

Northern Superior Resources Inc.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2013 and 2012

(Unaudited)

Northern Superior Resources Inc.

Notice to Reader:

These unaudited condensed interim financial statements of Northern Superior Resources Inc. have been prepared by management and reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

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

Condensed Interim Statements of Financial Position

As at	September 30 2013	December 31 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 5,915,945	\$ 8,839,191
Prepays and receivables <i>note 4</i>	221,163	570,332
	<u>6,137,108</u>	<u>9,409,523</u>
Non-current assets		
Receivables <i>note 4</i>	667,838	38,471
Equipment	38,557	57,634
Exploration and evaluation properties <i>note 5</i>	22,778,938	27,288,108
	<u>23,485,333</u>	<u>27,384,213</u>
	<u>\$ 29,622,441</u>	<u>\$ 36,793,736</u>
Liabilities		
Current		
Trade payables and accrued liabilities <i>note 6</i>	\$ 170,686	\$ 370,732
	<u>170,686</u>	<u>370,732</u>
Equity		
Share capital <i>note 7</i>	62,704,407	62,664,407
Stock options reserve <i>notes 7(c) and 7(d)</i>	4,443,863	4,218,596
Deficit	(37,696,515)	(30,459,999)
	<u>29,451,755</u>	<u>36,423,004</u>
	<u>\$ 29,622,441</u>	<u>\$ 36,793,736</u>
Nature of operations <i>note 1</i>		
Commitments <i>note 12</i>		
Contingencies <i>note 14</i>		
Events Subsequent to the Reporting Period <i>note 15</i>		

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD ON NOVEMBER 6, 2013

"Alan C. Moon"

"Arnold Klassen"

Director

Director

See accompanying notes to condensed interim financial statements

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

Statements of Loss and Comprehensive (Loss) and Comprehensive (Loss)

	Three months ended September 30		Nine months ended September 30	
	2013	2012	2013	2012
Expenses				
Consulting fees	\$ 47,009	\$ 83,015	\$ 136,845	\$ 210,762
Depreciation	2,803	14,826	19,077	17,810
Legal and accounting	49,011	40,901	179,005	124,455
Office expense <i>note 8</i>	214,332	295,651	692,531	924,112
Shareholder information	104,331	43,741	233,777	315,805
Travel	8,712	11,205	34,912	50,915
Loss before the undernoted	(426,198)	(489,339)	(1,296,147)	(1,643,859)
Interest income	19,868	34,335	69,792	118,035
Flow-through share income	-	453,155	-	1,178,908
Flow-through share interest expense	-	(1,894)	-	(9,023)
Writedown of exploration properties <i>note 5</i>	(6,010,161)	(4,795)	(6,010,161)	(351,418)
Net loss and comprehensive loss for the period	\$ (6,416,491)	\$ (8,538)	\$ (7,236,516)	\$ (707,357)
Net loss per share - basic and diluted				
Basic	\$ (0.03)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Diluted	\$ (0.03)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted-average number of shares outstanding				
Basic	188,528,093	185,660,211	188,528,093	185,660,221
Diluted	188,528,093	185,660,211	188,528,093	185,660,221

See accompanying notes to condensed interim financial statements

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

Statements of Equity

	Share Capital		Reserves			Total Equity
	Number of Shares	Amount	Stock options	Warrants	Deficit	
Balance, December 31, 2011	185,522,798	\$ 62,099,111	\$ 3,545,518	\$ 1,608,678	\$ (29,055,012)	\$ 38,198,295
Common shares issued for exploration and evaluation property <i>note 7(b)</i>	200,000	\$ 38,000	-	-	-	38,000
Common shares issued on exercise of stock options <i>note 7(b)</i>	146,666	27,296	(10,896)	-	-	16,400
Common shares issued for cash <i>note 7(b)</i>	2,631,579	500,000	-	-	-	500,000
Share-based payments <i>note 7(d)</i>	-	-	603,024	-	-	603,024
Reclassification of fair value of expired warrants	-	-	-	(1,608,678)	1,608,678	-
Net loss for the period	-	-	-	-	(707,357)	(707,357)
Balance, September 30, 2012	188,501,043	\$ 62,664,407	\$ 4,137,646	\$ -	\$ (28,153,691)	\$ 38,648,362
Share-based payments	-	-	80,950	-	-	80,950
Net loss for the period	-	-	-	-	(2,306,308)	(2,306,308)
Balance, December 31, 2012	188,501,043	\$ 62,664,407	\$ 4,218,596	\$ -	\$ (30,459,999)	\$ 36,423,004
Common shares issued for exploration and evaluation property <i>note 7(b)</i>	153,846	40,000	-	-	-	40,000
Share-based payments <i>note 7(d)</i>	-	-	225,267	-	-	225,267
Net loss for the period	-	-	-	-	(7,236,516)	(7,236,516)
Balance, September 30, 2013	188,654,889	\$ 62,704,407	\$ 4,443,863	\$ -	\$ (37,696,515)	\$ 29,451,755

