Northern Sphere Mining Corp.

(an Exploration Stage Company)

Financial Statements
(Expressed in Canadian Dollars)

For the years ended
December 31, 2017 and 2016

Independent Auditor's Report

To the Shareholders of
Northern Sphere Mining Corp.

We have audited the accompanying financial statements of Northern Sphere Mining Corp., which comprise the statements of financial position as at December 31, 2017 and 2016, the statements of loss and comprehensive loss, statements of changes in equity and statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Sphere Mining Corp. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these financial statements, the Company has not generated revenues to date. This condition raises material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

April 30, 2018

Parker Simone LLP.

Northern Sphere Mining Corp.

(an Exploration Stage Company)

Statements of Financial Position

(Expressed in Canadian Dollars)

As at December 31,	**Notes**	**2017**	**2016**
Assets			
Current Assets			
Cash		**$ 267,393**	**$ 586,999**
HST recoverable		**32,332**	**37,498**
Prepaid expenses		**23,448**	**4,110**
		323,173	**628,607**
Property, plant and equipment	**6**	**94,864**	**-**
Mineral Properties	**7**	**255,083**	**255,083**
		$ 673,121	**$ 883,690**
Liabilities			
Current Liabilities			
Trade payables and accrued liabilities	**8**	**$ 387,347**	**$ 430,674**
Demand promissory note payable	**9**	**50,000**	**50,000**
Debenture payable	**9**	**1,901,300**	**1,901,300**
		2,338,647	**2,381,974**
Deficiency in Assets			
Capital Stock	**11**	**$ 9,828,441**	**6,712,892**
Share-based payments reserve	**11**	**609,265**	**583,514**
Warrants	**11**	**1,099,335**	**411,600**
Contributed Surplus		**37,750**	**37,750**
Deficit		**(13,240,318)**	**(9,244,040)**
		(1,665,526)	**(1,498,284)**
		$ 673,121	**$ 883,690**

Nature of Operations and Going Concern *(Note 1)*
Commitments *(Note 12)*
Subsequent events *(Note 15)*

Approved by the Board:

Signed *"John Carter "* — Director

Signed *"Bob Leshchyshen "* — Director

The accompanying notes are an integral part of these financial statements

Northern Sphere Mining Corp.

(an Exploration Stage Company)

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Years Ended December 31,	**Notes**		**2017**		2016
Revenue					
Interest		**$**	**3,494**	$	-
Expenses					
Management and director fees	**8,10**	**$**	**707,807**	$	369,500
General and administrative			**167,055**		50,371
Professional fees	**8**		**136,332**		116,094
Consulting fees	**8**		**9,282**		130,500
Share based compensation	**9,10**		**488,300**		131,200
Exploration and evaluation expenditures	**7**		**2,460,987**		759,931
Write down on impairment of mineral property	**7**		**-**		1,599,862
(Gain) / loss on forgiveness and conversion of debt	**10,11**		**-**		216,971
(Gain) / loss on foreign exchange			**30,009**		(2,205)
Total Expenses		**$**	**3,999,772**	$	3,372,224
Net Loss and Comprehensive Loss		**$**	**3,996,278**	$	3,372,224
Income / (Loss per share) - basic and diluted		**$**	**(0.15)**	$	(0.25)
Weighted average number of shares outstanding – basic and diluted			**26,156,622**		13,320,420

Certain expenses were reclassified in the 2016 reported numbers to conform to current year presentation.

The accompanying notes are an integral part of these financial statements

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Statements of Changes in Equity

(Expressed in Canadian Dollars)

		Capital Stock		Reserves				**2017**
	Notes	**Number of shares**	**Amount [1]**	**Share based payments**	**Warrants**	**Contributed surplus**	**Accumulated deficit**	**Total**
Balance at January 1, 2017		**20,059,008**	**$ 6,712,892**	**$ 583,514**	**$ 411,600**	**$ 37,750**	**$ (9,244,040)**	**$ (1,498,284)**
Reclass of reserve for expired options	**10(d)**	-	449,322	(449,322)	-	-	-	-
Value assigned on stock options issued	**10(d)**	-	-	488,300	-	-	-	488,300
Options exercised/ expired in the period	**10(d)**	-	13,227	(13,227)	-	-	-	-
Warrants exercised in the period	**10(c)**	20,000	9,765	-	(4,765)	-	-	5,000
Private Placements	**10(b)**	8,427,498	2,627,235	-	692,500	-	-	3,319,735
Share based Consulting Fees	**10(b)**	120,889	16,000	-	-	-	-	16,000
Net loss and comprehensive loss		-	-	-	-	-	(3,996,278)	(3,996,278)
Balance at December 31, 2017		**28,627,395**	**$ 9,828,441**	**$ 609,265**	**$ 1,099,335**	**$ 37,750**	**$ (13,240,318)**	**$ (1,665,527)**

[1]: After deducting transaction costs

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

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Statements of Changes in Equity

(Expressed in Canadian Dollars)

		Capital Stock		Reserves				**2016**
	Notes	**Number of shares**	**Amount (1)**	**Share based payments**	**Warrants**	**Contributed surplus**	**Accumulated deficit**	**Total**
Balance at January 1, 2016		9,879,698	$ 4,977,471	$ 452,314	$ -	$ 37,750	$ (5,871,816)	$ (404,281)
Private Placements		9,745,000	1,431,404	-	411,600	-	-	1,843,004
Debt Conversion		434,310	304,017					304,017
Value assigned on stock options issued		-	-	131,200	-	-	-	131,200
Net loss and comprehensive loss		-	-	-	-	-	(3,372,224)	(3,372,224)
Balance at December 31, 2016		**20,059,008**	**$ 6,712,892**	**$ 583,514**	**$ 411,600**	**$ 37,750**	**$ (9,244,040)**	**$ (1,498,284)**

(1): After deducting transaction costs

Northern Sphere Mining Corp.

