

Northern Sphere Mining Corp.

(an Exploration Stage Company)

**Unaudited Condensed
Consolidated Financial Statements**
(Expressed in Canadian Dollars)

**Three and six months ended
June 30, 2016 and 2015**

MANAGEMENT'S RESPONSIBILITY FOR INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Northern Sphere Mining Corp. [the "Company"] are the responsibility of the management and Board of Directors of the Company.

The unaudited interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "*John Carter*"
John Carter
President and Chief Executive Officer

(signed) "*Robin Pilkey*"
Robin Pilkey
Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2016 and 2015 have not been reviewed by the Company's auditors.

Northern Sphere Mining Corp.
(an Exploration Stage Company)

**Unaudited Interim Condensed Consolidated
Statements of Financial Position**

(Expressed in Canadian Dollars)

	June 30, 2016	December 31, 2016
Assets		
Current Assets		
Cash	\$ 116,051	\$ -
Prepaid expenses	3,256	-
HST receivable	14,321	-
	\$ 133,628	\$ -
Mineral Properties (Note 9)	1,854,945	1,797,445
	\$ 1,988,573	\$ 1,797,445
Liabilities		
Current Liabilities		
Bank indebtedness	\$ -	\$ 4,312
Trade payables and accrued liabilities (Note 5)	222,770	223,740
HST payable	-	22,374
Demand promissory note payable (Note 6)	50,000	50,000
Debenture payable (Note 6)	1,901,300	1,901,300
	\$ 2,174,070	\$ 2,201,726
Deficiency in Assets		
Capital Stock (Note 8)	\$ 5,836,069	\$ 4,977,471
Share-based payments reserve	452,314	452,314
Contributed Surplus	37,750	37,750
Deficit	(6,511,630)	(5,871,816)
	\$ (185,497)	\$ (404,281)
	\$ 1,988,573	\$ 1,797,445

Nature of Operations and Going Concern (Note 1)
Approved on behalf of the Board on August 30, 2016:

Signed " John Carter " _____
Director

Signed " Peter Tassiopoulos " _____
Director

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

Northern Sphere Mining Corp.
(an Exploration Stage Company)
Unaudited Interim Condensed Consolidated
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Three month ended June 30		Six month ended June 30	
	2016	2015	2016	2015
Administrative Expenses				
Management, director fees (Note 6,7)	\$ 42,000	\$ 48,000	\$ 76,000	\$ 48,000
General and administrative	18,582	11,510	31,244	15,388
Professional fees	32,719	(3,356)	53,392	(1,356)
Consulting fees	71,738	-	105,500	-
Exploration and evaluation expenditures (Note 9)	279,493	-	376,401	-
Gain on forgiveness of foreign exchange	-	-	(2,723)	-
Gain on forgiveness of debt	184	(55,012)	-	(55,012)
Comprehensive loss for the period	\$ 444,716	\$ 1,142	\$ 639,814	\$ 7,020
Loss per share - basic	\$ (0.036)	\$ (0.001)	\$ (0.056)	\$ (0.003)
Weighted average number of shares outstanding – basic and fully diluted	12,356,950	2,335,614	11,345,248	2,335,614
Loss per share - fully diluted	\$ (0.034)	\$ (0.001)	\$ (0.056)	\$ (0.003)
Weighted average number of shares outstanding – basic and fully diluted	13,104,451	2,335,614	11,718,996	2,335,614

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

Northern Sphere Mining Corp.
(an Exploration Stage Company)
Unaudited Interim Condensed Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Capital Stock		Reserves			
	Number of shares ⁽¹⁾	Amount	Share based payments	Contributed surplus	Accumulated deficit	Total
Balance at January 1, 2016	9,879,698	\$ 4,977,471	\$ 452,314	\$ 37,750	\$ (5,871,816)	\$ (404,281)
Private Placement March 3, 2016	1,475,000	286,539	-	-	-	286,539
Private Placement May 18, 2016	1,335,000	262,059	-	-	-	262,059
Private Placement June 10, 2016	1,690,000	310,000	-	-	-	310,000
Net loss and comprehensive loss for the period	-	-	-	-	(639,814)	(639,814)
Balance at June 30, 2016	14,379,698	\$ 5,836,069	\$ 452,314	\$ 37,750	\$ (6,511,630)	\$ (185,497)
Balance at January 1, 2015	2,335,614	\$ 4,236,835	\$ 452,314	\$ -	\$ (5,904,689)	\$ (1,215,540)
Net loss and comprehensive loss for the period	-	-	-	-	(7,020)	(7,020)
Balance at June 30, 2015	2,335,614	\$ 4,236,835	\$ 452,314	\$ -	\$ (5,911,709)	\$ (1,222,560)

