Northern Sphere Mining Corp.

(an Exploration Stage Company)

Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

Three months ended
March 31, 2017 and 2016

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Unaudited Interim Condensed
Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	As at March 31, 2017	As at December 31, 2016
Assets			
Current Assets			
Cash		**$ -**	$ 586,999
HST recoverable		**50,604**	37,498
Prepaid expenses		**9,111**	4,110
		$ 59,715	$ 628,607
Property, plant and equipment	**5**	**125,356**	-
Mineral Properties	**6**	**255,083**	255,083
		$ 440,154	$ 883,690
Liabilities			
Current Liabilities			
Bank indebtedness		**$ 225,934**	$ -
Trade and other payables	**7**	**417,395**	430,674
Demand promissory note payable	**8**	**50,000**	50,000
Debenture payable	**8**	**1,901,300**	1,901,300
		$ 2,594,629	$ 2,381,974
Equity (deficiency)			
Capital Stock	**9,10**	**$ 7,185,206**	$ 6,712,892
Share payment reserve		**315,565**	583,514
Warrant reserve		**406,835**	411,600
Contributed Surplus		**37,750**	37,750
Deficit		**(10,099,831)**	(9,244,040)
		$ (2,154,475)	$ (1,498,284)
		$ 440,154	$ 883,690
Nature of Operations and Going Concern	**1**		
Commitments and Contingencies	**11**		

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 Loss

(Expressed in Canadian Dollars)

	Notes	Three month period ended March 31, 2017	2016
Expenses			
Management and director fees	**7**	**$ 267,500**	$ 34,000
General and administrative		**34,725**	25,424
Stock based compensation	**10(d)**	**194,600**	-
Professional fees		**73,154**	20,673
Consulting fees		**3,975**	21,000
Exploration and evaluation expenditures	**9**	**281,914**	96,908
Gain on forgiveness and write-off of debt		**-**	(184)
Gain on foreign exchange		**(77)**	(2,723)
Net loss and comprehensive loss for the period		**$ 855,791**	$ 195,098
Loss per share - basic and diluted		**$ 0.043**	$ 0.019
Weighted average number of shares outstanding – basic and fully diluted		**20,075,450**	10,333,544

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
(Expressed in Canadian Dollars)

	Notes	Capital Stock		Reserves				
		Number of shares [1]	Amount	Share based payments	Warrants	Contributed surplus	Accumulated deficit	Total
Balance at January 1, 2016		9,879,698	$ 4,977,471	$ 452,314	-	$ 37,750	$ (5,871,816)	$ (404,281)
Private Placement March 3, 2016		1,475,000	286,539	-	-	-	-	286,539
Net loss and comprehensive loss for the period		-	-	-	-	-	(195,098)	(195,098)
Balance at March 31, 2016		11,354,698	$ 5,264,010	$ 452,314	-	$ 37,750	$ (6,066,914)	$ (312,840)
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)**

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
(Expressed in Canadian Dollars)

	Notes	Three month period ended March 31, 2017	2016
Operating activities			
Net loss		**$ (855,791)**	$ (195,098)
Items not affecting cash			
Depreciation	**5**	**10,164**	-
Stock based compensation	**10(d)**	**194,600**	-
Net change in non-cash working capital items:			
Prepaid expense		**(5,000)**	(10,000)
HST recoverable		**(13,107)**	(18,318)
Deposits from investors		**-**	(10,000)
Trade and other payables		**(13,279)**	53,300
Cash flow used in operating activities		**$ (682,413)**	$ (180,116)
Investing activities			
Acquisition of property, plant and equipment	**5**	**$ (135,520)**	$ -
Expenditures on mineral properties	**6**	**$ -**	$ (57,500)
Financing activities			
Cash flows from financing activities (net of issue costs)		**$ 5,000**	286,539
(Decrease) increase in cash		**$ (812,933)**	$ 48,923
Cash / (bank indebtedness) at beginning of period		**586,999**	(4,312)
Cash / (bank indebtedness) at end of period		**$ (225,934)**	$ 44,611
Supplemental cash flow information			
Financing expenses paid		**$ -**	$ 8,461

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

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 registered office is 1010 – 69 Yonge Street, Toronto, Ontario, M5E 1K3.