(an Exploration Stage Company)

Statements of Cash Flows

(Expressed in Canadian Dollars)

Years Ended December 31,	**Notes**	**2017**	2016
Operating activities			
Net loss		**$ (3,996,278)**	$ (3,372,224)
Items not affecting cash:			
Write-down of impairment of mineral assets	**10(d)**	**-**	1,599,862
Gain on forgiveness, conversion and write-off of debt	**6, 8, 9**	**-**	216,971
Depreciation	**5**	**40,656**	-
Stock based compensation	**10(d)**	**488,300**	131,200
Stock based payments to suppliers	**10(b)**	**16,000**	-
		$ (3,451,322)	$ (1,424,191)
Net Change in non-cash working capital items:			
Prepaid expenses		**(19,338)**	(4,110)
HST (recoverable increase) / payable increase		**5,166**	(59,872)
Trade payables and accrued liabilities		**(43,327)**	293,980
Cash flows used in operating activities		**$ (3,508,821)**	$ (1,194,193)
Investing activities			
Expenditures on property plant and equipment		**$ (135,520)**	
Expenditures on mineral properties	**10(d)**	**-**	$ (57,500)
Financing activities			
Proceeds from private placements, net of issue costs	**9**	**$ 3,324,735**	$ 1,843,004
Increase (decrease) in cash		**(319,606)**	591,311
Cash/(bank indebtedness) at beginning of year		**586,999**	(4,312)
Cash/(bank indebtedness) at end of year		**$ 267,393**	$ 586,999
Supplemental cash flow information			
Share issue costs allocated to common shares		**$ 105,765**	$ 123,702

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Sphere Mining Corp.; "Northern Sphere" or the "Company") is incorporated under the Canada Business Corporations Act. The Company's principal business activity is that of a mineral exploration company. The Company has not yet established whether its mineral properties contain reserves that are economically recoverable. The recovery of amounts capitalized as mineral properties on the statement of financial position is dependent upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the development of the properties, and upon future profitable production or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis, all of which are uncertain. The Company's registered office is 2150 – 121 King Street West, Toronto, Ontario, M5H 3T9.

As at December 31, 2017, the Company had a working capital deficiency of $2,015,474 (2016 - $1,753,367), had not yet achieved profitable operations, has accumulated losses of $13,240,318 (2016 - $9,244,040), and expects to incur future losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The business of exploring for minerals involves a high degree of risk, as such there is no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of Northern Sphere's interest in its mineral properties, and the Company's continued existence, is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, as well the ability of the Company to raise additional financing to fund its exploration and development programs or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values.

Although the Company has taken steps to verify title to its mineral properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements. Management plans to secure the necessary financing through a combination of the issue of new equity or debt instruments and the entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. The Company has neither the financial resources on-hand nor any source of revenue sufficient to bring these properties to production. There is also no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be of favourable terms and conditions to the Company. Failure to obtain such additional financing will result in the delay or indefinite postponement of further exploration and property development. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these financial statements are presented below.

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

2.2 Basis of presentation

These financial statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value.

All monetary references expressed in these notes are references to Canadian dollar amounts (‘$”). These financial statements are presented in Canadian Dollars, which is the functional and presentation currency of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Mineral properties

All acquisition costs relating to the properties are capitalized with regular impairment analysis conducted to assess the viability of each property. The Company expenses exploration and evaluation expenditures as incurred. Once it is established that a project is commercially viable and technically feasible, related development expenditures will be capitalized.

3.2 Share based payments

Share based payment transactions

Directors, officers and advisors of the Company will sometimes receive remuneration in the form of share-based payment transactions, whereby these parties render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity settled transactions

The costs of equity-settled transactions with these parties are measured by reference to the fair value at the date on which they are granted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Share based payments (continued)

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

3.3 Valuation of equity instruments

The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of the warrants using the Black-Scholes option pricing model with the difference between the proceeds raised and the value of the warrants assigned to the residual fair value of the shares.

The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to capital stock. Consideration paid on the exercise of the warrants is credited to capital stock.

3.4 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets may be recognized for deductible temporary differences and unused tax losses carry forward to the extent that it is probable that net income for income tax purposes will be available to deduct from it the deductible temporary differences and the carry forward of unused tax losses.

