

NORTHERN LIGHTS RESOURCES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

**(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)**

October 31, 2018

Head Office

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Canada

Registered and Records Office

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

NORTHERN LIGHTS RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
AS AT

	October 31, 2018	April 30, 2018
ASSETS		
Current		
Cash	\$ 271,032	\$ 30,208
Receivables	36,086	4,083
Prepaid expenses	321,249	10,316
	<u>628,367</u>	<u>44,607</u>
Equipment (Note 3)	1,361	1,512
Exploration and evaluation assets (Note 4)	<u>175,257</u>	<u>65,069</u>
	<u>\$ 804,985</u>	<u>\$ 111,188</u>

LIABILITIES AND SHAREHOLDERS' DEFICIENCY

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 77,258	\$ 109,503
Loans payable (Notes 6)	-	6,386
	<u>77,258</u>	<u>115,889</u>
Shareholders' deficiency		
Share capital (Note 7)	5,007,803	3,952,943
Share-based payment reserve	138,500	138,500
Subscription received in advance (Note 7)	-	12,000
Deficit	<u>(4,418,576)</u>	<u>(4,108,144)</u>
	<u>727,727</u>	<u>(4,701)</u>
	<u>\$ 804,985</u>	<u>\$ 111,188</u>

Nature and continuance of operations (Note 1)

Subsequent event (Note 12)

On behalf of the Board:

“Albert (Rick) Timcke”

Director

“Jason Bahsen”

Director

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

NORTHERN LIGHTS RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three months period ended		Six months period ended	
	October 31,		October 31,	
	2018	2017	2018	2017
EXPENSES				
Amortization	\$ 75	\$ 95	\$ 151	\$ 189
Consulting fee	20,000	-	20,000	-
Filing and regulatory fees	14,931	8,945	16,351	8,945
Gain on settlement of accounts payable (Note 5)	-	(25,989)	-	(25,989)
Interest expense	85	7,805	211	10,073
Management fees (Note 8)	65,000	15,000	95,000	30,000
Office and miscellaneous	106,429	921	154,085	1,445
Professional fees	8,250	870	17,982	(2,255)
Travel and promotion	10,428	1,245	17,852	4,317
Write-off of accounts payable (Note 5)	(11,200)	-	(11,200)	(1,200)
Loss and comprehensive loss for the period	\$ (213,998)	\$ (8,892)	\$ (310,432)	\$ (25,525)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding	37,215,056	26,437,152	35,385,944	26,437,152

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

NORTHERN LIGHTS RESOURCES CORP.**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Number of shares	Share Capital	Share-based payment reserve	Subscription received in advance	Deficit	Total Shareholders' Equity (Deficiency)
April 30, 2017	15,106,948	\$ 2,674,365	\$ 138,500	\$ -	\$ (3,738,971)	\$ (926,106)
Loss for the period	-	-	-	-	(25,525)	(25,525)
October 31, 2017	15,106,948	2,674,365	138,500	-	(3,764,496)	(951,631)
Debt settlements (Note 7)	18,449,884	1,278,578	-	-	-	1,278,578
Subscription received in advance	-	-	-	12,000	-	12,000
Loss for the period	-	-	-	-	(343,648)	(343,648)
April 30, 2018	33,556,832	3,952,943	138,500	12,000	(4,108,144)	(4,701)
Private placements	11,005,000	1,100,500	-	(12,000)	-	1,088,500
Finder's fees - cash	-	(45,640)	-	-	-	(45,640)
Finder's fees - shares	600,400	-	-	-	-	-
Loss for the period	-	-	-	-	(310,432)	(310,432)
October 31, 2018	45,162,232	\$ 5,007,803	\$ 138,500	\$ -	\$ (4,418,576)	\$ 727,727

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

NORTHERN LIGHTS RESOURCES CORP.
STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (310,432)	\$ (25,525)
Non-cash items:		
Amortization	151	189
Loan interest accrual	-	10,073
Write-off of accounts payable	(11,200)	(1,200)
Gain on settlement of accounts payable	-	(25,989)
Changes in non-cash working capital items:		
Receivables	(32,003)	(2,465)
Prepaid expenses	(310,933)	(10,000)
Accounts payable and accrued liabilities	(21,045)	(42,151)
Net cash used in operating activities	<u>(685,462)</u>	<u>(97,068)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	<u>(110,188)</u>	<u>(38,692)</u>
Net cash used in investing activities	<u>(110,188)</u>	<u>(38,692)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	(6,386)	221,154
Proceed from share issuance	1,088,500	-
Share issuance costs	<u>(45,640)</u>	<u>-</u>
Net cash provided by financing activities	<u>1,036,474</u>	<u>221,154</u>
Change in cash for the period	240,824	85,394
Cash, beginning of period	<u>30,208</u>	<u>63</u>
Cash, end of period	<u>\$ 271,032</u>	<u>\$ 85,457</u>
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-
Supplemental disclosure with respect to cash flows		
(non-cash transactions)		
Exploration and evaluation asset expenditures included in accounts payable	\$ -	\$ 30,000

