

# **SIXTY NORTH GOLD MINING LTD.**

Condensed Interim Financial Statements

For the Three and Nine Months Ended July 31, 2018 and 2017

(Unaudited - Prepared by Management)

# SIXTY NORTH GOLD MINING LTD.

## CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2018 AND 2017

### Table of Contents

Notice of No Auditor Review .....	1
Statements of Financial Position .....	2
Statements of Comprehensive Loss.....	3
Statements of Changes in Equity .....	4
Statements of Cash Flows .....	5
Notes to the Financial Statements .....	6-20

## **NOTICE OF DISCLOSURE OF NON-AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, 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 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 auditors.

**SIXTY NORTH GOLD MINING LTD.**

Condensed Interim Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	July 31, 2018 (Unaudited)	October 31, 2017 (Audited)
<b>Assets</b>		
Current Assets		
Cash	\$ 679,606	\$ 539,550
GST receivable	12,403	19,570
Prepaid expenses and deposits (Note 5)	79,790	38,379
Total Current Assets	771,799	597,499
Exploration and evaluation assets (Note 6)	1,663,410	1,271,632
Reclamation deposit (Note 8)	88,000	88,000
Total Assets	\$ 2,523,209	\$ 1,957,131
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 871	\$ 135,889
Total Current Liabilities	871	135,889
<b>Equity</b>		
Share capital (Note 9)	3,102,019	2,068,823
Equity reserves	778,747	535,493
Deficit	(1,358,428)	(783,074)
Total Equity	2,522,338	1,821,242
Total Liabilities and Equity	\$ 2,523,209	\$ 1,957,131

Nature and Continuance of Operations (Note 1)

Commitments (Note 12)

Subsequent Events (Note 15)

See the accompanying notes to the interim financial statements

On behalf of the Board:

s/“John Campbell”, CFO

\_\_\_\_\_  
Director

s/“Grant Block”

\_\_\_\_\_  
Director

**SIXTY NORTH GOLD MINING LTD.**Condensed Interim Statements of Comprehensive Loss  
(Unaudited - Expressed in Canadian Dollars)

	For the Three Months Ended		For the Nine Months Ended	
	July 31, 2018	July 31, 2017	July 31, 2018	July 31, 2017
<b>Expenses</b>				
Accounting and audit fees	\$ 3,900	\$ 4,660	\$ 13,840	\$ 10,380
Contract extension fee (Note 6)	-	-	20,000	-
Corporate development	-	25,526	-	25,526
Exploration expenditures (Note 6)	2,727	-	2,727	-
Foreign exchange loss	2,248	-	2,662	-
General and administration	2,000	909	3,469	2,582
Insurance	3,730	5,117	9,039	12,644
Investor relations (Note 10)	135,932	1,355	166,025	24,840
Management fees (Note 11)	45,000	16,800	79,000	62,800
Meals and entertainment	586	177	1,113	2,067
Professional fees	(20,142)	38,919	56,104	96,124
Share-based payments (Notes 9(d))	177,040	16,827	177,040	16,827
Transfer agent and regulatory fees	23,246	6,445	44,335	9,985
<b>Net loss and comprehensive loss for the Period</b>	<b>\$ 376,267</b>	<b>\$ 116,735</b>	<b>\$ 575,354</b>	<b>\$ 263,775</b>
Loss per share, basic and diluted	(0.01)	(0.00)	(0.01)	(0.01)
Weighted average common shares outstanding, basic and diluted	45,203,333	34,737,391	39,941,428	33,938,681

