

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of CNSX Issuer: **NORTHERN SPHERE MINING CORP.** (the “Issuer”).

Trading Symbol: **NSM**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNSX.ca website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the CNSX Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

The Unaudited Interim Condensed Financial Statements for the three months ended March 31, 2018 (the “Financial Statements”) are attached.

#### **SCHEDULE B: SUPPLEMENTARY INFORMATION**

##### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

**Other than those disclosed in Note 9 and 13 to the Unaudited Condensed Financial Statements for the three months ended March 31, 2018, there are no other related party transactions in the first quarter.**

## 2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

**In July 2017, the Company entered into an online marketing agreement for marketing, advertising and related services to the Company in consideration for the payment of \$40,000, to be paid by the issuance of Common Shares. The fee is payable in five instalments of \$8,000 each (each, an "Installment"), The price of the Common Shares to be issued as payment for each Installment is the closing price of the Common Shares as at the end of each Installment period.**

**The third Installment was made on January 15, 2018 consisted of 51,612 Common Shares issued at a price of \$0.155.**

### **Summary of securities as at the end of the reporting period.**

Provide the following information as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions – **unlimited number of common shares (see note 10, Unaudited Condensed Financial Statements for the three months ended March 31, 2018)**
- (b) number and recorded value for shares issued and outstanding – **As at March 31, 2018, 28,679,007 shares issued and outstanding, \$9,836,441.**
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value – **as at March 31, 2018, there were 2,725,000 common stock options outstanding with an average exercise price of \$0.44 and a remaining life of 3.2 years and a recorded value of \$609,265. There were 9,456,000 warrants outstanding with a recorded value of \$1,099,335. See Notes 10 and 13 in the Unaudited Condensed Financial Statements for the three months ended March 31, 2018 for further details.**

**Subsequent to year end the following occurred.**

#### **Agora marketing agreement**

**On July 17, 2017, the Company entered into an online marketing agreement with AGORA Internet Relations Corp. ("Agora") for marketing, advertising and related services to the Company. The Company committed to a fee of \$40,000 payable in common shares of the Company in five installments of \$8,000 each. Shares issued for each installment are calculated at the closing price of the Common Shares on the date which such installment becomes payable. On April 15, 2018, the fourth installment was paid by the issuance of 160,000 Common**

Shares of the Company at a price of \$0.05 per share for an aggregate price of \$8,000. See also Commitment and Contingencies (Note 11).

#### **Board resignations**

On April 2, 2018, the Company announced the resignations of Sheldon Inwentash and Gerry Feldman from the Board of Directors. In settlement of the termination of the contract with Park Place Limited, pursuant to which the Company engaged Park Place Limited as an independent consultant with services delivered by Sheldon Inwentash, the Company will pay to Park Place Limited an amount of \$80,000 plus HST representing all outstanding fees owing by the Company to Park Place Limited in lieu of notice. The Company has provided Park Place Limited a promissory note in a principle amount of \$80,000 with interest at 8% per annum payable in full on March 31, 2019 conditional on various events.

On May 10, 2018, the Company announced the appointment of two new Board of Directors, Kelly Malcolm and Roger Gross and the resignation of Denis Laviolette from the Board of Directors.

#### **Private Placement**

On May 25, 2018, the Company announced it proposes to raise up to \$500,000 through a non-brokered private placement of up to 5,000,000 units ("Units") of the Company at a price of \$0.10 per Unit.

Each Unit will be comprised of one common share ("Common Share") of the Company and one Common Share purchase warrant (a "Warrant"). Each Warrant will be exercisable to acquire one Common Share (a "Warrant Share") for a period of eighteen months following the date of closing at an exercise price of \$0.20 per Warrant Share, subject to adjustments in certain events. The Warrants will be subject to an acceleration clause such that, if the closing price of the Common Shares is equal to or greater than \$0.25 per share for a period of 10 consecutive trading days, the Company shall have the option, but not the obligation, to effect for an accelerated expiration date that shall be 20 calendar days from the issuance of a notice of acceleration.

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer – **None**

### **3. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

- Directors:
  - Bohdan Leshchyshen
    - Chairman of Governance Committee
    - Chairman of Audit Committee
  - Arthur John Carter
  - Kelly Malcolm
  - Roger Gross

- Officers
  - Arthur John Carter – President, Chief Executive Officer
  - Monique L. Delorme – Chief Financial Officer
  - Eric Balog – Vice-President, Corporate Development

## **SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

The management's discussion and analysis for the three months ended March 31, 2018 is attached hereto as Schedule "C".

## **SCHEDULE A: FINANCIAL STATEMENTS**

### **Northern Sphere Mining Corp.**

(an Exploration Stage Company)

#### **Unaudited Interim Condensed Financial Statements**

**Three months ended  
March 31, 2018 and 2017**

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)  
**Unaudited Interim Condensed  
Statements of Financial Position**

	Notes	As at March 31, 2018	As at December 31, 2017
<i>Assets</i>			
<i>Current Assets</i>			
Cash		\$ 43,335	\$ 267,393
HST recoverable		36,399	32,332
Prepaid expenses		9,853	23,448
		<b>\$ 89,587</b>	<b>\$ 323,173</b>
Property, plant and equipment	5	84,700	94,864
Mineral Properties	6	255,083	255,083
		<b>\$ 429,370</b>	<b>\$ 673,121</b>
<i>Liabilities</i>			
<i>Current Liabilities</i>			
Trade and other payables	7	\$ 476,211	\$ 387,347
Demand promissory note payable	8	-	50,000
Debenture payable	8	-	1,901,300
		<b>\$ 476,211</b>	<b>\$ 2,338,647</b>
<i>Equity (deficiency)</i>			
Capital Stock	9,10	\$ 9,836,441	\$ 9,836,441
Share payment reserve		609,265	609,265
Warrant reserve		1,099,335	1,099,335
Contributed Surplus		37,750	37,750
Deficit		(11,629,632)	(13,240,318)
		<b>\$ (46,841)</b>	<b>\$ (1,665,526)</b>
		<b>\$ 429,370</b>	<b>\$ 673,121</b>

Nature of Operations and Going Concern (Note 1)  
Commitments (Note 11)  
Subsequent events (Note 13)

*The accompanying notes are an integral part of these interim financial statements.*

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)  
**Unaudited Interim Condensed**  
**Statements of Comprehensive Gain /(Loss)**

		<b>Three month ended March 31,</b>	
	<b>Notes</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Interest Income		\$ 792	\$ -
<b>Expenses</b>			
Management and director fees	<b>9</b>	\$ 158,161	\$ 267,500
General and administrative		40,707	34,725
Stock based compensation	<b>10(d)</b>	-	194,600
Professional fees		30,668	73,154
Consulting fees		-	3,975
Exploration and evaluation expenditures	<b>6</b>	200,284	281,914
<b>Total expenses</b>		<b>429,820</b>	855,868
Gain on write-off of debt	<b>8</b>	1,951,300	-
Gain on write-off of accrued payables	<b>8</b>	89,700	-
Gain /(loss) on foreign exchange		(1,286)	77
<b>Total net gain / (net expenses)</b>		<b>1,609,894</b>	(855,791)
<b>Net gain / (loss) and comprehensive gain / (loss) for the period</b>		<b>\$ 1,610,686</b>	\$ (855,791)
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Gain / (loss) per share - basic		\$ 0.056	\$ 0.043
Weighted average number of shares outstanding – basic		28,679,007	20,075,450
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Gain / (loss) per share - diluted		\$ 0.039	\$ 0.043
Weighted average number of shares outstanding – basic		40,860,007	20,075,450
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*The accompanying notes are an integral part of these interim financial statements.*

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)  
**Unaudited Interim Condensed**  
**Statements of Changes in Equity**