As at March 31, 2017, the Company had a working capital deficiency of $2,534,913 (December 31, 2016 - $1,753,367), had not yet achieved profitable operations, has accumulated losses of $10,099,831 (December 31, 2016 - $9,244,040) 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 plans to secure the necessary financing through a combination of the issue of new equity or debt instruments and the entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

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

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, 2017 and 2016 should be read together with the annual financial statements as at for for the years ened December 31, 2016 and 2015. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the prepareation of and as described in note 3 of the annual financial statements as at and for the year ended December 31, 2016 and 2015 except as described below.

These financial statements were authorized for issuance by the Board of Directors of the Company on May 30, 2017

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, 2016 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

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company continues to monitor and assess the impact of this standard.

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 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, 2017. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS

Fair value

As at March 31, 2017 and 2016, 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.

4. FINANCIAL INSTRUMENTS (continued)

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, 2017, the Company had a working capital deficiency of $2,534,913 (December 31, 2016 - $1,753,367). 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.

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, 2017

Equipment	January 1, 2017	Additions	Disposals	Accumunated Amortization	March 31, 2017
Mining equipment - Arizona	$ -	$ 135,520	$ -	$ 10,164	$ 125,356

The Company had no equipment in 2016.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES

March 31, 2017

Property	January 1, 2017	Additions	Impairment Write-off	March 31, 2017
Nye County, Nevada	$ 1	$ -	$ -	$ 1
Arizona Properties	180,082	-	-	180,082
Scadding Ontario Properties	75,000	-	-	75,000
	$ 255,083	$ -	$ -	**$ 255,083**

December 31, 2016

Property	January 1, 2016	Additions	Impairment Write-off	December 31, 2016
Nye County, Nevada	$ 1,599,863	-	$ (1,599,862)	$ 1
Arizona Properties	180,082	-	-	180,082
Scadding Ontario Properties	17,500	57,500	-	75,000
	$ 1,797,445	**$ 57,500**	**$ (1,599,862)**	**$ 255,083**

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. An impairment loss of $1,599,862 was taken to through the statement of comprehensive loss for the year ended December 31, 2016.

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.

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%.

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 11).

The JV-Arizona appointed the Company as initial Operator of the recovery efforts. The Company has since hired a local Operator (See Silver Sevens below for details).

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES *(continued)*

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).

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.

7. TRADE AND OTHER PAYABLES

Trade payable and accrued liabilities are comprised of the following:

The following comprises trade and other payables:

	As at,	
	March 31, 2017	December 31, 2016
Trade payables and accrued liabilities not included in the following categories:	**$ 190,628**	$ 179,311
Director and management fees	**135,115**	125,309
Consultants	**19,533**	72,870
Professional fees	**79,119**	53,184
	$ 417,395	$ 430,674

The usual credit period taken for trade purchases is between 30 to 90 days. Due to Northern Sphere's ability to raise capital over this past 6 month and negotiate settlements or conversions to capital with certain of its creditors, the terms of trade has been improved significantly over prior year such that only 35% of these liabilities remain outstanding for over 90 days (March 31, 2016: 55%).

(Expressed in Canadian Dollars)

8. DEMAND PROMISSORY NOTE AND DEBENTURE PAYABLE

Sill Lake

In 2013, the Company received a refundable deposit of $50,000 relating to an anticipated transaction relating to claims at Sill Lake. The deposit converted into a demand promissory note later that same year and was due on June 30, 2014. The amount has not been settled as of March 31, 2017.

The Company is indebted to (“RXE”) by way of a non-interest bearing debenture payable with the face amount of $1,901,300. As of March 31, 2017, the Company continues to be indebted to RXE and as the amount is due on demand, the debenture has been presented as current liability at face value.

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 Chairman, the President/Chief Executive Officer, the Chief Financial Officer, and any Board Member earning more than $50,000 in consulting fees.

