Northern Sphere Mining Corp.

(an Exploration Stage Company)

Unaudited Interim Condensed Financial Statements

Three and nine months ended September 30, 2018 and 2017

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Unaudited Interim Condensed
Statements of Financial Position

	Notes	As at September 30, 2018	As at December 31, 2017
Assets			
Current Assets			
Cash		**$ 2,508**	$ 267,393
HST recoverable		**10,657**	32,332
Prepaid expenses		**11,909**	23,448
		$ 25,074	$ 323,173
Property, plant and equipment	**5**	**64,372**	94,864
Mineral **assets**	**6**	**255,085**	255,083
		$ 344,531	$ 673,121
Liabilities			
Current Liabilities			
Trade and other payables	**7**	**$ 426,093**	$ 387,347
Demand promissory note payable	**8**	**-**	50,000
Debenture payable	**8**	**-**	1,901,300
		$ 426,093	$ 2,338,647
Equity (deficiency)			
Capital Stock	**9,10**	**$ 10,522,082**	$ 9,836,441
Share payment reserve	**10**	**318,105**	609,265
Warrant reserve	**10**	**1,118,296**	1,099,335
Contributed Surplus		**37,750**	37,750
Deficit		**(12,077,795)**	(13,240,318)
		$ (81,562)	$ (1,665,526)
		$ 344,531	$ 673,121

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)

	Notes	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Revenue					
Interest income		**$ -**	$ 1,989	**$ 792**	$ 1,989
Expenses					
Management and director fees	**9**	**$ (25,328)**	$ (132,704)	**$ (261,734)**	$ (573,549)
General and administrative		**(59,624)**	(47,577)	**(232,456)**	(134,452)
Stock based compensation	**10(d)**	**-**	-	**-**	(488,300)
Professional fees		**(29,460)**	(3,483)	**(66,128)**	(137,061)
Consulting fees		**-**	-	**-**	(9,282)
Exploration and evaluation expenditures	**6**	**(94,807)**	(1,144,673)	**(418,294)**	(2,167,736)
Total expenses		**$ (209,219)**	$ (1,328,437)	**$ (978,612)**	$ (3,510,380)
Gain on write-off of debt	**8**	**101,087**	-	**2,142,087**	-
Gain (loss) on foreign exchange		**1,420**	(10,187)	**(1,744)**	(25,478)
Net and comprehensive gain (loss) for the period		**$ (106,712)**	$ (1,336,635)	**$ 1,162,523**	$ (3,533,869)
Gain / (loss) per share – basic and fully diluted		**$ (0.004)**	$ (0.047)	**$ 0.040**	$ (0.140)
Weighted average number of shares outstanding – basic and fully diluted		**29,362,000**	28,532,593	**28,950,471**	25,299,561

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

		Capital Stock		Reserves				
	Notes	Number of shares (1)	Amount	Share based payments	Warrants	Contributed surplus	Accumulated deficit	Total
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)**	-	-	488,300	-	-	-	488,300
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
Private placements in the period	**10(b)**	8,427,500	2,625,927		692,500	-	-	3,318,427
Share based consulting fee	**10(b)**	32,000	8,000	-	-	-	-	8,000
Net loss and comprehensive loss for the period		-	-	-	-	-	(3,533,868)	(3,533,868)
Balance at September 30, 2017		28,538,506	$ 9,820,441	$ 609,265	$ 1,099,335	$ 37,750	$ (12,777,908)	$ (1,211,117)
Balance at January 1, 2018		**28,627,395**	**$ 9,828,441**	**$ 609,265**	**$ 1,099,335**	**$ 37,750**	**$ (13,240,318)**	**$ (1,665,527)**
Private placements in the period	**10(b)**	1,175,000	33,250	-	38,500	-	-	71,750
Debt conversion in the period		4,171,151	333,692	-	-	-	-	333,692
Share based consulting fee	**10(b)**	211,612	16,000	-	-	-	-	16,000
Options expired in the period	**10(d)**	-	291,160	(291,160)	-	-	-	-
Warrants exercised in the period	**10(c)**	-	19,539	-	(19,539)	-	-	-
Net gain and comprehensive gain for the period		-	-	-	-	-	1,162,523	1,162,523
Balance at September 30, 2018		**34,185,158**	**$ 10,522,082**	**$ 318,105**	**$ 1,118,296**	**$ 37,750**	**$ (12,077,795)**	**$ (81,562)**