Due to the fact that there is substantial doubt as to the Company's ability to continue as a going concern (see Note 1) no deferred tax asset has been recorded to reflect the income tax benefit associated with its deductible temporary differences and tax losses carry forward, and none is expected to be recorded in the foreseeable future.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

3.5 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. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the years ended December 31, 2017 all the outstanding stock options and warrants were anti-dilutive.

3.6 Financial assets

The Company's only financial assets, being cash and short-term guaranteed investment certificates, were initially recorded at fair value and designated upon inception into the financial asset category as being recorded at fair value through profit or loss ("FVTPL"). Financial assets classified as Fair Value Through Profit or Loss ("FVTPL") are measured at fair value with unrealized gains and losses recognized through net loss.

3.7 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's trade payables and accrued liabilities, bank indebtedness, demand promissory note payable, related party loan and the debenture payable, if any, are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes in financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss. At December 31, 2017 and 2016 the Company has not classified any financial liabilities as FVTPL.

3.8 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

3.9 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its intangible mineral properties to determine whether there is an indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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. An impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount 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.

3.10 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to impairment assessments of mineral properties, estimating the fair value of the debenture payable, and the valuation of share-based payments and warrants. The most significant judgements relate to the use of the going concern assumption in the preparation of the financial statements and the determination of the economic viability of mineral properties.

3.11 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

All of the properties, in which the Company currently has an interest, are in the exploration stage with no operating revenues; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There continues to be significant market turbulence both here and worldwide due to the political and trade uncertainties both in Europe and the US, continued competition for investors and the potential impact of US protectionism policies. These market conditions have and are expected to continue to have an adverse impact on the ability of junior mining exploration companies to secure equity funding. The Company has historically relied on equity financing to raise capital and expects to be able to continue to do so, but its ability to do so may be impacted by the current global situation and economic uncertainties. Management has considered how these conditions have impacted the Company's viability given its current capital structure and considers that until the outcome of future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2017. The Company is not subject to externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS

As at December 31, 2017 and 2016, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments. Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit risk
Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. Northern Sphere's asset most susceptible to credit risk is its cash, which is held at a major Canadian bank. As such, the risk of loss is minimal.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at December 31, 2017, the Company had a working capital deficiency of $2,015,474 (2016 - $1,753,367). In order to meet its longer-term working capital and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged. As such, management believes that the Company will then have sufficient working capital to discharge its current and anticipated obligations for a minimum of one year. There can be no assurance that Northern Sphere will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Northern Sphere may change, and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations therein.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk: The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities.

Foreign exchange risk: The Company has claims in Arizona and in Nevada, both incur exploration expenditures in US dollars. Management believes that the impact of foreign currency exposure to the US dollar will become more significant and therefore plans to review its foreign exchange risk strategies on a regular basis.

(Expressed in Canadian Dollars)

6. PROPERTY, PLANT AND EQUIPMENT

December 31, 2017

Equipment	January 1, 2017	Additions	Disposals	Accumulated Amortization	September 30, 2017
Mining equipment - Arizona	$ -	$ 135,520	$ -	$ 40,656	$ 94,864

The Company had no equipment in 2016.

7. MINERAL PROPERTIES

September 30, 2017

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

December 31, 2016

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

Nye County, Nevada

The Company has 12 claims registered in Nye County, Nevada that it does not have immediate plans to develop. Although the Company will continue to pay annual taxes on the land claims of approximately $2,500 annually and will continue to assess the opportunities for future development, management has determined the fairest presentation for its statements was to write down the asset value to $1. An impairment loss of $1,599,862 was taken through the statement of comprehensive loss for the year ended December 31, 2016.

Arizona Properties

On July 1, 2015, the Company entered into a Joint Venture Agreement ("JV - Arizona") with TrueClaim Resources Inc. ("TrueClaim Resources"). The JV – Arizona was formed for the mining of certain Arizona Properties ("Arizona Property") of which TrueClaim Resources is the legal and beneficial owner of all mineral interests and mining rights on this Arizona Property.

7. MINERAL PROPERTIES (continued)

Arizona Properties (continued)

The Company paid $180,082 for an 80% JV interest in the Arizona Property and is deemed to earn an additional 10% interest in the Arizona Property on commencement of silver production and has a right to purchase the remaining 10% for $2,000,000.

Under the terms of the JV - Arizona, the Company is responsible for all costs associated with the exploration and development of the assets under the venture. These costs include maintenance costs of holding property leases such as taxes, fees and lease obligations. The Buckeye Silver Mine, which is part of the Arizona properties, is subject to a lease agreement effective July 23, 2015 under which the Company is obligated to make lease payments (see Note 12).

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

On September 9, 2015, the Company engaged Silver Sevens Exploration, Inc., (“Silver Sevens”) as the local Operator for the JV - Arizona project. Silver Sevens will receive a 20% profit participation in the net profits from the mining on the Black Diamond Property in Arizona. Silver Sevens will provide management and personnel necessary to mine and mill the ore and the Company will provide all funding and pay all labour fees and equipment necessary to profitably mine the property. Under the terms of the contract, the Company will provide Silver Sevens with an annual advance on the profit participation of $37,500 USD until such time as commercial production is achieved (see Note 12).

