Northern Superior Resources Inc.

Annual Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

Independent auditor's report

To the Shareholders of Northern Superior Resources Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northern Superior Resources Inc. (the Company) as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's financial statements comprise:

- the statement of financial position as at December 31, 2018;
- the statement of loss and comprehensive loss for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Comparative information

The financial statements of the Company for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on April 9, 2018.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis for the year ended December 31, 2018.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Platt.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 10, 2019

Northern Superior Resources Inc.
Financial Statements
(Expressed in Canadian dollars)
Statements of Financial Position

As at	*Notes*	December 31, 2018 ($)	December 31, 2017 ($)
Assets			
Current assets			
Cash and cash equivalents	*4*	**2,268,508**	**3,083,897**
Prepaids and receivables	*5*	**87,870**	**195,878**
Marketable securities	*6*	**3,000**	**9,000**
		2,359,378	**3,288,775**
Non-current assets			
Exploration and evaluation assets	*7*	**7,126,110**	**6,723,142**
		9,485,488	**10,011,917**
Liabilities			
Current liabilities			
Accounts payables and accrued liabilities	*8*	**443,670**	**843,151**
Shareholders' Equity			
Share Capital	*9*	**64,542,840**	**63,981,956**
Reserve - Stock options	*9*	**5,541,816**	**5,525,026**
Reserve - Warrants	*9*	**5,005,493**	**4,823,509**
Accumulated other comprehensive loss		**(7,250)**	**(1,250)**
Deficit		**(66,041,081)**	**(65,160,475)**
		9,041,818	**9,168,766**
		9,485,488	**10,011,917**

Nature of operations and going concern – Note 1
Commitments and contingencies – Notes 14
Subsequent events – Note 15

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD OF DIRECTORS ON APRIL 10, 2019

"François Perron"	*"Andrew Farncomb"*
Director	Director

See accompanying notes to financial statements

Northern Superior Resources Inc.
Financial Statements
(Expressed in Canadian dollars)
Statements of Loss and Comprehensive Loss

	Notes	Years ended December 31, 2018 ($)	2017 ($)
Expenses			
Consulting fees	*10*	**86,978**	81,000
Depreciation		**-**	4,172
Legal and accounting	*10*	**72,011**	125,219
Office expenses and salaries	*10*	**600,244**	571,896
Share-based payments	*10*	**16,790**	820,775
Shareholder information		**355,105**	415,235
Travel		**7,837**	20,825
Foreign exchange		**208**	563
Loss before the undernoted		**(1,139,173)**	(2,039,685)
Interest (expense) income		**6,256**	(6,575)
Ontario litigation		**252,311**	-
Flow-through share premium recovery		**-**	400,000
Net loss for the year		**(880,606)**	(1,646,260)
Other comprehensive loss			
Change in value of marketable securities		**(6,000)**	3,000
Total comprehensive loss		**(886,606)**	(1,643,260)
Basic and diluted loss per share		**(0.03)**	(0.05)
		(#)	(#)
Weighted-average number of common shares outstanding		**31,989,754**	30,383,040

See accompanying notes to financial statements

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

	Share Capital		Reserves				
	Number of Shares (#)	Amount ($)	Stock options ($)	Warrants ($)	Accumulated other comprehensive loss ($)	Deficit ($)	Equity ($)
Balance, December 31, 2016	**22,957,805**	**63,813,207**	**4,704,251**	**586,600**	**(4,250)**	**(63,514,215)**	**5,585,593**
Shares issued for cash	8,891,000	263,091	-	4,236,909	-	-	4,500,000
Share issuance costs	-	(123,875)	-	-	-	-	(123,875)
Share based payments	-	-	820,775	-	-	-	820,775
Shares issued for Directors' fees	59,066	29,533	-	-	-	-	29,533
Unrealized gain on marketable securities	-	-	-	-	3,000	-	3,000
Net loss	-	-	-	-	-	(1,646,260)	(1,646,260)
Balance, December 31, 2017	**31,907,871**	**63,981,956**	**5,525,026**	**4,823,509**	**(1,250)**	**(65,160,475)**	**9,168,766**
Shares issued for cash	3,030,300	843,116	-	156,883	-	-	999,999
Share issuance costs - cash	-	(78,664)	-	-	-	-	(78,664)
Share issuance costs - shares	60,606	-	-	-	-	-	-
Share issuance costs - warrants	-	(25,101)	-	25,101	-	-	-
Share based payments	-	-	16,790	-	-	-	16,790
Shares issued for Directors' fees	127,912	63,957	-	-	-	-	63,957
Flow-through share premium liability	-	(242,424)	-	-	-	-	(242,424)
Unrealized loss on marketable securities	-	-	-	-	(6,000)	-	(6,000)
Net loss	-	-	-	-	-	(880,606)	(880,606)
Balance, December 31, 2018	**35,126,689**	**64,542,840**	**5,541,816**	**5,005,493**	**(7,250)**	**(66,041,081)**	**9,041,818**