Expenses

Three months ended March 31,		**2017**		2016
Director fees	**$**	**-**	$	4,000
Management and consulting fees		**257,500**		51,000
Share based compensation – value attributed to options		**157,533**		-
	$	**415,033**	$	55,000

Payables and accruals

As at		**March 31,2017**		December 31, 2016
Director fees	**$**	**91,398**	$	90,687
Management and consulting fees		**44,428**		91,122
	$	**135,115**	$	181,809

On January 4, 2017, the Company engaged Park Place Limited (“Park Place”) to provide management and consulting fees for services normally associated with the position of Executive Chairman of a junior mining company and in accordance with this agreement the Company elected Sheldon Inwentash to Executive Chairman of the Board of Directors. Park Place is a company controlled by the Sheldon Inwentash. Park Place is paid a monthly retainer of $10,000 for these services. In addition, Park Place was 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. As at March 31, 2017, there were fees outstanding and payable to Park Place of $16,950.

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

The President/Chief Executive Officer is paid a monthly retainer of $10,000 a month. At March 31, 2017 $25,218 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, 2017 $2,260 is owed to the Chief Financial Officer.

A director of the Company has been engaged as a management consultant to the Company and is paid a monthly retainer of $3,500. In the first quarter of 2016, he was paid $10,500 of which $7,000 remained payable at March 31, 2016.

Stock options
Of the 525,000 common share purchase 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. No stock options were issued in the first quarter ended March 31, 2016. Additional stock options were issued May 23, 2017. Refer to Subsequent events (Note 13) for further details.

10. CAPITAL STOCK

(a) Authorized

An unlimited number of common shares.

(b) Issued

20,079,006 shares outstanding as at March 31, 2017 (December 31, 2015 – 20,059,006).

The Company closed one round of financing and the first tranche of a second round subsequent to the quarter ended March 31, 2017. Refer to the Subsequent Events (Note 13*)* for more details.

(c) Warrants

No warrants were issued in the quarter ended March 31, 2017.

In the first quarter of 2016, the Company entered into an advisory agreement with Fosters & Associates Financial Services Inc. ("Fosters") pursuant to which Fosters will provide advisory services to Northern Sphere for cash consideration and the issuance of 100,000 common share purchase warrants ("Advisory Warrants"). Each Advisory Warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.25 per share for a period of two years from the date of issuance and subject to a four-month hold.

The fair value of the Advisory Warrants issued was estimated to be $24,400 on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the warrants, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 2 years; expected volatility 100%; expected dividend yield 0%; risk free rates 0.39%; forfeiture rate 0%; exercise price $0.25.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK (continued)

(c) Warrants (continued)

Of the warrants issued on in the first quarter of 2016, 20,000 warrants were exercised. The Company received $5,000 in cash in exchange for 20,000 common shares. $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, 2017:

Description	Expiry Date	Exercise Price	No. of Warrants Outstanding	Fair Value
Advisory Warrants	April 4, 2018	$0.25	80,000	$ 19,539
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
			5,476,600	**$ 406,835**

The Company has since issued additional common stock purchase warrants. Refer to the Subsequent Events *(Section 12)* for more details.

(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 share.

On January 12, 2017, the Company issued 525,000 common share 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.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK (continued)

(d)Stock Options (continued)

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
Excess reserve from prior years [1]		$ -	-	$ 449,262
Issued March 17, 2012	2017	10.80	22,500	3,052
Issued April 4, 2016 [2]:	2019	0.22	625,000	84,800
Issued December 9, 2016	2019	0.25	300,000	46,400
Outstanding at January 1, 2017		**$ 0.48**	**947,500**	**$ 583,514**
Reclass excess reserve from prior years [1]		-		(449,262)
Expired	2017	10.80	(22,500)	(3,052)
Expired [1]	2019	0.22	(75,000)	(10,175)
Issued January 12, 2017	2020	0.60	525,000	194,600
Exercisable as at March 31, 2017		**$ 0.37**	**1,375,000**	**$ 315,565**

[1]: Reserves from prior years were not reclassed to capital stock as the related options were expired. These reserved have been reclassed in January of 2017.
[2]: Certain options issued to the previous Chair of the Board of Director on April 4, 2016 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 2,007,901 options or up to 1,060,401 additional options.