During the year ended December 31, 2017, the Company spent $2,039,575 in exploration and development of these Arizona properties compared with $642,164 in the prior year.

Scadding Properties

On November 12, 2015, the Company entered into a Joint Venture Agreement (“JV Scadding”) TrueClaim Exploration Limited (“TrueClaim Exploration”). The JV – Scadding was formed for the mining of certain Scadding, Ontario Properties (“Scadding Property”) of which TrueClaim Exploration is the legal and beneficial owner of all mineral interests and mining rights. The JV – Scadding stipulates the Company shall control all recovery operations on the Scadding Property for the benefit of TrueClaim Exploration and the Company.

In 2016, the Company paid $75,000 for an 80% JV interest in the Scadding Property. The Company is deemed to earn an additional 10% interest in the JV - Scadding on commencement of gold production and has a right to purchase the remaining 10% for $2,000,000. Under the terms of the JV – Scadding, the Company is appointed as initial Operator of the recovery efforts.

(Expressed in Canadian Dollars)

7. MINERAL PROPERTIES (continued)

Scadding Properties (continued)

During the year ended December 31, 2017, the Company spent $419,060 in exploration and development of the Scadding properties compared with $115,260 in the prior year.

8. TRADE AND OTHER PAYABLES

Trade payable and accrued liabilities are comprised of the following:

The following comprises trade and other payables:

	As at,	
	December 31, 2017	December 31, 2016
Trade payables and accrued liabilities not included in the following categories:	**$ 176,887**	$ 179,311
Director fees	**90,687**	90,687
Management and consulting fees payable to related parties	**78,790**	91,122
Professional fees	**20,000**	53,184
Consultants	**20,983**	16,370
	$ 387,347	$ 430,674

9. DEMAND PROMISSORY NOTE AND DEBENTURE PAYABLE

Sill Lake

The Company has a demand promissory note payable of $50,000 that came due in June 2014 Demand for payment has not been received from the lender.

The Company is indebted to by way of a non-interest-bearing debenture payable with the face amount of $1,901,300. Demand for payment has not been received from the lender.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Key management include the Board Members, the Executive Chairman, the Chief Executive Officer, and the Chief Financial Officer.

Expenses

Years ended December 31,		**2017**		2016
Director fees	**$**	**-**	$	40,000
Related party management and consulting fees		**597,807**		369,500
Other-non-key management fees		**110,000**		-
Management, director fees per Statement of Comprehensive Loss	**$**	**707,806**	$	369,500
Related party fee included in exploration and evaluation fees within the Statements of Loss and Comprehensive Loss	**$**	**25,000**	$	-
Fees payable to related party and converted to equity			$	25,777
Related party fee included in Professional fees within the Statement of Comprehensive Loss	**$**	**-**	$	20,000
Share based compensation – value attributed to options issued to related parties	**$**	**396,833**	$	42,552

(Expressed in Canadian Dollars)

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

Other transactions

	2017	2016
Private placement shares and warrants issued to related parties April 2017		
No. shares:	**875,000**	**-**
No. warrants:	**437,500**	**-**
Value of shares – net of warrants:	**$ 274,639**	**-**
Value (using Black Sholes)	**$ 75,361**	**-**

Payables and accruals

Years ended December 31,		**2017**		2016
Director fees	**$**	**90,687**	$	90,687
Management and consulting fees		**78,790**		91,122
	$	**169,477**	$	181,809

Director fees
In prior years, the Company accrued $4,000/quarter for each non-executive director. These fees were suspended by board resolution in January 2017. For the year ended December 31, 2017, the Company expensed no director fees (2016: $40,000).

Management fees
The Executive Chairman of the Board of Directors ("Chairman"), who held office from January 4, 2017 through March 31, 2018, was paid a monthly retainer of $10,000 for services provided as Executive Chairman through a controlled company, Park Place Limited. As at December 31, 2017, there were fees outstanding and payable to Park Place Limited in the amount of $22,600 (2016: $56,500). In addition, the Chairman, via Park Place Limited, was paid $200,000 to provide Capital Markets Advisory, structuring advice, introductions to strategic and financial partners and services provided before the closing of the Company's financings in the first quarter of 2017.

The Chief Executive Officer is paid a monthly retainer of $12,500 a month (an increase from $10,000 a month as of August 2017). At December 31, 2017, $28,529 is owed to the Chief Executive Officer (2016: $34,622). The current Chief Financial Officer of the Company is paid on an hourly basis for her services to the Company. At December 31, 2017, the Chief Financial Officer is owed $17,161 (2016: $NIL).

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

A director of the Company has been engaged as a management consultant to the Company and is paid a monthly retainer of $3,500. His fees for the year ended December 31, 2017 were $38,500 (2016 52,500). As at December 31, 2017, there were $10,500 in payables outstanding to this director (2016: $Nil).

For the year ended December 31, 2017, $597,807 was expensed to related party management fees (2016: $369,500).

Other fees

Certain amounts relating to 2016, occurred prior to the Chairman taking office in January 2017 but relate to persons related to the Chairman; $120,000 in management and consulting fees for consulting services to Park Place Limited and consulting services of $50,000 to 2516504 Ontario Inc., two companies controlled by the Chairman.