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	Nine months ended September 30, 2018	2017
Operating activities			
Net gain / (loss)		**$ 1,162,523**	$ (3,533,869)
Items not affecting cash			
Depreciation	**5**	**30,492**	30,492
Expenses settled in stock		**333,691**	-
Stock based payments to suppliers		**16,000**	8,000
Stock based compensation value assigned	**10(d)**	**-**	488,300
		$ 1,542,706	$ (3,007,077)
Net change in non-cash working capital items:			
Prepaid expense		**11,540**	(31,544)
HST recoverable		**21,675**	(50,443)
Trade and other payables (incl. write-off of $2,142,087 in 2018)	**7**	**(1,912,554)**	(33,702)
Cash flow used in operating activities		**$ (336,633)**	$ (3,122,766)
Investing activities			
Acquisition of property, plant and equipment	**5**		(135,520)
Acquisition of mineral interests and mining rights	**6**	**(2)**	-
Financing activities			
Cash flows from financing activities (net of issue costs)	**10**	**71,750**	3,324,735
Increase / (decrease) in cash		**$ (264,885)**	$ 66,449
Cash at beginning of period		**267,393**	586,999
Cash at end of period		**$ 2,508**	$ 653,448
Supplemental cash flow information			
Financing expenses paid		**$ 22,250**	$ 105,756

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Sphere Mining Corp. ("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 the properties where it holds mineral interests and mining rights (the "Properties" or "Property") contain reserves that are economically recoverable. The recovery of amounts capitalized as mineral interests and mining rights 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 September 30, 2018, the Company had not yet achieved profitable operations, has accumulated losses of $12,077,795 (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 mineral 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.

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 and nine months ended September 30, 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 November 28, 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.

3. CAPITAL MANAGEMENT (continued)

There has been significant market turbulence and recent downturn worldwide due in part to nervous investors and rising in interest rates that could impact valuations and projected earnings. 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 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 September 30, 2018. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS

Fair value

As at September 30, 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 September 30, 2018, the Company has a working capital deficiency of $401,017 (December 31, 2017 – $2,015,474). In order to meet its longer-term working capital and 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.

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 holds claims in Nevada where it incurs maintenance fees and 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

September 30, 2018

Equipment	January 1, 2018	Additions	Disposals	Accumulated Amortization	September 30, 2018
Mining equipment - Arizona	$ 135,520	$ -	$ -	$ 71,148	$ 64,372

6. MINERAL ASSETS

September 30, 2018

MINERAL INTERESTS AND MINING RIGHTS	January 1, 2018	Additions	Impairment Write-off	September 30, 2018
Arizona Properties	$ 180,082	$ 1	$ -	$ 180,083
Scadding Ontario Properties	75,000	1	-	75,001
Nye County, Nevada	1	-	-	1
	$ 255,083	**$ 2**	**$ -**	**$ 255,085**

December 31, 2017

MINERAL INTERESTS AND MINING RIGHTS	January 1, 2017	Additions	Impairment Write-off	December 31, 2017
Arizona Properties	$ 180,082	$ -	$ -	$ 180,082
Scadding Ontario Properties	75,000	-	-	75,000
Nye County, Nevada	1	-	-	1
	$ 255,083	$ -	$ -	$ 255,083

Arizona

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 mineral interests and mining rights of certain Arizona properties ("Arizona Property") of which TrueClaim Resources is the beneficial owner of all mineral interests and mining rights on this Arizona Property.

6. MINERAL ASSETS (continued)

In July 2015, the Company paid $180,082 for an 80% JV interest in the Arizona Property and in September 2018, the Company paid a nominal fee for the remaining 20% of the JV interest. The interest in the Arizona Property includes mineral interest and mining rights of 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 joint venture. These costs include maintenance costs of holding property leases such as taxes, fees and claim 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 the Operator of the development efforts. 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 Silver Mine 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 Arizona Property. Under the terms of the contract, the Company will provide Silver Sevens with an annual advance on the profit participation of US$37,500 until such time as commercial production is achieved (see Note 11).