See accompanying notes to condensed interim financial statements

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

Statements of Cash Flows

	Three months ended September 30		Nine months ended September 30	
	2013	2012	2013	2012
Operating Activities				
Net loss for the period	\$ (6,416,491)	\$ (8,538)	\$ (7,236,516)	\$ (707,357)
Items not involving cash				
Flow-through share income <i>note 7</i>	-	(453,155)	-	(1,178,908)
Depreciation	2,803	14,826	19,077	17,810
Share-based payments <i>note 7(d)</i>	68,204	106,504	204,820	322,669
Write-off of exploration properties <i>note 5</i>	6,010,161	4,795	6,010,161	351,418
Change in non-cash operating working capital items:				
(Increase) decrease in prepaids and receivables	22,962	(188,422)	128,541	76,814
Decrease in trade payables and accrued liabilities	18,467	(49,781)	(134,701)	(136,177)
Cash used in operating activities	(293,894)	(573,771)	(1,008,618)	(1,253,731)
Investing Activities				
Exploration and evaluation expenditures	(501,051)	(1,392,820)	(2,173,628)	(5,855,133)
Recovery of exploration and evaluation expenditures	259,000	47,819	259,000	303,913
Additions to equipment	-	(53,335)	-	(53,335)
Cash provided used in investing activities	(242,051)	(1,398,336)	(1,914,628)	(5,604,555)
Financing Activities				
Proceeds from exercise of stock options	-	-	-	16,400
Proceeds from private placements, net of share issue costs	-	500,000	-	500,000
Cash provided by financing activities	-	500,000	-	516,400
(Decrease) increase in cash during the period	(535,945)	(1,472,107)	(2,923,246)	(6,341,886)
Cash, beginning of period	6,451,890	12,224,295	8,839,191	17,094,074
Cash, end of period	\$ 5,915,945	\$ 10,752,188	\$ 5,915,945	\$ 10,752,188

Supplemental cash flow information *note 9*

See accompanying notes to condensed interim financial statements

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Northern Superior Resources Inc. (“Northern Superior” or the “Company”) is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold properties in Ontario and Québec. The Company has not determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and attaining future profitable production from the properties or proceeds from disposition.

The Company is dependent on raising funds through the issuance of shares and/or attracting joint venture partners in order to undertake further exploration and development of its mineral properties. Management believes that financing is available and may be sourced in time to allow the Company to continue its current planned activities in the normal course.

The head office, principal address and registered and records office of the Company is 1351C Kelly Lake Road, Unit 7, Sudbury, Ontario, Canada, P3E 5P5.

2. BASIS OF PREPARATION

a) Statement of Compliance

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

b) Approval of Financial Statements

The condensed interim financial statements of Northern Superior Resources Inc. for the three and nine months ended September 30, 2013 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 8, 2013.

c) Adoption of New and Revised Standards and Interpretations

At the date of authorization of these interim financial statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

- IFRS 9, *Financial Instruments: Classification and Measurement* – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IAS 32, (*Amendment*) *Financial Instruments: Presentation* – effective for annual period beginning on or after January 1, 2014, clarifies the application of offsetting requirements.

The Company has not early adopted these standards, amendments and interpretations; however, the Company is currently assessing the impact of these standards or amendments on the financial statements of the Company.

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's annual financial statements for the year ended December 31, 2012.

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

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and further periods if the review affects both current and future periods.