See the accompanying notes to the interim financial statements

## SIXTY NORTH GOLD MINING LTD.

Condensed Statements of Changes in Equity  
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Shares Subscribed	Equity Reserves	Deficit	Total
Balance at October 31, 2016	31,420,000	\$ 1,627,419	\$ 10,000	\$ 208,401	\$ (162,690)	\$ 1,683,130
Shares issued for cash (Note 9(b))	4,200,000	420,000	60,000	-	-	480,000
Shares issued for subscription received	-	10,000	(10,000)	-	-	-
Shares issued for services (Note 9(b))	400,000	40,000	-	-	-	40,000
Share issuance costs	-	(102,271)	-	72,442	-	(29,829)
Net loss for the period	-	-	-	-	(263,775)	(263,775)
<b>Balance at July 31, 2017</b>	<b>36,020,000</b>	<b>\$ 1,995,148</b>	<b>\$ 60,000</b>	<b>\$ 280,843</b>	<b>\$ (426,465)</b>	<b>\$ 1,909,526</b>
Shares Issued for cash (Note 9(b))	83,333	10,000	-	-	-	10,000
Shares issued for subscription received	500,000	60,000	(60,000)	-	-	-
Shares issued for option exercise (Note 9(d))	100,000	7,500	-	-	-	7,500
Share issuance costs	-	(3,825)	-	-	-	(3,825)
Share-based payments	-	-	-	254,650	-	254,650
Net loss for the period	-	-	-	-	(356,609)	(356,609)
<b>Balance at October 31, 2017</b>	<b>36,703,333</b>	<b>\$ 2,068,823</b>	<b>\$ -</b>	<b>\$ 535,493</b>	<b>\$ (783,074)</b>	<b>\$ 1,821,242</b>
Shares Issued for cash (Note 9(b))	8,500,000	1,275,000	-	-	-	1,275,000
Share issuance costs	-	(241,804)	-	-	-	(241,804)
Share-based payments	-	-	-	243,254	-	243,254
Net loss for the period	-	-	-	-	(575,354)	(575,354)
<b>Balance at July 31, 2018</b>	<b>45,203,333</b>	<b>\$ 3,102,019</b>	<b>\$ -</b>	<b>\$ 778,747</b>	<b>\$ (1,358,428)</b>	<b>\$ 2,522,338</b>

See the accompanying notes to the interim financial statements

**SIXTY NORTH GOLD MINING LTD.**Condensed Interim Statements of Cash Flows  
(Unaudited - Expressed in Canadian Dollars)

	For the Nine Months Ended	
	July 31, 2018	July 31, 2017
<b>Cash Flows from (Used in) Operating Activities</b>		
Net loss for the Period	\$ (575,354)	\$ (263,775)
Non-Cash Items:		
Shares issued for services	-	40,000
Share-based payments	177,040	16,827
	<b>(398,314)</b>	<b>(206,948)</b>
Changes in Non-Cash Working Capital Items:		
GST receivable	7,167	(811)
Prepaid expenses and deposits	(41,411)	(2,974)
Accounts payable and accrued liabilities	(135,018)	16,513
<b>Net Cash Flows (Used in) Provided by Operating Activities</b>	<b>(567,576)</b>	<b>(194,220)</b>
<b>Cash Flows from (Used in) Investing Activities</b>		
Exploration and evaluation assets	(447,641)	(831,530)
Exploration advance	55,863	99,940
<b>Net Cash Flows (Used in) Provided by Investing Activities</b>	<b>(391,778)</b>	<b>(731,590)</b>
<b>Cash Flows from Financing Activities</b>		
Issuance of common shares	1,275,000	420,000
Share subscriptions	-	60,000
Equity reserves	66,214	55,615
Share issuance costs	(241,804)	(102,271)
<b>Net Cash Flows from Financing Activities</b>	<b>1,099,410</b>	<b>433,344</b>
<b>Change in Cash During the Period</b>	<b>140,056</b>	<b>(492,466)</b>
<b>Cash, Beginning of Period</b>	<b>539,550</b>	<b>1,137,374</b>
<b>Cash, End of Period</b>	<b>\$ 679,606</b>	<b>\$ 644,908</b>
<b>Supplemental Cash Disclosure:</b>		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -
<b>Non-cash transactions in investing and financing activities:</b>		
Shares issued for services	\$ -	\$ 40,000
Agent warrants for share issuance costs	\$ 66,214	\$ 55,615

See the accompanying notes to the interim financial statements

## **SIXTY NORTH GOLD MINING LTD.**

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### **1. Nature and Continuance of Operations**