	Notes	Capital Stock		Reserves			Accumulated deficit	Total
		Number of shares <sup>(1)</sup>	Amount	Share based payments	Warrants	Contributed surplus		
Balance at January 1, 2017		20,059,008	\$ 6,712,892	\$ 583,514	\$ 411,600	\$ 37,750	\$ (9,244,040)	\$ (1,498,284)
Reclass of reserve for expired options	10(d)	(2)	449,322	(449,322)	-	-	-	-
Value assigned on stock options issued	10(d)	-	-	194,600	-	-	-	194,600
Options exercised/ expired in the period	10(d)	-	13,227	(13,227)	-	-	-	-
Warrants exercised in the period	10(c)	20,000	9,765	-	(4,765)	-	-	5,000
Net loss and comprehensive loss for the period		-	-	-	-	-	(855,791)	(855,791)
Balance at March 31, 2017		20,079,006	\$ 7,185,206	\$ 315,565	\$ 406,835	\$ 37,750	\$ (10,099,831)	\$ (2,154,475)
<b>Balance at January 1, 2018</b>		<b>28,627,395</b>	<b>\$ 9,828,441</b>	<b>\$ 609,265</b>	<b>\$ 1,099,335</b>	<b>\$ 37,750</b>	<b>\$ (13,240,318)</b>	<b>\$ (1,665,527)</b>
Share based consulting fee	10(b)	51,612	8,000	-	-	-	-	8,000
Net gain and comprehensive gain for the period		-	-	-	-	-	1,610,686	1,610,686
<b>Balance at March 31, 2018</b>		<b>28,679,007</b>	<b>\$ 9,836,441</b>	<b>\$ 609,265</b>	<b>\$ 1,099,335</b>	<b>\$ 37,750</b>	<b>\$ (11,629,632)</b>	<b>\$ (46,841)</b>

*The accompanying notes are an integral part of these interim financial statements.*



**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)

**Unaudited Interim Condensed  
Statements of Cash Flows**

	Notes	Three months ended March 31,	
		2018	2017
<b>Operating activities</b>			
Net gain / (loss)		\$ 1,610,686	\$ (855,791)
Items not affecting cash			
Depreciation	5	10,164	10,164
Stock based compensation	10(d)	-	194,600
Gain on write-off of debt	8	(1,951,300)	-
Net change in non-cash working capital items:			
Prepaid expense		13,596	(5,000)
HST recoverable		(4,067)	(13,107)
Trade and other payables	8	88,865	(13,279)
Cash flow used in operating activities		\$ (232,056)	\$ (682,413)
<b>Investing activities</b>			
Acquisition of property, plant and equipment	5	\$ -	\$ (135,520)
Expenditures on mineral properties	6	\$ -	\$ -
<b>Financing activities</b>			
Cash flows from financing activities (net of issue costs)		\$ 8,000	\$ 5,000
<b>Decrease in cash</b>		<b>\$ (224,056)</b>	<b>\$ (812,933)</b>
Cash / (bank indebtedness) at beginning of period		267,393	586,999
<b>Cash / (bank indebtedness) at end of period</b>		<b>\$ 43,337</b>	<b>\$ (225,934)</b>
<b>Supplemental cash flow information</b>			
Financing expenses paid		\$ -	\$ 8,461

*The accompanying notes are an integral part of these interim financial statements.*

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)

**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Northern Sphere Mining Corp. (fka “Argentium Resources Inc.”; “Northern Sphere” or the “Company”) is incorporated under the Canada Business Corporations Act. The Company’s principal business activity is that of a mineral exploration company. The Company has not yet established whether its mineral properties contain reserves that are economically recoverable. The recovery of amounts capitalized as mineral properties on the statement of financial position is dependent upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of the properties, and upon future profitable production or alternatively, upon the Company’s ability to dispose of its interests on an advantageous basis, all of which are uncertain. The Company’s headquarter is in Toronto, Ontario, Canada.

As at March 31, 2018, the Company had not yet achieved profitable operations, has accumulated losses of \$11,629,632 (December 31, 2017 - \$13,240,318) and expects to incur future losses in the development of its business, all of which casts doubt about the Company’s ability to continue as a going concern. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The business of exploring for minerals involves a high degree of risk, as such there is no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of Northern Sphere’s interest in its mineral properties, and the Company’s continued existence, is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, as well the ability of the Company to raise additional financing to fund its exploration and development programs or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values.

Although the Company has taken steps to verify title to its mineral properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements. Management has taken currently available initiative to limits these risks.

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. The Company has neither financial resources on-hand nor current source of recurring revenue sufficient to bring these properties to production. There is also no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities.

Management will seek the necessary additional financing through a combination of the issue of new equity or debt instruments and the entering into joint venture arrangements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable to the Company. Failure to obtain such additional financing will result in the delay or indefinite postponement of further exploration and property development.

These financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)

**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

2. BASIS OF PREPARATION

**2.1 Statement of compliance**

These interim condensed financial statements are unaudited and have been prepared in accordance with IAS 34 *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These interim condensed financial statements for the three months ended March 31, 2018 and 2017 should be read together with the annual financial statements as at for the years ended December 31, 2017 and 2016. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of and as described in note 3 of the annual financial statements as at and for the years ended December 31, 2017 and 2016.

These financial statements were authorized for issuance by the Board of Directors of the Company on May 29, 2018

**2.2 Basis of presentation and functional and presentation currency**

These interim condensed financial statements have been prepared on the going concern basis, under the historical convention, except fair value through profit and loss assets which are carried at fair value and have been prepared using the accrual basis of accounting, as explained in the accounting policies, which are set out in the Company’s December 31, 2017 annual financial statements. The comparative figures presented in these interim condensed financial statements are in accordance with IFRS and have not been audited.

The interim condensed financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

**2.3 Adoption of new and revised standards and interpretations**

**3. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business.

All of the properties in which the Company currently has an interest are in the exploration stage with no operating revenues; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend 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.

There has been significant market turbulence worldwide due to the credit crisis and potential of a global recession. These market conditions have and are expected to continue to have an adverse impact on the ability of junior mining exploration companies to secure equity funding. The Company has historically relied on equity financing to raise capital and expects to be able to continue to do so, but its ability to do so may be impacted by the current global situation and economic uncertainties. Management has considered how these conditions have impacted the Company’s viability given its current capital structure and considers that until the outcome of

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)

**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**3. CAPITAL MANAGEMENT (continued)**

future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting.

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 three-month period ended March 31, 2018. The Company is not subject to externally imposed capital requirements.

**4. FINANCIAL INSTRUMENTS**

**Fair value**

As at March 31, 2018 and 2017, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments. Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

***Credit risk***

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. Northern Sphere's asset most susceptible to credit risk is its cash, which is held at a major Canadian bank. As such, the risk of loss is minimal.

***Liquidity risk***

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at March 31, 2018, the Company has a working capital deficiency of \$386,624 (December 31, 2017 – \$2,015,474). In order to meet its longer-term working capital and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged. As such, management believes that the Company will then have sufficient working capital to discharge its current and anticipated obligations for a minimum of one year. There can be no assurance that Northern Sphere will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Northern Sphere may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations therein.

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)

**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**4. FINANCIAL INSTRUMENTS (continued)**

**Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

**Interest rate risk:** The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities.

**Foreign exchange risk:** The Company is involved with one joint venture in Arizona and the Company's US subsidiary has claims in Nevada where it incurs exploration expenditures in US dollars. Management believes that the impact of foreign currency exposure to the US dollar is not significant at this time and therefore does not hedge foreign exchange risk.

**5. PROPERTY, PLANT AND EQUIPMENT**

**March 31, 2018**

<b>Equipment</b>	<b>January 1, 2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated Amortization</b>	<b>March 31, 2018</b>
Mining equipment - Arizona	\$ 135,520	\$ -	\$ -	\$ 50,820	\$ 847,000

**6. MINERAL PROPERTIES**

**March 31, 2018**

<b>Property</b>	<b>January 1, 2018</b>	<b>Additions</b>	<b>Impairment Write-off</b>	<b>March 31, 2018</b>
Arizona Properties	\$ 180,082	\$ -	\$ -	\$ 180,082
Scadding Ontario Properties	75,000	-	-	75,000
Nye County, Nevada	1	-	-	1
	<b>\$ 255,083</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 255,083</b>

**December 31, 2017**

<b>Property</b>	<b>January 1, 2017</b>	<b>Additions</b>	<b>Impairment Write-off</b>	<b>December 31, 2017</b>
Arizona Properties	\$ 180,082	\$ -	\$ -	\$ 180,082
Scadding Ontario Properties	75,000	-	-	75,000
Nye County, Nevada	1	-	-	1
	<b>\$ 255,083</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 255,083</b>

**Arizona Properties**

On July 1, 2015, the Company entered into a Joint Venture Agreement ("JV - Arizona") with TrueClaim Resources Inc. ("TrueClaim Resources"). The JV – Arizona was formed for the mining of certain Arizona Properties ("Arizona Property") of which TrueClaim Resources is the legal and beneficial owner of all mineral interests and mining rights on this Arizona Property.