In October 2016, the Company converted $86,862 of deposits from investors into equity through two debt settlement agreements. The settlement amount was calculated using the prevailing fair value of the common stock as of the date of the agreements resulting in a commitment to issue 434,310 common shares of the Company. The issuance of the shares was not executed until December 23, 2016, at which time the market value of the common stock was trading higher at $0.70. As a result of the delay in issuing the shares, the Company has recorded the exchange at the fair value prevailing on the date of the share issuance, or $304,107. The resulting loss has been recorded through the statement of earnings/loss and increases the share capital of the Company by this same amount. Of this amount, $25,777 of the converted deposits were from the spouse of the Chairman.

A mining services firm related to one on the Company's directors was engaged in the normal course of business to provide exploration services to the Arizona exploration program. A contract was signed by the parties in September 2017 with $25,000 due upon signing and an additional $25,000 due upon completion on the work. As of December 31, 2017, the work was not yet completed and as such, the final payment is not yet accrued. (See Note 12 Commitments and Contingencies for further details)

In 2016, an administrator, related to the President/CEO was temporarily engaged and was paid $20,000. Theses fees were converted to equity on June 10, 2016 at the same rate as the private placement on that date.

Stock options

Of the 1,350,000 stock options issued on May 23, 2017, 1.1 million were issued to members of the Company's board and key management. These options were valued at fair value using the Black Sholes method of valuation at $239,300. Of the 525,000 stock options issued on January 12, 2017, 425,000 were issued to members of the Company's board. These options were valued at fair value using the Black Sholes method of valuation at $157,533 for a total value of stock options issued to related parties in 2017 of $396,833.

Of the 625,000 stock options issued on April 4, 2016, 300,000 were issued to members of the Company's board and key management. These options were valued at fair value using the Black Sholes method of valuation at $42,552.

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

Capital stock transactions

In April 2017, the Company completed a non-brokered private placement through the issuance of 7,882,500 units (“Units”) at a price of $0.40 per unit, with each unit consisting of one common share (“Common Share”) and one-half of one common share purchase warrant (“Warrant”) for aggregate gross proceeds of $3,153,000. Each Warrant will be exercisable to acquire one Common Share (a “Warrant Share”) for a period of two years following the date of closing at an exercise price of $0.60 per Warrant Share. Of these Units, 775,000 were purchased by the Chair of the Board of Directors and a company controlled by the Chair and a further 100,000 of the shares were acquired by a Company related to one of the Directors.

11. CAPITAL STOCK

(a) Authorized

An unlimited number of common shares.

(b) Issued

28,627,395 shares outstanding as at December 31, 2017 (2016 – 20,059,008).

Year ended December 31, 2017

Private Placement

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

Flow-Through Private Placement

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

The gross proceeds received by the Company from the sale of the Flow-Through Shares will be used to incur "Canadian exploration expenses" that are "flow-through mining expenditures" (as such terms are defined in the Income Tax Act (Canada)) on the Company's properties in Scadding, Ontario which will be renounced to the subscribers with an effective date no later than December 31, 2017, in the aggregate amount of not less than the total amount of the gross proceeds raised from the issue of Flow-Through Shares.

11. CAPITAL STOCK (continued)

(b) Issued (continued)

Stock Based Payment

In July 2017, the Company entered into an online marketing agreement with AGORA Internet Relations Corp. (“Agora”) pursuant to which Agora has agreed to provide marketing, advertising and related services to the Corporation in consideration for the payment of $40,000, to be paid by the issuance of Common Shares. The fee is payable in five instalments of $8,000 each (each, an “Installment”), with the first Installment paid on commencement of the term on July 15, 2017, and the subsequent Installments to become payable at the end of each three-month period thereafter. The price of the Common Shares to be issued as payment for each Installment is the closing price of the Common Shares as at the end of each Installment period.

The first Installment on July 15, 2017 consisted of 32,000 Common Shares based on the closing price of $0.25; the second Installment on October 15, 2017 consisted of 88,889 Common Shares based on the closing price of $0.09. See Note 12 Commitments and Note 15 Subsequent Events for details regarding later installments.

Year ended December 31, 2016

Private Placements

In December 2016, the Company completed a non-brokered private placement through the issuance of 5,245,000 units at a price of $0.20 per unit, with each unit consisting of one common share (“Common Share”) and one common share purchase warrant (“Subscriber Warrant”) for aggregate proceeds of $997,886 (net of finders’ fees and legal costs). Each Subscriber Warrant will be exercisable to acquire one Common Share (a “Warrant Share”) for a period of three years following the date of closing at an exercise price of $0.25 per Warrant Share. The Subscriber Warrants will be subject to an acceleration clause such that, if the closing price of the Common Shares is equal to or greater than $1.00 per share for a period of 20 consecutive trading days, the Company shall have the option, but not the obligation, to effect for an accelerated expiration date that shall be 20 calendar days from the issuance of a notice of acceleration. In connection with this transaction, 151,600 broker warrants (“Broker Warrants”) were issued to acquire common shares, exercisable at $0.25 per warrant. See Warrant section below.