(1): After giving effect to the common share consolidation effective August 25, 2015 (Note 8)

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

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Northern Sphere Mining Corp.
(an Exploration Stage Company)
Unaudited Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Six month period ended June 30,	
	2016	2015
Operating activities		
Comprehensive loss for the period	\$ (639,814)	\$ (7,020)
Net Change in non-working capital items:		
Trade and other receivables	-	873
HST recoverable	(36,695)	
Deposits from Investors		
Prepaid expense	14,244	(14,328)
Trade and other payables	970	(37,081)
Cash flow (used in) from operating activities	\$ (663,235)	\$ (57,556)
Investing activities		
Expenditures on mineral properties <i>(Note 9)</i>	\$ (75,000)	\$ -
Financing activities		
Advances from director <i>(Note 7)</i>	\$ -	\$ 50,000
Private placements <i>(Note 8)</i>	858,598	-
(Decrease) increase in cash	\$ 120,363	\$ (7,556)
Cash at beginning of period	(4,312)	7,556
Cash at end of period	\$ 116,051	\$

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

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

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.

As at June 30, 2016, the Company had a working capital deficiency of \$2,040,443 (December 31, 2015 - \$2,201,726), had not yet achieved profitable operations, has accumulated losses of \$6,511,630 (December 31, 2015 - \$5,871,816) and expects to incur future losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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

Although the Company has taken steps to verify title to its mineral properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements.

Management plans to secure the necessary financing through a combination of the issue of new equity or debt instruments and the entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

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

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The accounting policies applied in these interim condensed consolidated financial statements are based on IFRS issued and outstanding as of August 30, 2015, the date the Board of Directors approved the interim condensed consolidated financial statements. Any subsequent changes to IFRS that are given effect in the annual consolidated financial statements for the year ending December 31, 2016 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

2.2 Basis of presentation and functional and presentation currency

These interim condensed consolidated financial statements have been prepared on the going concern basis, under the historical convention, except fair value through profit and loss assets which are carried at fair value and have been prepared using the accrual basis of accounting, as explained in the accounting policies, which are set out in the Company's December 31, 2015 annual financial statements. The comparative figures presented in these interim condensed consolidated financial statements are in accordance with IFRS and have not been audited.

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

2.3 Adoption of new and revised standards and interpretations

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

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2016. The Company has yet to evaluate the impact of the new standard.

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

3. CAPITAL MANAGEMENT *(continued)*

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 worldwide due to the credit crisis and potential of a global recession. These market conditions have and are expected to continue to have an adverse impact on the ability of junior mining exploration companies to secure equity funding. The Company has historically relied on equity financing to raise capital and expects to be able to continue to do so, but its ability to do so may be impacted by the current global situation and economic uncertainties. Management has considered how these conditions have impacted the Company's viability given its current capital structure and considers that until the outcome of future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three or six month periods ended June 30, 2016. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS

Fair value

As at June 30, 2016 and 2015, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments. Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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

Credit risk

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

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

4. FINANCIAL INSTRUMENTS (*continued*)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at June 30, 2016, the Company had a working capital deficiency of \$2,040,443 (December 31, 2015 - \$2,201,726). In order to meet its longer-term working capital and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged. As such, management believes that the Company will then have sufficient working capital to discharge its current and anticipated obligations for a minimum of one year. There can be no assurance that Northern Sphere will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Northern Sphere may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations therein.

Market risk

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

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

Foreign exchange risk: The Company is involved with one joint venture in Arizona and the Company's US subsidiary has claims in Nevada where it incurs exploration expenditures in US dollars. Management believes that the impact of foreign currency exposure to the US dollar is not significant at this time and therefore does not hedge foreign exchange risk.

5. TRADE AND OTHER PAYABLES

Trade payable and accrued liabilities are comprised of the following:

The following comprises trade and other payables:

	As at,	
	June 30, 2016	December 31, 2015
Trade payables	\$ 1,493	\$ 4,324
Director and management fees	86,462	79,206
Consultants	22,600	11,300
Flow-through financing	70,700	70,700
Advanced royalties	19,000	19,000
Professional fees	22,515	39,210
Total Trade and Other Payables	\$ 222,770	\$ 223,740

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

5. TRADE AND OTHER PAYABLES *(continued)*

The usual credit period taken for trade purchases is between 30 to 90 days. Due to Northern Sphere's ability to raise capital over this past year and negotiate settlements or conversions to capital with certain of its creditors, the terms of trade has been improved significantly over prior year such that 54% of these liabilities are over 90 days (June 30, 2015: 97%), 19% of these liabilities have been outstanding for over one year (June 30, 2015: 96%).