In January of 2018, the Company staked an additional 50 mineral and mining 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

On November 12, 2015, the Company entered into a Joint Venture Agreement ("JV-Scadding") with TrueClaim Exploration Limited ("TrueClaim Exploration"). The JV–Scadding was formed for the mining of certain Scadding, Ontario mineral interests and mining rights ("Scadding Property") of which TrueClaim Exploration is the 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. Under the terms of the JV–Scadding, the Company is appointed as Operator of the development efforts.

In 2016, the Company paid $75,000 for an 80% JV interest in the Scadding Property and in September 2018, the Company paid a nominal fee for the remaining 20% of the JV interest.

Nye County, Nevada

The Company has mineral interest and mining rights to 12 claims registered in Nye County, Nevada that it does not have immediate plans to develop.

7. TRADE AND OTHER PAYABLES

Trade payable and accrued liabilities are comprised of the following:

The following comprises trade and other payables:

	As at,	
	September 30, 2018	December 31, 2017
Trade payables and accrued liabilities not included in the following categories (Note 8)	**$ 330,338**	$ 176,887
Director fees (Note 8)	**-**	90,687
Management and consulting fees payable to related parties	**94,625**	78,790
Professional fees	**1,130**	20,000
Consultants	**-**	20,983
	$ 426,093	$ 387,347
Demand promissory note payable (Note 8)	**-**	50,000
Debenture payable (Note 8)	**-**	1,901,300
	$ 426,093	$ 2,338,647

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.

In 2015-2016, the Company accrued fees for its directors at a rate of $4,000/quarter per director. As of December 31, 2017, $90,687 of these fees remained accrued. These amounts were reassessed and reversed as a gain in the quarter ended September 30, 2018.

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.

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

Expenses

	Three month ended September 30		**Nine month ended September 30**	
	2018	2017	**2018**	2017
Related party management and consulting fees	**$ 25,328**	$ 112,704	**$ 231,734**	$ 493,549
Other-non key management fees	**-**	20,000	**30,000**	80,000
Management, director fees per Statement of Comprehensive Gain / (Loss)	**$ 25,328**	$ 132,704	**$ 261,734**	$ 573,549
Share based compensation – value attributed to options issued to related parties	**$ -**	$ -	**$ -**	$ 396,833
Related party fee included in exploration and evaluation fees within the Statement of Comprehensive Gain / (Loss)	**$ -**	$ 25,000	**$ -**	$ -
Debt conversion				
Management and consulting fees payable to related parties and converted to shares	**$ 130,807**	$ -	**$ 130,807**	$ -
- No of shares	**1,635,089**	-	**1,635,089**	-
Cancelation of accruals				
Cancelation of previously accrued director fees to a current director	**$ 34,000**	$ -	**$ 34,000**	$ -

Payables and accruals

As at	**September 30,2018**	December 31, 2017
Director fees	**$ -**	$ 90,687
Management and consulting fees	**95,197**	78,790
	$ 95,197	$ 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 the Board of Directors of a junior mining company. 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 accrued $80,000 on March 31, 2018 in accordance with the settlement agreement with Park Place who resigned as of March 31, 2018. On September 21, 2018, Park Place agreed settle these amounts payable via a debt conversion agreement and in exchange received 1,000,000 common shares of the Company ("Common Shares"). As at September 30, 2018, there were no fees outstanding and payable to Park Place (December 31, 2017: $22,600).

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

The President/Chief Executive Officer is paid a monthly retainer of $12,500 a month. At September 30, 2018 $58,296 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 September 30, 2018 $36,901 is outstanding and payable to the Chief Financial Officer.

To assist with bridging the Company until it is successful in its efforts to arrange additional financing, certain officers, along with certain creditors agreed to convert all or a portion of amounts due to them into Common Shares (see Section 10). The Company converted $130,807 relating to amounts due to the Chief Executive Officer and the Chief Financial Officer into 1,635,089 Common Shares.

