

Northern Sphere Mining Corporation

(an Exploration Stage Company)

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

**Three and nine months ended
September 30, 2015 and 2014**

MANAGEMENT'S RESPONSIBILITY FOR INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Northern Sphere Mining Corp. [the "Company" or "Northern Sphere"] 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 nine months ended September 30, 2015 and 2014 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)

	September 30, 2015	December 31, 2014
	\$	\$
Assets		
Current Assets		
Cash	47,872	7,556
Trade and other receivables	2,436	873
	50,308	8,429
Mineral Properties (Note 10)	1,779,945	1,599,863
	1,830,253	1,608,292
Liabilities		
Current Liabilities		
Trade and other payables (Note 5)	768,630	782,512
Demand promissory note payable (Note 6)	50,000	50,000
Advances from investors (Note 7)	325,000	
Advances from director (Note 8)	140,020	90,020
Debenture payable (Note 10)	1,901,300	1,901,300
	3,184,950	2,823,832
Deficiency in Assets		
Capital Stock (Note 8)	4,236,835	4,236,835
Share-based Payments Reserve	452,314	452,314
Deficit	(6,043,847)	(5,904,689)
	(1,354,697)	(1,215,540)
	1,830,253	1,608,292

Nature of Operations and Going Concern (Note 1)
Approved on behalf of the Board on November 25, 2015:

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 September 30		Nine month ended September 30	
	2015	2014	2015	2014
	\$	\$	\$	\$
Administrative Expenses				
Management, director fees (Note 8)	51,667	1,500	99,667	9,547
General and administrative	47,344	3,289	62,733	11,639
Professional fees	24,394	7,012	23,038	-
Interest on debenture (Note 10)	-	-	-	150,100
Exploration and evaluation expenditures (Note 10)	-	2,019	-	36,019
Gain on forgiveness of debt (Note 5)	-	-	(55,012)	-
Loss on foreign currency exchange	8,732	-	8,732	-
Comprehensive loss for the period	132,138	6,808	139,158	207,305
Loss per share - basic and diluted ⁽¹⁾			(0.060)	(0.089)
Weighted average number of shares outstanding – basic and fully diluted ⁽¹⁾			2,335,614	2,335,614

(1): After giving full effect to the common share consolidation effective August 25, 2015. See Note 8 for more details.

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	Warrants	Accumulated Deficit	Total
		\$	\$	\$	\$	\$
Balance at January 1, 2015	2,335,614	4,236,835	452,314	-	(5,904,689)	(1,215,540)
Comprehensive loss for the period	-	-	-	-	(139,158)	(139,158)
Balance at September 30, 2015	2,335,614	4,236,835	452,314	-	(6,043,847)	(1,354,698)
Balance at January 1, 2014	2,335,614	4,236,835	452,314	-	(4,231,989)	457,160
Comprehensive loss for the period	-	-	-	-	(207,305)	(207,305)
Balance at September 30, 2014	2,335,614	4,236,835	452,314	-	-	249,855

(1): After giving full effect to the common share consolidation effective August 25, 2015. See Note 8 for more details.

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 Cash Flows
(Expressed in Canadian Dollars)

	Nine month period ended September 30,	
	2015	2014
	\$	\$
Operating activities		
Comprehensive loss for the period	(139,158)	(207,305)
Adjustment to reconcile comprehensive loss to net cash used by operating activities:		
Impairment of mineral property	-	-
Interest on debenture	-	150,100
	(139,158)	(57,205)
Net Change in non-working capital items:		
Trade and other receivables	(1,563)	2,816
Trade and other payables	(13,882)	(11,231)
Cash flow (used in) from operating activities	(154,603)	(65,620)
Financing activities		
Deposits from Investors (Note 7)	325,000	
Advances from director (Note 7)	50,000	67,020
Cash flows from financing activities	375,000	67,020
Investing activities		
Investment in mineral property (Note x)	(180,082)	
 (Decrease) increase in cash	 40,315	 1,400
Cash at beginning of period	7,556	1,257
Cash at end of period	47,872	2,657

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

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

Three and Nine Months Ended September 30, 2015 and 2014

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Sphere Mining Corp. (the "Company" or "Northern Sphere") 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 September 30, 2015, the Company had a working capital deficiency of \$3,134,642 (December 31, 2014 - \$2,815,403), had not yet achieved profitable operations, has accumulated losses of \$6,043,847 (December 31, 2014 - \$5,904,689) 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.

Management plans to secure the necessary financing to continue as a going concern 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 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.

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. Even after giving consideration to the recent private placement completed on November 9, 2015 (See Note 12), the Company has neither sufficient 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.

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

Three and Nine Months Ended September 30, 2015 and 2014

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 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, 2015 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, 2014 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, 2018. 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

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

Three and Nine Months Ended September 30, 2015 and 2014

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 has been 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 nine month periods ended September 30, 2015. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS

Fair value

As at September 30, 2015 and 2014, 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.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations.