See accompanying notes to financial statements

Northern Superior Resources Inc.
Financial Statements
(Expressed in Canadian dollars)
Statements of Cash Flows

	Years ended December 31, 2018 ($)	2017 ($)
Operating Activities		
Net loss for the year	**(880,606)**	(1,646,260)
Items not involving cash:		
Litigation cost recovery	**(252,311)**	-
Depreciation	**-**	4,172
Shares issued for Directors' fees	**63,957**	29,534
Flow-through shares premium recovery	**-**	(400,000)
Share based payments	**16,790**	820,775
Change in non-cash operating working capital items:		
Prepaids and receivables	**108,008**	(134,454)
Accounts payables and accrued liabilities	**(170,045)**	82,062
Cash used in operating activities	**(1,114,207)**	(1,244,172)
Investing Activities		
Exploration and evaluation expenditures	**(772,019)**	(2,748,098)
Option payment received	**149,502**	-
Recovery of exploration and evaluation expenditures	**-**	2,970
Cash received from (used in) investing activities	**(622,517)**	(2,745,128)
Financing Activities		
Proceeds from private placements (net)	**999,999**	4,500,000
Share issuance costs	**(78,664)**	(123,875)
Cash provided by financing activities	**921,335**	4,376,125
Increase (decrease) in cash during the year	**(815,389)**	386,825
Cash, beginning of year	**3,083,897**	2,697,072
Cash, end of year	**2,268,508**	3,083,897

See accompanying notes to financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

At December 31, 2018, the Company has working capital of $1,915,708, which amount includes $999,999 restricted to flow-through purposes (resulting in an unrestricted working capital of $915,709), has incurred a loss for the year of $880,606 and has an accumulated deficit of $66,041,081. These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the ensuing 12 months. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding will be available to conduct further exploration and development of its mineral properties. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock or joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

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

2. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through other comprehensive income, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

b) Critical accounting estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Judgments

(i) The assessment by management of the Company's liquidity position and whether going concern disclosure is required in the financial statements.

As part of this process, management prepares cash flow budgets detailing expected expenditures for at least the next twelve months. The assessment of the Company's liquidity position takes into account the Company's working capital position, the timing of discretionary and non-discretionary expenditures and also the status of any potential equity financings.

(ii) The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and these assets have been accounted for under the assumption that the carrying value will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves.

Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets. Management reviewed exploration and evaluation assets for the years ended December 30, 2018 and 2017 and did not identify any impairment indicators.

Estimates and assumptions

The Company uses the fair-value method of accounting for share-based payments related to stock options and share purchase warrants granted, modified or settled. Under this method, cost attributable to options granted is measured at fair value using the Black Scholes option pricing model. In determining fair value, the Company makes estimates of the expected volatility of the stock and the risk free interest rate and assumptions about the expected life and the forfeiture rates of the options.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions with original terms of three months or less. Interest income is recorded as earned on the accrual basis at the stated rate of interest over the term of the investment.

b) Financial instruments

Classification

Effective January 1, 2018, the Company classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
(ii) those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For marketable securities that are not held for trading, the Company has made an irrevocable election to account for the equity investment at fair value through other comprehensive income ("FVOCI").

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. The Company has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

c) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in contributed surplus is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion of stock-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments or stock options granted to non-employees are accounted for as equity settled share based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share based compensation transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

d) Exploration and evaluation assets

Exploration and evaluation expenditures are recorded at cost on a property by property basis once the Company has the legal right to explore the related property. The Company defers all exploration and evaluation costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties, until those properties are brought into production, at which time, they will be amortized on a unit of production basis, or until the properties are abandoned, sold or considered to be impaired in value, at which time, an appropriate charge will be made. Costs incurred for general exploration, including expenditures of a general reconnaissance nature, that are not project specific or do not result in the acquisition of exploration and evaluation properties are charged to net loss.

