Northern Superior Resources Inc.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the three and six months ended June 30, 2016 and 2015

Northern Superior Resources Inc.

Notice to Reader:

These condensed interim financial statements of Northern Superior Resources Inc. (the "Company") 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)

Statements of Financial Position

As at	*Notes*	**June 30, 2016**	December 31, 2015
Assets			
Current assets			
Cash and cash equivalents		**$1,307,210**	$1,615,034
Prepaids and receivables	*3*	**66,653**	236,289
Available for sale investment		**9,000**	2,000
		$1,382,863	$1,853,323
Non-current assets			
Receivables	*3*	**$3,241**	$3,241
Equipment		**7,217**	10,523
Exploration and evaluation properties	*4*	**3,660,305**	3,580,917
		$5,053,626	$5,448,004
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	*5*	**$513,079**	$34,004
Shareholders' Equity			
Share Capital		**62,799,807**	62,799,807
Reserve - Stock options		**4,674,130**	4,661,234
Accumulated other comprehensive income		**(1,250)**	(3,250)
Deficit		**($62,932,140)**	(62,043,791)
		4,540,547	5,414,000
		$5,053,626	$5,448,004

Subsequent events notes 4 and 6(b)

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD ON AUGUST 29, 2016

"Alan C. Moon" *"Arnold Klassen"*

Director Director

See accompanying notes to financial statements

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

Statements of Loss and Comprehensive Loss

	Notes	Three months ended June 30, 2016	2015	Six months ended June 30, 2016	2015
Expenses					
Consulting fees	*6(c)*	**$11,712**	$26,087	**$41,985**	$56,174
Depreciation		**1,653**	2,804	**3,307**	5,607
Legal and accounting		**17,927**	28,764	**42,140**	81,662
Office expense	*6(c)*	**128,484**	117,293	**256,593**	282,772
Shareholder information		**27,174**	19,428	**69,328**	79,318
Travel		**-**	2,387	**4,994**	9,979
Loss before the undernoted		**(186,951)**	(196,763)	**($418,347)**	(515,512)
Interest income		**5,300**	7,237	**8,275**	15,694
Ontario litigation costs	*4*	**(473,702)**	(288,486)	**(478,277)**	(472,454)
Net loss for the period		**($655,353)**	($478,012)	**(888,349)**	($972,272)
Other comprehensive loss					
Items that may be classified subsequently to profit or loss					
Change in value of available for sale investment		**2,000**	(500)	**2,000**	250
Total comprehensive loss		**($653,353)**	($478,512)	**($886,349)**	($972,022)
Basic and diluted loss per share		**($0.00)**	($0.00)	**($0.00)**	($0.01)
Weighted-average number of common shares outstanding	*6(d)*				
Basic		**189,577,969**	188,962,583	**189,577,969**	188,962,583
Diluted		**189,577,969**	188,962,583	**189,577,969**	188,962,583

See accompanying notes to financial statements

Northern Superior Resources Inc.
Condensed Interim Financial Statements
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Statements of Equity

		Share Capital		Reserves			
	Note	Number of Shares	Amount	Stock options	Investment revaluation reserve	Deficit	Equity
Balance, December 31, 2014		**188,962,583**	**$62,784,407**	**$4,600,764**	**($1,500)**	**($57,699,649)**	**$9,684,022**
Share based payments	*6(c)*	-	-	$35,838	-	-	35,838
Change in value of available for sale investment		-	-	-	250	-	250
Net loss		-	-	-	-	($972,272)	(972,272)
Balance, June 30, 2015		**188,962,583**	**$62,784,407**	**$4,636,602**	**($1,250)**	**($58,671,922)**	**$8,747,838**
Common shares issued for properties		615,386	15,400	-	-	-	15,400
Share based payments		-	-	$24,632	-	-	24,632
Change in value of available for sale investment		-	-	-	(2,000)	-	(2,000)
Net loss		-	-	-	-	($3,371,870)	(3,371,870)
Balance, December 31, 2015		**189,577,969**	**$62,799,807**	**$4,661,234**	**($3,250)**	**($62,043,791)**	**$5,414,000**
Share based payments	*6(c)*	-	-	12,896	-	-	12,896
Change in value of available for sale investment		-	-	-	2,000	-	2,000
Net loss		-	-	-	-	(888,349)	(888,349)
Balance, June 30, 2016		**189,577,969**	**$62,799,807**	**$4,674,130**	**($1,250)**	**($62,932,140)**	**$4,540,547**