On June 10, 2016, the Company completed a non-brokered private placement through the issuance of 1,690,000 common shares at a price of $0.20 per share for net proceeds of $296,520 (net of finders’ fees and legal costs).

In March and May, 2016, the Company completed a non-brokered private placement through the issuance of 2,810,000 common shares at a price of $0.20 per share for total net proceeds of $548,598 (net of finders’ fees and legal costs).

11. CAPITAL STOCK (continued)

(b) Issued (continued)

Debt Conversion

In October 2016, the Company converted $86,862 of deposits from investors into equity through two debt settlement agreements. The settlement amount was calculated using the prevailing fair value of the common stock as of the date of the agreements resulting in a commitment to issue 434,310 common shares of the Company. The issuance of the shares was not executed until December 23, 2016, at which time the market value of the common stock was trading higher at $0.70. As a result of the delay in issuing the shares, the Company has recorded the exchange at the fair value prevailing on the date of the share issuance, or $304,107. The resulting loss of $217,155 has been recorded through the statement of earnings/loss and increases the share capital of the Company by this same amount.

(c) Warrants

Year ended December 31, 2017

Warrants Exercised

Of the warrants issued on in the first quarter of 2016, 20,000 warrants were exercised in the first quarter of 2017. The Company received $5,000 in cash in exchange for 20,000 common shares and $4,765 of the warrant reserve was transferred to the Company's capital stock account.

Private Placement Warrants

In April 2017, in connection with the private placement discussed above, the Company issued 7,882,500 Units at $0.40 per Unit, with each Unit comprising one stock and one half Subscriber Warrant. In total, 3,941,250 Subscriber Warrants were issued. The fair value of the Subscriber Warrants was estimated to be $685,900 on the date of grant using the Black-Scholes pricing model. In determining the fair value of the Warrants, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 2 years; expected volatility 100%; expected dividend yield 0%; risk free rates 0.78%-0.87%; forfeiture rate 0%; exercise price $0.60.

Flow-Through Private Placement Warrants

On May 12, 2017, in connection the flow-through common shares private placement discussed above, the Company issued 38,150 broker warrants. Each broker warrant is exercisable for one common share of the Company at a price of $0.50 for a period of twenty-four (24) months following the date of the issue of the related shares. The fair value of the broker warrants was estimated to be $6,600 on the date of grant using the Black-Scholes pricing model. In determining the fair value of the warrants, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 2 years; expected volatility 100%; expected dividend yield 0%; risk free rates 0.75%; forfeiture rate 0%; exercise price $0.50.

11. CAPITAL STOCK (continued)

(c) Warrants

Year ended December 31, 2016

Advisory Agreement Warrants
In the first quarter of 2016, the Company entered into an advisory agreement with Fosters & Associates Financial Services Inc. (“Fosters”) pursuant to which Fosters provided advisory services to Northern Sphere for cash consideration and the issuance of 100,000 common share purchase warrants (“Advisory Warrants”). Each Advisory Warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.25 per share for a period of two years from the date of issuance. The fair value of the Advisory Warrants issued was estimated to be $24,400 on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the warrants, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 2 years; expected volatility 100%; expected dividend yield 0%; risk free rates 0.39%; forfeiture rate 0%; exercise price $0.25.

Private Placement Warrant
In December 2016, the Company issued 5,496,600 Subscriber Warrants in conjunction with a private placement. The fair value of the Subscriber Warrants issued was estimated to be $350,700 on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the warrants, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 2 - 3 years; expected volatility 100%; expected dividend yield 0%; risk free rates 0.53% - 0.92%; forfeiture rate 0%; exercise price $0.25.

The fair value of warrants granted during the year ended December 31, 2017 ranged from $0.16 - $0.24, resulting in a total fair value of $687,735 (2016 - $411,600).

(Expressed in Canadian Dollars)

11. CAPITAL STOCK (continued)

The following table provides information about warrants issued and outstanding at December 31, 2017:

Description	**Expiry Date**	**Exercise Price**	**No. of Warrants Outstanding**	**Fair Value**
Broker Warrant	May 12, 2020	$0.50	38,150	$ 6,600
Subscriber Warrants	April 10, 2019	0.60	2,887,500	493,000
Subscriber Warrants	April 18, 2019	0.60	1,016,250	187,000
Subscriber Warrants	April 25, 2019	0.60	37,500	5,900
Advisory Warrants	March 17, 2018	0.25	88,000	19,635
Subscriber Warrants	December 16, 2019	0.25	3,745,000	250,400
Broker Warrants	December 16, 2019	0.25	71,600	14,000
Subscriber Warrants	December 23, 2019	0.25	1,500,000	100,300
Broker Warrants	December 23, 2019	0.25	80,000	22,500
			$ 9,456,000	**$ 1,099,335**

The following table provides information about warrants issued and outstanding at December 31, 2016:

Description	Expiry Date	Exercise Price	No. of Warrants Outstanding	Fair Value
Advisory Warrants	March 17, 2018	$0.25	100,000	$ 24,400
Subscriber Warrants	December 16, 2019	0.25	3,745,000	250,400
Broker Warrants	December 16, 2019	0.25	71,600	14,000
Subscriber Warrants	December 23, 2019	0.25	1,500,000	100,300
Broker Warrants	December 23, 2019	0.25	80,000	22,500
			5,496,600	$ 411,600

(d) Stock Options

Effective June 22, 2012, a stock option plan was approved by the Shareholders of the Company. Under the terms of this plan the Company may issue up to 10% of its outstanding common share. All Company stock options vest at the date of issuance.

