NORTHERNSHIELD
RESOURCES INC.

(A Development Stage Company)

Condensed Consolidated Interim Financial Statements

(unaudited and expressed in Canadian Dollars)

For the three and six-month periods ended June 30, 2017

[Note: an auditor has not reviewed these unaudited interim financial statements.]

NORTHERNSHIELD
RESOURCES INC.

Condensed Consolidated
Interim Financial Statements

For the three and six-month periods ended June 30, 2017

(unaudited and expressed in Canadian Dollars)

NORTHERN SHIELD RESOURCES INC.

(A Development Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

for the three and six-month periods ended June 30, 2017 and 2016

(unaudited and expressed in Canadian Dollars)

	June 30, 2017 (3 months) (Unaudited)	June 30, 2016 (3 months) (Unaudited)	**June 30, 2017 (6 months) (Unaudited)**	June 30, 2016 (6 months) (Unaudited)
Expenses				
Expensed exploration (Note 8)	**$ 39,176**	$ 15,371	**$ 61,667**	$ 18,571
General and administrative (Note 8)	**184,984**	216,598	**419,437**	398,903
Stock-based compensation (Note 3)	**263,625**	794,600	**263,625**	794,600
Loss before other income (expenses)	**(487,785)**	(1,026,569)	**(744,729)**	(1,212,074)
Other income	**11,933**	-	**68,246**	-
Interest income	**-**	-	**40**	1
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(475,852)**	(1,026,569)	**(676,443)**	(1,212,073)
Weighted average common shares outstanding	**205,091,075**	176,477,305	**205,044,921**	167,534,699
Basic and diluted loss per share (Note 4)	**$ (0.00)**	$ (0.01)	**$ (0.00)**	$ (0.01)

All results are from continuing operations.

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

APPROVED BY THE BOARD

Ian C. Bliss, Director

Russell Richards, Director

NORTHERN SHIELD RESOURCES INC.
(A Development Stage Company)
Condensed Consolidated Interim Statements of Financial Position
as at June 30, 2017 and December 31, 2016
(unaudited and expressed in Canadian Dollars)

As at		**June 30, 2017 (unaudited)**		December 31, 2016 (unaudited)
CURRENT ASSETS				
Cash	**$**	**1,353,832**	$	1,661,766
Cash reserved for exploration		**502,390**		749,379
Unbilled receivables		**-**		100,400
Amounts receivable		**104,650**		133,274
Prepaid expenses		**139,614**		22,436
		2,100,486		2,667,255
INVESTMENT IN SHARES		**833**		833
MINERAL PROPERTIES (Note 5)		**1,203,765**		1,100,433
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Note 6)		**114,981**		93,795
	$	**3,420,065**	$	3,862,316
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	**$**	**239,720**	$	231,100
Deferred exploration funding		**22,177**		-
Deferred flow-through permium liability (Note 7)		**88,657**		156,903
		350,554		388,003
SHAREHOLDERS' EQUITY				
Share capital (Note 3)		**25,422,829**		25,414,813
Reserves		**4,914,433**		4,650,808
Deficit		**(27,267,751)**		(26,591,308)
		3,069,511		3,474,313
	$	**3,420,065**	$	3,862,316

All results are from continuing operations.
The accompanying notes are an integral part of the condensed consolidated interim financial statements.

NORTHERN SHIELD RESOURCES INC.
(A Development Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
for the six-month periods ended June 30, 2017 and 2016
(unaudited and expressed in Canadian Dollars)

	June 30, 2017 (6 months) (Unaudited)	June 30, 2016 (6 months) (Unaudited)
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net loss	$ (676,443)	$ (1,212,073)
Items not affecting cash and cash equivalents		
Amortization - administrative	6,543	5,011
Stock-based compensation	263,625	794,600
Regognition of flow-through premium	(68,246)	-
Changes in non-cash operating working capital items:		
Cash reserved for exploration	246,989	-
Unbilled receivables	100,400	-
Amounts receivable	28,624	(45,480)
Prepaid expenses	(117,178)	(55,064)
Accounts payable and accrued liabilities	8,620	128,193
Deferred exploration funding	22,177	(90,214)
Expensed exploration	61,667	18,571
Interest Income	(40)	(1)
	(123,262)	(456,457)
INVESTING		
Expenditures on mineral properties	(669,312)	(380,296)
Mineral property funding	504,313	324,392
Purchase of property, plant and equipment	(33,436)	-
Proceeds from disposal of property, plant and equipment	-	-
Amortization charged to exploration	5,707	6,790
	(192,728)	(49,114)
FINANCING		
Interest received	40	1
Issuance of share capital, net of issuance costs	8,016	1,716,923
Warrant reserve allocated to share capital	-	-
Subscriptions receivable	-	(1,000,000)
	8,056	716,924
NET CASH AND CASH EQUIVALENTS INFLOW	(307,934)	211,353
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,661,766	128,691
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,353,832	$ 340,044

All results are from continuing operations.
The accompanying notes are an integral part of the condensed consolidated interim financial statements.