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

Three and Nine Months Ended September 30, 2015 and 2014

4. FINANCIAL INSTRUMENTS *(continued)*

The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities while seeking additional financing as required.

Liquidity risk *(continued)*

As at September 30, 2015, the Company had a working capital deficiency of \$3,134,642 (December 31, 2014 - \$2,815,403). 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's US subsidiary has claims in Nevada and 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,	
	September 30, 2015	December 31, 2014
	\$	\$
Trade payables	13,543	7,120
Director and management fees	349,155	272,510
Consultants	71,415	78,115
Flow-through financing	70,700	70,700
Advanced royalties	19,000	19,000
	2,813	
Professional fees	242,004	335,067
Total Trade and Other Payables	768,630	782,512

**Notes to Unaudited Interim Condensed Consolidated Financial
Statements**

(Expressed in Canadian Dollars)

Three and Nine Months Ended June 30, 2015 and 2014

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 limited cash resources terms of certain payables, particularly to Directors, officers and certain professional consultants have been extended such that as of September 30, 2015 over 93% of these liabilities are over 90 days.

As of September 30, 2015 costs of \$235,000 have been accrued 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.

During the nine months ended September 30, 2015, the Company negotiated settlements with certain creditors resulting in a gain on forgiveness of debt of \$55,012. In addition, the Company has negotiated conversion of some of these payables into shares. The conversion transaction was closed on November 9, 2015, refer to Note 12 for more details.

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 September 30, 2015 the full principal amount of \$50,000 is still owed to Taku in relation to this transaction.

7. ADVANCES FROM INVESTORS

Private Placement

On September 21, 2015, the Company announced it proposed to raise up to \$1,000,000 through a non-brokered private placement of up to 10,000,000 common shares of the Company at a price of \$0.10 per common share (the "Private Placement"). In association with this transaction, the Company received on deposit from interested investors, \$325,000. At September 30, 2015 these amounts were reported as deposits with the Company since, had the Company not succeeded in closing the Private Placement, these funds would have otherwise been returned to prospective investors. See Subsequent Events Note X for more details.

8. 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

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

Three and Nine Months Ended September 30, 2015 and 2014

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION *(continued)*

transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

On May 1 and June 15, 2015, advances were made by a director of the Company totaling \$50,000. On September 30, 2013, November 25, 2013, February 12, April 25, May 26, June 30 and December 24, 2014 advances were made by the same director of the Company totaling \$90,020. These advances bear no interest and the total of \$140,020 remains outstanding at September 30, 2015.

The Chief Executive Officer earned \$12,500 monthly as stipulated in his contract which expired September 30, 2014. From January 1, 2013 to September 30, 2014, the Chief Executive Officer waived his fees. At September 30, 2015 he is owed \$82,148 relating to fees earned in 2012 (December 31, 2014 - \$82,148). There has not been a new contract signed with the Chief Executive Officer at this time, however since July 2015, the Chief Executive Officer has earned \$10,000 monthly.

Directors of the Company earn \$4,000 quarterly. Amounts outstanding to directors as of September 30, 2015 and in addition to the amounts outlined above are \$141,746.

The Chief Financial Officer of the Company is paid on an hourly basis for her services to the Company. At September 30, 2015 \$11,260 is owed to the Chief Financial Officer and is recorded in Trade and other payables.

Previously management fees included fees to three former Vice Presidents. One Vice President resigned on April 30, 2012, while the remaining two Vice Presidents resigned on November 1, 2012. They have not been replaced at this time. At September 30, 2015 \$75,385 is owed to the three Vice Presidents who resigned relating to services rendered in 2012.

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

Stock options

Throughout 2014 and 2013 the Company did not issue stock options to key management. No stock options were issued in the nine month period ended September 30, 2015.

9. CAPITAL STOCK

(a) Authorized

An unlimited number of common shares.

(b) Issued

Effective August 25, 2015 the Corporation approved a share consolidation of each issued and outstanding common shares of the Corporation on a one for twenty (1:20) basis, being one (1) post-consolidation share for each twenty (20) pre-consolidation shares outstanding, fractions to be rounded to the nearest whole number.

Northern Sphere Resources Inc.
(an Exploration Stage Company)

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

Three and Nine Months Ended September 30, 2015 and 2014

9. CAPITAL STOCK *(continued)*

There were 2,335,614 post-consolidation (46,712,277 pre-consolidation) shares outstanding throughout 2013, 2014 and in the three and nine months ended September 30, 2015.

(c) Stock Options

Effective June 22, 2012, a new stock option plan ("the Northern Sphere 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. Stock option transactions and the number of stock options outstanding are as follows:

Nine months ended September 30,	2015		2014	
	Weighted Average Exercise Price ⁽¹⁾	Number of Options	Weighted Average Exercise Price ⁽¹⁾	Number of Options
Outstanding at beginning of period	\$ 11.00	491,667	\$ 11.00	491,667
Transactions during the period/year:				
Granted under the Tulox plan	-	-	-	-
Expired under the Tulox plan	12.00	(41,667)	-	-
Outstanding at end of period	\$ 10.80	450,000	\$ 11.00	491,667

(1): After giving full effect to the share consolidation effective August 25, 2015.