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)

**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**6. MINERAL PROPERTIES** *(continued)*

The Company paid \$180,082 for an 80% JV interest in the Arizona Property and is deemed to earn an additional 10% interest in the Arizona Property on commencement of silver production and has a right to purchase the remaining 10% for \$2,000,000 or \$200,000 per 1%. This interest includes 182 claims.

Under the terms of the JV - Arizona, the Company is responsible for all costs associated with the exploration and development of the assets under the venture. These costs include maintenance costs of holding property leases such as taxes, fees and lease obligations. The Buckeye Silver Mine, which is part of the Arizona properties, is subject to a lease agreement effective July 23, 2015 under which the Company is obligated to make lease payments (see note 11).

The JV-Arizona appointed the Company as initial Operator of the recovery efforts. The Company has since hired a local Operator. On September 9, 2015, the Company engaged Silver Sevens Exploration, Inc., ("Silver Sevens") as the local Operator for the JV - Arizona project. Silver Sevens will receive a 20% profit participation in the net profits from the mining on the Black Diamond Property in Arizona. Silver Sevens will provide management and personnel necessary to mine and mill the ore and the Company will provide all funding and pay all wages and equipment necessary to profitably mine the property. Under the terms of the contract, the Company will provide Silver Sevens with an annual advance on the profit participation of \$37,500 USD until such time as commercial production is achieved (see Note 11).

In January of 2018, the Company staked an additional 50 claims in Arizona. The cost associated with staking and registering these claims were not capitalized but included in expenses for the quarter in accordance with the Company's capitalization policy as described in note 3 of the annual financial statements as at and for the years ended December 31, 2017 and 2016.

**Scadding Properties**

On November 12, 2015, the Company entered into a Joint Venture Agreement ("JV Scadding") TrueClaim Exploration Limited ("TrueClaim Exploration"). The JV – Scadding was formed for the mining of certain Scadding, Ontario Properties ("Scadding Property") of which TrueClaim Exploration is the legal and beneficial owner of all mineral interests and mining rights. The JV – Scadding stipulates the Company shall control all recovery operations on the Scadding Property for the benefit of TrueClaim Exploration and the Company.

In 2016, the Company paid \$75,000 for an 80% JV interest in the Scadding Property. The Company is deemed to earn an additional 10% interest in the JV - Scadding on commencement of gold production and has a right to purchase the remaining 10% for \$2,000,000 or \$200,000 per 1%. Under the terms of the JV – Scadding, the Company is appointed as initial Operator of the recovery efforts.

**Nye County, Nevada**

The Company has 12 claims registered in Nye County, Nevada that it does not have immediate plans to develop. Although the Company will continue to pay annual taxes on the land claims of approximately \$2,500 and will continue to assess the opportunities for future development, management has determined the fairest presentation for its statements was to write down the asset value to \$1.

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)

**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**7. TRADE AND OTHER PAYABLES**

Trade payable and accrued liabilities are comprised of the following:

The following comprises trade and other payables:

	<u>As at,</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Trade payables and accrued liabilities not included in the following categories:	<b>\$ 129,195</b>	\$ 176,887
Director fees	<b>90,687</b>	90,687
Management and consulting fees payable to related parties	<b>199,226</b>	78,790
Professional fees	<b>45,803</b>	20,000
Consultants	<b>11,300</b>	20,983
	<b>\$ 476,211</b>	\$ 387,347

Management and consulting fees payable includes a one-time settlement payable to the former Chair of the Board of Directors of the Company who resigned as of March 31, 2018. (See related party disclosure in note 9)

Trade payables as of December 31, 2017 include amounts of \$89,700 for certain taxes thought to be payable. These amounts were reassessed and reversed in the quarter ended March 31, 2018.

**8. WRITE OFF OF DEBT AND ACCRUED PAYABLES**

In 2013, the Company received a refundable deposit of \$50,000 relating to an anticipated transaction relating to claims at Sill Lake. The amount was disputed between the parties. The Company has not received a claim and the claim has expired. The amount was reversed as of March 31, 2018.

In 2010, the Company issued a non-interest-bearing debenture payable with the face amount of \$1,901,300. The amount was disputed between the parties and property held as security offered to the debenture holder. The amount was never settled and has since expired. The amount was reversed as of March 31, 2018.

In 2014, the Company set up accruals in the amount of \$89,700 for certain taxes thought to be payable. These amounts were reassessed and reversed as a gain in the quarter ended March 31, 2018 as they have not become payable.

**9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Key management include the Board Members, the Executive Chairman, the Chief Executive Officer, and the Chief Financial Officer.

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)

**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)**

**Expenses**

<b>Three months ended March 31,</b>	<b>2018</b>	2017
Related party management and consulting fees	\$ 128,161	\$ 245,000
Other-non-key management fees	30,000	22,500
Management, director fees per Statement of Comprehensive Gain / (Loss)	\$ 158,161	\$ 267,500
Related party share-based compensation – value attributed to options	\$ -	\$ 157,533
Other non-key management share-based compensation – value attributed to options	-	37,067
	\$ -	\$ 194,600

**Payables and accruals**

<b>As at</b>	<b>March 31, 2018</b>	December 31, 2017
Director fees	\$ 90,687	\$ 90,687
Management and consulting fees	199,223	78,790
	\$ 289,910	\$ 169,477

From January 4, 2017 – March 31, 2018 Park Place Limited (“Park Place”) received management and consulting fees for services normally associated with the position of Executive Chairman of a junior mining company and in accordance with an agreement between Park Place and the Company, Park Place elected Sheldon Inwentash to Executive Chairman of the Board of Directors. Park Place is a company controlled by the Sheldon Inwentash. Park Place was paid a monthly retainer of \$10,000 for these services beginning mid-February 2017. In addition, Park Place was also paid \$200,000 on March 30, 2017 in relation to Capital Market Advisory services and introductions to strategic and financial partners in relation to the financial raise in the quarter. The Company has also accrued \$80,000 on March 31, 2018 in accordance with the settlement agreement with Park Place.

As at March 31, 2018, there were fees outstanding and payable to Park Place of \$90,400 (December 31, 2017: \$22,600).

The President/Chief Executive Officer is paid a monthly retainer of \$12,500 a month. At March 31, 2018 \$63,625 is owed to the Chief Executive Officer. The Chief Financial Officer of the Company is paid on an hourly basis for her services to the Company. At March 31, 2018 \$23,161 is owed to the Chief Financial Officer.

A director of the Company has been engaged as a management consultant to the Company and was paid a monthly retainer of \$3,500. The Company has continued to accrue these fees since October 2017 but has not settled them with payment as they are in dispute. In the first quarter of 2018, \$10,500 is included in expenses and \$21,000 remains in payables. at March 31, 2017.

**Stock options**

No common share purchase options were issued in the first quarter ended March 31, 2018. Of the 525,000 options issued on January 12, 2017, 425,000 were issued to members of the Company’s board and 50,000 were to the VP Exploration. These options were valued at fair value using the Black Sholes method of valuation at \$157,533.



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**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**10. CAPITAL STOCK**

**(a) Authorized**

An unlimited number of common shares (“Common Shares”).

**(b) Issued**

28,679,007 shares outstanding as at March 31, 2018 (December 31, 2017 – 28,627,395).

**Stock Based Payment**

In July 2017, the Company entered into an online marketing agreement with AGORA Internet Relations Corp. (“Agora”) pursuant to which Agora has agreed to provide marketing, advertising and related services to the Corporation in consideration for the payment of \$40,000, to be paid by the issuance of Common Shares. The fee is payable in five instalments of \$8,000 each (each, an “Installment”), with the first Installment paid on commencement of the term on July 15, 2017, and the subsequent Installments to become payable at the end of each three-month period thereafter. The price of the Common Shares to be issued as payment for each Installment is the closing price of the Common Shares as at the end of each Installment period.