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Ownership of exploration and evaluation assets involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets.

e) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

f) Share Capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of new common shares are recognized in equity, net of tax, as a deduction from the share proceeds (share issue costs).

g) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period.

h) Flow-through shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures by the Company. Proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through share and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company renounces the expenditures, at which point the liability is reversed and recorded as other income on the statement of loss. The Company records a deferred tax liability when the Company makes the expenditures. At the time of recognition of the deferred tax liability, an offsetting entry is made to tax expense.

i) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is amortized on the same basis as mining assets. As at December 31, 2018 and 2017, the Company had no provisions for environmental rehabilitation.

j) New accounting standards and accounting standards not yet adopted:

The Company has adopted the following new standard, along with any consequential amendments effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions and did not impact the Company's financial statements.

(i) IFRS 9, "Financial Instruments: Classification and Measurement" was effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements. IFRS 9 replaces the provisions of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relate to the recognition, classification, and measurements of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how the Company manages its financial instruments and the contractual cash flow characteristics of the financial asset. The Company has elected to classify its marketable securities as Fair Value Through Other Comprehensive Income ("FVTOCI") as they are not considered to be held for trading, and this presentation will prevent the statement of income (loss) from being impacted by value changes of these non-operating assets. The application of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities, and there was also no impact to the carrying value of any of the Company's financial assets or liabilities on the date of transition.

(Expressed in Canadian dollars)

Accounting Standards Issued but not yet in effect:

(i) IFRS 16, "Leases" is effective for annual periods beginning on or after January 1, 2019.

The Company has evaluated the impact of this new standard on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations. The Company's current operating lease commitments are disclosed in note 14.

4. CASH AND CASH EQUIVALENTS

During the year ended December 31, 2018, the Company issued flow-through shares for gross proceeds of $999,999 (2017: $599,500). As at December 31, 2018, the Company has $999,999 (2017: $Nil) included in cash and cash equivalents remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

5. PREPAIDS AND RECEIVABLES

	December 31, 2018 ($)	December 31, 2017 ($)
Sales tax receivable	**32,122**	165,993
Prepaid and advances	**55,749**	29,885
Total Current Prepaids and Receivables	**87,870**	195,878

The fair value of receivables approximates their carrying value. None of the amounts included in receivables at December 31, 2018 are past due.

6. MARKETABLE SECURITIES

At December 31, 2018 and 2017, the Company held the following marketable securities:

(Expressed in Canadian dollars)

	December 31, 2018			December 31, 2017		
	Shares (#)	**Cost ($)**	**Fair Value ($)**	Shares (#)	Cost ($)	Fair Value ($)
Bold Ventures Inc.	**200,000**	**10,250**	**3,000**	200,000	10,250	9,000

During the year ended 2018, the Company recorded an unrealized loss of $6,000 related to the change in fair value of the marketable securities (2017: gain of $3,000) in other comprehensive loss.

7. EXPLORATION AND EVALUATION ASSETS

	Ontario	**Quebec**			
	Ti-pa-haa-kaa-ning ($)	**Croteau Est ($)**	**Lac Surprise ($)**	**Wapistan ($)**	**Total ($)**
Balance, December 31, 2017	2,015,273	3,826,727	749,890	131,252	**6,723,142**
Acquisition, assessment and maintenance	18,442	1,843	3,006	36,463	**59,754**
Analytical	183	24,176	-	8,655	**33,014**
Geophysics	5,100	11,090	-	-	**16,190**
Geology	104,816	206,815	31,756	53,660	**397,046**
Research	9,950	-	-	-	**9,950**
Project administration	9,945	28,997	-	-	**38,942**
Refundable tax credits and adjustments	-	(2,426)	-	-	**(2,426)**
Recovery from option agreement	(149,502)	-	-	-	**(149,502)**
Net change for the year	**(1,065)**	**270,494**	**34,762**	**98,778**	**402,968**
Balance, December 31, 2018	**2,014,207**	**4,097,221**	**784,651**	**230,030**	**7,126,110**