See accompanying notes to financial statements

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

Statements of Cash Flows

		Three months ended June 30,		Six months ended June	
	Notes	**2016**	2015	**2016**	2015
Operating Activities					
Net loss for the period		**($655,353)**	($478,012)	**($888,349)**	($972,272)
Items not involving cash:					
Depreciation		**1,653**	2,804	**3,307**	5,607
Share based payments	*6(c)*	**5,000**	15,167	**12,896**	30,334
Change in non-cash operating working capital items:					
Decrease in prepaids and receivables		**1,957**	(17,967)	**47,965**	(16,509)
Increase in trade payables and accrued liabilities		**457,299**	(9,723)	**483,691**	20,333
Cash used in operating activities		**($189,443)**	($487,731)	**($340,489)**	(932,507)
Investing Activities					
Exploration and evaluation expenditures, including movements in working capital		**(43,025)**	(164,125)	**(122,171)**	(237,874)
Recovery of exploration and evaluation expenditures		**15,428**	29,047	**154,837**	56,337
Cash used in investing activities		**(27,596)**	(135,078)	**32,666**	(181,537)
Decrease in cash during the year		**(217,039)**	(622,809)	**($307,824)**	(1,114,044)
Cash, beginning of period		**$1,524,249**	3,123,830	**$1,615,034**	3,615,065
Cash, end of period		**$1,307,210**	$2,501,021	**$1,307,210**	$2,501,021

Supplemental cash flow information note 8

See accompanying notes to financial statements

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 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

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Except as noted below under Changes in Accounting Policies, these condensed financial statements follow the same accounting policies and methods of application as the annual financial statements of the Company for the year ended December 31, 2015. These condensed interim financial statements do not contain all disclosures required by International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the 2015 annual financial statements and the notes thereto.

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial instruments, as set out in the accounting policies in note 3 of the 2015 annual consolidated financial statements.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in note 3(m) of the 2015 annual financial statements.

As at June 30, 2016, the Company has cash and cash equivalents of $1,307,210 and working capital of $869,784. In May 2016, the trial between Northern Superior and the Government of Ontario (the "Ontario litigation") was completed with the judge ruling against the Company ("the trial decision"). On August 26, 2016 (note 4), the Ontario Superior Court of Justice ordered Northern Superior to pay an aggregate of $440,570 in costs to the Province of Ontario in connection with the lawsuit. At June 30, 2016 the Company provided for the full amount as decided by the Court; both the trial decision and the cost award are now under appeal to the Ontario Court of Appeal and the Company will not be required to pay any amount to the Province until the appeal has been heard and a decision rendered.

While the Company has enough funds to allow it to continue its planned activities in the normal course, 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. If the Company is unable to raise additional capital in the future and/or attracting joint venture partners for further exploration on its properties, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern beyond 2017.

These condensed interim financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

b) Changes in Accounting Policies

The Company has adopted the following new standard, along with any consequential amendments, effective January 1, 2016. These changes were made in accordance with the applicable transitional provisions.

Amendments to IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Asset*s: Clarification of Acceptable Methods of Depreciation and Amortization.

On May 12, 2014, the IASB issued Amendments to IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets. In issuing the amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of a tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption for an intangible asset, however, can be rebutted in certain limited circumstances. The standard is to be applied prospectively for fiscal years beginning on or after January 1, 2016 with early application permitted. These amendments did not impact the Company's condensed interim financial statements.

IFRS 11, *Joint Arrangements*

On May 6, 2014 the IASB amended IFRS 11, Joint Arrangements ("IFRS 11"). The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016. These amendments did not impact the Company's condensed interim financial statements.