The third Installment on January 15, 2018 consisted of 51,612 Common Shares. See Note 11 Commitments and Note 13 Subsequent Events for details regarding later installments.

**(c) Warrants**

No warrants were issued in the quarter ended March 31, 2018.

In the first quarter of 2017, 20,000 warrants were exercised. The Company received \$5,000 in cash in exchange for 20,000 Common Shares and \$4,765 of the warrant reserve was transferred to the Company’s capital stock account.

The following table provides information about warrants issued and outstanding at March 31, 2018 and December 31, 2017:

Description	Expiry Date	Exercise Price (\$)	No. of Warrants Outstanding	Fair Value
Broker Warrant	May 12, 2020	0.50	38,150	\$6,600
Subscriber Warrants	April 10, 2019	0.60	2,887,500	493,000
Subscriber Warrants	April 18, 2019	0.60	1,016,250	187,000
Subscriber Warrants	April 25, 2019	0.60	37,500	5,900
Advisory Warrants	April 18, 2018	0.25	80,000	19,635
Subscriber Warrants	December 16, 2019	0.25	3,745,000	250,400
Broker Warrants	December 16, 2019	0.25	71,600	14,000
Subscriber Warrants	December 23, 2019	0.25	1,500,000	100,300
Broker Warrants	December 23, 2019	0.25	80,000	22,500
			<b>9,456,000</b>	<b>\$ 1,099,335</b>

**Northern Sphere Mining Corp.**  
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**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**10. CAPITAL STOCK (continued)**

**(d) Stock Options**

Effective June 22, 2012, a stock option plan was approved by the Shareholders of the Company. Under the terms of this plan the Company may issue up to 10% of its outstanding Common Shares.

No options granted in the quarter ended March 31, 2018. For the comparative quarter ended March 31, 2017, the Company issued 525,000 Common Shares purchase options at a strike price of \$0.60 and an expiry date of January 12, 2020 of which 425,000 were issued to members of its board, and the remaining 100,000 were issued to a consultant and an advisor. All options vest at the date of issuance. The fair value of the options issued was estimated to be \$194,600 on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the options, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 3 years; expected volatility 100%; expected dividend yield 0%; risk free rates 0.73%; forfeiture rate 0%; exercise price \$0.60.

Stock option transactions and the number of stock options outstanding are as follows:

	Year of expiry	Weighted Average Exercise Price	Number of Options	Value assigned to Options
<b>Outstanding at January 1, 2017</b>		<b>\$ 0.48</b>	<b>947,500</b>	<b>\$ 583,514</b>
Reclass excess reserve from prior years <sup>1</sup>		-		(449,322)
Expired March 17, 2017	2017	10.80	(22,500)	(3,052)
Expired March 29, 2017 <sup>2</sup>	2019	0.22	(75,000)	(10,175)
Issued January 12, 2017	2020	0.60	525,000	194,600
Issued May 23, 2017	2022	0.50	1,350,000	293,700
<b>Exercisable as at December 31, 2017</b>		<b>\$ 0.44</b>	<b>2,725,000</b>	<b>\$ 609,265</b>
No changes during the current quarter				
<b>Exercisable as at March 31, 2018</b>		<b>\$ 0.44</b>	<b>2,725,000</b>	<b>\$ 609,265</b>

<sup>1</sup>: Reserves from prior years were not reclassified to capital stock as the related options were expired. These reserved were reclassified in January of 2017.

<sup>2</sup>: Certain options issued in April 2016 to the Chair of the Board of Directors were subject to an accelerated expiry as a result of his resignation from the Board on December 29, 2016. These shares expired on March 29, 2017.

Under the terms of the plan Northern Sphere may issue up to 10% of the total current issued Common Shares or 2,867,901 options or up to 142,900 additional options as of March 31, 2018.

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**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**10. CAPITAL STOCK (continued)**

**(d) Stock Options (continued)**

The following table provides information about stock options expired during the quarter ended March 31, 2017:

No. of Options Expired	Exercise price	Expiry Date	Value transferred from Reserve to Capital account
22,500	10.80	March 17, 2017	\$3,052
75,000 <sup>1</sup>	0.22	March 29, 2017	\$10,175

<sup>1</sup>: Certain options issued in April 2016 to the Chair of the Board of Directors were subject to an accelerated expiry as a result of his resignation from the Board on December 29, 2016. These shares expired on March 29, 2017.

**11. COMMITMENTS AND CONTINGENCIES**

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

As of March 31, 2018, the Company has 232 land claims in Arizona (December 31, 2017: 182). The Company is responsible for annual land claim fees to the Bureau of Land Management in the USA in the amount of US\$35,960 due in September each year (2017: US\$28,210) in order to keep these claims in good standing.

Under the terms of the local operator's agreement with Silver Sevens for the development of the Arizona properties (see Note 6), the Company has an obligation to pay each August 30<sup>th</sup>, an annual payment of \$37,500 USD until such time as commercial production is achieved. These payments are considered as advance royalty payments under the terms of the local operator's agreement. As there is no way to determine how long this pre-commercial production stage will last, the Company has expensed these payments to date through the statement of profit/loss and is not in a position to outline the commitments for the forthcoming years.

Pursuant to a lease agreement dated October 2014 and assumed by the Company on July 15, 2015 (amended June 14, 2017), the Company has the right to approximately 15.49 acres of land located in Gila County, Arizona (The Buckeye Silver Mine) including the exclusive right to explore, develop and mine the property. The term of the agreement is for three seven-year terms and include annual lease payments on July 23<sup>rd</sup> in the following amounts to 2028 and to be negotiated by the parties thereafter:

2018	US\$	30,000	2023	US\$	55,000
2019	US\$	35,000	2024	US\$	60,000
2020	US\$	40,000	2025	US\$	65,000
2021	US\$	45,000	2026	US\$	70,000
2022	US\$	50,000	2027	US\$	70,000
			2028	US\$	70,000

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**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**12. SEGMENTED INFORMATION**

Operating segments are defined as components of an entity that engages in business activities from which it may earn revenues and incur expenses, about which separate financial information is available and that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company is engaged in the exploration of mine land claims and the Company's significant operating segments consist of three distinct geographic areas: Nevada and Arizona in the United States of America ("USA") and Scadding, Ontario in Canada.

Information concerning Northern Sphere's reportable segments is as follows:

<b>Three months ended March 31,</b>	<b>2018</b>	<b>2017</b>
<b>Interest income</b>	<b>\$ 792</b>	<b>\$ -</b>
Arizona	<b>(153,645)</b>	(261,181)
Scadding	<b>(46,639)</b>	(20,733)
	<b>\$ (200,284)</b>	<b>\$ (281,914)</b>
Corporate expenses	<b>(229,536)</b>	(855,868)
Gain on forgiveness of debt and foreign exchange	<b>2,039,714</b>	77
<b>Total expenses</b>	<b>\$ 1,609,894</b>	<b>\$ (855,791)</b>
<b>Comprehensive gain / (loss)</b>	<b>\$ 1,610,686</b>	<b>\$ (855,791)</b>

<b>As at March 31, 2018</b>	<b>Cash</b>	<b>Capital Assets</b>	<b>Mineral Properties</b>	<b>Other Assets</b>	<b>Identifiable assets</b>
Nevada	\$ -	\$ -	\$ 1	\$ -	\$ 1
Arizona	-	84,700	180,082	-	264,782
Scadding	-	-	75,000	-	75,000
	<b>\$ -</b>	<b>\$ 84,700</b>	<b>\$ 255,083</b>	<b>\$ -</b>	<b>\$ 339,783</b>
Corporate	43,335	-	-	46,252	89,587
<b>Total</b>	<b>\$ 43,335</b>	<b>\$ 84,700</b>	<b>\$ 255,083</b>	<b>\$ 46,252</b>	<b>\$ 673,121</b>