(unaudited and expressed in Canadian dollars)

	Share Capital		Reserves			
	Number of Shares	Amount	Share-based Payments	Warrants	Deficit	**Total**
Balance at December 31, 2015	**158,622,093**	**22,286,610**	**2,951,918**	**20,160**	**(24,962,186)**	**296,502**
Shares issued for cash	27,451,333	1,726,733	-	-	-	**1,726,733**
Allocation of value to warrants	-	(499,443)	-	499,443	-	**-**
Shares issued as commission	312,500	56,250	-	-	-	**56,250**
Share issue costs	-	(67,763)	-	1,703	-	**(66,060)**
Amount reclassified upon exercise of warrants	-	83,022	-	(83,022)	-	**-**
Share-based compensation	-	-	794,600	-	-	**794,600**
Loss for the period	-	-	-	-	(1,212,073)	**(1,212,073)**
Balance at June 30, 2016	**186,385,926**	**23,585,409**	**3,746,518**	**438,284**	**(26,174,259)**	**1,595,952**
Shares issued for cash	12,204,395	1,375,383	-	-	-	**1,375,383**
Allocation of value to warrants	-	(333,919)	-	333,919	-	**-**
Flow-through shares issued for cash	6,454,600	1,097,282	-	-	-	**1,097,282**
Flow-through premium	-	(193,638)	-	-	-	**(193,638)**
Amount reclassified upon exercise of warrants	-	40,782	-	(40,782)	-	**-**
Share issue costs	-	(156,486)	-	47,389	-	**(109,097)**
Share-based compensation	-	-	125,480	-	-	**125,480**
Loss for the period	-	-	-	-	(417,049)	**(417,049)**
Balance at December 31, 2016	**205,044,921**	**25,414,813**	**3,871,998**	**778,810**	**(26,591,308)**	**3,474,313**
Shares issued for proprty option	100,000	8,500	-	-	-	**8,500**
Share issue costs	-	(484)	-	-	-	**(484)**
Share-based compensation	-	-	263,625	-	-	**263,625**
Loss for the period	-	-	-	-	(676,443)	**(676,443)**
Balance at June 30, 2017	**205,144,921**	**25,422,829**	**4,135,623**	**778,810**	**(27,267,751)**	**3,069,511**

All results are from continuing operations.
The accompanying notes are an integral part of the condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Shield Resources Inc. (the "Company" or "Northern Shield"), a development stage company, incorporated under the *Canada Business Corporations Act*, is a natural resource company engaged in the business of identifying, acquiring and exploring mineral properties located primarily in Ontario and Quebec.

The Company's head office is situated at Suite 440, 55 Metcalfe Street, Ottawa, Ontario. The Company's shares trade on the TSX Venture Exchange under the symbol NRN.

The Company has not yet determined whether any of their properties contain precious mineral reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties is dependent upon the existence of reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development of the properties, and ultimately upon future profitable production or proceeds from disposition of the mineral properties.

As Northern Shield does not have an interest in revenue-producing properties, the Company has no operating income or earnings and, as such, its net loss may not be a meaningful indicator of its performance or potential. Exploration activities and the Company's expenses are financed by the periodic issuance of common shares and other equity securities.

Going concern

These unaudited consolidated interim financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. For the six-month period ended June 30, 2017, the Company incurred a loss of $676,443 and had negative cash flows from operations of $123,262. At the end of the period it had an accumulated deficit of $27,267,751

These factors raise doubt about the Company's ability to continue as a going concern. The Company is currently looking to raise additional financing. Should this financing not materialize and profitable operations ultimately not be attained, this may cast doubt as to the Company's ability to continue as a going concern. Realization values may be substantially different from carrying values as shown in the financial statements and the Company's ability to discharge its liabilities in the normal course of business may be in doubt should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34*, Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and critical estimates applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2016. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the last financial statements. Certain amounts in the prior period have been reclassified to conform with the presentation in the current period.

These condensed interim consolidated financial statements were approved by the Board of Directors on August 24, 2017.