Accrued liabilities include costs of \$89,700 of which \$13,700 relates to Part XII.6 tax, \$57,000 relates to potential liabilities associated with investor's flow through tax liabilities and \$19,000 relates to advanced royalties.

6. DEMAND PROMISSORY NOTE PAYABLE

Letter of Intent – Sill Lake

Northern Sphere received \$50,000 cash as a refundable deposit to enter into a Letter of Intent ("LOI") on April 25, 2013 with Taku Gold Corp ("Taku"). The LOI granted Taku the exclusive right to earn a 50% interest in the Sill Lake property. As consideration for the option, Northern Sphere was to receive 10 million common shares in the capital of Taku and Taku was to incur \$700,000 in exploration expenditures on the property.

As of June 30, 2013, certain conditions under the LOI were not met; therefore under the terms of the LOI the funds received by Northern Sphere are to be refunded to Taku. Under the terms of a demand promissory note dated September 1, 2013 the full principal amount of \$50,000 is due in full to Taku on or before June 30, 2014. At June 30, 2016 the full principal amount of \$50,000 is still owed to Taku in relation to this transaction.

Debenture Payable – Sill Lake

The Company is indebted to RX Exploration Inc. ("RX") by way of a non-interest bearing debenture payable with the face amount of \$1,901,300, in connection with a settlement agreement dated on November 29, 2010. This debenture was due and repayable in full on November 29, 2013. The Company granted to the debenture holder a security interest in the assets comprising the Sill Lake Claims.

Upon issuance of the debenture, the Company estimated its fair value by applying a discount rate of 25% per annum to maturity. The difference between the face value of \$1,901,300 and the estimated fair value of \$973,466 at issuance is accreted using the effective interest rate yield method. Interest is expensed over the term of the debenture. Based upon this valuation method, as at November 29, 2013 the carrying value of the debenture payable was \$1,901,300 versus \$1,651,336 at December 31, 2012. Total interest accreted was \$249,993.

On November 29, 2013, the Company became in default of its obligations under the debenture as a result of its failure to make the payment of \$1,901,300 due on that day. On April 9, 2014, the Company negotiated and received a period of forbearance from RX in order to afford the Company an opportunity to find an alternative financing or funding solution. The forbearance is subject to certain conditions on the Company and requires full payment of the entire amount owing under the debenture by no later than June 15, 2014. As a result of the forbearance period the fair value was re-valued and estimated using a discount rate of 20% to a maturity date of June 15, 2014. The fair value was determined to be \$1,722,300 at November 29, 2013. The difference between the face value of \$1,901,300 and fair value of \$1,722,300 was recorded as a contra to debenture interest expense. Interest accreted related to this re-valuation from November 30, 2013 to June 15, 2014 was \$179,000.

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

6. DEMAND PROMISSORY NOTE AND DEBENTURE PAYABLE (continued)

On June 15, 2014, the Company became in default once again of its obligations under the debenture as a result of its failure to make the payment of \$1,901,300 due on that day.

Further, throughout the year the claims related to Sill Lake lapsed and were staked by Shoreline Resource Management Inc ("Shore"), an unrelated third party. Northern Sphere entered into an option agreement with Shore effective April 30, 2014 to acquire 100% of the claims staked by Shore. The terms of the option agreement were not met. The Company has taken full impairment on the value of the Sill Lake properties in the three months ended December 31, 2014.

As of June 30, 2016, the Company continues to be indebted to RX Exploration Inc. ("RX") by way of the non-interest bearing debenture payable for the face amount of \$1,901,300. As the amount is due on demand the debenture has been presented as current at face value.

7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The interim condensed consolidated financial statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. The Company defines its key management as its CEO, CFO, Vice Presidents and its board of directors. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

From January 1, 2013 to June 30, 2015, the Chief Executive Officer waived his compensation although stipulated in his contract which expired September 30, 2014. In July 2015, the Company reinstated compensation to the CEO at a rate of \$10,000 monthly. As at June 30, 2016 the CEO is owed \$Nil (December 31, 2015 - \$24,519).

Management and Director fees includes compensation for the CEO and for directors who are paid a quarterly fee of \$4,000 for each Director other than the CEO.

Management and Director fees for the six months ended June 30, 2016 were \$76,000 compared to \$48,000 in the same period ended June 30, 2015. The increase is primarily due to the reinstatement of compensation to the CEO and the addition of one director to the Board of Directors.