<b>As at December 31, 2017</b>	<b>Cash</b>	<b>Capital Assets</b>	<b>Mineral Properties</b>	<b>Other Assets</b>	<b>Identifiable assets</b>
Nevada	\$ -	\$ -	\$ 1	\$ -	\$ 1
Arizona	-	94,864	180,082	-	274,946
Scadding	-	-	75,000	-	75,000
	<b>\$ -</b>	<b>\$ 94,864</b>	<b>\$ 255,083</b>	<b>\$ -</b>	<b>\$ 349,947</b>
Corporate	267,393	-	-	55,781	323,174
<b>Total</b>	<b>\$ 267,393</b>	<b>\$ 94,864</b>	<b>\$ 255,083</b>	<b>\$ 55,781</b>	<b>\$ 673,121</b>

**Northern Sphere Mining Corp.**  
(an Exploration Stage Company)

**Notes to Unaudited Interim Condensed Financial Statements**  
**Three Months Ended March 31, 2018 and 2017**

**13. SUBSEQUENT EVENTS**

**Agora marketing agreement**

On July 17, 2017, the Company entered into an online marketing agreement with AGORA Internet Relations Corp. (“Agora”) for marketing, advertising and related services to the Company. The Company committed to a fee of \$40,000 payable in common shares of the Company in five installments of \$8,000 each. Shares issued for each installment are calculated at the closing price of the Common Shares on the date which such installment becomes payable. On April 15, 2018, the fourth installment was paid by the issuance of 160,000 Common Shares of the Company at a price of \$0.05 per share for an aggregate price of \$8,000. See also Commitment and Contingencies (Note 11).

**Board resignations**

On April 2, 2018, the Company announced the resignations of Sheldon Inwentash and Gerry Feldman from the Board of Directors. In settlement of the termination of the contract with Park Place Limited, pursuant to which the Company engaged Park Place Limited as an independent consultant with services delivered by Sheldon Inwentash, the Company will pay to Park Place Limited an amount of \$80,000 plus HST representing all outstanding fees owing by the Company to Park Place Limited in lieu of notice. The Company has provided Park Place Limited a promissory note in a principle amount of \$80,000 with interest at 8% per annum payable in full on March 31, 2019 conditional on various events.

On May 10, 2018, the Company announced the appointment of two new Board of Directors, Kelly Malcolm and Roger Gross and the resignation of Denis Laviolette from the Board of Directors.

**Private Placement**

On May 25, 2018, the Company announced it proposes to raise up to \$500,000 through a non-brokered private placement of up to 5,000,000 units (“Units”) of the Company at a price of \$0.10 per Unit.

Each Unit will be comprised of one common share (“Common Share”) of the Company and one Common Share purchase warrant (a “Warrant”). Each Warrant will be exercisable to acquire one Common Share (a “Warrant Share”) for a period of eighteen months following the date of closing at an exercise price of \$0.20 per Warrant Share, subject to adjustments in certain events. The Warrants will be subject to an acceleration clause such that, if the closing price of the Common Shares is equal to or greater than \$0.25 per share for a period of 10 consecutive trading days, the Company shall have the option, but not the obligation, to effect for an accelerated expiration date that shall be 20 calendar days from the issuance of a notice of acceleration.

## SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

**NORTHERN SPHERE MINING CORP.**  
**Management's Discussion and Analysis**  
**Period Ended March 31, 2018**  
**Dated May 29, 2018** (Form 51-102F1)

This management's discussion and analysis ("MD&A") of the financial condition and results of operation of Northern Sphere Mining Corp. ("Northern Sphere" or the "Company") should be read in conjunction with Northern Sphere's unaudited interim condensed financial statements ("Interim Statements") and notes thereto as at and for the three months ended March 31, 2018 and 2017 and the annual financial statements as at and for the years ended December 31, 2017 and 2016. The same accounting policies and methods of computation were followed in the preparation of the interim financial statements as were followed in the preparation and described in Note 3 of the annual financial statements as at and for the years ended December 31, 2017 and 2016, except as otherwise indicated in section 1.10 below.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's website located at [www.northernsphere.com](http://www.northernsphere.com).

### **Caution Regarding Forward-Looking Information:**

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's anticipated investment activities and results and financing activities, the Company's future working capital requirements, the impact of changes in accounting policies and other factors on the Company's operating results, and the performance of global capital markets and interest rates, the exposure of its financial instruments to various risks and its ability to manage those risks, and the Company's ability to use tax resource pools and loss carry-forwards.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to the Company's ability to realize sufficient proceeds from the disposition of the investments (which will be based upon market conditions beyond the Company's control) or otherwise raise capital in order to fund obligations as they become due, the Company's ability to generate taxable income from operations and other risks included elsewhere in this MD&A and in the Company's other public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at [www.sedar.com](http://www.sedar.com).

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

### **Nature of the Business**

Northern Sphere is dedicated to growth through the acquisition and development of mining assets, with an emphasis on near gold, silver and copper. The Company intends on generating robust mining projects through the use of cutting-edge exploration technologies to assist with more precise mineral targeting on its assets. Headquartered in Toronto, Ontario, Northern Sphere Mining has a strong project pipeline of properties with a focus on gold, silver and other metal production in pro-mining jurisdictions.

The Company is a reporting issuer in the Provinces of Ontario, British Columbia and Alberta, and its common shares (“Common Shares”) trade on the Canadian Stock Exchange (“CSE”) under the symbol NSM.

### **Going concern uncertainty**

The Company has incurred expenses in the three months ended March 31, 2018 of \$429,820 (three months ended March 31, 2017 - \$855,868). During the same period, the Company recognized a one-time non-cash gain on the write-off of a note payable and a debenture payable for a total of \$1,951,300 (three months ended March 31, 2017: nil), a gain on write-off of accrued payables of \$89,700 (three months ended March 31, 2017: nil) partially offset by a loss on foreign exchange of \$1,286 (three months ended March 31, 2017: a gain of \$77). The net result for the three months ended March 31, 2018 is a gain of \$1,610,686 (three months ended March 31, 2017: a loss of \$855,791). The Company has an accumulated deficit of \$11,629,632 (December 31, 2017 – \$13,240,318).

The Company is a junior mineral exploration company and is subject to risks and challenges similar to other companies in a comparable stage.

The business of exploring for minerals involves a high degree of risk, as such there is no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of Northern Sphere’s interest in its mineral properties, and the Company's continued existence, is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, as well the ability of the Company to raise additional financing to fund its exploration and development programs or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values.

Although the Company has taken steps to verify title to its mineral properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements. Management has taken currently available initiative to limit these risks.

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. The Company has neither financial resources on-hand nor current source of recurring revenue sufficient to bring these properties to production. There is also no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities.

Management will seek the necessary additional financing through a combination of the issue of new equity or debt instruments and the entering into joint venture arrangements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable to the Company. Failure to obtain such additional financing will result in the delay or indefinite postponement of further exploration and property development. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

These challenges and the continued cumulative operating losses cast significant doubt on the Company's ability to continue as a going concern. The financial statements for the three months ended March 31, 2018 and 2017 do not include any adjustments relating to the recoverability and classification of recorded assets amounts nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern. Such adjustments can be material.

## **1.1 Summary of Activities**

The Company's management continues to explore options to increase shareholder value including exploiting the Company's properties in Arizona and Scadding, Ontario or acquiring additional assets that would be complementary to its property portfolio.

The Company's management has spent the last year moving forward with exploration on these two mining properties while it has closed significant equity financing transactions.

- In early 2017, the Company elected Mr. Sheldon Inwentash, former Chairman and founder of Pinetree Capital Corp., to the board of directors and as Executive Chairman from January 2017 to his resignation effective March 31, 2018.
- Also in 2017, Monique Delorme, CPA, CA, a seasoned finance executive was appointed as the Company's CFO, and Steve Gray, P Geo, joined the management team as Vice President.
- In the first half of 2017, the Company granted to its directors, officers and consultants an aggregate 1,875,000 incentive stock options ("Option(s)") under the Company's stock option plan.
- In April 2017, the Company completed a non-brokered private placement financing raising gross proceeds of \$3,153,000 (net \$2,399,152) through the issuance and sale of 7,882,500 units at a price of \$0.40 per Unit.
- In May, 2017, the Company completed a Flow-Through Private Placement and issued 545,000 Flow-Through Common Shares ("Flow-Through Shares") for gross proceeds of \$272,500 (net \$226,775)

The gross proceeds received by the Company from the sale of the Flow-Through Shares have been used to incur "Canadian exploration expenses" that are "flow-through mining expenditures" (as such terms are defined in the Income Tax Act (Canada)) on the Company's properties in Scadding, Ontario which were renounced to the subscribers with an effective date of December 31, 2017, in the aggregate amount of the total amount of the gross proceeds raised from the issue of Flow-Through Shares.