Use of Judgments and Estimates

In preparing these interim financial statements, management has made judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2016.

(unaudited and expressed in Canadian Dollars)

3. SHARE CAPITAL

Authorized and Issued

An unlimited number of voting common shares are authorized for issue and, subject to priority rights of other share classes, are entitled to receive dividends when and if declared by the Board of Directors. There were 205,144,921 voting common shares issued and outstanding at June 30, 2017 (205,044,921 at December 31, 2016).

An unlimited number of preferred shares are authorized for issue in series. There were no preferred shares issued at June 30, 2017 (none at December 31, 2016).

During the six-month period ended June 30, 2017, 100,000 shares were issued [as a gift] with a deemed value of $8,500. A total of $484 in share issuance costs were incurred.

During the comparative six-month period ended June 30, 2016, 22,916,666 units were issued through private placement for gross proceeds of $1,500,000. Each unit consisted of one share and one half of one share purchase warrant. In aggregate, the warrants were ascribed a value of $499,443. As part of the private placement, 312,500 shares, valued at $56,250, and 93,000 share purchase warrants, valued at $1,703, were issued as commission and recorded as share issuance costs. A further $9,810 of cash share issuance costs were incurred.

Warrants

The following continuity summarizes the Company's outstanding warrant obligations over the period covered by these financial statements:

	Quantity	Weighted Average Exercise Price	Weighted Average Expiry Date
Balance, December 31, 2016	**6,070,486**	**$ 0.23**	**July 3, 2019**
-no activity-	-	-	-
Balance, June 30, 2017	**6,070,486**	**$ 0.23**	**July 3, 2019**

(unaudited and expressed in Canadian Dollars)

3. SHARE CAPITAL (continued)

Stock options

The Company has established a Stock Option Plan (the "Plan") to develop the interest and incentive of eligible employees, directors and consultants in the Company's growth and development. The aggregate number of share options which may be issued and outstanding at any time under this plan shall not exceed 10% of the total number of issued and outstanding shares of the Company unless the Company receives the permission of the TSX Venture Exchange and its shareholders. As at June 30, 2016, 20,514,492 common share options were authorized to be issued and outstanding under the Plan (December 31, 2016 – 20,504,492). Stock options are granted with an exercise price equal to the underlying common stock's fair market value at the time of grant.

Once vested, options may be exercised during a period not exceeding five years from the date of grant, subject to earlier termination if the option holder ceases to be a director, officer, employee or consultant of the Company.

The following summarizes the Company's outstanding option obligations over the period covered by these financial statements:

	Quantity	Weighted Average Exercise Price
Balance, December 31, 2016	**9,200,000**	**$ 0.18**
Options expired during the period	(1,750,000)	$ 0.20
Options issued during the period	(5,550,000)	$ 0.20
Balance, June 30, 2017	**13,000,000**	**$ 0.16**

At June 30, 2017, the remaining pool of options available for grant was 7,514,492 (December 31, 2016 – 11,304,492).

Detail of options outstanding at June 30, 2017 and December 31, 2016:

Issue Date	Exercise Price	Quantity	Expiry Date	Exercisable
As at June 30, 2017:				
July 3, 2012	$ 0.20	250,000	July 3, 2017	250,000
June 10, 2016	$ 0.16	6,850,000	June 10, 2021	6,850,000
July 15, 2016	$ 0.17	350,000	July 15, 2021	350,000
June 30, 2017	$ 0.10	5,550,000	June 30, 2022	5,550,000
		13,000,000		**13,000,000**
As at December 31, 2016:				
March 26, 2012	$ 0.25	1,750,000	March 26, 2017	1,750,000
July 3, 2012	$ 0.20	250,000	July 3, 2017	250,000
June 10, 2016	$ 0.16	6,850,000	June 10, 2021	6,850,000
July 15, 2016	$ 0.17	350,000	July 15, 2021	350,000
		9,200,000		**9,200,000**

(unaudited and expressed in Canadian Dollars)

3. SHARE CAPITAL (continued)

Share-based compensation

During the six-month period ended June 30, 2017 the Company issued 5,550,000 share purchase options under its stock option plan. Each option is fully-vested, has a strike price of $0.10 and will expire on June 30, 2022. The options were valued at $0.475 each for an expense of $263,625 (2016 – 6,850,000 fully vested, a strike price of $0.16, an expiry date of June 10, 2021, valued at $.116 each for a charge of $794,600).