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

NORTHERN LIGHTS RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

1. NATURE AND CONTINUANCE OF OPERATIONS

Northern Lights Uranium Corp. (the "Company") was incorporated under the laws of British Columbia on March 28, 2007. On April 22, 2008, the Company changed its name to Northern Lights Resources Corp. The Company's principal business activities include the acquisition and exploration of resource properties. On June 28, 2012, the Company completed its initial public offering ("IPO") by way of prospectus, and a listing on the Canadian Securities Exchange ("CSE"). On October 31, 2013, the CSE halted the shares of the Company due to the Company being in default of CSE requirements. On January 22, 2014, the CSE delisted the common shares. The common shares remain delisted. On November 9, 2017, a revocation orders were received from the British Columbia Securities Commission and the Ontario Securities Commission lifting the cease trade orders previously issued on September 10, 2013 and September 24, 2013, respectively. On November 10, 2017 a revocation order was received from the Alberta Securities Commission lifting the final cease trade order previously issued on December 10, 2014. The Company has submitted a listing statement and will advise all shareholders when the resumption of trading may occur. On February 23, 2018, the Company received Conditional Listing Approval from the CSE. On October 31, 2018, the Company resumed trading on the CSE with the acceptance of the relisting application.

The Company expects its current capital resources will not be sufficient to complete its exploration plans and operations through its current operating year and will be required to raise additional funds through future equity issuances. The Company's ability to continue as a going concern is therefore dependent on its ability to raise additional funds through equity issuances. These material uncertainties may cast significant doubt on the entity's ability to continue as a going concern.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been recorded at fair value. The financial statements are presented in Canadian dollars which is the functional currency of the Company.

These condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

The policies applied in these condensed interim financial statements are presented below and are based on IFRS issued and outstanding as of October 31, 2018. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ending April 30, 2019 could result in restatements of these condensed consolidated interim financial statements. None of these standards are expected to have a significant effect on the condensed interim financial statement.

The Board of Directors approved these financial statements on December 21, 2018.

NORTHERN LIGHTS RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Comprehensive income

Comprehensive income (loss) reflects the net gain (loss) and other comprehensive income (loss) for the period. Other comprehensive income (loss) includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided on a declining balance basis at 20% per annum for furniture and equipment.

Estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Significant Judgments

a. Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

b. Deferred taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred income and resource tax assets.

Significant Estimates

a. Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on the estimated fair value of all share-based awards at the date of grant and is expensed to the statement of loss and comprehensive income (loss) over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

NORTHERN LIGHTS RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Loss per share

The Company computes the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period.

Exploration and evaluation assets

Upon acquiring the legal right to explore an exploration and evaluation asset, costs related to acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
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FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

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

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

NORTHERN LIGHTS RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments – recognition and measurement

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through other comprehensive income (loss).

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash at fair value through profit and loss. The Company's receivables are classified as loans and receivables.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

The Company's accounts payable and accrued liabilities and loans payable are classified as other financial liabilities.

NORTHERN LIGHTS RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent accounting pronouncements not yet effective

Accounting Standards Issued and Effective for fiscal years beginning on or after January 1, 2018.

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

The Company does not expect the adoption of the standard to have a material impact on its financial statements.

3. EQUIPMENT

	Furniture and equipment
Cost	
Balance at April 30, 2017	\$ 14,150
Addition	-
Balance at April 30, 2018	14,150
Addition	-
Balance at October 31, 2018	\$ 14,150
Accumulated amortization	
Balance at April 30, 2017	\$ 12,260
Amortization	378
Balance at April 30, 2018	12,638
Amortization	151
Balance at October 31, 2018	\$ 12,789
Carrying amounts	
At April 30, 2018	\$ 1,512
At October 31, 2018	\$ 1,361

NORTHERN LIGHTS RESOURCES CORP.
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(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