- In June 2017, the Company engaged two drilling companies, Godbe Drilling LLC. of Colorado and Wolf Mountain Diamond Drilling Inc. of Sudbury, Ontario to commence an exploratory drilling program on the Buckeye mine site, a section of the Company's Arizona property claims and a second program on the Company's Scadding, Ontario property. Drilling commenced in July in Arizona and in August in Scadding. To date, the programs have completed 6 holes in Scadding, Ontario and 14 holes in Arizona, 13 of which have intercepted the vein.
- In the final quarter of 2017, the Company focused on mineral discovery using new exploration techniques including remote sensing tools, high resolution hyper-spectral imaging and 3D magnetic re-inversion methods to re-interpret and model three-dimensional geophysical data on a district scale at both its Canadian and Arizona properties. The results of this activity have identified multiple new mineral targets which the Company will assess in 2018.



- In February 2018, the Company staked 50 additional claims on property adjoining its Black Diamond property in Arizona to cover the combined hyperspectral and soil anomalies highlighted under its new Geochemical Survey program.
- On April 2, 2018, the Company announced the resignations of Sheldon Inwentash and Gerry Feldman from the Board of Directors. In settlement of the termination of the contract with Park Place Limited, pursuant to which the Company engaged Park Place Limited as an independent consultant with services delivered by Sheldon Inwentash, the Company will pay to Park Place Limited an amount of \$80,000 plus HST representing all outstanding fees owing by the Company to Park Place Limited in lieu of notice. The Company has provided Park Place Limited a promissory note in a principle amount of \$80,000 with interest at 8% per annum payable in full on March 31, 2019 conditional on various events.
- On May 10, 2018, the Company announced the appointment of two new Board of Directors, Kelly Malcolm and Roger Gross and the resignation of Denis Laviolette from the Board of Directors.

### **Mineral properties:**

Certain of the Company's mineral properties were acquired through joint agreements where the Company is eligible for 80% of the net profit distribution ("NPD"). The Company earns an additional 10% of the NPD upon commercial production and has the right to acquire an additional 10% of the NPD for \$2 million. The agreements require the Company to incur expenditures in varying amounts at varying dates. Failure by the Company to raise additional financing and to make such cash payments or incur such expenditures can result in a loss of the Company's interests.

### **Arizona Properties**

The Arizona project has made significant strides through 2017 and into 2018 with the Buckeye mine patents receiving the bulk of the Company's exploration resources. The Company has completed its first drilling program in 2017. The program has completed 14 holes in Arizona, 13 of which have intercepted the vein. Further, the Company continues progress on its Geochemical Survey being conducted on its Black Diamond property and has identified multiple new mineral targets. As discussed above, the Company further staked 50 claims adjoining its Black Diamond property in February of 2018.

### **Scadding Claims**

In the third quarter of 2017, the Company commenced diamond drilling on its Scadding Gold Project located near Sudbury, Ontario. The program has completed 6 holes.

### **Nye County, Nevada Claims**

The claims are currently in good standing and the Company continues to assess the opportunities for future development but is not actively developing this project at this time.

## **1.2 Overall Position**

As a result of a successful financing programs in 2017, the Company attracted \$3,430,500 of financing from investors for net proceeds of \$3,324,735. This additional capital allowed the Company to make significant progress on its planned development of the mining assets in Arizona and Scadding during 2017 however, in order to continue its exploration activities in 2018, the Company will have to raise additional financing to fund its exploration and development programs or alternatively rely upon the Company's ability to dispose of its interests on an advantageous basis.

The Company has neither financial resources on-hand nor current source of recurring revenue sufficient to complete its exploration activities nor to bring its current properties to production. There is also no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities.

### **1.3 Summary of Quarterly Results**

The Company's selected quarterly results for the eight most recently completed interim financial periods are as follows:

	<b>Quarter ended 31-Mar-18</b>	<b>Quarter ended 31-Dec-17</b>	<b>Quarter ended 30-Sept-17</b>	<b>Quarter ended 30-June-17</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	792	1,505	1,989	Nil
Expenses	(429,820)	(459,384)	(1,338,624)	(1,341,442)
Net income / (loss)	1,610,686	(457,879)	(1,336,635)	(1,341,442)
Weighted ave. no shares – basic	28,679,007	28,627,395	28,532,593	27,191,726
Net income / (loss) per share – basic	0.056	(0.016)	(0.047)	(0.049)
Total assets	429,370	673,121	1,137,155	2,375,318
Current Liabilities	(476,211)	(2,338,647)	(2,348,272)	(2,259,108)
Long-term debt	Nil	Nil	Nil	Nil
Dividends per share	Nil	Nil	Nil	Nil
	<b>Quarter ended 31-Mar-17</b>	<b>Quarter ended 31-Dec-16</b>	<b>Quarter ended 30-Sept-16</b>	<b>Quarter ended 30-June-16</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
		(1)		
Revenue	Nil	Nil	Nil	Nil
Expenses	(855,791)	(2,297,742)	(349,868)	(529,516)
Net income / (loss)	(855,791)	(2,297,742)	(349,868)	(529,516)
Weighted ave. no shares - basic	20,075,450	15,158,497	14,397,698	12,356,950
Net income / (loss) per share - basic	(0.043)	(0.152)	(0.024)	(0.043)
Total assets	440,154	883,690	1,870,539	1,988,573
Current Liabilities	(2,594,629)	(2,381,974)	(2,419,384)	(2,174,070)
Long-term debt	Nil	Nil	Nil	Nil
Dividends per share	Nil	Nil	Nil	Nil

The Company's expenses fluctuate primarily quarter over quarter primarily due to the amount of acquisition or exploration activities in the quarter, which is dependent on the amount of funding available to support these activities. Further in the quarter ended March 31, 2018, the Company wrote off certain debt and accrued payables of \$2,041,000 resulting in a net gain in the quarter. In the quarter ended December 31, 2016, the Company wrote off certain mineral assets increasing the Company's net loss for that quarter. Both of these transactions were non-cash transactions. As a result of its equity financing activities, the Company's outstanding Common Shares has grown from 9.5 million in January 1, 2016 to over 28 million as of March 31, 2018.

### **1.4 Liquidity and Capital Resources**

As at March 31, 2018, the Company had cash in the amount of \$43,335 (December 31, 2017 – 267,393) and current liabilities of \$476,211 (December 31, 2017 – 2,338,647). As at March 31, 2018, the Company has a working capital deficiency of \$386,624 (December 31, 2017 – \$2,015,474). The primary reason for the significant decline in the

deficiency in the first quarter of 2018 is the write-off of the debenture of \$1,901,300 in short term liabilities, a note payable of \$50,000 and \$89,700 in accrued payables. Until such time as the Company begins to generate revenue, the Company will continue to face liquidity risk and will be dependent on raising capital to fund its activities.

The Company’s contractual obligations include the following:

**Exploration activities**

The Company’s exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

**Costs associated with Joint Venture Scadding**

As part of its Joint Venture agreement with TrueClaim Exploration (“JV Scadding”), the Company is responsible to pay all costs of holding the Scadding, Ontario property and land claims during the term of the JV agreement. These costs include annual land taxes of approximately \$27,500, annual lease rents of \$2,000 and required capital spending of approximately \$250,000 annually to remain in good standing with the Ontario Ministry. The JV Agreement does not stipulate a termination date and therefore the Company will continue to pay for and expense these costs through the statement of comprehensive loss in the year they are incurred or until the Company moves into a production phase.