	Ontario	**Quebec**			
	Ti-pa-haa-kaa-ning ($)	**Croteau Est ($)**	**Lac Surprise ($)**	**Wapistan ($)**	**Total ($)**
Balance, December 31, 2016	1,253,303	1,732,213	713,848	29,046	**3,728,410**
Acquisition, assessment and maintenance	37,657	35,131	35,047	31,249	**139,084**
Analytical	68,883	209,624	-	-	**278,507**
Geophysics	-	123,325	-	-	**123,325**
Geology	613,776	229,046	2,433	70,265	**915,519**
Drilling	-	1,446,274	-	-	**1,446,274**
Research	38,476	-	-	-	**38,476**
Project administration	3,178	3,936	891	219	**8,224**
Cost recoveries	-	-	(2,970)	-	**(2,970)**
Refundable tax credits and adjustments	-	47,178	643	473	**48,293**
Net change for the year	**761,970**	**2,094,514**	**36,043**	**102,205**	**2,994,732**
Balance, December 31, 2017	**2,015,273**	**3,826,727**	**749,890**	**131,252**	**6,723,142**

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

The Company owns a 100% interest in the TPK property. Under an agreement with Lake Shore Gold Corp. ("Lake Shore") dated May 27, 2010, the Company granted Lake Shore an assignable 2% Net Smelter Royalty ("NSR") on all minerals produced from claims associated with the TPK property (subject to a right of first refusal in favour of the Company), with the Company having the right to purchase back 0.5% for $1.0 million. Regarding the current claim package for TPK, Lake Shore's NSR provisions only apply to 141 of the current 202 active claims. Upon Tahoe Resources ("Tahoe") taking over Lake Shore, the royalty resides with Tahoe. On 5 of the TPK claims, there is also a 2% NSR on all commodities in favour of Vale S.A., and on 7 of the TPK claims there is a 2% NSR for diamonds only in favour of Vale S.A.

(Expressed in Canadian dollars)

On November 26, 2018, the Company entered into agreement with Yamana Gold Inc. ("Yamana"), pursuant to which Yamana has the option to earn up to a 75% interest in the TPK property (the "Yamana Agreement").

Yamana has the option to earn an initial interest of 70% in consideration for the following:

		Cash payments to Northern Superior ($)		Minimum exploration expenditures at TPK ($)	
Initial Option	On signing of the agreement	150,000	(1)	-	
	On or before the 1 year anniversary	150,000		2,000,000	(2)
	On or before the 2 year anniversary	100,000		2,000,000	
	On or before the 3 year anniversary	150,000		-	
	On or before the 4 year anniversary	150,000		6,000,000	
	On exercising of the option	300,000		-	
	Total	**1,000,000**		**10,000,000**	

(1) Received
(2) Advance of $1,000,000 received January 15, 2019

Additionally, to earn the initial 70%, Yamana is required to deliver a NI 43-101compliant report which supports a mineral resource in each case within the next 4 years.

Yamana can earn an additional 5% interest upon delivery of the NI 43-101 resource to the Company (by the end of year 4) if the defined mineral resource is greater than 500,000 ounces of gold and Yamana pays the Company an additional $2.00 per ounce for each measured, indicated and inferred ounce included in the resource.

The Company will be the operator for the first 12 months of the agreement, at which time Yamana has the option of assuming operator status for the remainder of the earn-in period. While acting as operator, the Company will be entitled to a 5% management fee on all agreed to and related expenses. In addition, once Yamana becomes operator it may request the Company to continue to staff the project, in which case, the Company would continue to be entitled to the 5% management fee.

Upon Yamana successfully completing the earn-in requirements, Yamana and the Company will form a joint venture or similar arrangement, wherein each party will be required to fund their pro-rata share of all future exploration initiatives on the property. Should either joint venture party fail to contribute its pro-rata share of any approved work program, their ownership interest will be diluted accordingly. Should either joint venture partner dilute below a 10% ownership interest, their interest will convert to a royalty interest.

b) **Croteau Est project**

Croteau Est property: The Company holds a 100% interest in the Croteau Est property, subject to a 1.0% NSR on any commercial production, of which Company has the right to buy back 0.5% for $1.5 million.