Management and Director fees for the six months ended June 30, 2015 include an accrual for director fees for two current directors covering the periods from 2014 to June 30, 2015 that was not previously accrued.

The Chief Financial Officer of the Company is paid on an hourly basis for her services to the Company. At June 30, 2016 \$Nil is owed to the Chief Financial Officer (December 31, 2015: \$4,000 is accrued and included in Professional fees).

A consultant related to the CEO has been engaged for certain accounting and administrative responsibilities. During the quarter ended June 30, 2016 the consultant was paid \$20,000 for services rendered over the past 24 months. During the same period, the consultant invested the same amount into the common shares of the Company in the June 10, 2016 private placement closing.

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

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

At June 30, 2015 accruals include \$90,055 relating to the 2012 services of three Vice Presidents who have since resigned. These amounts were written off in November 2015.

Northern Sphere and TrueClaim Exploration are considered related parties as the Company's President and Chief Executive Officer was also a Director of the Board of TrueClaim Exploration (the parent company of TrueClaim Resources) in 2015. Refer to Mineral Properties (Note 9) for more details.

On April 4, 2016, the Company granted to its directors, officers and consultants 625,000 incentive stock options ("Option") under the Company's stock option plan. Each Option entitles the holder thereof to purchase one common share at an exercise price of \$0.22 per share for a period of three years from the date of the grant and subject to a four-month hold. Refer to Capital Stock (Note 8) for further details. No stock options were issued in the six months ended June 30, 2015.

8. CAPITAL STOCK

(a) Authorized

An unlimited number of common shares.

(b) Issued

On August 20, 2015, the shareholders of the Company resolved to consolidate the issued and outstanding common shares in the capital of the Company on the basis on up to one new Common Share for every twenty Common Shares presently issued and outstanding. During the three and six months ended June 30, 2015, 46,712,277 pre-consolidated shares were outstanding.

After the consolidation of August 20, 2016, the total common shares outstanding was 2,335,614.

On November 9, 2015 and November 30, 2015, the Company issued 7,094,084 and 450,000 common shares respectively in two separate private placements.

On March 3, 2016 and May 18, 2015, the Company issued 1,475,000 and 1,335,000 common shares respectively in two separate tranches, each at a price of \$0.20 per common share and raised \$286,539 and \$262,059 net of transaction costs.

On June 10, 2016, the Company issued a further 1,690,000 common shares at a price of \$0.20 per and raised \$310,000 net of transaction costs.

The total common shares outstanding at June 30, 2016 was 11,354,698.

(c) Stock Options

Effective June 22, 2012, a stock option plan ("the Argentium 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.

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

8. CAPITAL STOCK (continued)

(c) Stock Options (continued)

On August 20, 2015, the Company's shareholders passed a special resolution authorizing the consolidation of the common shares of the Company on the basis of (20:1) twenty pre-consolidation common shares to one post-consolidation common share for up to twenty. The effect of this resolution on the stock options was to consolidate the stock options on the same basis.

On April 4, 2016, the Company issued an additional 625,000 stock options under the plan to directors, officers and consultants. Each option entitles the holder thereof to purchase one (1) Common Share at an exercise price of \$0.22 per share for a period of three years from the date of the grant subject to a four (4) month hold.

Under the terms of the plan and after giving effect to the August 25, 2016 share consolidation, Northern Sphere may issue up to 510,469 additional options.

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

Three months ended June 30,	2016		2015	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of period	\$ 0.03	22,500	\$ 0.55	491,667
Expired under the Tulox Plan	-	-	0.60	(37,500)
Issued under the Argentium Plan	0.22	625,000		
Outstanding at end of period	\$ 0.21	647,500	\$ 0.55	454,167
Weighted Average Remaining Life (Years)	2.8			

(d) Warrants

Previously existing warrants expired throughout the year ended December 31, 2013 with the warrant reserve balance transferred to common share capital.

On April 4, 2016 the Company entered into an advisory agreement with Fosters & Associates Financial Services Inc. ("Fosters") pursuant to which Fosters will provide advisory services to Northern Sphere for cash consideration and the issuance of 100,000 common share purchase warrants. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$0.25 per share for a period of two years from the date of issuance and subject to a four-month hold.