11. CAPITAL STOCK (continued)

(d) Stock Options (continued)

Year ended December 31, 2017

On May 23, 2017, the Company issued 1,350,000 stock options at an exercise price of $0.50 and an expiry date of May 23, 2022 of which 1,100,000 were issued to members of its board and key management. All options vest at the date of issuance. The fair value of the options issued was estimated to be $293,700 on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the options, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 5 years; expected volatility 100%; expected dividend yield 0%; risk free rates 0.76%; forfeiture rate 0%; exercise price $0.50.

On January 12, 2017, the Company issued 525,000 stock options at an exercise price of $0.60 and an expiry date of January 12, 2020 of which 425,000 were issued to members of its board, and the remaining 100,000 were issued to a consultant and an advisor. All options vest at the date of issuance. The fair value of the options issued was estimated to be $194,600 on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the options, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 3 years; expected volatility 100%; expected dividend yield 0%; risk free rates 0.73%; forfeiture rate 0%; exercise price $0.60.

Year ended December 31, 2016

During the year ended December 31, 2016, 925,000 stock options were issued. The fair value of the incentive stock options granted was estimated to be $131,200 on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the options, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 3 years; expected volatility 100%; expected dividend yield 0%; risk free interest rates 0.54% - 0.80%; forfeiture rate 0%; exercise price $0.22 - $0.25. The fair value of options granted during the year ended December 31, 2016 ranged from $0.14 - $0.15, resulting in a total fair value of $131,200 .

(Expressed in Canadian Dollars)

11. CAPITAL STOCK (continued)

(d) Stock Options (continued)

Stock option transactions and the number of stock options outstanding are as follows:

	Year of expiry	Weighted Average Exercise Price	Number of Options	Value assigned to Options
Excess reserve from prior years [1]		$ -	-	$ 449,262
Issued March 17, 2012	2017	10.80	22,500	3,052
Issued April 4, 2016 [2]:	2019	0.22	625,000	84,800
Issued December 9, 2016	2019	0.25	300,000	46,400
Outstanding at December 31, 2016		**$ 0.48**	**947,500**	**$ 583,514**
Reclass excess reserve from prior years [1]		**-**		**(449,262)**
Reclass				**(60)**
Expired March 17, 2017	**2017**	**10.80**	**(22,500)**	**(3,052)**
Expired March 29, 2017 [1]	**2019**	**0.22**	**(75,000)**	**(10,175)**
Issued January 12, 2017	**2020**	**0.60**	**525,000**	**194,600**
Issued May 23, 2017	**2022**	**0.50**	**1,350,000**	**293,700**
Exercisable as at December 31, 2017		**$ 0.44**	**2,725,000**	**$ 609,265**

1: Reserves from prior years were not reclassed to capital stock as the related options were expired. These reserved have been reclassed in January of 2017.

2: Certain options issued to a previous Director of the Company on April 4, 2016 were subject to an accelerated expiry as a result of his resignation from the Board on December 29, 2016. These shares expired on March 29, 2017.

(Expressed in Canadian Dollars)

11. CAPITAL STOCK (continued)

(d) Stock Options (continued)

Under the terms of the stock option plan, Northern Sphere may issue up to 10% of the number of shares which are issued and outstanding on a particular grant date. As of December 31, 2017, that would be 2,862,740 options or up to 137,400 additional options.

The following table provides information about outstanding stock options at December 31, 2017 and 2016:

Years ended December 31,			**2017**			2016	
	Year of expiry	**Weighted Average Exercise Price**	**Number of Options**	**Value assigned to Options**	Weighted Average Exercise Price	Number of Options	Value assigned to Options
Excess value on books relating to expired options		**$ -**	**-**	**$ -**	$ -	-	$ 449,262
Issued April 4, 2016	**2019**	**0.22**	**550,000**	**$ 74,625**	0.22	625,000	84,800-
Issued December 9, 2016	**2019**	**0.25**	**300,000**	**46,400**	-	-	-
Issued January 12, 2017	**2020**	**0.60**	**525,000**	**194,600**	-	-	-
Issued May 23, 2017	**2022**	**0.50**	**1,350,000**	**293,700**			
Outstanding at the end of the period		**$ 0.44**	**2,725,000**	**$ 609,325**	$ 0.22	625,000	$ 534,062

12. COMMITMENTS AND CONTINGENCIES

Exploration activities

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Silver Sevens operator's agreement

Under the terms of the local operator's agreement with Silver Sevens for the development of the Arizona properties (see Note 6), the Company has an obligation to pay each August 30th, an annual payment of $37,500 USD until such time as commercial production is achieved. These payments are considered as advance Royalty payments under the terms of the local operator's agreement. As there is no way to determine how long this pre-commercial production stage will last, the Company has expensed these payments to date through the statement of comprehensive loss.