Waconichi property: The Company owns a 100% interest in the Waconichi property, subject to a 1% NSR royalty on a majority of the Waconichi claims. The 1% NSR royalty covers all except 7 claims (comprising approximately 287 hectares) which were already subject to a prior 2% NSR royalty in favor of the prospector who originally staked the claims. The Company has the right to repurchase one half of the 1% NSR royalty (reducing it to a 0.5% NSR royalty) at any time for $1.0 million. Similarly, the Company has the right to repurchase half of the Charbonneau 2% NSR royalty (reducing it to a 1% NSR royalty) at any time, for $1.0 million. In either case, should the Company exercise its buy-back right, it will then have a right of first refusal with respect to the remaining NSR royalty.

c) **Option Earn-in Agreement on Lac Surprise property**

In April 2014, the Company signed an option agreement ("Option Agreement') with Bold Ventures Inc. ("Bold") whereby Bold had the option to earn up to an initial 50% interest in the Company's 100% owned Lac Surprise property in consideration for issuing a total of 350,000 shares of Bold to the Company in stages (200,000 shares received), and incurring staged minimum exploration expenditures on the property totaling $2,000,000 ($1,000,000 incurred). Bold had the option to earn an additional 10% interest in the property subject to delivering a positive feasibility study within five years from the date of execution of the formal option agreement. In June, 2017, Northern Superior terminated the Option Agreement, as Bold was unable to maintain its expenditure requirements on the Property.

d) **Wapistan property**

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

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

In 2013, due to the actions of third parties, the Company determined that that it had lost the ability to access the Ontario Properties and to realize the benefits of the value created from its exploration expenditures on the Properties, and elected to write off $6,050,125 in capitalized costs. On October 24, 2013, the Company filed a civil lawsuit (the "Ontario Litigation") against the Government of Ontario seeking, amongst other things, damages of $110 million, consisting mainly of amounts expended to date as well as for lost value of the Properties. In May 2016, the Ontario Litigation completed, with the judge ruling against the Company. On August 26, 2016, the Ontario Superior Court ordered the Company to pay $440,570 in costs to the Province of Ontario in connection with the Ontario Litigation; a provision for the full amount was recorded during the year ended December 31, 2016. At December 31, 2017, both the trial decision and the cost award were under appeal with the Ontario Court of Appeal, and on March 1, 2018, the Company announced it had concluded the Ontario Litigation, avoiding any further court proceedings. The Company and the Ontario Government settled on a reduced costs amount (the "Amount"), which amount cannot be disclosed due to confidentiality restrictions as dictated in the final settlement. Payment of the Amount was made in the first quarter of 2018, and the Properties have been released from an exclusion of time.

(Expressed in Canadian dollars)

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	December 31, 2018	December 31, 2017
	($)	($)
Trade payables	**127,566**	265,507
Amounts due to related parties	**41,250**	88,229
Accrued liabilitites - general	**32,430**	48,845
Provision for Ontario litigation costs	**-**	440,570
Flow-through shares premium liability (note 9)	**242,424**	-
	443,670	843,151

The fair value of accounts payable and accrued liabilities approximate their carrying amount. Trade payables relate mainly to the acquisition of materials, supplies and services. These payables do not accrue interest and no guarantees have been granted.

9. SHARE CAPITAL

a) Authorized

Share consolidation

On January 3, 2019, the Company received regulatory approval to consolidate its issued and outstanding common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares. Regulatory approval having been received, the common shares of the Company commenced trading on the TSX Venture Exchange ("TSX-V" or the "Exchange") on a post-consolidated basis on January 7, 2019. There was no change to the Company's trading symbol on the TSX-V or the OTCQB. All information relating to earnings/loss per share, issued and outstanding common shares, share options and warrants, and per share amounts in these financial statements have been adjusted retrospectively to reflect the share consolidation.

At December 31, 2018, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value. (Note 15)

b) Common shares

Year Ended December 31, 2018

(i) On August 17, 2018, the Company issued a total of 127,912 shares (valued in the aggregate at $63,957) in respect of Directors' fees for the period July 1, 2017 to June 30, 2018.

(ii) On December 28, 2018, the Company closed a non-brokered private placement for gross proceeds of $999,999 ("Private Placement") through the sale of 3,030,300 Units, with each Unit comprised one flow-through common share and one-half of one non-transferable non-flow-through share purchase warrant ("NFT Warrant") exercisable at a price of $0.40 per share until one year after the date of closing. The issuance of the 3,030,300 flow-through shares resulted in a flow-through premium liability of $242,424. Upon the flow-through funds being fully expended, the flow-through premium liability will be extinguished through the Statement of Loss and Comprehensive Loss during the year in which the expenditures occur.