**Silver Sevens operator’s agreement**

Under the terms of the local operator’s agreement with Silver Sevens for the development of the Arizona properties (see Note 6 of the Company’s Interim Statements), the Company has an obligation to pay each August 30th, an annual payment of \$37,500 USD until such time as commercial production is achieved. These payments are considered as advance Royalty payments under the terms of the local operator’s agreement. As there is no way to determine how long this pre-commercial production stage will last, the Company has expensed these payments to date through the statement of comprehensive loss.

**Buckeye lease agreement**

Pursuant to a lease agreement dated October 2014 and assumed by the Company on July 15, 2015 (amended June 14, 2017), the Company has the right to approximately 15.49 acres of land located in Gila County, Arizona (The Buckeye Silver Mine) including the exclusive right to explore, develop and mine the property. The term of the agreement is for three seven-year terms and include annual lease payments on July 23rd in the following amounts to 2028 and to be negotiated by the parties thereafter:

2018	US\$	30,000	2023	US\$	55,000
2019	US\$	35,000	2024	US\$	60,000
2020	US\$	40,000	2025	US\$	65,000
2021	US\$	45,000	2026	US\$	70,000
2022	US\$	50,000	2027	US\$	70,000
			2028	US\$	70,000

### **Agora marketing agreement**

On July 15, 2017, the Company entered into an online marketing agreement with AGORA Internet Relations Corp. (“Agora”) for marketing, advertising and related services to the Company. The Company committed to a fee of \$40,000 payable in common shares of the Company in five installments of \$8,000 each. Shares issued for each installment are calculated at the closing price of the Common Shares on the date which such installment becomes payable.

<b>Payment Dates</b>	<b>Value of commitment</b>	<b>No. common shares to be issued</b>
January 15, 2018	<b>\$8,000</b>	51,612
April 15, 2018	<b>\$8,000</b>	160,000
August 30, 2018	<b>\$8,000</b>	tbd

Common shares issued pursuant to the agreement with Agora are subject to a four-month hold period from the date of issuance.

### **Mining services agreement**

A mining services firm related to one on the Company’s directors was engaged in the normal course of business to provide exploration services to the Arizona exploration program. A contract was signed by the parties in September 2017 with \$25,000 due upon signing and an additional \$25,000 due upon completion of the work. As of the date of this filing, the work was not yet completed and as such, the final payment is not yet accrued or paid.

## **1.5 Related Party Transactions**

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Key management include the Board Members, the Executive Chairman, the Chief Executive Officer, and the Chief Financial Officer.

### **Expenses**

<b>Three months ended March 31,</b>	<b>2018</b>	<b>2017</b>
Related party management and consulting fees	<b>\$ 128,161</b>	\$ 245,000
Other-non-key management fees	<b>30,000</b>	22,500
Management, director fees per Statement of Comprehensive Gain / (Loss)	<b>\$ 158,161</b>	\$ 267,500
Related party share-based compensation – value attributed to options	\$ -	\$ 157,533
Other non-key management share-based compensation – value attributed to options	-	37,067
	<b>\$ -</b>	<b>\$ 194,600</b>

## **Payables and accruals**

<b>As at</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Director fees	\$ 90,687	\$ 90,687
Management and consulting fees	199,223	78,790
	<b>\$ 289,910</b>	<b>\$ 169,477</b>

From January 4, 2017 – March 31, 2018 Park Place Limited (“Park Place”) received management and consulting fees for services normally associated with the position of Executive Chairman of a junior mining company and in accordance with an agreement between Park Place and the Company, Park Place elected Sheldon Inwentash to Executive Chairman of the Board of Directors. Park Place is a company controlled by the Sheldon Inwentash. Park Place was paid a monthly retainer of \$10,000 for these services beginning mid-February 2017. In addition, Park Place was also paid \$200,000 on March 30, 2017 in relation to Capital Market Advisory services and introductions to strategic and financial partners in relation to the financial raise in the quarter. The Company has also accrued \$80,000 on March 31, 2018 in accordance with the settlement agreement with Park Place.

As at March 31, 2018, there were fees outstanding and payable to Park Place of \$90,400 (December 31, 2017: \$22,600).

The President/Chief Executive Officer is paid a monthly retainer of \$12,500 a month. At March 31, 2018 \$63,625 is owed to the Chief Executive Officer. The Chief Financial Officer of the Company is paid on an hourly basis for her services to the Company. At March 31, 2018 \$23,161 is owed to the Chief Financial Officer.

A director of the Company has been engaged as a management consultant to the Company and was paid a monthly retainer of \$3,500. The Company has continued to accrue these fees since October 2017 but has not settled them with payment as they are in dispute. In the first quarter of 2018, \$10,500 is included in expenses and \$21,000 remains in payables. at March 31, 2017.

### **Stock options**

No common share purchase options were issued in the first quarter ended March 31, 2018. Of the 525,000 options issued on January 12, 2017, 425,000 were issued to members of the Company’s board and 50,000 were to the VP Exploration. These options were valued at fair value using the Black Sholes method of valuation at \$157,533.

### **1.6 Off-Balance Sheet Arrangements**

As of the date of this report, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

### **1.7 Recent Events**

#### **Agora marketing agreement**

On July 17, 2017, the Company entered into an online marketing agreement with AGORA Internet Relations Corp. (“Agora”) for marketing, advertising and related services to the Company. The Company committed to a fee of \$40,000 payable in common shares of the Company in five installments of \$8,000 each. Shares issued for each installment are calculated at the closing price of the Common Shares on the date which such installment becomes payable. On April 15, 2018, the fourth installment was paid by the issuance of 160,000 Common Shares of the Company at a price of \$0.05 per share for an aggregate price of \$8,000.

#### **Board resignations**

On April 2, 2018, the Company announced the resignations of Sheldon Inwentash and Gerry Feldman from the Board of Directors. In settlement of the termination of the contract with Park Place Limited, pursuant to which the Company engaged Park Place Limited as an independent consultant with services delivered by Sheldon Inwentash, the Company will pay to Park Place Limited an amount of \$80,000 plus HST representing all outstanding fees owing by the

Company to Park Place Limited in lieu of notice. The Company has provided Park Place Limited a promissory note in a principle amount of \$80,000 with interest at 8% per annum payable in full on March 31, 2019 conditional on various events.

On May 10, 2018, the Company announced the appointment of two new Board of Directors, Kelly Malcolm and Roger Gross and the resignation of Denis Laviolette from the Board of Directors.

### **Private Placement**

On May 25, 2018, the Company announced it proposes to raise up to \$500,000 through a non-brokered private placement of up to 5,000,000 units ("Units") of the Company at a price of \$0.10 per Unit.

Each Unit will be comprised of one common share ("Common Share") of the Company and one Common Share purchase warrant (a "Warrant"). Each Warrant will be exercisable to acquire one Common Share (a "Warrant Share") for a period of eighteen months following the date of closing at an exercise price of \$0.20 per Warrant Share, subject to adjustments in certain events. The Warrants will be subject to an acceleration clause such that, if the closing price of the Common Shares is equal to or greater than \$0.25 per share for a period of 10 consecutive trading days, the Company shall have the option, but not the obligation, to effect for an accelerated expiration date that shall be 20 calendar days from the issuance of a notice of acceleration.

### **1.9 Critical Accounting Estimates and Judgements**

The preparation of the financial statements in conformity with IFRS 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting estimates used in the preparation of the Company's financial statements include the Company's estimate of recoverable fair value on exploration and evaluation assets, the Company's estimate of inputs for the calculation of the fair value of stock-based compensation expense and the Company's own warrants and broker warrants.

#### **Estimate of recoverable fair value on exploration and evaluation assets**

The costs of acquiring interests in exploration and evaluation assets are carried at cost until they are brought into production. The Company's recorded value of exploration assets is based on historical costs that it expects to be recoverable in the future. The Company operates in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, political, ownership, funding, and currency risks, as well as environmental risk and overall economic conditions. All of these factors are potentially subject to significant change, out of the Company's control, and such changes are not determinable. Additionally, failure to conduct additional work on the Company's exploration properties may result in their loss. Accordingly, there is always the potential for a material adjustment to the value assigned to exploration assets.