4. PREPAIDS AND RECEIVABLES

Prepays and receivables consist of the following:

<i>As at</i>	Sept. 30, 2013	December 31, 2012
Quebec government refundable tax credits	\$ 38,471	\$ 259,098
Sales tax receivable - net	57,709	166,431
Prepaid expenses	47,499	54,412
Interest receivable	42,971	90,391
Other receivables	34,513	-
	\$ 221,163	\$ 570,332
Receivables (non-current):		
Quebec Government refundable tax credits	667,838	38,471
Total	\$ 889,001	\$ 608,803

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION PROPERTIES

For nine months ended September 30, 2013

	Ti-pa-haa-kaa-ning ⁽¹⁾	Meston Lake	Rapson Bay	Croteau Est	Waconichi	Grizzly	Thorne Lk	Lac Surprise	Total
Balance, beginning of year - Jan 1, 2013	\$ 14,875,949	\$ 1,649,595	\$ 3,299,608	\$ 5,019,694	\$ 236,884	\$ -	\$ 1,058,794	\$ 1,147,584	\$ 27,288,108
Acquisition, assessment and maintenance	3,225	-	-	96,557	236,607	-	-	-	336,389
Analytical	-	-	-	97,584	51,172	3,517	-	-	152,273
Geophysics	-	-	-	3,306	6,395	-	-	-	9,701
Geology	189,251	1,718	268	353,972	195,934	62,628	178	198	804,147
Drilling	1,788	-	-	580,250	183,713	-	-	-	765,751
Research	64,765	-	-	6,384	-	-	-	-	71,149
Project administration	9,497	-	-	15,380	2,067	2,374	-	-	29,318
Refundable tax credits and adjustments	-	-	-	(470,665)	(167,728)	(29,260)	-	(85)	(667,738)
Write-off of exploration properties <i>note 5</i>		(1,651,313)	(3,299,876)				(1,058,972)		(6,010,161)
Balance, end of period	\$ 15,144,475	\$ -	\$ -	\$ 5,702,462	\$ 745,044	\$ 39,259	\$ -	\$ 1,147,697	\$ 22,778,937

(1) The Ti-pa-haa-kaa-ning project costs in this table are comprised of what was called the Ti-pa-haa-kaa-ning and New Growth properties in the previous year.

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

For year ended December 31, 2012

	Ti-pa-haa-kaa-ning	New Growth	Meston Lake	Rapson Bay	Croteau Est	Waconichi	Wachigabau	Other ⁽¹⁾	Total
Balance, beginning of year	\$ 11,500,660	\$ 1,058,270	\$ 1,623,338	\$ 3,190,097	\$ 977,188	\$ -	\$ 998,389	\$ 3,067,681	\$ 22,415,623
Acquisition, assessment and maintenance	2,298	1,097	385	487	36,150	68,263	10,110	64,514	183,304
Analytical	-	97,763	522	11,549	588,075	25,815	108	12,254	736,086
Geophysics	-	566,724	24	-	276,764	-	-	(4,330)	839,182
Geology	5,950	54,306	15,717	36,804	1,124,495	152,875	2,737	38,808	1,431,692
Drilling	-	1,467,041	-	20,400	2,020,044	-	10,556	25,445	3,543,486
Research	11,158	28,216	198	21,771	14,505	-	-	3,286	79,134
Project administration	38,204	44,262	9,411	18,500	258,051	6,173	12,943	29,314	416,858
Cost recoveries ⁽²⁾	-	-	-	-	-	-	7,671	(49,533)	(41,862)
Write-off of exploration and evaluation properties	-	-	-	-	-	-	(1,039,722)	(978,104)	(2,017,826)
Tax credit adjustments	-	-	-	-	(275,578)	(16,242)	(2,792)	(2,957)	(297,569)
Balance, end of year	\$ 11,558,270	\$ 3,317,679	\$ 1,649,595	\$ 3,299,608	\$ 5,019,694	\$ 236,884	\$ -	\$ 2,206,378	\$ 27,288,108

(1) Consists of Lac Surprise (\$1,147,584) and Thorne Lake (\$1,058,794) as at December 31, 2012.

(2) The Company recorded cost recoveries of \$49,533 from Paget Minerals Corp. and a net adjustment amount of \$7,671 due to Matamec Explorations at December 31, 2012.

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

Ti-pa-haa-kaa-ning (“TPK”) property

The Company owns a 100% interest in the TPK project, which now also includes what was formerly called the “New Growth” property in previous financial statements. The Company incurred expenditures of \$268,526 on the combined property during the nine months ended September 30, 2013.