The following table provides information about outstanding stock options at September 30, 2015:

Range of Exercise Prices (\$) ⁽¹⁾	No. of Options Outstanding	Weighted Average Remaining Life (Months)	Weighted Average Exercise Price (\$) ⁽¹⁾
10.80	450,000	17	10.80

(1): After giving full effect to the share consolidation effective August 25, 2015.

10. MINERAL PROPERTIES

September 30, 2015

	Opening Balance	Additions	Impairment Write-off	Closing Balance
Arizona Properties	\$ -	\$ 180,082	\$ -	\$ 180,082
Nye County, Nevada	\$ 1,599,863	\$ -	\$ -	\$ 1,599,863
Mineral Properties	\$ 1,599,863	\$ 180,082	\$ -	\$ 1,779,945

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

Three and Nine Months Ended September 30, 2015 and 2014

10. MINERAL PROPERTIES *(continued)*

December 31, 2014				
	Opening Balance	Additions	Impairment Write-off	Closing Balance
Sill Lake, Ontario	\$ 1,431,122	\$ 34,000	\$(1,465,122)	\$ -
Nye County, Nevada	1,599,863	-	-	1,599,863
Mineral Properties	\$ 3,030,985	\$ 34,000	\$(1,465,122)	\$ 1,599,863

Sill Lake, Ontario

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 was accreted using the effective interest rate yield method. Interest was 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.

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 2014 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.

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

Three and Nine Months Ended September 30, 2015 and 2014

10. MINERAL PROPERTIES *(continued)*

In the first half of the year ended December 31, 2014, the Company expensed \$34,000 relating to the Sill Lake Properties. The Company then took full impairment on the value of the Sill Lake properties in the year ended December 31, 2014.

As of September 30, 2015, 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 a current liability at face value.

Nye County, Nevada

On February 8, 2011, the Company purchased all of the issued and outstanding shares in Solifor Resources, Inc., a Florida Corporation owned by Canusa Explorations, Inc., a company controlled by a shareholder of Northern Sphere. Solifor 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 ("JV Agreement" or "JV") with a related party, TrueClaim Resources Inc. ("TrueClaim"). The JV Agreement was formed for the mining of certain Arizona Properties ("Property") of which TrueClaim is the legal and beneficial owner and legal and beneficial owner of all mineral interests and mining rights on this Property. The JV Agreement stipulates Northern Sphere shall control all recovery operations on the Property for the benefit of TrueClaim and Northern Sphere.

Northern Sphere paid \$180,080 for an 80% interest in the Property. Northern Sphere is deemed to earn an additional 10% interest in the 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 and TrueClaim are considered related parties as the Company's President and Chief Executive Officer is also a Director of the Board of TrueClaim.

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 Resources Inc.
(an Exploration Stage Company)

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

Three and Nine Months Ended September 30, 2015 and 2014

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:

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Consolidated net loss		
Canada	\$ 7,020	\$ 207,305
USA	-	-
	\$ 7,020	\$ 207,

	As at September 30, 2015	As at December 31, 2014
Identifiable assets		
Canada	50,308	\$ 8,429
USA	1,779,945	1,599,863
	\$ 1,830,253	\$ 1,608,292

12. SUBSEQUENT EVENTS

Private Placement

On November 9, 2015 the Company closed its previously announced private placement. The Company issued 7,904,084 common shares at a price of \$0.10 per common share (the "Private Placement"). A portion of the common shares issued under the private placement was allocated to settle up to \$560,000 in outstanding debt owed to certain creditors, approximately \$267,000 of which are owed to insiders. Such common shares were issued at a price of \$0.10 per share as payment in full for all such indebtedness. Common shares issued pursuant to the private placement, including those common shares issued on the conversion of outstanding debt, are subject to a four-month hold period from the date of closing. The net proceeds from the private placement will be used towards ongoing development of mining assets and for general working capital.

Peter Tassiopoulos acquired 1,700,000 common shares representing approximately 18.0% of the outstanding common shares on the conversion of outstanding debt owing by the Company to Mr. Tassiopoulos. Mr. Tassiopoulos also controls 73,875 common shares indirectly, holds 30,000 common shares directly and 25,350 common shares through a registered retirement savings plan. Collectively, Mr. Tassiopoulos controls or holds 1,829,225 common shares representing approximately 19.4% of the outstanding common shares of the Company. Mr. Tassiopoulos intends to hold the common shares for investment purposes. Mr. Tassiopoulos may, subject to market conditions and in accordance with applicable securities laws, make additional investments in or dispositions of securities of the Company, including additional sales or purchases of Common Shares. An early warning report respecting this acquisition is available on SEDAR at www.sedar.com.