12. COMMITMENTS AND CONTINGENCIES (continued)

Buckeye lease agreement

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

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

AGORA marketing agreement

On July 15, 2017, the Company entered into an online marketing agreement with AGORA Internet Relations Corp. (“Agora”) for marketing, advertising and related services to the Company. The Company committed to a fee of $40,000 payable in common shares of the Company in five installments of $8,000 each. Shares issued for each installment are calculated at the closing price of the Common Shares on the date which such installment becomes payable.

Payment Dates	**Value of commitment**	**No. common shares to be issued**
January 15, 2018	**$8,000**	51,612
April 15, 2018	**$8,000**	160,000
August 30, 2018	**$8,000**	tbd

Common shares issued pursuant to the agreement with Agora are subject to a four-month hold period from the date of issuance.

Mining services agreement

A mining services firm related to one on the Company’s directors was engaged in the normal course of business to provide exploration services to the Arizona exploration program. A contract was signed by the parties in September 2017 with $25,000 due upon signing and an additional $25,000 due upon completion on the work. As of December 31, 2017, the work was not yet completed and as such, the final payment is not yet accrued or paid.

(Expressed in Canadian Dollars)

13. INCOME TAXES

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

	2016		2015	
	$	**%**	$	%
Income / (loss) before income taxes	**(3,372,223)**		32,873	
Combined statutory rate	**26.50%**		26.50%	
	(894,000)	**(26.50)**	9,000	26.50
Share based compensation	**34,768**	**7.16**	-	-
Non-deductible expenses and other	**682,842**	**15.12**	1,000	3.0
Change in valuation allowance	**(176,390)**	**4.22**	(10,000)	(29.50)
	-	**-**	-	-

The Company has $4,624,000 in non-capital losses carry-forward for which no benefit has been recognized in these Financial Statements. These losses expire in years ranging from 2026 to 2036.

Deferred income tax assets

The tax effects of temporary differences that give rise to significant portions of future tax assets are as follows:

	2016	2015
Mineral properties exploration	**$ 880,000**	$ 440,000
Operating losses carry forward	**1,230,000**	860,000
Other temporary differences	**50,000**	10,000
Less: valuation allowance	**(2,160,000)**	(1,310,000)
	$ -	$ -

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION

Operating segments are defined as components of an entity that engages in business activities from which it may earn revenues and incur expenses, about which separate financial information is available and that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company is engaged in the exploration of mine land claims and the Company's significant operating segments consist of three distinct geographic areas: Nevada and Arizona in the United States of America ("USA") and Scadding, Ontario in Canada. Although the Company does not have immediate plans to develop its Nevada property and this property currently has no material activity or assets during the current year, the Company will continue to show it as a separate segment in 2017 as an impairment loss of $1,599,862 was taken through the statement of comprehensive loss in the year ended December 31, 2016.

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

Years ended December 31,	**2017**	2016
Interest income	**$ 3,494**	$ -
Nevada	**2,352**	2,507
Arizona	**2,039,575**	642,164
Scadding	**419,060**	115,260
	$ 2,460,987	$ 759,931
Corporate	**1,538,785**	2,612,293
Total expenses	**$ 3,999,772**	$ 3,372,224
Comprehensive loss	**$ 3,996,278**	$ 3,372,224

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

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION (continued)

As at December 31, 2016	Cash	Capital Assets	Mineral Properties	Other Assets	Identifiable assets
Nevada	$ -	$ -	$ 1	$ -	$ 1
Arizona	-	-	180,082	-	180,082
Scadding	-	-	75,000	-	75,000
	$ -	$ -	$ 255,083	$ -	$ 255,083
Corporate	586,999	-	-	41,608	628,607
Total	$ 586,999	$ -	$ 255,083	$ 41,608	$ 883,690

15. SUBSEQUENT EVENTS

Agora marketing agreement

On July 17, 2017, the Company entered into an online marketing agreement with AGORA Internet Relations Corp. (“Agora”) for marketing, advertising and related services to the Company. The Company committed to a fee of $40,000 payable in common shares of the Company in five installments of $8,000 each. Shares issued for each installment are calculated at the closing price of the Common Shares on the date which such installment becomes payable. On January 15, 2018, the third installment was paid by the issuance of 51,612 common shares of the Company at a price of $0.155 per share for an aggregate price of $8,000. On April 15, 2018, the fourth installment was paid by the issuance of 160,000 common shares of the Company at a price of $0.05 per share for an aggregate price of $8,000. See also Commitment and Contingencies (Note 12).

Board resignations

On April 2, 2018, the Company announced the resignations of Sheldon Inwentash and Gerry Feldman from the Board of Directors. In settlement of the termination of the contract with Park Place Limited, pursuant to which the Company engaged Park Place Limited as an independent consultant with services delivered by Sheldon Inwentash, the Company will pay to Park Place Limited an amount of $80,000 plus HST representing all outstanding fees owing by the Company to Park Place Limited in lieu of notice. The Company has provided Park Place Limited a promissory note in a principle amount of $80,000 with interest at 8% per annum payable in full on March 31, 2019 conditional on various events.