The Black-Scholes option pricing model, used by the Company to calculate option values, as well as other currently accepted valuation models, were developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differ from the Company's option awards. These models require subjective assumptions, including future stock price volatility and expected time until exercise, which affect calculated values, summarized in the table below. Accordingly, management believes that this model does not necessarily provide a reliable single measure of the fair value of the Company's stock option awards.

Assumptions	**2017**	2016
Lifetime	5 years	5 years
Interest Rate	1.49%	0.57%
Annual Volatility	123%	97%
Dividends	none	none

4. LOSS PER SHARE

The treasury stock method is used for the calculation of diluted loss per share. Basic loss per common share is calculated using the weighted average number of common shares outstanding during the year. As the Company has recorded a loss in each of the years presented, the following table presents the anti-dilutive effect of securities excluded from the loss per share computation for the six-month periods ended June 30, 2017 and 2016:

	2017	2016
Stock options	**8,271,823**	4,902,777
Stock purchase warrants	**6,070,486**	6,459,452
	14,342,309	8,025,831

(unaudited and expressed in Canadian Dollars)

5. MINERAL PROPERTIES

The following table summarizes the exploration expenditures incurred on each of the Company's mineral properties:

	Idefix	Huckleberry	Séquoi	Sé2	Other	Total
Percent Ownership	***100%***	***100%***	***100%***	***100%***	***100%***	
At January 1, 2016	**$ -**	**$ 255,055**	**$ -**	**$ -**	**$ 14,353**	**$ 269,408**
Expenditures						
Acquisition	9,726	23,763	22,777	19,822	22,090	**98,178**
Exploration	81,690	1,405,448	808,974	65,921	30,669	**2,392,702**
Total Expenditures	91,416	1,429,211	831,751	85,743	52,759	**2,490,880**
External Funding	-	(1,542,538)	-	-	-	**(1,542,538)**
Government assistance	(5,086)	(71,977)	-	-	(9,585)	**(86,648)**
Expensed current exploration	-	-	-	-	(30,669)	**(30,669)**
At December 31, 2016	**$ 86,330**	**$ 69,751**	**$ 831,751**	**$ 85,743**	**$ 26,858**	**$1,100,433**
Expenditures						
Acquisition	2,248	2,645	-	-	28,564	**33,457**
Exploration	225	528,850	40,673	4,440	61,667	**635,855**
Total Expenditures	2,473	531,495	40,673	4,440	90,231	**669,312**
External Funding	-	(504,313)	-	-	-	**(504,313)**
Expensed current exploration	-	-	-	-	(61,667)	**(61,667)**
At June 30, 2017	**$ 88,803**	**$ 96,933**	**$ 872,424**	**$ 90,183**	**$ 55,422**	**$1,203,765**

The Company considered the impairment indicators under IFRS 6 for each property and deemed there to be no justification to adjust their capitalized values.

(unaudited and expressed in Canadian Dollars)

6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Field Equipment	Furniture/ Fixtures	Office Equipment	Software	Total
Cost					
December 31, 2015	$201,182	$29,980	$113,070	$33,207	**$377,439**
No additions or disposals	-	-	-	-	**-**
December 31, 2016	201,182	29,980	113,070	33,207	**377,439**
Additions	2,400	-	18,584	12,451	**33,435**
June 30, 2017	$203,582	$29,980	$131,654	$45,658	**$410,874**
Accumulated Amortization					
December 31, 2015	$(131,552)	$(22,627)	$(77,395)	$(29,733)	**$(261,307)**
Amortization	(12,917)	(1,365)	(6,617)	(1,438)	**(22,337)**
December 31, 2016	(144,469)	(23,992)	(84,012)	(31,171)	**(283,644)**
Amortization	(5,707)	(583)	(3,464)	(2,496)	**(12,250)**
June 30, 2017	$(150,176)	$(24,575)	$(87,476)	$(33,667)	**$(295,894)**
Carrying Values					
December 31, 2016	$56,713	$5,988	$29,058	$2,036	**$93,795**
June 30, 2017	$53,406	$5,405	$44,178	$11,991	**$114,981**

Exploration-related asset amortization of $5,707 was allocated to mineral properties during the six-month period ended June 30, 2017 (2016 - $6,790).

7. DEFERRED FLOW-THROUGH PREMIUM LIABILITY

This is the amount of unrecognized premium on flow-through share purchases related to the unspent flow-through dollars recorded as Cash reserved for exploration.