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

9. MINERAL PROPERTIES

June 30, 2016

Property	December 31, 2015	Additions	Impairment Write-off	June 30, 2016
Nye County, Nevada	\$ 1,599,863	\$ -	-	\$ 1,599,863
JV Arizona Properties	180,082	-	-	180,082
JV Scadding Properties	17,500	57,500	-	75,000
	\$ 1,797,445	\$ 57,500	-	\$ 1,854,945

December 31, 2015

Property	December 31, 2014	Additions	Impairment Write-off	December 31, 2015
Nye County, Nevada	\$ 1,599,863	-	-	\$ 1,599,863
JV Arizona Properties	-	180,082	-	180,082
Deposits on Scadding Properties	-	17,500	-	17,500
	\$ 1,599,863	\$ 197,582	-	\$ 1,797,445

Nye County, Nevada

On February 8, 2011, the Company purchased all of the issued and outstanding shares in Soilfor Resources, Inc., a Florida Corporation owned by Canusa Explorations, Inc., a company controlled by a shareholder of Northern Sphere. Soilfor Resources, Inc. has 12 claims registered in Nye County, Nevada. Northern Sphere issued 4,500,000 common shares and capitalized the acquisition at the fair value of the shares issued of \$1,575,000 plus legal costs of \$24,863.

Arizona Properties

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

Northern Sphere paid \$180,080 for an 80% interest in the Arizona Property. Northern Sphere is deemed to earn an additional 10% interest in the Arizona Property on commencement of silver production and has a right to purchase the remaining 10% for \$2,000,000 or \$200,000 per 1%. The transaction has been accounted for as an asset acquisition in the third quarter of 2015.

Under the terms of the Agreement, Northern Sphere is appointed as initial Operator of the recovery efforts and for such services is entitled to a management fee charged to the JV. No management fee has been charged to date.

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

9. MINERAL PROPERTIES (continued)

Northern Sphere is obligated to pay all costs associated with the properties under the JV. This includes 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 Northern Sphere is obligated to make lease payments. See COMMITMENTS AND CONTINGENCIES (Note 10) for more details.

Northern Sphere and TrueClaim Exploration are considered related parties as the Company's President and Chief Executive Officer was also a Director of the Board of TrueClaim Exploration (the parent company of TrueClaim Resources) in 2015.

Scadding Properties JV

On November 12, 2015 the Company entered into a Joint Venture Agreement ("JV Agreement" or "JV") with a related party, TrueClaim Exploration Limited ("TrueClaim Exploration"). The Joint Venture – 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 on this Scadding Property. The Joint Venture – Scadding stipulates Northern Sphere shall control all recovery operations on the Scadding Property for the benefit of TrueClaim Exploration and Northern Sphere.

On March 25, 2016, the Company announced it had completed payment of \$75,000 for an 80% interest in the Scadding Property. Northern Sphere is deemed to earn an additional 10% interest in the Scadding Property on commencement of gold production and has a right to purchase the remaining 10% for \$2,000,000 or \$200,000 per 1%. As of December 31, 2015, Northern Sphere had made only \$17,500 deposit towards the purchase price of the JV and there was no certainty that Northern Sphere would be able to raise the additional funds to close this acquisition. As such, as at December 31, 2015, the transaction had been accounted for as a deposit towards the asset acquisition. Since the settlement of the acquisition price and the announcement of the completion of the acquisition the transaction is now reflected as an asset acquisition in the first quarter of 2016.

Under the terms of the Agreement, Northern Sphere is appointed as initial Operator of the recovery efforts and for such services is entitled to a management fee charged to the JV. No management fee has been charged to date.

Northern Sphere and TrueClaim Exploration are considered related parties as the Company's President and Chief Executive Officer was also a Director of the Board of TrueClaim Exploration in 2015.

10. COMMITMENTS AND CONTINGENCIES

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

Northern Sphere is obligated to pay all costs associated with the properties under the JV - Arizona. This includes lease obligations relating to the properties. The Buckeye Silver Mine, which is part of the Arizona properties, is subject to a lease agreement effective July 23, 2015 under which Northern Sphere is

Northern Sphere Mining Corp.
(an Exploration Stage Company)

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars)

Three and Six Months Ended June 30, 2016 and 2015

10. COMMITMENTS AND CONTINGENCIES *(continued)*

to make lease payments for 6 years from the effective date of the lease. The table below outlines the remaining lease obligations:

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

11. SEGMENTED INFORMATION

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

	Six months ended June 30, 2016	Six months ended June 30, 2015
Consolidated net loss		
Canada	\$ 306,892	\$ 7,020
USA	342,922	-
	\$ 639,814	\$ 7,020

	As at June 30, 2016	As at December 31, 2015
Identifiable assets		
Canada	208,628	17,500
USA	1,779,945	1,779,945
	\$ 1,988,573	\$ 1,797,445

12. SUBSEQUENT EVENTS

There are not reportable subsequent events for the period ended June 30, 2016.