On September 1, 2018 the Company entered into an agreement with Caravel Mining Inc. (“Caravel”), a company controlled by one of the Company’s directors, pursuant to which Caravel has agreed to provide certain strategic and advisory services to the Corporation in consideration for the payment of $100,000, payable in cash or by the issuance of Common Shares. An initial fee of $65,000, inclusive of applicable taxes, is payable in Common Shares in November 2018 or at the Company’s next equity financing. A monthly fee of $5,000 will be payable upon receipt in cash or accrued and paid in Company Shares at least quarterly. The price of the Common Shares to be issued as payment for these monthly fees is the price of the Common Shares being issued in conjunction with a private placement issue as then issued.

A former director of the Company had been engaged as a management consultant to the Company and was paid a monthly retainer of $3,500 from September 2015 to September 2017. The Company accrue these fees from October 2017 to March 2018 but was disputing their validity. A review of these fees at September 30, 2018, resulted in the reversal of the charges.

In 2015-2016, the Company accrued fees for its directors at a rate of $4,000/quarter per director. These amounts were reassessed and reversed as a gain in the quarter ended September 30, 2018. Of the amount reversed, $34,000 relates to a current director.

Stock options

In March and May of 2018, three directors resigned from the Company’s board of directors. As such, stock options previously issued to these directors expired 90 days after their termination dates as per the Company’s option policy, 1,000,000 options expired in June and 200,000 options expired in August 2018.

10. CAPITAL STOCK

(a) Authorized

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

(b) Issued

34,185,158 shares outstanding as at September 30, 2018 (December 31, 2017 – 28,627,395).

10. CAPITAL STOCK (continued)

(b) Issued (continued)

Private Placement
In September 2018, the Company completed a non-brokered private placement through the issuance of 1,175,000 ("Units") at a price of $0.08 per unit, with each unit consisting of one Common Shares and one common share purchase warrant ("Subscriber Warrant") for aggregate gross proceeds of $94,000. Each Warrant will be exercisable to acquire one Common Share (a "Warrant Share") for a period of three years following the date of closing at an exercise price of $0.12 per Warrant Share. In connection with this transaction, the Company paid $22,500 in legal fees.

In April 2017, the Company completed a non-brokered private placement through the issuance of 7,882,500 units ("Units") at a price of $0.40 per unit, with each unit consisting of one Common Shares and one-half of one common share purchase warrant ("Warrant") for aggregate gross proceeds of $3,153,000. Each Warrant will be exercisable to acquire one Common Share (a "Warrant Share") for a period of two years following the date of closing at an exercise price of $0.60 per Warrant Share. In connection with this transaction, the Company paid $37,980 in finders' fees, and $29,968 in legal fees.

Debt Conversion
On September 21, 2018, the Company announced the closing of a debt conversion of $333,692 owing to certain officers and creditors. The debt conversion consisted of the issuance of 4,171,151 Common Shares at a conversion price of $0.08 per share of which 1,635,089 were issued in exchange for $130,807 relating to amounts due to the Chief Executive Officer and the Chief Financial Officer.

Common Shares issued on the conversion of outstanding debt, will be subject to a four-month hold period from the date of closing.

Flow-Through Private Placement
On May 12, 2017, the Company completed a flow-through common shares private placement and issued 545,000 flow-through common shares ("Flow-Through Shares") at $0.50 per share, for gross proceeds of $272,500. In connection with the issue, the Company paid $19,125 in finders' fees and issued 38,150 broker warrants. (see Warrants below).

The gross proceeds received by the Company from the sale of the Flow-Through Shares will be 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 mineral interest and mining rights in Scadding, Ontario which will be renounced to the subscribers with an effective date no later than December 31, 2017, in the aggregate amount of not less than the total amount of the gross proceeds raised from the issue of Flow-Through Shares.

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.

10. CAPITAL STOCK (continued)

(b) Issued (continued)

The third and fourth installments in the nine months ended September 30, 2018, consisted of 51,612 and 160,000 Common Shares respectively. The fifth and final installment was due August 30, 2018. The Company has negotiated an extension for issuing the final shares and has recorded an $8,000 accrual which is included in accounts payable at September 30, 2018.