IAS 1, *Presentation of Financial Statements*

On December 18, 2014 the IASB amended IAS 1, Presentation of Financial Statements ("IAS 1"). The amendments to existing IAS 1 requirements relate to materiality; order of the notes; subtotals; accounting policies; and disaggregation. The amendments are effective for annual periods beginning on or after January 1, 2016. These amendments did not impact the Company's condensed interim financial statements.

IAS 19, *Employee Benefits*

On November 13, 2013 the IASB amended IAS 19, Employee Benefits ("IAS 19"). The amendments provide additional guidance to IAS 19 on the accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan. The amendments are effective for annual periods beginning on or after July 1, 2014. IAS 19 was further amended on July 30, 2014. The amendments to IAS 19 clarify the application of the requirements of IAS 19 on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency. The amendments are effective for annual periods beginning on or after January 1, 2016. The amendments did not impact the Company's condensed interim financial statements.

c) Accounting Standards Issued but not yet Effective

IFRS 15, *Revenue from Contracts and Customers*

IFRS 15, *Revenue from Contracts and Customers* ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard.

On July 22, 2015, the IASB deferred the mandatory effective date of IFRS 15 by one year to January 1, 2018 (with earlier application still permitted). The Company does not expect the implementation of IFRS 15 to impact its condensed interim financial statements.

IFRS 9, *Financial Instruments*

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by the IASB on July 24, 2014, and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9; fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative host contracts not within the scope of this standard. The effective date for this standard is for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its condensed interim financial statements.

IFRS 16, *Leases*

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, *Leases*. The new Standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15, *Revenue from Contracts with Customers,* has been applied. The Company does not expect the implementation of IFRS 16 to impact its financial statements.

(Expressed in Canadian dollars)

IAS 7, *Statement of Cash Flows*

On January 29, 2016, the International Accounting Standards Board (IASB) published amendments to IAS 7, *Statement of Cash Flows*. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. The Company is currently evaluating the impact of IAS 7 on its financial statements.

IAS 12*, Income Taxes*

IAS 12*, Income Taxes* has been revised to incorporate amendments issued by the IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017, with early application permitted. The Company does not expect the amendments to IAS 12 to impact its financial statements.

3. PREPAIDS AND RECEIVABLES

As at	**June 30, 2016**	December 31, 2015
Quebec government refundable tax credits	**$15,753**	$154,862
Sales tax receivable	**9,706**	30,825
Prepaid and advances	**21,160**	26,755
Interest receivable	**14,262**	21,821
Other receivables	**5,772**	2,026
Total Current Prepaids and Receivables	**$66,653**	$236,289
Receivables (non-current):		
Quebec Government refundable tax credits	**3,241**	3,241
Total	**$69,894**	$239,530

The fair value of receivables approximates their carrying value. None of the amounts included in receivables at June 30, 2016 are past due.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION PROPERTIES

For the period ended June 30, 2016	Ti-pa-haa-kaa-ning	Croteau Est	Lac Surprise	Wapistan	Total
Balance, December 31, 2015	**$1,152,408**	**$1,682,508**	**$717,638**	**$28,363**	**$3,580,917**
Acquisition, assessment and maintenance	**678**	**263**	**7,278**	**-**	**8,220**
Analytical	**-**	**350**	**-**	**-**	**350**
Geology	**7,385**	**15,714**	**3,526**		**26,626**
Research	**57,354**	**-**	**-**	**-**	**57,354**
Project administration	**231**	**2,035**	**-**		**2,266**
Cost recoveries	**-**	**-**	**(15,428)**	**-**	**(15,428)**
Refundable tax credits and adjustments	**-**	**-**	**-**		**-**
Net change for the period	**65,650**	**18,362**	**(4,624)**	**-**	**79,388**
Balance, June 30, 2016	**$1,218,057**	**$1,700,870**	**$713,014**	**$28,363**	**$3,660,305**