At each reporting period, the Company's management reviews the status of all of its exploration properties, taking into account all of the factors noted above, in order to make an estimate of the recoverable value of each property. When management believes that the value of a property has been impaired, the Company will write down the value of the property to management's estimate of its recoverable value. As well, if the Company determines that an exploration project is not viable due to the risks described above or to unsatisfactory testing or drill results, the Company

will write-off the carrying value of the property. During the three months ended March 31, 2018 and 2017, the Company had no impairment on its exploration and evaluation assets.

### **Stock-based Compensation Expense**

The Company uses the Black-Scholes option pricing model to calculate stock-based compensation expense and the fair value of the warrants and broker warrants issued under the Company's private placements. The model requires six key inputs: exercise price, market price at date of issue, risk free interest rate, expected dividend yield, expected life and expected volatility. The first two inputs are facts rather than estimates, while the risk-free interest rate, expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the option, lower volatility number or higher dividend yield used would result in a decrease in stock-based compensation expense. A longer expected life of the option or a higher volatility number used would result in an increase in stock-based compensation expense. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

All of the Company's stock options currently vest at the date of issuance.

The Company did not issue stock options during the quarter ended March 31, 2018.

During 2017, the Company granted 525,000 stock options exercisable at \$0.60 per share expiring on January 22, 2020 and 1,350,000 stock options exercisable at \$0.50 per share expiring on May 23, 2022.

The fair value of the options granted was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

<b>Black-Scholes option valuation model assumptions used (weighted average)</b>	<b>January 12, 2017</b>	<b>May 23, 2017</b>
Expected volatility	100%	100%
Expected dividend yield	0%	0%
Risk-free interest rate	0.73%	0.76%
Expected option life in years	3 years	5 years
Expected forfeiture rate	0%	0%
Fair value per stock option granted	\$ 0.3706	\$ 0.2175
<b>Total Fair value per stock option granted</b>	<b>\$ 194,600</b>	<b>\$ 293,700</b>

The expected volatility is based on the average historical volatility over the life of the option at the Company's share price. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years represents the period of time that options granted are expected to be outstanding based on historical options granted.

## Stock-based Warrants

No stock based warrants were issued during the quarter ended March 31, 2018.

In the first quarter of 2017, 20,000 purchase warrants were exercised at a price of \$0.25 per warrant for total of \$5,000.

In April 2017, the Company closed a private placement whereby it issued 7,882,500 Units at \$0.40 per Unit, with each Unit comprising one Common Share and one-half of one Common Share purchase warrant. In total, 3,941,250 warrants were issued.

On May 12, 2017, the Company completed a Flow-Through Private Placement and issued 545,000 common shares for proceeds of \$272,500. In connection with the issue, the Company paid \$19,075 in fees and issued 38,150 broker warrants. Each broker warrant is exchangeable for one common share of the Company at a price of \$0.50 for a period of twenty-four (24) months following the date of the issue of the related shares.

The fair value of the warrants granted during 2017 was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

<b>Black-Scholes warrant valuation model assumptions used (weighted average)</b>	<b>April, 2017</b>	<b>May 12, 2017</b>
Expected volatility	100%	100%
Expected dividend yield	0%	0%
Risk-free interest rate	0.78-0.83%	0.75%
Expected warrant life in years	2 years	2 years
Expected forfeiture rate	0%	0%
Fair value per warrant granted	\$ 0.1740	\$ 0.1740
<b>Total Fair value per warrants granted</b>	<b>\$ 685,900</b>	<b>\$ 6,600</b>

### 1.10 Changes in Accounting Policies including Initial Adoption

#### **Basis of Preparation**

All references to the Company's financial statements relate to those statements which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable at the time of filing. Any significant changes as a result of changes to IFRS or application of IFRS have been disclosed herein. All monetary references expressed in this MD&A are references to Canadian dollar amounts ("\$\$") which is the functional and presentation currency of the Company.

The financial statements are prepared on the historical cost basis except historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value

#### **Mineral Properties**

Exploration and evaluation activities (IFRS 6)

All direct expenditures related to the acquisition continue to be capitalized, while exploration and evaluation costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property will be capitalized. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base. All initial acquisition costs relating to the properties are capitalized with regular impairment analysis conducted to assess the viability of each property.

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition,



construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

## **Investments**

Financial instruments at fair value through profit or loss ("FVTPL") are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in the income statement. Where the Company has the positive intent and ability to hold reclamation bonds to maturity, they are stated at amortized cost less impairment losses.

Other financial instruments held by the Company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized directly under other comprehensive income, except for impairment losses. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss. The fair value of financial instruments classified as FVTPL and available-for-sale is their quoted bid price at the balance sheet date.

Financial instruments classified as FVTPL or available-for-sale investments are recognized or derecognized by the Company on the date it commits to purchase or sell the investments respectively. Securities held-to-maturity are recognized or derecognized on the day they are transferred to or by the Company respectively.

Impairment losses for the different financial assets and liabilities are recognized as follows:

*FVTPL:* An impairment loss on a financial asset or financial liability classified as held for trading is recognized in net income in the period in which it arises.

*Available-for-sale financial assets:* When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is transferred to profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

*Held-to-maturity securities:* The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). An impairment loss is recognized in net income and through the amortization process. *Effective interest method:* The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognized on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

The Company's financial instruments measured at fair value on the balance sheet consist of cash, reclamation bonds, accounts payable and accrued liabilities, restoration liabilities and promissory notes payable. Cash is measured at level 1 of the fair value hierarchy. The Company does not have any financial instruments at level 2 or 3 of the fair value hierarchy. The three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

### **Debenture payable and Other Borrowings**

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

### **Provisions**

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### **Trade and Other Payables**

Trade and other payables are stated at cost.

### **Share-based Compensation**

Directors and officers of the Company will sometimes receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

### **Equity settled transactions**

The costs of equity-settled transactions with employees or suppliers are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees/vendors become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

### **Income / (Loss) Per Share**

The basic income / (loss) per share is computed by dividing the net income / (loss) by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the year ended December 31, 2017 and 2016 all the outstanding stock options and warrants were anti-dilutive.

### **Balance Sheet**

Assets and liabilities expected to be realized in, or intended for sale or consumption in, the entity’s normal operating cycle, usually equal to 12 months, are recorded as current assets or liabilities.

### **Statement of Cash Flows**

The Company prepares its statement of cash flows using the indirect method.

### **1.11 Additional Disclosure for Venture Issuers Without Significant Revenue**

Additional disclosure concerning the Company’s: (a) capitalized or expensed exploration and development costs; (b) expensed research and development costs; (c) deferred development costs; (d) general and administrative expenses; and (e) any material costs, deferred or expenses, not already referred to in (a) through (d), is provided in the Company’s Statement of Comprehensive Income (Loss) contained in its audited Financial Statements for the years ended December 31, 2017 and 2016, which can be accessed on SEDAR under the Company’s profile page at [www.sedar.com](http://www.sedar.com).

### **Disclosure of Outstanding Share Data**

The Company’s authorized share capital consists of unlimited common shares without par value.

Issued and outstanding: December 31, 2017 – 28,627,395;

Issued and outstanding: May 29, 2018 – 28,839,007

Warrants outstanding: December 31, 2017 – 9,456,000

Warrants outstanding: May 29, 2018 – 9,456,000

Options outstanding: December 31, 2017 – 2,725,000

Options outstanding: May 29, 2018– 2,725,000

### **Dividend Policy**

No dividends have been paid on any shares of the Corporation since the date of its incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

### **Litigation**

There is no litigation pending, nor does management have knowledge of any potential litigation.

### **Funding Requirements**

In order to move forward with its exploration activities, the Corporation may require additional funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

### **Reliance on Management**

The Corporation anticipates that it will be heavily reliant upon the experience and expertise of management with respect to the further development of the mineral properties. The loss of any one of their services or their inability to devote the time required to effectively manage the affairs of the Corporation could materially adversely affect the Corporation.

### **Auditors, Transfer Agent and Registrar**

The auditors of the Corporation are Parker Simone LLP, Chartered Professional Accountants of Mississauga, Ontario. The Transfer Agent and Registrar for the Common Shares of the Corporation is Computershare of Vancouver, British Columbia