The first Installment was made in the nine months ended September 30, 2017 and consisted of 32,000 Common Shares. The price per security for the first Installment was $0.25 based on the closing price of $0.25 on the last trading day immediately before the payment became due and payable.

(c) Warrants

Warrants Issued
In September 2018, in connection with the private placement discussed above, the Company issued 1,175,000 (“Units”) at a price of $0.08 per unit, with each unit consisting of one Common Shares and one common share purchase warrant (“Subscriber Warrant”). In total, 1,175,000 Subscriber Warrants were issued. The fair value of the Subscriber Warrants was estimated to be $38,500 on the date of grant using the Black-Scholes pricing model. In determining the fair value of the Subscriber Warrants, 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 2.235%; forfeiture rate 0%; exercise price $0.12.

In April 2017, the Company issued 3,941,250 Subscriber Warrants with a fair value estimated at $685,900 on the day of closing and in conjunction with a private placement.

The following table provides information about warrants issued and outstanding at September 30, 2018:

Description	Expiry Date	Exercise Price ($)	No. of Warrants Outstanding	Fair Value
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
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
Broker Warrant	May 12, 2020	0.50	38,150	$6,600
Subscriber Warrants	September 21, 2021	0.12	1,175,000	38,500
			10,551,000	**$ 1,118,296**

10. CAPITAL STOCK (continued)

(d) Stock Options

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

Nine months ended September 30, 2018
No options were granted in the quarter ended September 30, 2018.

Nine months ended September 30, 2017
On January 12, 2017, the Company issued 525,000 stock options at an exercise 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.

On May 23, 2017, the Company issued 1,350,000 stock options at an exercise price of $0.50 and an expiry date of May 23, 2022 of which 1,100,000 were issued to members of its board and key management. All options vest at the date of issuance. The fair value of the options issued was estimated to be $293,700 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 5 years; expected volatility 100%; expected dividend yield 0%; risk free rates 0.76%; forfeiture rate 0%; exercise price $0.50. Due to the resignation of two directors in March 2018, as described in the related party section above, one million of these stock options expired in June 2018.

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
Outstanding at January 1, 2017		**$ 0.48**	**947,500**	**$ 583,514**
Reclass excess reserve from prior years [1]		**-**		**(449,322)**
Expired March 17, 2017	**2017**	**10.80**	**(22,500)**	**(3,052)**
Expired March 29, 2017 [2]	**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**

10. CAPITAL STOCK (continued)

(d) Stock Options (continued)

Exercisable as at December 31, 2017		**$ 0.44**	**2,725,000**	**$ 609,265**
Expired June 2018[3]	**2020**	**0.60**	**(200,000)**	**(74,142)**
Expired June 2018[3]	**2022**	**0.50**	**(800,000)**	**(174,042)**
Expired August 2018[3]	**2019**	**0.22**	**(100,000)**	**(13,566)**
Expired August 2018[3]	**2020**	**0.60**	**(50,000)**	**(18,593)**
Expired August 2018[3]	**2022**	**0.50**	**(50,000)**	**(10,817)**
Exercisable as at September 30, 2018		**$ 0.44**	**1,725,000**	**$ 318,105**

[1]: Reserves from prior years were not reclassed to capital stock as the related options were expired. These reserved were reclassed in January of 2017.
[2]: 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 options expired on March 29, 2017.
[3]: Certain options issued in 2016 & 2017 to Directors were subject to an accelerated expiry as a result of their resignations from the Board in March and May 2018. These options expired in June & August 2018.

Under the terms of the 2012 Stock Option Plan the Company may issue up to 10% of the total current issued Common Shares equating to a total of 3,418,515 as of September 30, 2018. The Company has allocated 1,725,000 options as of September 30, 2018 and may issue up to 1,893,515 additional options.