4. EXPLORATION AND EVALUATION ASSETS

	Del Undur Project		Medicine Springs		Total
Acquisition Costs:					
Balance at April 30, 2017 and 2018	\$	10,830	\$	31,843	\$ 42,673
Cash		-		33,179	33,179
Others		-		33,515	33,515
Balance at October 31, 2018		10,830		98,537	109,367
Deferred Exploration Costs:					
Balance at April 30, 2017	\$	-	\$	-	\$ -
Consulting		-		22,396	22,396
Balance at April 30, 2018		-		22,396	22,396
Consulting		3,066		40,428	43,494
Balance at October 31, 2018		3,066		62,824	65,890
Total	\$	13,896	\$	161,361	\$ 175,257

Del Undur Project

The Company entered into an earn-in agreement dated June 17, 2017 whereby the Company can earn up to 100% interest in the property located in north-eastern Mongolia for aggregate consideration of (i) cash payments of \$500,000, (ii) issuing 20,000,000 shares, and (iii) incurring exploration expenditures totaling \$2,000,000, all over a four year term. In addition, the property owner will retain a 2.0% net smelter return royalty (“NSR”) of which the Company has the option to buy back 1% for \$1,000,000.

Medicine Springs

The Company entered into a mineral property option agreement dated August 20, 2017 (“Execution Date”) to acquire 100% of the property in southeastern Elko County, Nevada for aggregate consideration of the following:

- i) Cash payments
 - a) USD \$25,000 on or before the first anniversary of the date of execution (“Execution Date”) (paid).
 - b) USD \$50,000 on or before the second anniversary of the Execution Date.
 - c) USD \$100,000 on or before the third anniversary of the Execution Date.
 - d) USD \$150,000 on or before the fourth anniversary of the Execution Date.
 - e) USD \$200,000 on or before the fifth anniversary of the Execution Date.
 - f) USD \$425,000 on or before the sixth anniversary of the Execution Date.
- ii) Share issuance
 - a) issuance of common share with a fair market value of USD \$50,000 on or before the second anniversary of the Execution Date.
 - b) issuance of common share with a fair market value of USD \$50,000 on or before the third anniversary of the Execution Date.
 - c) issuance of common share with a fair market value of USD \$50,000 on or before the fourth anniversary of the Execution Date.

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

- d) issuance of common share with a fair market value of USD \$50,000 on or before the fifth anniversary of the Execution Date.
- e) issuance of common share with a fair market value of USD \$50,000 on or before the sixth anniversary of the Execution Date.
- iii) Exploration expenditures
 - a) incur USD \$25,000 in exploration upon execution of the agreement (incurred).
 - b) incur USD \$225,000 in exploration on or before the first anniversary of the Execution Date (extended subsequently to the second anniversary of the Execution Date .
 - c) incur USD \$300,000 in exploration on or before the second anniversary of the Execution Date.
 - d) incur USD \$400,000 in exploration on or before the third anniversary of the Execution Date.
 - e) incur USD \$500,000 in exploration on or before the fourth anniversary of the Execution Date.
 - f) incur USD \$500,000 in exploration on or before the fifth anniversary of the Execution Date.
 - g) incur USD \$750,000 in exploration on or before the sixth anniversary of the Execution Date.

In addition, the property owner will retain a 2.5% NSR. The Company has the option to purchase back 1.5% of the NSR for US\$3,000,000 on a portion of the mineral claims (126,149) and US\$1,000,000 on a portion of the mineral claims (23/149). The royalty to the project vendors is in addition to a further 0.5% royalty over a portion of the mineral claims (23/149).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2018	April 30, 2018
Trade payables	\$ 54,808	\$ 93,553
Accrued liabilities	22,450	15,950
	\$ 77,258	\$ 109,503

During the period ended October 31, 2018, the Company:

- i) wrote off accounts payable of \$11,200 as the amount is no longer outstanding by exceeding the statute of limitation.

During the year ended April 30, 2018, the Company:

- ii) entered into an agreement with a creditor to settle an outstanding amount of \$35,700 for \$9,711, resulted in a gain on settlement of accounts payable of \$25,989.
- iii) issued 7,050,469 common shares to settle an aggregate of \$616,916 in accounts payable and accrued liabilities (Note 7).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

6. LOANS PAYABLE

During the year ended April 30, 2016, the Company received a \$5,000 loan accruing 10% interest per annum, repayable on the earlier of July 23, 2016 and the date the Company completes its next private placement. During the year ended April 30, 2017, the Company missed the repayment date and interest continues to accrue. During the period ended October 31, 2018, the loan amount of \$6,597 was fully repaid and accrued interest expenses of \$211. As of October 31, 2018, the loan payable was \$Nil (April 30, 2018 - \$6,386).