The Company had an option/joint venture agreement with Rainy River Resources Ltd. (“Rainy River”) which was terminated on December 14, 2012, when Rainy River formally relinquished its option on the TPK project. In 2012, Rainy River completed a private placement of \$500,000 in the Company, at a price of \$0.19 per share (note 7(b)).

Croteau Est property

On August 24, 2011, the Company entered into an option agreement with the owners (the “Optionors”) of the Croteau Est gold property in Québec who granted the Company an option to acquire 100% of the property. To exercise the option the Company is required to spend \$1.7 million on exploration on the property over four years from the date of the agreement: \$200,000 in year 1, \$300,000 in year 2, \$400,000 in year 3 and \$800,000 in year 4, all of which has already been incurred. The Company must also make cash payments to the Optionors totaling \$350,000: \$35,000 upon signing the letter of intent (paid), \$35,000 by the end of year 1 (paid), \$40,000 by the end of year 2 (paid), \$80,000 by the end of year 3 and \$160,000 by the end of year 4. In addition, the Company must issue to the Optionors, \$280,000 worth of common shares of the Company: \$40,000 at the end of year 2 (paid), \$80,000 by the end of year 3 and \$160,000 by the end of year 4. The number of common shares issuable shall be based on the market price of the Company’s shares at the time of issuance. Upon exercise of the option, the Optionors shall retain a 1.0% NSR on any commercial production with the Company having the right to buyback 0.5% of the NSR for \$1.5 million, at any time.

The Company incurred net expenditures of \$682,768 on the property during the nine months ended September 30, 2013.

Waconichi property

In May 2013, the Company acquired a 100% interest in the Waconichi property in the province of Québec. The Company previously held an option to earn only a 70% interest in the property. Under the former option, to earn its 70% interest the Company would have been required to pay Murgor Resources Inc. (“Murgor”) a further \$110,000 in cash, issue 800,000 additional shares of the Company and expend approximately \$950,000 more on exploration on the Waconichi claims over the next two years.

Under the renegotiated arrangement, the Company acquired a full 100% interest in the property by making a one-time cash payment of \$225,000 (paid) and by granting Murgor a 1% NSR royalty on a majority of the Waconichi claims. The Company will no longer be required to issue further shares to Murgor or incur further expenditures on the property.

The 1% NSR royalty granted to Murgor will cover all of the claims purchased from Murgor except for 7 claims (comprising approximately 287 hectares) which were already subject to a prior 2% NSR royalty in favor of Reme Charbonneau, the prospector who originally staked those 7 claims. The Company will have the right to repurchase half of the Murgor 1% NSR royalty (reducing it to a 0.5% NSR royalty) at any time for \$1,000,000. Similarly, the Company will have the right to repurchase half of the Charbonneau 2% NSR royalty (reducing it to a 1% NSR royalty) at any time, for \$1,000,000. In either case, should the Company exercise its buy-back right, it will then have a right of first refusal with respect to the remaining NSR royalty.

The Waconichi property consists of 306 claims covering an area of approximately 17,588 hectares and the largest cluster of claims are adjacent to the Company’s Croteau Est gold property located to the south.

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

The Company incurred net expenditures of \$508,160 on the property during the nine months ended September 30, 2013, for a total of \$745,044 spent on the property as at September 30, 2013.

Grizzly Property

In July 2013, the Company entered into an option agreement with Mr. Marc Bouchard and G.L. Geoservices Inc. (the "Optionors") to acquire the Grizzly property in Quebec. For the Company to earn a 100% in the property, the Company must:

- a) Spend an aggregate of \$1.7 million on exploration on the property over five years, as follows:
 - (i) \$75,000 in year 1;
 - (ii) \$100,000 in year 2;
 - (iii) \$300,000 in year 3;
 - (iv) \$400,000 in year 4; and
 - (v) \$825,000 in year 5;
- b) Make cash payments to the Optionors totaling \$315,000 over five years, as follows:
 - (i) \$35,000 in year 1;
 - (ii) \$40,000 in year 2;
 - (iii) \$80,000 in year 3;
 - (iv) \$80,000 in year 4 and
 - (v) \$80,000 in year 5;
- c) Issue 1,000,000 shares of the Company to the Optionors during the last 4 years of the option, as follows:
 - (i) 200,000 in year 2;
 - (ii) 200,000 in year 3;
 - (iii) 300,000 in year 4; and
 - (iv) 300,000 in year 5.

The Company has the right to accelerate its exercise of the option.