Sixty North Gold Mining Ltd. (the "Company") was incorporated on July 7, 2016 in British Columbia under the laws of the Canada Business Corporations Act. On November 9, 2017, the Company became registered as an extra-territorial corporation under part XXI of the Business Corporations Act of the Northwest Territories. On February 20, 2017, the Company changed its name from 1082138 B.C. Ltd. to Sixty North Gold Mining Ltd. The Company's registered office is located at 1750-1185 West Georgia Street, Vancouver, BC V6E 4E6. On April 17, 2018, the Company's shares became listed on the Canadian Securities Exchange under the symbol "SXTY". The Company also began trading on the Frankfurt Stock Exchange under the symbol "2F4" on May 8, 2018 and on the OTCQB Venture Market in the United States under the symbol "SXNTF" on June 21, 2018.

The Company's principal business activities include the acquisition and exploration of mineral property assets. The Company entered into an agreement with New Discovery Mines ("NDM") on July 8, 2016 and finalized the arrangement on September 2, 2016. On June 14, 2017, the Company and NDM entered into a restated mineral property earn-in agreement effective September 1, 2016. The Company has advanced funds towards the earn-in (See Note 6 - Exploration and Evaluation Properties).

Recovery of the carrying value of the Company's investment in the Mon Property is dependent upon the existence of economically recoverable reserves, obtaining the necessary funding to complete exploration and development, and the attainment of future profitable production.

The financial statements of the Company have been prepared on a going-concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. If the going-concern assumptions were not appropriate for these financial statements, then adjustments may be necessary to the carrying value of assets and liabilities, the reported expenses and the classifications used on the statement of financial position.

The Company will require further funding to continue as a going concern. There is no assurance that the Company will be able to obtain sufficient funding to continue exploration and development on the Mon Property.

As at July 31, 2018, the Company had cash in the amount of \$679,606 (October 31, 2017 - \$539,550). The Company has raised funds through private and public equity issuances to fund the project and expects to continue to raise additional funds through the issuance of shares, or other sources of financing.

## **SIXTY NORTH GOLD MINING LTD.**

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### **2. Statement of Compliance and Basis of Presentation**

#### **(a) Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"); specifically, International Accounting Standard 34, for Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). These financial statements do not include all the information and disclosure required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended October 31, 2017.

These condensed interim financial statements were approved by the Board of Directors for issue on September 20, 2018.

#### **(b) Basis of Presentation**

The financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting, except for cash flow information. The functional and presentation currency of the Company is the Canadian dollar.

### **3. Significant Accounting Policies**

#### **Accounting Estimates and Assumptions**

The preparation of the Company's condensed interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. There have been no material revisions to the nature of judgements and estimates of amounts reported in the Company's October 31, 2017 annual financial statements.

### **4. New Accounting Standards**

#### **(a) New Standards and Amendments Effective for the First Time**

The Company has adopted the new and revised standards and interpretations issued by the IASB effective November 1, 2017. The adoption of the standards and amendments did not have a material impact on the financial statements of the Company.

## **SIXTY NORTH GOLD MINING LTD.**

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### **4. New Accounting Standards (continued)**

#### **(b) New Accounting Standards Issued but not yet Effective**

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

#### New Accounting Standards Effective for Annual Periods on or After January 1, 2018

##### IFRS 2 - Share-based Payments

In June 2016, the IASB issued the final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Company is currently assessing the impact of this standard.

##### IFRS 9 - Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Statements, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVTOCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

##### IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued this standard which supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programs, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers, and SIC 31 - Revenue - Barter Transactions

## SIXTY NORTH GOLD MINING LTD.

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### 4. (b) New Accounting Standards Issued but not yet Effective (continued)

involving Advertising Services, IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

#### New Accounting Standards Effective for Annual Periods on or After January 1, 2019

##### IFRS 16 - Leases

In June 2016, the IASB issued this standard which establishes principles for recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

### 5. Prepaid Expenses and Deposits

Prepaid expenses and deposits included in the Statements of Financial Position are comprised of the following amounts:

	July 31, 2018	October 31, 2017
Prepaid Expenses	\$ 35,790	\$ 38,379
Deposits paid by NDM (Note 7)	44,000	-
	<u>\$ 79,790</u>	<u>\$ 38,379</u>

### 6. Exploration and Evaluation Assets

#### The Mon Property

On July 8, 2016, the Company signed a letter of intent with New Discovery Mines Ltd. ("NDM") and then entered into an option agreement ("Agreement") on September 2, 2016. The Property includes three NDM claims and eleven Mon Property leases, comprised of an aggregate of 1,536.92 acres, and is located in the mining district of the Northwest Territories. The three NDM claims include NDM3 which was subsequently added to the land package; costs to stake NDM3 have been expensed on the Statement of Comprehensive Loss in the current quarter. On June 14, 2017, the Company and NDM entered into a restated mineral property earn-in agreement ("restated agreement") effective as of September 2, 2016 with the following terms and conditions:

## **SIXTY NORTH GOLD MINING LTD.**

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### **6. Exploration and Evaluation Assets (continued)**

To earn the 80% interest in the Property, the Company is required to incur \$6,000,000 in expenditures on the Property as follows:

- (a) To incur \$2,000,000 expenditures (the "Initial Expenditures") on the Property on or before December 31, 2017 (extended to December 31, 2018); and
- (b) To incur cumulative expenditures of \$6,000,000 on the Property (inclusive of the Initial Expenditures) on or before December 31, 2020; and
- (c) To assume all of the obligations of the underlying agreements, relating to the royalty and any advance royalty payments (see Note 12(a) - Commitments)

At July 31, 2018, the Company had incurred \$1,549,968 in exploration expenditures towards the Initial Expenditures, and \$68,498 in acquisition costs on the Mon Property. In addition, a further \$44,944 has been advanced to NDM for ongoing expenditures (see Note 15(b) - Subsequent Events). NDM has made two payments from advances for deposits, which are not yet part of exploration expenditures, of \$34,000 for the ice road construction contract and \$10,000 for the building of a sanitation system (see Note 7 - Advances to Project).

On December 17, 2017, In accordance with section 1.1 of the restated agreement, the Company elected to extend the deadline for completion of the initial expenditures from December 31, 2017 to December 31, 2018 by delivering notice in writing and payment of the \$20,000 extension fee to NDM.

The Company may elect to terminate the agreement at any time during the earn-in period, upon sixty days' notice to NDM.

## SIXTY NORTH GOLD MINING LTD.

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

### 6. Exploration and Evaluation Assets (continued)

The Company has funded and incurred the following expenditures on the Property:

<b>The Mon Gold Property</b>	<i>October 31, 2017</i>	<i>Additions/ Adjustments</i>	<i>July 31, 2018</i>
Acquisition Costs:			
Legal costs relating to earn-in	\$ 16,614	\$ -	\$ 16,614
Advance royalty payment (Note 12(a))	26,270	25,614	51,884
	42,884	25,614	68,498
Exploration Costs:			
Assaying, prospecting and shipping	26,585	58,032	84,617
Camp costs	73,115	98,744	171,859
Camp equipment	-	108,966	108,966
Drilling	117,452	-	117,452
Exploration advance (Note 7)	100,807	(55,863)	44,944
Flights	116,774	18,581	135,355
Fuel	6,629	1,781	8,410
Geology	-	25,640	25,640
Management and supervision	57,459	82,431	139,890
Mining equipment	642,532	-	642,532
Mobilization/Demobilization	13,275	-	13,275
Property holding costs	-	1,056	1,056
Reports	33,870	8,375	42,245
Safety/Medic	14,407	-	14,407
Storage and transport (equipment)	13,641	8,000	21,641
Travel and accommodation	12,202	10,421	22,623
	1,228,748	366,164	1,594,912
Total Acquisition and Exploration Costs	\$ 1,271,632	\$ 391,778	\$ 1,663,410

### 7. Advances to Project

At July 31, 2018, the Company has an exploration advance of \$44,944 to NDM on the Mon Property, for ongoing expenditures.