During the year ended April 30, 2018, a loan payable to a director of the Company was settled through the issuance of 2,445,085 shares (Note 7). As of October 31, 2018, the loan payable was \$Nil (April 30, 2018 - \$Nil).

During the year ended April 30, 2018, the Company received loans totaling \$354,154. The loans accrued interest at 12% per annum, repayment on the earlier of April 1, 2018 and the date the Company completes its next private placement. The loans accrued interest expense of \$22,732. The loans and accrued interest were fully settled through the issuance of 8,954,330 shares (Note 7). As of October 31, 2018, the loans payable total was \$Nil.

7. SHARE CAPITAL

Authorized: Unlimited common shares, without par value

During the period ended October 31, 2018, the Company closed a first tranche non-brokered private placement financing of 11,005,000 units at a price of \$0.10 per unit for gross proceeds of \$1,100,500. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.20 per share for 24 months following the closing date, subject to an accelerated expiry if the closing price of the Shares is equal to or greater than \$0.30 for twenty consecutive trading days at any time following four months after the date of closing. The Company paid \$45,640 cash and issued 600,040 shares (valued at \$60,040) as share issuance costs.

During the year ended April 30, 2018, the Company:

- i) consolidated its common shares on a 1.75 to 1 basis. All references to previous share and per share amounts have been adjusted to reflect the share consolidation.
- ii) issued 9,495,554 post-consolidation common shares at a value of \$830,861 to settle an aggregate indebtedness of \$830,861 (Note 5 and 6).
- iii) issued 8,954,330 common shares, including a 20% common stock bonus, valued at \$447,717 to settle loans payable of \$376,886 and recorded a loss on settlement of \$70,831.
- iv) received subscription proceeds of \$12,000 towards the issuance of 120,000 units, with each unit consisting of one common share and share purchase warrant, each warrant exercisable into one common share at a price of \$0.20 per share for a period of 24 months.

NORTHERN LIGHTS RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

7. SHARE CAPITAL (cont'd...)

Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option will not be less than the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as at April 30, 2017	671,429	\$ 0.175
Expired	(671,429)	0.175
Outstanding as at April 30, 2018 and October 31, 2018	-	\$ -

Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at April 30, 2017 and 2018	-	\$ -
Granted	11,005,000	0.20
Outstanding as at October 31, 2018	11,005,000	\$ 0.20

8. TRANSACTIONS WITH RELATED PARTIES

The Company defines key management as officers and directors. During the period ended October 31, 2018, the Company:

- i) paid or accrued management fees of \$32,500 (2017 - \$30,000) to a director of the Company.
- ii) paid or accrued management fees of \$62,500 (2017 - \$Nil) to the Chief Executive Officer (“CEO”) of the Company.
- iii) paid or accrued professional fees of \$6,000 (2017 - \$Nil) to the Chief Financial Officer (“CFO”) of the Company.

Included in prepaid expenses as at October 31, 2018 is \$Nil (April 30, 2018 - \$5,000) paid to the Company’s CEO and \$13,100 (April 30, 2018 - \$5,000) paid to a Company’s director.

NORTHERN LIGHTS RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

8. TRANSACTIONS WITH RELATED PARTIES (cont'd...)

Included in accounts payable and accrued liabilities as at October 31, 2018 is \$1,495 (April 30, 2018 - \$3,000) owed to officers and a director of the Company.

During the year ended April 30, 2018, the Company issued 5,222,229 common shares to a director of the Company to settle an aggregate of \$456,945 of indebtedness.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has applied a three-level hierarchy to reflect the significance of the inputs used in making fair value measurements. The three levels of fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and loans payables. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

The Company is exposed to nominal foreign currency risk.

b) Credit risk

Credit risk is risk of financial loss to the Company if the counterparty to a financial statement fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds non-interest bearing debt.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

NORTHERN LIGHTS RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31, 2018

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

e) Price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of commodities. The Company monitors these prices to determine the appropriate course of action to be taken.

10. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. 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 and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company did not change its approach to capital management during the period ended October 31, 2018.

11. SEGMENTED INFORMATION

The Company's primary business activity is the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	October 31, 2018	April 30, 2018
Exploration and evaluation assets		
United States	\$ 161,316	\$ 54,239
East Asia	13,896	10,830
Equipment		
Canada	\$ 1,436	\$ 1,512

12. SUBSEQUENT EVENT

Subsequent to October 31, 2018, the Company granted 3,400,000 stock options exercisable at a price of \$0.10 until November 6, 2023.