Upon exercise of the option, the optionors shall retain a 1.0% net smelter royalty ("NSR") on any commercial production with the Company having the right to buyback 0.5% of the NSR for \$1.5 million, at any time. The parties have agreed that any further claims staked within 1.5 km of the property, shall form part of the option and any production therefrom shall be subject to the NSR.

The Company incurred expenditures of \$39,260 on the property during the nine months ended September 30, 2013.

Write-off of Meston Lake, Rapson Bay and Thorne Lake Properties

As at September 30, 2013, the Company incurred a write-off of \$6,010,161, representing the unamortized balance of its deferred exploration costs incurred in connection with its exploration of the Meston Lake, Rapson Bay and Thorne Lake properties (the "Properties"). The decision to write-off the Properties was based on the Company's determination that it has lost the ability to access to the Properties, as well as its ability to realize the benefits of any value created from its exploration expenditures to date, due to the actions of third parties. The Company commenced legal action on October 24, 2013 (Note 14).

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

6. TRADE PAYABLES AND ACCRUED LIABILITIES

<i>As at</i>	September 30, 2013	December 31, 2012
Trade payables	\$ 85,214	\$ 149,904
Amounts due to joint venture partners	10,196	10,196
Amounts due to related parties	20,633	46,311
Accrued liabilities	54,643	164,321
	\$ 170,686	\$ 370,732

In 2011 the Company completed a \$8,637,820 brokered flow-through private placement. The issuance of flow-through shares resulted in a flow-through share liability of \$3,185,897 at the date of issue, of which \$725,753 was recorded as income in the nine months ended September 30, 2012.

7. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Issued Capital

During the nine months ended September 30, 2013 and the year ended December 31, 2012, changes in issued share capital were as follows:

On August 13, 2013, the Company issued 153,846 shares of the Company at a deemed aggregate share cost of \$40,000 in connection with an option agreement to acquire a 100% interest in the Croteau Est property in Québec (note 5).

On July 10, 2012, the Company issued 200,000 shares of the Company at a deemed aggregate share cost of \$38,000 in connection with an option agreement to acquire a 70% interest in the Waconichi property in Québec (note 5).

On July 10, 2012, Rainy River completed its third and final private placement of \$500,000 with the Company which was required for Rainy River to maintain its option to earn a 51% interest in the Company's TPK property, north-western, Ontario. The private placement consisted of 2,631,579 shares of the Company issued at a price of \$0.19 per share (note 5).

In January 2012, the Company issued 146,666 shares in connection with the exercise of 146,666 stock options, for proceeds of \$16,400.

c) Stock Options

As at September 30, 2013, the Company had 9,919,567 stock options outstanding of which 4,509,549 were exercisable under the Company's stock option plan. The terms of all options cannot exceed ten years and the minimum exercise price cannot be less than the closing price of the Company's common shares on the TSX Venture Exchange on the last trading day preceding the grant of the option. All of the outstanding options of the Company were issued with an expiry date of 5 years from the date of issue. The Board of Directors determines the vesting terms of the options, with a typical vesting schedule of 1/3 of the options under the grant vesting on each anniversary over a three year period after the date of grant.

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

A summary of the changes in the Company's stock option plan for the nine months ended September 30, 2013 and the year ended December 31, 2012 is as follows:

	Nine Months ended September 30, 2013		Year ended December 31, 2012	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding, beginning of year	11,411,234	\$0.25	9,824,568	\$0.33
Granted	-	-	3,375,000	0.11
Expired	(50,000)	0.17	(1,315,000)	0.47
Exercised	-	-	(146,666)	0.11
Forfeited	(1,441,667)	0.28	(326,668)	0.43
Outstanding, end of period	9,919,567	\$0.24	11,411,234	\$0.25
Exercisable, end of period	4,509,549	\$0.28	4,906,231	\$0.28

There were no options granted during the nine month period ended September 30, 2013. The weighted average grant-date fair value for options granted during the year ended December 31, 2012 was \$0.09, which was determined using the Black-Scholes Option Pricing Model and the following assumptions: no dividends to be paid; volatility of 150.1%; risk-free interest rate 1.3%; and expected life of 5 years.