(Expressed in Canadian dollars)

The Private Placement closed as follows:

Closing Date		December 28, 2018
Gross Proceeds		$999,999
FT Shares Issued		3,030,300
Finders' Fees		
	Shares issu	60,606
	Cash	$78,664
NFT Warrants Issued		1,515,150
NFT Warrant Exercise Price		$0.40
NFT Warrant Expiry Date		December 28, 2019
NFT Broker Warrants Issued		242,424
NFT Warrant Exercise Price		$0.40
NFT Warrant Expiry Date		December 28, 2019

The NFT Warrants and NFT Broker Warrants were valued in the aggregate at $181,984, using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.75
Expected stock price volatility (%)	142
Expected dividend yield (%)	0
Expected life (years)	1

<u>Year ended December 31, 2017</u>

(i) On February 13, 2017, the Company announced concurrent financings ("Concurrent Financings"), as to:

- a non-brokered private placement of 4,000,000 units ("Units") at a price $0.50 per Unit for gross proceeds of $2,000,000 (the "Offering"). Each Unit comprised one non flow-through common share ("NFT Share") and one non-transferable share purchase warrant ("NFT Warrant") exercisable at a price of $0.75 per share until two years after the date of closing.
- an additional non-brokered private placement to raise gross proceeds of up to $2,500,000 by way of Units under the same terms as the Offering (the "Unit Offering") and flow-through common shares ("FT Shares") at a price of $0.55 per share (the "FT Offering"). The Unit Offering and the FT Offering are collectively referred to as the "Concurrent Offering", and subscribers could elect to receive Units or flow-through shares or a combination thereof.

The Concurrent Financings closed as follows:

		Tranche #1	Tranche #2	Total
Closing Date		March 2, 2017	March 6, 2017	
Gross Proceeds		$3,097,000	$1,403,000	**$4,500,000**
FT Shares Issued		340,000	750,000	**1,090,000**
NFT Shares Issued		5,820,000	1,981,000	**7,801,000**
Finders' Fees				
	Cash	$41,250	$82,625	**$123,875**
NFT Warrants Issued		5,820,000	1,981,000	**7,801,000**
NFT Warrant Exercise Price		$0.750	$0.750	
NFT Warrant Expiry Date		March 2, 2019	March 6, 2019	

(Expressed in Canadian dollars)

The NFT Warrants were valued in the aggregate at $4,236,909, using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	0.77
Expected stock price volatility (%)	174
Expected dividend yield (%)	0
Expected life (years)	2

(ii) On July 18, 2017, the Company issued a total of 59,066 shares (valued in the aggregate, at $29,533) in respect of Directors' fees for the period January 1 to June 30, 2017.

c) Stock Options

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

During the year ended December 31, 2018

(i) During the year ended December 31, 2018 the Company recorded $16,790 in respect of the vesting of options granted in prior years.

During the year ended December 31, 2017

(i) On April 23, 2017, stock options were granted to directors, officers, employees and consultants allowing for the purchase of up, in the aggregate, 960,000 shares in the capital of the Company at $0.65 until April 23, 2022. The total amount of share-based payments expense of $608,448 was recognized during the year ended December 31, 2017.

(ii) On November 30, 2017, stock options were granted to directors, officers, employees and consultants allowing for the purchase of up, in the aggregate, 505,000 shares in the capital of the Company at $0.50 until November 30, 2022. The total amount of share-based payments expense of $179,932 was recognized during the year ended December 31, 2017.

(iii) During the year ended December 31, 2017 the Company recorded $32,395 in respect of the vesting of options granted in prior years.

The fair value for stock options issued during the years ended December 31, 2018 and 2017 was determined using the Black-Scholes Option Pricing Model and the following assumptions:

	Years ended December 31,	
	2018	2017
Risk-free interest rate (%)	Nil	1.24
Expected stock price volatility (%)	Nil	146
Expected dividend yield (%)	Nil	0
Expected life (years)	Nil	5

(Expressed in Canadian dollars)

At December 31, 2018, the Company had stock options, with a total weighted average remaining contractual life of 3.11 years (2017: 3.84 years) outstanding as follows:

Grant date	Expiry date	Number (#)	Exercise price ($)	Weighted Average Life (years)	Options exercisable (#)
November 10, 2014	November 10, 2019	130,000 (1)	0.500	0.86	130,000
November 5, 2015	November 5, 2020	95,000 (1)	0.500	1.85	95,000
August 1, 2016	August 1, 2021	50,000 (2)	1.000	2.59	50,000
November 21, 2016	November 21, 2021	105,000 (1)	0.500	2.90	70,000
April 23, 2017	April 23, 2022	810,000 (3)	0.650	3.32	810,000
November 30, 2017	November 30, 2022	355,000 (3)	0.500	3.92	355,000
		1,545,000	**0.597**	**3.11**	**1,510,000**

(1) Provided to directors, officers, consultants and employees; the options vest as to 1/3 each on the first, second and third anniversary of the grant.