Out of the advances made to NDM, NDM has made the following deposits, which are not yet included in Exploration Costs, but recorded in prepaid and deposits (see Note 5 - Prepaids and Deposits):

The Company authorized NDM to contract out the 2018 ice road construction for the winter road to the Mon Property. On November 3, 2017, \$34,000 was paid by NDM to the contractor, which represents 10% of the total contract. The deposit is refundable in the event that the permits are not granted and the work does not proceed. NDM also advanced \$10,000 to a supplier for the purchase of materials to build a sanitation system.

## SIXTY NORTH GOLD MINING LTD.

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### 8. Reclamation Deposit

As at July 31, 2018, there is a security deposit of \$88,000 paid to the Department of Lands on behalf of the Government of the Northwest Territories, as required under the land use permit on the Mon Property.

### 9. Share Capital

#### (a) Authorized Shares

The Company is authorized to issue an unlimited number of common shares with no par value per share.

#### (b) Issued and outstanding

As of July 31, 2018, 45,203,333 (October 31, 2017 - 36,703,333) shares were issued and outstanding.

During the nine months ended July 31, 2018, the Company had the following transactions:

On April 18, 2018, the Company completed an initial public offering ("IPO") of 8,500,000 units at \$0.15 for gross proceeds of \$1,275,000. Each unit is comprised of one common share and one half warrant. Each full warrant is exercisable for one common share at a price of \$0.25 until April 18, 2020 and is transferable. The Company paid a cash commission of \$102,000 and out-of-pocket, legal and other expenses totalling \$67,467 and issued 680,000 brokers warrants. Each broker warrant is exercisable to purchase a common share of the Company for \$0.15 per share until April 18, 2020. The fair value of the broker warrants was estimated at \$66,214 using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	1.91%
Expected life	2.0 years
Expected volatility	130%
Expected dividend	Nil

The Company also incurred \$6,123 in other share issuance costs associated with the IPO.

During the year ended October 31, 2017, the Company had the following transactions:

On December 1, 2016, 400,000 shares previously subscribed for at \$0.025 per share were issued.

On December 1, 2016, the Company completed a private placement of 1,800,000 units at \$0.10 for gross proceeds of \$180,000. Each unit is comprised of one common share and one half warrant. Each full warrant is exercisable for one common share at a price of \$0.25 until September 30, 2019

## SIXTY NORTH GOLD MINING LTD.

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### 9. Share Capital (continued)

(extended from the initial expiry date of December 1, 2018). The Company paid a cash commission of \$12,600 and issued 180,000 broker warrants. Each broker warrant is exercisable to purchase a common share of the Company for \$0.10 per share until September 30, 2019 (extended from the initial expiry date of December 1, 2018). This expiry date is accelerated to 30 days if the Company's trading price is greater than \$0.50 for 10 consecutive trading days. The fair value of the broker warrants was estimated at \$10,880 using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.84%
Expected life	2.83 years
Expected volatility	100%
Expected dividend	Nil

Pursuant to an agreement dated December 1, 2016 between the Company and Mackie Research Capital Corporation ("Mackie"), the Company issued 400,000 common shares with a fair market value of \$40,000 for making introductions to certain individuals to serve as officers or directors of the Company. The amount of \$40,000 was recorded as professional fees for the year ended October 31, 2017 on the Statements of Comprehensive Loss.

On June 28, 2017, the Company completed a private placement of 2,000,000 units and on August 31, 2017 another 583,333 units at \$0.12 for gross proceeds of \$310,000. Each unit is comprised of one common share and one half warrant. Each full warrant is exercisable for one common share at a price of \$0.25 until September 30, 2019. The Company paid a cash commission of \$19,200 and issued 200,000 brokers' warrants. Each broker warrant is exercisable to purchase a common share at a price of \$0.25 until September 30, 2019. The expiry date is accelerated to 30 days if the Company's trading price is greater than \$0.50 for 10 consecutive trading days. The fair value of the broker warrants was estimated at \$11,859 using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.73%
Expected life	2.26 years
Expected volatility	120%
Expected dividend	Nil

In connection with the private placements noted above, the Company also incurred \$18,681 in other share issuance costs associated with the private placements.