The following table provides information about stock options expired during the quarter ended September 30, 2018:

No. of Options Expired	Exercise price	Expiry Date	Value transferred from Reserve to Capital account
200,000[1]	**$ 0.40**	**June 11, 2018**	**$ 74,142**
800,000[1]	**$ 0.50**	**June 29, 2018**	**$ 174,042**
100,000[2]	**$ 0.22**	**April 19, 2019**	**$ 13,566**
50,000[2]	**$ 0.60**	**January 12, 2020**	**$ 18,593**
50,000[2]	**$ 0.50**	**May 23, 2022**	**$ 10,878**

[1]: Options issued in January and May 2017 to the Chair of the Board of Directors and Chair of the Audit Committee were subject to an accelerated expiry as a result of their resignations from the Board in March 2018. These options expired in June 2018.
[2]: Options issued in 2016 and 2017 to a director were subject to an accelerated expiry as a result of their resignation from the Board in May 2018. These options expired in August 2018

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.

Arizona Land Claims
As of September 30, 2018, the Company has interest in 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.

Silver Sevens Operating Agreement
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 30th, an annual payment of US$37,500 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.

Buckeye Mine 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

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.

12. SEGMENTED INFORMATION (continued)

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

	Three months ended September 30		Nine months ended September 30	
	2018	2017	**2018**	2017
Arizona	**$ (113,118)**	$ (981,379)	**$ (314,235)**	$ (1,923,371)
Nevada	**(10,000)**	(2,352)	**(10,000)**	(2,352)
Scadding	**28,311**	(160,942)	**(94,059)**	(242,013)
Exploration and evaluation expenditures	**$ (94,807)**	$ (1,144,673)	**$ (418,294)**	$ (2,167,736)
Corporate	**(112,992)**	(191,962)	**(561,270)**	(1,365,534)
Gain on write-off of debt	**101,087**	-	**2,142,087**	-
Comprehensive gain /(loss)	**$ (106,712)**	$ (1,336,635)	**$ 1,162,523**	$ (3,533,270)

As at September 30, 2018	**Cash**	**Capital Assets**	**Mineral Assets**	**Other Assets**	**Identifiable assets**
Nevada	**$ -**	**$ -**	**$ 1**	**$ -**	**$ 1**
Arizona	**-**	**64,372**	**180,083**	**-**	**244,456**
Scadding	**-**	**-**	**75,001**	**-**	**75,001**
	$ -	**$ 64,372**	**$ 255,085**	**$ -**	**$ 319,457**
Corporate	**2,508**	**-**	**-**	**22,566**	**25,075**
Total	**$ 2,508**	**$ 64,372**	**$ 255,085**	**$ 22,566**	**$ 344,531**

As at December 31, 2017	**Cash**	**Capital Assets**	**Mineral Assets**	**Other Assets**	**Identifiable assets**
Nevada	**$ -**	**$ -**	**$ 1**	**$ -**	**$ 1**
Arizona	**-**	**94,864**	**180,082**	**-**	**274,946**
Scadding	**-**	**-**	**75,000**	**-**	**75,000**
	$ -	**$ 94,864**	**$ 255,083**	**$ -**	**$ 349,947**
Corporate	**267,393**	**-**	**-**	**55,781**	**323,174**
Total	**$ 267,393**	**$ 94,864**	**$ 255,083**	**$ 5,781**	**$ 673,121**

13. SUBSEQUENT EVENTS

Consulting Agreement
Effective October 1, 2018 the Company entered into an agreement with Caravel Mining Inc. ("Caravel"), a company controlled by one of the Company's directors, pursuant to which Caravel has agreed to provide certain strategic and advisory services to the Corporation in consideration for the payment of $100,000, payable in cash or by the issuance of Common Shares. An initial fee of $65,000, inclusive of applicable taxes, is payable in Common Shares in November 2018 or at the Company's next equity financing. A monthly fee of $5,000 will be payable upon receipt in cash or accrued and paid in Company Shares at least quarterly. The price of the Common Shares to be issued as payment for these monthly fees is the price of the Common Shares being issued in conjunction with a private placement issue as then issued.

Marketing Agreement
Effective December 1, 2018, the Company entered into a renewal 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 plus applicable taxes (each, an "Installment"), with the first Installment paid on commencement of the term on December 1, 2018, 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.