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[1]	0.22	March 29, 2017	$ 10,175

[1]: Certain options issued to the previous Chair of the Board of Director on April 4, 2016 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.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK (continued)

(d)Stock Options (continued)

The following table provides information about outstanding stock options at March 31, 2016:

Three months ended March 31,			**2017**			2016	
	Year of expiry	**Weighted Average Exercise Price**	**Number of Options**	**Value assigned to Options**	Weighted Average Exercise Price	Number of Options	Value assigned to Options
Excess value on books relating to expired options		**$ -**	**-**	**$ -**	$ -	-	$449,262
Issued March 17, 2012	**2017**	**-**	**-**		10.80	22,500	3,052
Issued April 4, 2016	**2019**	**0.22**	**550,000**	**$ 74,614**	0.22	550,000	84,800
Issued December 9, 2016	**2019**	**0.25**	**300,000**	**46,362**	0.25	300,000	46,400
Issued January 12, 2017	**2020**	**0.60**	**525,000**	**194,600**	-	-	-
Outstanding at the end of the period		**$ 0.37**	**1,375,000**	**$ 315,565**	$ 10.80	22,500	$583,514

The Company has since issued additional stock options. Refer to the Subsequent Events *(Note 12)* for more details.

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.

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 $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.

11. COMMITMENTS AND CONTINGENCIES (continued)

The Buckeye Silver Mine, which is part of the Arizona properties, is subject to a lease agreement effective July 23, 2015 which, under the terms of the JV – Arizona agreement, the Company is obligated to make lease payments on July 23rd each year through 2021. The annual lease payments are in US dollars as follows:

Payment Date	**USD**
July 23, 2017	**25,000**
July 23, 2018	30,000
July 23, 2019	35,000
July 23, 2020	40,000
July 23, 2021	45,000

12. SEGMENTED INFORMATION

Northern Sphere is in the business of mineral exploration in both Canada and the United States of America (“USA”). Management has organized the Company’s reportable operating and geographic segments by country. The USA segment is responsible for exploration activities in the USA while the Canadian segment manages corporate head office activities and is responsible for the Canadian mineral exploration activities. Information concerning Northern Sphere’s reportable segments is as follows:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Net income / (loss)		
Canada	**$ (586,919)**	$ (90,729)
USA	**(268,872)**	(104,369)
	$ (855,791)	$ (195,098)

	As at March 31, 2017	As at December 31, 2016
Identifiable assets		
Canada	**$ 134,715**	$ 703,607
USA	**305,439**	180,083
	$ 440,154	$ 883,690

13. SUBSEQUENT EVENTS

Private Placement

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 share (“Common Share”) 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 $36,780 in finders’ fees, and will pay legal fees of amounts yet to be finalized.

13. SUBSEQUENT EVENTS (continued)

As part of the April 2017 private placement, Sheldon Inwentash, the Executive Chairman, purchased 775,000 of the Units for gross proceeds of $310,000. Of this investment, $60,000 was through ThreeD Capital Inc., a company controlled by the Executive Chairman and an additional $250,000 was invested by Mr. Inwentash directly.

Of the 7,882,500 Units issued in the April private placement, Eric Sprott, through 2176423 Ontario Ltd., a corporation which is beneficially owned by him, acquired 5,000,000 Units pursuant to the Private Placement. Prior to the Private Placement, Mr. Sprott did not own any securities of the Company. As a result of the Private Placement, Mr. Sprott is the beneficial owner of 5,000,000 Common Shares and 2,500,000 Warrants representing approximately 19.3% of the issued and outstanding common shares of the Company on a non-diluted basis and 26.5% on a partially diluted basis.

Flow-Through Private Placement

On April 11, 2017, the Company announced it has entered into an engagement letter with First Republic Capital Corporation (the "Lead Agent") pursuant to which the Lead Agent has agreed to act as lead agent for the offer and sale, on a "best efforts" private placement basis, of up to 2,000,000 flow-through common shares of the Company ("Flow-Through Shares") at a price of $0.50.

On May 12, 2017, the Company completed the first tranche of the 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 gross proceeds of the Offering will be used to fund the exploration and development of the Company's mineral properties in Ontario, Canada. 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 properties in 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.

Incentive Stock Options

On May 23, 2017, the Company granted to its directors, officers and consultants 1,350,000 incentive stock options ("Option") under the Company's stock option plan. Each Option entitles the holder thereof to purchase one Common Share at an exercise price of $0.50 per share for a period of five years from the date of the grant and subject to a four-month hold.