The following table summarizes information regarding stock options outstanding and exercisable at September 30, 2013:

Exercise Price Range	Number of Options Outstanding	Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number of Options Exercisable	Remaining Vested Contractual Life (in years)	Weighted Average Vested Exercise Price
\$0.20 - \$0.39	2,565,000	3.10	0.24	854,990	3.10	0.24
\$0.40 - \$0.59	2,150,000	2.11	0.55	1,433,327	2.11	0.55
\$0.60 - \$0.79	50,000	2.59	0.65	33,332	2.59	0.70
	9,919,567	3.45	\$0.24	4,509,549	2.15	\$0.28

d) Share-Based Payments

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

The following table summarizes the share-based payment expense for stock option grants that the Company recorded for the nine months ended September 30, 2013 and 2012:

	Three Months ended September 30		Nine Months ended September 30	
	2013	2012	2013	2012
Consulting fees	\$ 20,009	42,515	\$ 59,653	\$ 132,361
Office expense	48,195	\$ 63,990	145,167	190,308
	68,204	106,505	204,820	322,669
Exploration and evaluation properties	40,605	99,698	20,447	280,355
Total share-based payments	\$ 108,809	\$ 206,203	\$ 225,267	\$ 603,024

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

Share-based payments of \$20,447 (2012 - \$280,355) related to exploration and evaluation properties are capitalized to exploration and evaluation properties and share-based payments of \$204,820 (2012 - \$322,669) related to consulting fees and office expense were expensed for the nine months ended September 30, 2013.

e) Basic and Diluted Loss per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

Potentially dilutive items not included in the calculation of diluted loss per share for the nine months ended September 30, 2013 were 9,919,567 (2012 - 9,166,234) stock options that were anti-dilutive.

8. RELATED PARTY TRANSACTIONS

<i>Nine months ended September 30,</i>	2013	2012
Management and other fees	\$ 249,223	\$ 177,085
Salaries and wages	466,660	702,912
Share-based payments	157,616	358,151
	\$ 873,499	\$ 1,238,148

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

9. SUPPLEMENTAL CASH FLOW INFORMATION

<i>For the nine months ended September 30,</i>	2013	2012
<i>Non-cash investing and financing activities</i>		
Transfer of amounts from reserves	\$ -	\$ 10,896
Common shares issued pursuant to property agreements	-	38,000
Changes in working capital related to exploration properties	193,752	81,304
Interest received	112,932	118,035
Interest paid	-	-
Taxes paid	-	-

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Instruments

The carrying value of financial assets and liabilities at September 30, 2013 and December 31, 2012 are as follows:

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

<i>As at</i>	September 30, 2013	December 31, 2012
Financial Assets		
<i>Fair value through profit or loss, measured at fair value</i>		
Cash and cash equivalents	\$ 5,915,945	\$ 8,839,191
<i>Loans and receivables, measured at amortized cost</i>		
Receivables	42,971	90,391
Financial Liabilities		
<i>Other liabilities, measured at amortized cost</i>		
Trade payables and due to related parties	\$ 116,043	\$ 206,411

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

<i>As at</i>	September 30, 2013	December 31, 2012
	Level 1	Level 1
Cash and cash equivalents	\$ 5,915,945	\$ 8,839,191

b) Management of Financial Risks

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

i. Credit Risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote. The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2013, the Company had cash and cash equivalents of \$5,915,945 (December 31, 2012 - \$8,839,191) to settle trade payables and accrued liabilities totaling \$170,686 (December 31, 2012 - \$370,732). All of the Company's financial liabilities have contractual maturities of 30 days and are subject to normal trade terms.

iii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Expressed in Canadian dollars)

interest rates through the interest earned on cash balances. A 1% change in short term rates would change the interest income and net loss of the Company, assuming that all other variables remained constant, by approximately \$15,000 for the remainder of 2013.

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

11. CAPITAL MANAGEMENT

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

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2013. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

12. COMMITMENTS

	Less than 1 year	1 - 5 years	5 or more years	Total
Operating lease - office lease	\$ 10,931	\$ 160,325	\$ -	\$ 171,256

The Company has future commitments under exploration and evaluation property option agreements to issue shares and incur exploration expenditures (Note 5).

13. SEGMENTED INFORMATION

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

14. EVENT SUBSEQUENT TO THE REPORTING PERIOD

On October 24, 2013, the Company filed a civil lawsuit against the Government of Ontario seeking among other things, damages of \$110 million consisting mainly of amounts expended to date as well as for the lost value of the properties, as a result of lost access to its Meston Lake, Rapson Bay and Thorne Lake exploration properties.