(2) Provided to a consulting firm as part of the compensation for providing certain marketing services to the Company; the options vest as to 1/4 each every three months following the date of the grant.

(3) Provided to directors, officers, consultants and employees; the options fully vest on date of grant.

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

	Outstanding	
	Number of options (#)	**Weighted average exercise price ($)**
Outstanding, December 31, 2016	**795,000**	**0.700**
Exercisable, December 31, 2016	**487,500**	**0.800**
Granted	1,465,000	0.600
Expired	(152,500)	1.050
Outstanding, December 31, 2017	**2,107,500**	**0.620**
Exercisable, December 31, 2017	**1,843,333**	**0.630**
Expired	(100,000)	1.000
Forfeited	(462,500)	0.549
Outstanding, December 31, 2018	**1,545,000**	**0.595**
Exercisable, December 31, 2018	**1,510,000**	**0.597**

d) Share Based Payments

Share based payments recognized in the period are expensed as consulting fees, directors' fees or management and office expense, as appropriate. The following table summarizes the share based payments expense on the vesting of stock option for the years ended December 31, 2018 and 2017:

(Expressed in Canadian dollars)

	December 31, 2018 ($)	December 31, 2017 ($)
Consulting fees	**4,900**	4,900
Directors' fees	**-**	591,798
Management and office	**11,890**	224,077
	16,790	820,775

e) Warrants

Year ended December 31, 2018
Pursuant to the Private Placement, the Company issued warrants allowing for the purchase of up to, in the aggregate, 1,757,574 common shares in the capital of the Company at a price of $0.40 per share until December 28, 2019. The warrants were valued in aggregate at $181,984.

Year ended December 31, 2017
Pursuant to the Concurrent Financings, the Company issued warrants allowing for the purchase of up to, in the aggregate, 5,850,000 common shares in the capital of the Company at a price of $0.75 per share until March 2, 2019 and 1,981,000 common shares in the capital of the Company at a price of $0.75 per share until March 6, 2019. The warrants were valued in the aggregate at $4,236,909.

The fair value for warrants issued during the years ended December 31, 2018 and 2017 was determined using the Black-Scholes Option Pricing Model and the following assumptions:

	Years ended December 31,	
	2018	**2017**
Risk-free interest rate (%)	1.75	0.77
Expected stock price volatility (%)	142	174
Expected dividend yield (%)	0	0
Expected life (years)	1	2

At December 31, 2018, the Company had warrants, with a total weighted average remaining contractual life of 0.32 years (2017: 1.11 years) outstanding as follows:

Issue date	**Expiry date**	**Number (#)**	**Exercise price ($)**	**Weighted Average Life (years)**
March 2, 2017	March 2, 2019	5,820,000	0.750	0.17
March 6, 2017	March 6, 2019	1,981,000	0.750	0.18
December 28, 2018	December 28, 2019	1,515,150	0.400	0.99
December 28, 2018	December 28, 2019	242,424	0.400	0.99
		9,558,574	**0.686**	**0.32**

(Expressed in Canadian dollars)

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

	Outstanding	
	Number of warrants (#)	Weighted average exercise price ($)
Outstanding, December 31, 2016	**2,000,000**	**0.750**
Issued	7,801,000	0.750
Outstanding, December 31, 2017	**9,801,000**	**0.750**
Issued	1,757,574	0.400
Expired	(2,000,000)	0.750
Outstanding, December 31, 2018	**9,558,574**	**0.686**

10. RELATED PARTY TRANSACTIONS

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. Transactions were in the normal course of operations and all of the costs recorded are based on fair value. The Company's related party expenses for the years ended December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
	($)	($)
Management fees	84,000	81,000
Directors' fees	117,912 (1)	124,066 (2)
Salaries and wages	303,000	286,200
Share based payments	11,890	815,875
	516,802	1,307,141

(1) At December 31, 2018, a total of $41,250 was owed to Directors in respect of Directors' fees, as to $13,750 payable in cash, and $27,500 payable in common shares of the Company, with the number of shares issuable to be determined based on the closing price of the Company's shares on the date such shares are issuable, but in any event, not less than $0.50 per share.