#### (c) Warrants

On June 20, 2017, the Company extended the expiry date to September 30, 2019 for all warrants that were previously issued between September 20, 2016 and December 1, 2016. As a result of this modification, the Company recorded the incremental fair value of \$32,876 as share issuance costs for

## SIXTY NORTH GOLD MINING LTD.

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

### 9. Share Capital (continued)

the year ended October 31, 2017 for the 1,638,500 broker warrants using the Black-Scholes Option Pricing model using the following assumptions:

Risk free interest rate	0.73%
Expected life	2.28 years
Expected volatility	120%
Expected dividend	Nil

The Company has issued the following warrants:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, October 31, 2016	9,158,500	\$0.23	1.17
Issued for private placements	2,191,666	\$0.25	1.17
Issued for brokers' warrants	380,000	\$0.18	1.17
<b>Balance, October 31, 2017</b>	<b>11,730,166</b>	<b>\$0.23</b>	<b>1.17</b>
Issued for private placements	4,250,000	\$0.25	1.72
Issued for brokers' warrants	680,000	\$0.15	1.72
<b>Balance, July 31, 2018</b>	<b>16,660,166</b>	<b>\$0.23</b>	<b>1.44</b>

As of July 31, 2018, the outstanding warrants are as follows:

Number of Warrants	Exercise Price	Expiry Date
3,250,000	\$0.25	September 30, 2019
650,000	\$0.10	September 30, 2019
4,450,000	\$0.25	September 30, 2019
808,500	\$0.10	September 30, 2019
900,000	\$0.25	September 30, 2019
180,000	\$0.10	September 30, 2019
1,291,666	\$0.25	September 30, 2019
200,000	\$0.25	September 30, 2019
4,250,000	\$0.25	April 18, 2020
680,000	\$0.15	April 18, 2020
<b>16,660,166</b>		

At July 31, 2018, these warrants have a weighted average exercise price of \$0.23 and a weighted average remaining life of 1.44 years.

## SIXTY NORTH GOLD MINING LTD.

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### 9. Share Capital (continued)

#### (d) Options

Pursuant to an agreement dated September 1, 2016, the Company granted 250,000 stock options to the CEO of the Company. Each option is exercisable at a price of \$0.075 per share for five years with vesting terms of 150,000 options vested on the grant date and the remaining 100,000 options vested within 10 days of the Board of Directors resolution to proceed with the Initial Public Offering. 150,000 of the options were re-priced to \$0.15 per share. The weighted average fair value of the options was \$0.12 each and estimated using the Black-Scholes pricing model with the following assumptions:

Weighted risk free interest rate	1.03%
Weighted expected life	5 years
Weighted expected volatility	130%
Weighted expected dividend	Nil
Forfeiture rate	Nil

During the year ended October 31, 2017, upon vesting of the 100,000 options, the Company recorded a share-based payment of \$28,859 on the statements of comprehensive loss.

On September 25, 2017, 100,000 of these options were exercised at \$0.075 for proceeds of \$7,500.

On September 22, 2017 pursuant to a resolution of the Board of Directors, the Company granted 1,870,000 stock options to certain directors, officers and consultants of the Company. Each option is exercisable at a price of \$0.15 per share and vested on the grant date. The options are exercisable until April 17, 2023 (five years from the date the Company's shares were listed on a recognized Canadian stock exchange ("Listing date")). The fair value of the 1,870,000 stock options was estimated at \$242,618 using the Black-Scholes pricing model with the following assumptions:

Weighted risk free interest rate	1.5%
Weighted expected life	5 years
Weighted expected volatility	130%
Weighted expected dividend	Nil
Forfeiture rate	Nil

On June 20, 2018 (pursuant to a resolution of the Board of Directors dated May 28, 2018), the Company granted 1,035,000 stock options to certain directors, officers and consultants of the Company. Each option is exercisable at a price of \$0.20 per share and vested on the grant date. The options are exercisable until April 17, 2023 (five years from the date the Company's shares were listed on a recognized Canadian stock exchange ("Listing date")). The fair value of the 1,035,000 stock options was estimated at \$177,040 using the Black-Scholes pricing model with the following assumptions:

## SIXTY NORTH GOLD MINING LTD.

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### 9. Share Capital (continued)

Weighted risk free interest rate	2.03%
Weighted expected life	5 years
Weighted expected volatility	128%
Weighted expected dividend	Nil
Forfeiture rate	Nil

During the nine month period ended July 31, 2018, the Company recorded a share-based payment of \$177,040 (October 31, 2017 - \$271,477) on the statements of comprehensive loss.