(unaudited and expressed in Canadian Dollars)

8. NATURE OF EXPENSES

General and administrative expenses during six-month periods ended June 30:

	2017	2016
Remuneration and consulting fees	**$219,839**	$147,285
Office expenses	**126,582**	127,917
Travel expenses	**56,448**	37,507
Marketing expenses	**17,972**	33,225
Professional fees	**18,479**	55,816
Public company expenses	**21,599**	13,418
Insurance expenses	**8,949**	8,726
	$469,868	$423,894
Share-based compensation	263,625	794,600
General and administrative recovery	**(50,431)**	(24,991)
	$683,062	$1,193,503

Expensed exploration during six-month periods ended June 30:

	2017	2016
Expensed prospecting activities	**$61,667**	$18,571

9. RELATED PARTY TRANSACTIONS

The Company incurred legal fees with a law firm at which one of the Company's directors is a partner and the Company's corporate secretary is an associate. All transactions were made on terms equivalent to those that prevail in arm's length transactions.

During the six-month period ended June 30, 2017 the Company incurred $17,976 in fees from the related party (2016 - $55,944).

At June 30, 2017, the Company owed $1,964 to the related party (December 31, 2016 - $14,757).

(unaudited and expressed in Canadian Dollars)

10. KEY MANAGEMENT COMPENSATION

Benefits earned by key management during six-month periods ended June 30:

	2017	2016
Salaries	**$ 117,749**	$ 116,600
Benefits	**2,778**	4,120
Share-based compensation	**66,500**	261,000
	$ 187,027	$ 381,720

11. COMMITMENTS

The Company is committed to operating leases as follows:

	2017	**2018**	**Total**
Premises lease	$ 91,080	$ 136,620	**$ 227,700**

12. EMPLOYEE COMPENSATION

The following table presents the compensation earned by the employees (including key management) during the six-month periods ended June 30, noted below:

	2017	2016
Salaries	**$ 282,566**	$ 219,511
Benefits	**15,582**	12,665
Share-based compensation	**130,625**	377,000
	$ 428,773	$ 587,231

All the expenses in the above table were partially recorded as General and Administration expenses and partially capitalized to Mineral Properties.

13. SEGMENT INFORMATION

The Company has one operating segment involved in the exploration of resource properties. All the Company's assets are located in Canada.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

Market risk is the risk that changes in market prices, such as equity prices; interest rates and foreign exchange rates will affect the Company's income (loss) or the value of its financial instruments.

It is in management's opinion that the Company is not exposed to significant equity price, currency or interest rate risks arising from its financial instruments.

Interest rate risk

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

Foreign exchange risk

The Company is not exposed to significant foreign exchange risk due to the low volume of foreign currency transactions.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's unbilled receivables.

a) Concentration of credit risk

Counterparties expose the Company to credit-related losses in the event of non-performance. By dealing with only creditworthy counterparties, the Company's credit exposure is minimized.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

b) Credit risk exposure

The carrying amounts of the cash, unbilled receivables and amounts receivable represent the maximum exposure to credit risk. The maximum exposure to credit risk at June 30, 2017 was $1,960,872 (December 31, 2016 - $2,644,819). The cash is held by the Company's banks, two of the large Canadian chartered banks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. As at June 30, 2017, the Company had a cash balance of $1,856,222 (December 31, 2016 - $2,411,145). To date, the Company has incurred significant operating losses. The Company's ability to continue as a going concern is dependent on its ability to generate sufficient capital through either revenues or through further financings.

The Company accrues expenses when incurred. Accounts are deemed payable once an event occurs that requires payment by a specific date. As at June 30, 2017, 100% of accounts payable are under sixty days.

Fair values

a) The fair value of cash, unbilled receivables, amounts receivable, long-term deposit, accounts payable and accrued liabilities is approximately equal to their carrying value due to their short-terms to maturity.

b) Fair value hierarchy

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair values (continued)

b) Fair value hierarchy (continued)

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The fair value of the investment in private company is determined based on recent market transactions for similar instruments issued by that company.

15. CAPITAL MANAGEMENT

The Company aims to maintain a strong capital base to maintain investor, creditor and market confidence and to fund future exploration and maintain the ability to continue as a going concern. Capital is defined as the Company's shareholders' equity. The Company does not have any long-term debt and the Company does not intend to assume any until any given development project warrants it. The Board of Directors does not establish quantitative capital criteria for management; but rather promotes the use of periodic equity financing events as the primary method of funding administrative operations and exploration and development. Other methods open to management to fund exploration include extending joint venture or earn-in opportunities to other parties relating to specific properties.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.