(2) At December 31, 2017, a total of $48,750 was owed to Directors in respect of Directors' fees, as to $16,250 payable in cash, and $32,500 payable in common shares of the Company, with the number of shares issuable to be determined based on the closing price of the Company's shares on the date such shares are issuable, but in any event, not less than $0.50 per share.

Included in accounts payables at December 31, 2018 is $Nil due to related parties (December 31, 2017: $88,229) in expenses incurred on behalf of the Company.

11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Management of Capital risk

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

(Expressed in Canadian dollars)

The Company's capital at December 31, 2018 and 2017 follows:

	December 31, 2018 ($)	December 31, 2017 ($)
Share Capital	**64,542,840**	63,981,956
Reserves	**10,540,059**	10,347,285
Deficit	**(66,041,081)**	(65,160,475)
	9,041,818	9,168,766

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 year ended December 31, 2018. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

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 cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. The Company's surplus cash at December 31, 2018 and 2017, is invested in liquid low risk accounts in A rated Canadian Banks. 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 meets 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 December 31, 2018, the Company had unrestricted cash and cash equivalents of $915,639 (December 31, 2017: $3,083,897) to settle trade payables and accrued liabilities totaling $443,742 (December 31, 2017: $843,151).

(Expressed in Canadian dollars)

iii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. A 1% change in short term rates would change the interest income and net loss of the Company, assuming that all other variables remained constant, by approximately $22,685 at December 31, 2018.

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

12. SEGMENTED INFORMATION

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

13. INCOME TAXES

The provision for income taxes in the statement of loss and deficit represents an effective rate different than would be computed by applying the combined Canadian statutory federal and provincial income tax rates to the loss before income taxes due to the following:

As at December 31,	**2018 ($)**	**2017 ($)**
Net loss for the year	880,606	1,646,260
Canadian federal and provincial income tax rates	26.5%	26.5%
Expected income tax recovery	233,361	436,259
Permanent differences	60,336	(780,957)
Change in prior year provision to actual	-	21,022
Tax benefit not recognized	(293,697)	323,676
Total income tax recovery	-	-

As at December 31,	**2018 ($)**	**2017 ($)**
Unrecognized deferred tax assets		
Non-capital loss carryforwards	5,165,235	4,869,461
Net capital loss	1,092,786	1,092,786
Exploration and evaluation assets	6,054,421	5,947,063
Share issue costs and other	56,714	78,861
	12,369,156	11,988,171

At December 31, 2018, the Company had capital losses for tax purposes in Canada totaling $8,247,440 that may be carried forward indefinitely, cumulative exploration and development expenses of $29,567,857, and a non-capital loss carry forward of $19,491,453 available for tax purposes in Canada which expire as follows:

(Expressed in Canadian dollars)

Tax losses ($)	Year of expiry
479,151	2026
872,751	2027
1,263,477	2028
1,518,538	2029
1,512,554	2030
2,457,492	2031
2,277,147	2032
1,670,556	2033
1,605,921	2034
2,009,617	2035
1,512,367	2036
1,195,755	2037
1,116,127	2038
19,491,453	

14. COMMITMENTS AND CONTINGENCIES

At December 31, 2018, the Company has the following commitments in respect of its operating lease:

	< 1 year ($)	2-5 years ($)	> 5 years ($)	Total ($)
Lease	45,633	117,885	-	**163,518**

15. SUBSEQUENT EVENTS

(i) On January 3, 2019, the Company received regulatory approval to consolidate its common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares. The shares of the Company commenced trading on the TSX-V on a post-consolidated basis on January 7, 2019. There was no change to the Company's trading symbol on the TSX-V. (Note 9(a))

(ii) On January 15, 2019, the Company received, in respect of the Yamana Agreement, an advance of $1,000,000 for exploration expenditures at the Company's TPK property.

(iii) Subsequent to December 31, 2018, warrants allowing for the acquisition of up to, in the aggregate, 7,801,000 shares at $0.75 per share expired, as to 5,820,000 shares on March 2, 2019 and 1,981,000 shares on March 6, 2019.

(iv) On March 29, 2019, the Company granted incentive stock options allowing for the acquisition of up to, in the aggregate, 1,130,000 shares at $0.22 per share until March 29, 2024.