The Company had issued the following options:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, October 31, 2016	250,000	\$ 0.12	3.09
Options granted	1,870,000	\$ 0.15	4.72
Options exercised	(100,000)	\$ 0.075	-
<b>Balance, October 31, 2017</b>	<b>2,020,000</b>	<b>\$ 0.15</b>	<b>4.53</b>
Options granted	1,035,000	\$0.20	4.72
Options granted	100,000	\$0.25	2.96
<b>Balance, July 31, 2018</b>	<b>3,155,000</b>	<b>\$0.17</b>	<b>4.54</b>

As of July 31, 2018, the outstanding options are as follows:

Number of Options	Exercise Price	Expiry Date
100,000	\$0.25	July 17, 2021
150,000	\$0.15	September 1, 2021
1,870,000	\$0.15	April 17, 2023
1,035,000	\$0.20	April 17, 2023
<b>3,155,000</b>		

As at Jul 31, 2018, these options have a weighted average exercise price of \$0.17 and a weighted average remaining life of 4.54 years.

## SIXTY NORTH GOLD MINING LTD.

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### 10. Investor Relations

	July 31, 2018	July 31, 2017
Advertising and promotion	\$ 24,049	\$ 6,135
Annual general meeting	499	-
Market awareness (media and research agencies)	123,675	-
Meals and entertainment	848	-
News releases	1,491	-
Shows and conferences	13,876	18,705
Travel and accommodation	1,587	-
	<u>\$ 166,025</u>	<u>\$ 24,840</u>

### 11. Related Party Transactions

Key management includes directors and officers of the Company. During the nine months ended July 31, 2018, management fees of \$62,000 (July 31, 2017: \$52,800) were paid to a corporation controlled by the Company's Chief Executive Officer ("CEO"). In addition, \$17,000 (July 31, 2017: \$10,000) was paid to the former Chief Financial Officer) was paid to the current Chief Financial Officer of the Company. On May 28, 2018, the board of directors approved a change in compensation for the Chief Executive Officer from \$5,000 to \$10,000 per month and the establishment of compensation for the Chief Financial Officer in the amount of \$5,000 per month, effective from the date of the IPO, April 19, 2018.

On September 22, 2017, the Company granted 1,750,000 options with fair values of \$227,049 to the directors and officers of the Company. The Company also recorded an additional share-based payment of \$28,859, upon vesting, for 100,000 options granted to the CEO.

On June 20, 2018, the Company granted 1,025,000 options with fair values of \$175,329 to the directors and officers of the Company (see Note 9(d) - Options).

### 12. Commitments

- (a) Pursuant to an agreement (see Note 6 - Exploration and Evaluation Assets) between the Company and NDM, the Company is required to make annual payments of US\$20,000 for the advanced NSR to Giauque commencing on January 30, 2017. The 2017 and 2018 annual royalty payments were made by the Company on January 16, 2017 and November 29, 2017. The advance payments can be credited towards the royalty payments after commencement of commercial production with 20% of the aggregate payments received from the advanced NSR deductible from the royalty payments, commencing in the first completed calendar year of commercial production.