For the year ended December 31, 2015	Ti-pa-haa-kaa-ning	Croteau Est	Lac Surprise	Wapistan	Waconichi	Grizzly	Total
Balance, December 31, 2014	$2,254,124	$1,917,421	$1,161,115	$-	$234,766	$105,053	$5,672,479
Acquisition, assessment and maintenance	74,541	176,697	-	29,062	105	5,969	286,374
Analytical	-	998	-	-	-	-	998
Geology	13,841	63,840	20,817	9,315	-	31,326	139,139
Drilling	384	689	-	-	-	-	1,073
Research	72,684	228	-	-	-	-	72,912
Project administration	1,526	5,388	2,031	765	-	1,434	11,144
Cost recoveries	-	(52,223)	(20,247)	-	-	-	(72,470)
Refundable tax credits and adjustments	-	27,246	3,593	(3,062)	-	(10,060)	17,717
Write-off exploration and evaluation properties	(1,264,692)	($457,776)	(449,671)	(7,717)	(234,871)	(133,722)	(2,548,449)
Net (decrease) increase for the year	(1,101,716)	(234,913)	(443,477)	28,363	(234,766)	(105,053)	(2,091,562)
Balance, December 31, 2015	$1,152,408	$1,682,508	$717,638	$28,363	$-	$-	$3,580,917

Option Earn-in Agreement on Lac Surprise Property

During the second quarter of 2016, the Company received 100,000 shares of Bold Ventures Inc. ("Bold") as provided in the option agreement signed in April 2014 between the Company and Bold, whereby Bold can earn a 50% working interest in the Lac Surprise property (100% owned by the Company) by spending an aggregate of $2,000,000 on exploration of the property and issuing to the Company a total of 350,000 common shares of Bold.

As at June 30, 2016, Bold has spent over $1,000,000 on exploration on the property ($1,000,000 were required to be spent by the second anniversary of the agreement) and issued a total of 200,000 shares to the Company). To complete the 50% earn in Bold will have to spend the remaining $1,000,000 on exploration on the property and issue 150,000 common shares to the Company by April 2017.

Per the agreement, Bold can earn an additional 10% in the property by delivering a positive feasibility study within five years from the date of execution of the formal option agreement, bringing its total interest in the property to 60%. Upon Bold earning its interest in the property (either 50% or 60%), the Company and Bold shall form a joint venture to hold the property and conduct further exploration activities.

Ontario litigation

In 2013 the Company recorded a write-off of $6,005,125, representing the unamortized balance of its deferred exploration costs incurred in connection with the exploration of the Company's 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 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. On October 24, 2013, the Company filed a civil lawsuit against the Government of Ontario (the "Crown") seeking among other things, damages of $110 million and consisting mainly of amounts expended to date as well as for lost value of the Properties, as a result of lost access to the Properties.

In May 2016, the Ontario Superior Court (the "Court") handed down its decision with respect to the trial dismissing the Company's claim. The Court also required both the Crown and Northern Superior to make submissions regarding costs. The Crown requested the Court to award costs in the amount of $544,655. Northern Superior contested the Crown's costs and countered with an offer of $260,000. 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 lawsuit; the full amount provided for as at June 30, 2016. Both the trial decision and the cost award are now under appeal to the Ontario Court of Appeal and the Company will not be required to pay any amount to the Province until the appeal has been heard and a decision rendered.

5. TRADE PAYABLES AND ACCRUED LIABILITIES

As at	**June 30, 2016**	December 31, 2015
Trade payables	**$27,674**	$9,126
Amounts due to related parties	**14,702**	763
Accrued liabilitites - general	**30,133**	24,115
Provision for Ontario litigation costs *note 4*	**440,570**	-
	$513,079	$34,004

The fair value of accounts payable and accrued liabilities approximate their carrying amount. Trade payables relate mainly to the acquisition of materials, supplies and contractor services. These payables do not accrue interest and no guarantees have been granted. Trade payables and accrued liabilities at June 30, 2016 and December 31, 2015 are denominated in Canadian dollars.

6. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Stock Options

As at June 30, 2016, the Company had 8,505,000 stock options outstanding of which 5,005,000 were exercisable under the Company's stock option plan. A summary of the changes in the Company's stock option plan for the six months ended June 30, 2016 and 2015 is as follows:

	Six months ended June 30, 2016		Six months ended June 30, 2015	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
Outstanding, beginning of year	**8,930,000**	**$0.11**	11,160,000	$0.28
Granted	**100,000**	**$0.05**	-	-
Expired	**(525,000)**	**$0.07**	(375,000)	$0.11
Outstanding, end of period	**8,505,000**	**$0.11**	10,785,000	$0.29
Exercisable, end of period	**5,005,000**	**$0.13**	6,176,666	$0.28

The weighted average grant-date fair value for options granted during the six months ended June 30, 2016 was $0.004 (same period in 2015 - $0.03), which was determined using the Black-Scholes Option Pricing Model and the following assumptions: no dividends to be paid; volatility of 40% (same period in 2015 – 121.5%); risk-free interest rate 0.71% (same period in 2015 - 1.43%); and expected life of 5 years (same period in 2015 - 5 years).

On August 1, 2016, the Company issued 500,000 stock options to a consulting firm as part of the compensation for certain marketing services to Northern Superior. The stock options vest in 4 tranches every six months with all options fully vested as at August 1, 2017; are exercisable at a price of 0.10 per share and expire in five years from the date of grant.

(Expressed in Canadian dollars)

The following table summarizes information regarding stock options outstanding and exercisable at June 30, 2016:

Exercise price	Options outstanding	Options exercisable	Remaining contractual life (years)	Expiry dates
$0.050 - $0.100	5,475,000	1,975,000	3.30	December 3, 2018 to March 1, 2021
$0.101 - $0.200	1,775,000	1,775,000	1.40	December 10, 2017
$0.201 - $0.24	1,255,000	1,255,000	0.30	November 2, 2016
	8,505,000	5,005,000		

c) 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 three and six months ended June 30, 2016 and 2015:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Consulting fees	**2,000**	$1,587	**4,411**	$3,174
Office expense	**3,000**	13,580	**8,485**	27,160
	5,000	15,167	**12,896**	30,334
Capitalized on exploration and evaluation properties	**-**	2,752	**-**	5,504
Total share based payments	**$5,000**	$17,919	**$12,896**	$35,838

d) 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 three and six months ended June 30, 2016 were 8,505,000 (same periods in 2015 – 10,785,000) stock options that were anti-dilutive.

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

For the three and six months ended June 30, 2016 Northern Superior paid $7,500 and $12,500, respectively, to a company controlled by its current Chief Financial Officer ($18,114 and $36,240 paid, respectively, in the same periods in 2015 to a company controlled by the then Chief Financial Officer), for accounting and management services, which amounts are included in office expenses.

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 and companies controlled by the officers and directors.

8. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Non-cash investing activities				
Change in working capital related to exploration and evaluation properties	**($30,484)**	($77,942)	**($42,784)**	($1,157)
Shares received for Lac Surprise option agreement	**5,000**	-	**5,000**	-
Share based payments capitalised	**-**	2,752	**-**	5,504
	($25,484)	($75,190)	**($37,784)**	$4,347
Interest received	**$2,493**	$-	**$10,493**	$35,051
Interest paid	**$-**	$-	**$-**	$-
Taxes paid	**$-**	$-	**$-**	$-

Cash and cash equivalents consists of:	**June 30, 2016**	December 31, 2015
Cash	**$57,210**	$115,034
Short term investments	**1,250,000**	1,500,000

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS

Carrying Values of Financial Instruments

The carrying value of financial assets and liabilities as at June 30, 2016 and December 31, 2015 are as follows:

As at	**June 30, 2016**	December 31, 2015
Financial Assets		
At fair value through profit or loss		
Cash and cash equivalents	**$1,307,210**	$1,615,034
Loans and receivable, measured at amortized cost		
Receivables *note 3*	**$48,733**	$212,774
Available-for-sale, measured at fair value		
Investments in public companies	**$9,000**	$2,000
Financial Liabilities		
Other financial liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	**$513,079**	$34,004

Fair Values of Financial Instruments

The fair values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their carrying values due to the short term to maturity of these financial instruments.

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

As at	**June 30, 2016**	December 31, 2015
	Level 1	Level 1
Cash and cash equivalents	**$1,307,210**	$1,615,034

The Company does not have any financial instruments measured using Level 2 or 3 inputs. The Company does not offset financial assets with financial liabilities and there were no transfers between Level 1 and Level 2 input financial instruments.

10. 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.