,000 ⁽¹⁾	63,000
Directors' fees	99,375 ⁽²⁾	99,375 ⁽³⁾
Salaries and wages	292,500	244,375
Share based payments	148,245	-
	607,120	406,750

(1) At September 30, 2022, a total of \$4,200 was owed to the CFO in respect of services rendered during the nine months ended September 30, 2022.

(2) At September 30, 2022, a total of \$99,375 was owed to Directors in respect of Director's fees incurred during the nine months ended September 30, 2022.

(3) At September 30, 2021, a total of \$195,680 was owed to Directors in respect of Director's fees incurred during the year ended December 31, 2020 and the nine months ended September 30, 2021.

At September 30, 2022, the Company owed \$5,144 (December 31, 2021: \$2,536) to related parties in respect of expenses incurred on behalf of the Company

10. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Management of Capital risk

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

The 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 will need to raise additional amounts. 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 nine months ended September 30, 2022.

Financial Instruments and Risk Management

As at September 30, 2022, the Company's financial instruments consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities. IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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- Level 3 - Inputs for the asset or liability that are not based on observable market data.

As at September 30, 2022, the Company believes that the carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity or durations.

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 September 30, 2022, is invested in liquid low risk accounts in A rated Canadian Banks. 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 meet 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, 2022, the Company had cash and cash equivalents of \$4,768,484 (December 31, 2021: \$11,959,293) of which \$907,932 (December 31, 2021: \$2,726,895) is available to settle trade payables and accrued liabilities totaling \$889,489 (December 31, 2021: \$293,501). The remaining balance included in cash and cash equivalents of \$3,860,552 (December 31, 2021: \$9,232,398) is to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

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 \$47,685 at September 30, 2022.

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

11. SEGMENTED INFORMATION

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

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12. LEASES – RIGHT OF USE ASSET AND LEASE LIABILITIES

Effective September 1, 2021, the Company entered into a lease agreement which expires on August 31, 2025.

Right-of-use Asset

A summary of the changes in the right-of-use assets for the month ended September 30, 2022 follows:

	(\$)
Balance at December 31, 2021	-
Addition	88,087
Depreciation	(2,448)
Balance at September 30, 2022	85,639

Lease Liabilities

On September 1, 2022, the Company entered into an office lease agreement which resulted in the lease liability of \$88,085 (undiscounted value of \$102,555; discount rate of 10%). The liability represents the monthly lease payment from September 1, 2022 to August 31, 2025, the end of the lease term.

A summary of changes in lease liabilities for the month ended September 30, 2022 follows:

	(\$)
Balance at December 31, 2021	-
Lease liability from lease agreement	88,087
Lease payment on principal portion	(2,783)
Lease liability accretion expense	734
Balance at September 30, 2022	86,038
Current portion	23,692
Long term portion	62,346

The following is a schedule of the Company's future lease payments under the lease obligations:

	(\$)
October 1, 2022 to December 31, 2022	(8,348)
January 1, 2023 to December 31, 2023	(33,390)
January 1, 2024 to December 31, 2024	(34,185)
January 1, 2025 to August 31, 2025	(23,849)
Total undiscounted lease payment	(99,772)
Less: imputed interest	13,734
Total carrying value of lease obligations	(86,038)

13. SUBSEQUENT EVENTS

- a) On November 4, 2022, the Company and Royal Fox Gold Inc. announced the completion of the acquisition by Northern Superior of all of the issued and outstanding common shares of Royal Fox Gold Inc. (the "Royal Fox Shares") pursuant to a statutory plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement").

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Pursuant to the Arrangement, former Royal Fox shareholders received 0.12 (the “Exchange Ratio”) of a Northern Superior common share (each whole common share, a “Northern Superior Share”) for each Royal Fox Share held (the “Base Purchase Price”). As a result of the Transaction, Northern Superior issued an aggregate of 35,575,817 Northern Superior Shares, resulting in existing Northern Superior and former Royal Fox shareholders owning approximately 71% and 29%, respectively, of the Northern Superior Shares outstanding, on a non-diluted basis.

As part of the Arrangement, former Royal Fox shareholders received contingent consideration in the form of one contingent value right (each, a “CVR”) for each Royal Fox Share that provides for the potential payment of additional consideration upon the declaration by way of news release of a maiden mineral resource estimate on the Philibert Project (the “Resource Calculation”) within 12 months from the closing of the Transaction (the “Contingent Purchase Price”). If the Resource Calculation confirms a mineral resource estimate of 1.2 million ounces or more of gold in the inferred, measured or indicated categories (as such terms are defined in NI 43-101), each CVR will be exchanged for:

- 0.02 of a Northern Superior Share, if the Resource Calculation is greater than or equal to 1.2 million ounces of gold and less than 1.6 million ounces of gold;
- 0.04 of a Northern Superior Share, if the Resource Calculation is greater than or equal to 1.6 million ounces of gold and less than 2.0 million ounces of gold; or
- 0.06 of a Northern Superior Share, if the Resource Calculation is greater than or equal to 2.0 million ounces of gold.

Also as part of the Transaction, all outstanding stock options of Royal Fox have been exchanged for economically equivalent stock options to purchase Northern Superior Shares (subject to adjustment based on the Exchange Ratio) and holders of Royal Fox warrants are entitled, in accordance with the terms of such warrants, to receive Northern Superior Shares on the exercise of such warrants (subject to adjustment based on the Exchange Ratio). Warrant holders and option holders of Royal Fox were required to exercise their warrants and options prior to the effective date of the Transaction in order to be eligible to receive the additional CVR consideration.

Northern Superior has received acceptance of the TSX Venture Exchange (the “TSXV”) to list the Northern Superior Shares issued pursuant to the Transaction on the TSXV. The Royal Fox Shares were delisted from the TSXV at the close of trading on November 8, 2022.

As a result of the Arrangement, Northern Superior acquired the Philibert gold project located 60 kilometres southwest of Chibougamau, Québec.

- b) On November 4, 2022, the Company granted a total of 759,297 restricted share units (“RSUs”) to directors and officers of the Company under the terms of the Company’s 2022 equity incentive plan.
- c) On November 14, 2022, the Company issued 50,000 common shares on the exercise of stock options for gross proceeds of \$11,000.