## **SIXTY NORTH GOLD MINING LTD.**

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### **12. Commitments (continued)**

- (b) On September 1, 2016, the Company entered into a management agreement with the CEO of the Company whereby the Company will pay a monthly management fee of \$5,000 for one year, renewed annually unless notice is given according to termination provisions. Effective April 19, 2018, the monthly fee was increased to \$10,000 per month.
- (c) On July 17, 2018, the Company entered into an agreement with MarketSmart Communications (the "Consultant") for a period of six months, with an option for renewal, to provide shareholder and investor communication services. The consultant will be paid \$6,000 per month and will be granted 100,000 stock options at a price of \$0.25 per common share, which shall vest and be exercisable as to 25% on each of October 17, 2018, January 17, 2019, April 17, 2019 and July 17, 2019. The options expire on July 17, 2021 and will be exercisable in accordance with the Company's Stock Option Plan. Either party may terminate the agreement without cause on one months' written notice.
- (d) Pursuant to an agreement (see Note 6 - Exploration and Evaluation Assets) between the Company and NDM, the Company is required to incur \$2,000,000 in expenditures on the Mon Property on or before December 31, 2018. The Company is committed to advancing the balance of approximately \$225,000 to NDM for expenditures (in addition to the \$180,000 advanced on August 24, 2018 - see Note 15(b) - Subsequent Events) in the current year to meet its Initial Expenditures obligation.

### **13. Financial instruments and Risks**

Financial instruments consist primarily of cash and cash equivalents and accounts payable. The fair values of cash and cash equivalents and accounts payable approximate their respective carrying values because of their immediate or short-term nature.

The Company's financial instruments are exposed to certain financial risks, including credit risk, currency risk and liquidity risk.

#### **(a) Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and accounts receivable. The carrying amount of the financial assets represents the maximum credit exposure.

The Company limits its exposure to credit risk on cash by placing these financial instruments with reputable and major financial institutions.

## **SIXTY NORTH GOLD MINING LTD.**

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### **13. Financial instruments and Risks (continued)**

#### (b) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to rate fluctuations is minimal. The Company does not have significant foreign currency denominated monetary liabilities.

#### (c) Liquidity risk

Liquidity risk is associated with the inability to meet obligations as they become due and is minimized by maintaining sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period.

The Company measures certain financial instruments and other items at fair value. To determine the fair value, the Company uses the fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use to value an asset or liability and are developed based on market data obtained from independent sources. Unobservable inputs are inputs based on assumptions about the factors market participants would use to value an asset or liability. The three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Observable inputs such as quoted prices in active markets

Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

## **SIXTY NORTH GOLD MINING LTD.**

Notes to the Condensed Interim Financial Statements  
For the Three and Nine Months Ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

---

### **14. Capital Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company manages and adjusts the capital structure based on:

- available funds in order to support the exploration and development of mineral properties and for general operating costs; and
- in light of changing economic conditions and the Company's working capital requirements.

The Company will continue to rely on capital markets to support continued growth. There are no external restrictions on capital.

### **15. Subsequent Events**

- (a) On August 13, 2018, the Company entered into an agreement under which Financial Buzz Media Networks will provide financial news media PR services, editorial placements, a corporate landing page and social media services for payment of US\$50,000.
- (b) On August 24, 2018, the Company made an advance of \$180,000 to NDM for continued work on the summer exploration program on the Mon Property.
- (c) On August 28, 2018, the Company entered into an agreement with 558396 BC Ltd. (the "Consultant") whereby the Consultant will provide independent consulting services relating to business development matters. The agreement will terminate six months from the date of the agreement but may be extended or amended by mutual written consent. In consideration, the Company will pay the Consultant cash compensation of a one-time upfront payment of \$105,000 inclusive of GST, conditional on receipt of funds in this amount by the Company from the exercise of Mackie Research Capital Corporation broker warrants plus \$6,300 inclusive of GST per month. The Company has received to date, and advanced \$65,000 from the exercise of warrants (see Note 15(d) below). The two principals of the Consultant also each received 300,000 options at a price of \$0.21 per share, expiring on August 28, 2020.
- (d) On August 29, 2018, 650,000 brokers' warrants with a fair value of \$39,266 were exercised at \$0.10 per warrant for proceeds of \$65,000.
- (e) On August 31, 2018, 125,000 options were granted to director, at a price of \$0.20 per share, expiring on August 31, 2023.
- (f) On September 10, 2018, the Company announced that it has received a \$59,471 Mining Incentive Program grant from the Government of the Northwest Territories.