

SIXTY NORTH GOLD MINING LTD.

Financial Statements

For the Years Ended October 31, 2019 and 2018

(expressed in Canadian dollars)

SIXTY NORTH GOLD MINING LTD.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Sixty North Gold Mining Ltd.

Opinion

We have audited the financial statements of Sixty North Gold Mining Ltd. which comprise the statements of financial position as at October 31, 2019 and 2018, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which indicates that the Company had an accumulated deficit of \$2,206,586 as of October 31, 2019 and has not generated any revenue. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada

February 6, 2020

SIXTY NORTH GOLD MINING LTD.

Statements of Financial Position

(Expressed in Canadian Dollars)

| | October 31, 2019 | October 31, 2018 |
|--|------------------|------------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 147,981 | \$ 127,021 |
| GST receivable | 13,559 | 15,736 |
| Prepaid expenses (Note 5) | 77,453 | 84,953 |
| Total Current Assets | 238,993 | 227,710 |
| Exploration and evaluation assets (Note 6) | 2,409,227 | 2,045,127 |
| Reclamation deposit (Note 7) | 116,213 | 88,000 |
| Total Assets | \$ 2,764,433 | \$ 2,360,837 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities (Note 12) | \$ 92,613 | \$ 39,388 |
| Flow-through share premium liability (Note 8(b)) | 3,864 | - |
| Total Current Liabilities | 96,477 | 39,388 |
| Equity | | |
| Share capital (Note 8) | 3,801,016 | 3,188,765 |
| Equity reserves | 1,073,526 | 815,395 |
| Deficit | (2,206,586) | (1,682,711) |
| Total Equity | 2,667,956 | 2,321,449 |
| Total Liabilities and Equity | \$ 2,764,433 | \$ 2,360,837 |

Nature and Continuance of Operation (Note 1)

Commitments (Note 13)

Subsequent Events (Note 16)

On behalf of the Board:

"John Campbell"

Director

"Grant Block"

Director

See the accompanying notes to the financial statements

SIXTY NORTH GOLD MINING LTD.

Statements Comprehensive Loss

(Expressed in Canadian Dollars)

| | For the Year Ended | |
|---|---------------------|---------------------|
| | October 31, 2019 | October 31, 2018 |
| Expenses | | |
| Accounting and audit fees | \$ 41,225 | \$ 34,765 |
| Consulting fees | 700 | 4,200 |
| Corporate development | 24,000 | 74,205 |
| Foreign exchange loss | - | 3,497 |
| General and administration | 7,482 | 9,653 |
| Insurance | 14,738 | 12,769 |
| Investor relations (Note 10) | 128,238 | 263,391 |
| Management fees (Note 12) | 185,000 | 124,000 |
| Meals and entertainment | 1,364 | 1,500 |
| Professional fees | 32,624 | 35,340 |
| Rent | 1,841 | - |
| Share-based payments (Notes 8(d)) | 69,505 | 277,495 |
| Transfer agent and regulatory fees | 57,694 | 58,822 |
| Net loss before other income | (564,411) | (899,637) |
| Other income | | |
| Settlement of flow-through premium liability (Note 8(b)) | 40,536 | - |
| Net loss and comprehensive loss for the Year | \$ (523,875) | \$ (899,637) |
| Loss per share, basic and diluted | \$ (0.01) | \$ (0.02) |
| Weighted average common shares outstanding, basic and diluted | 52,791,306 | 41,379,908 |

See the accompanying notes to the financial statements

SIXTY NORTH GOLD MINING LTD.Statements of Changes in Equity
(Expressed in Canadian Dollars)

| | Number of Shares | Share Capital | Equity Reserves | Deficit | Total |
|--|---------------------|---------------------|---------------------|-----------------------|---------------------|
| Balance at October 31, 2017 | 36,703,333 | \$ 2,068,823 | \$ 535,493 | \$ (783,074) | \$ 1,821,242 |
| Shares issued for cash (Note 8(b)) | 8,500,000 | 1,275,000 | - | - | 1,275,000 |
| Shares issued for warrant exercise (Note 8(b)) | 650,000 | 128,807 | (63,807) | - | 65,000 |
| Share issuance costs | - | (283,865) | 66,214 | - | (217,651) |
| Share-based payments | - | - | 277,495 | - | 277,495 |
| Net loss for the period | - | - | - | (899,637) | (899,637) |
| Balance at October 31, 2018 | 45,853,333 | \$ 3,188,765 | \$ 815,395 | \$ (1,682,711) | \$ 2,321,449 |
| Shares Issued for cash (Note 8(b)) | 12,680,000 | \$ 741,600 | \$ 126,400 | \$ - | \$ 868,000 |
| Shares issued for debt settlement (Note 12) | 2,000,000 | 108,000 | 14,500 | - | 122,500 |
| Flow-through premium liability (Note 8(b)) | - | (44,400) | - | - | (44,400) |
| Share issuance costs (Note 8(b)) | - | (192,949) | 47,726 | - | (145,223) |
| Share-based payments (Note 8(d)) | - | - | 69,505 | - | 69,505 |
| Net loss for the period | - | - | - | (523,875) | (523,875) |
| Balance at October 31, 2019 | 60,533,333 | \$ 3,801,016 | \$ 1,073,526 | \$ (2,206,586) | \$ 2,667,956 |

See the accompanying notes to the financial statements

SIXTY NORTH GOLD MINING LTD.

Statements of Cash Flows

(Expressed in Canadian Dollars)

| | For the Year Ended | |
|---|--------------------|-------------------|
| | October 31, 2019 | October 31, 2018 |
| Cash Flows Used in Operating Activities | | |
| Net loss for the year | \$ (523,875) | \$ (899,637) |
| Non-Cash Items: | | |
| Shares issued for management fees (Note 12) | 122,500 | - |
| Share-based payments | 69,505 | 277,495 |
| Settlement of flow-through premium liability | (40,536) | - |
| | (372,406) | (622,142) |
| Changes in Non-Cash Working Capital Items: | | |
| GST receivable | 2,177 | 3,834 |
| Prepaid expenses | 7,500 | (46,574) |
| Accounts payable and accrued liabilities | 53,225 | (100,027) |
| Net Cash Flows Used in Operating Activities | (309,504) | (764,909) |
| Cash Flows Used in Investing Activities | | |
| Exploration and evaluation expenditures, net | (364,100) | (836,202) |
| Exploration advance | - | 66,233 |
| Reclamation deposit | (28,213) | - |
| Net Cash Flows Used in Investing Activities | (392,313) | (769,969) |
| Cash Flows from Financing Activities | | |
| Issuance of common shares | 868,000 | 1,340,000 |
| Share issuance costs | (145,223) | (217,651) |
| Net Cash Flows Provided by Financing Activities | 722,777 | 1,122,349 |
| Change in Cash During the Year | 20,960 | (412,529) |
| Cash, Beginning of Year | 127,021 | 539,550 |
| Cash, End of Year | \$ 147,981 | \$ 127,021 |
| Supplemental Cash Disclosure: | | |
| Income taxes paid | \$ - | \$ - |
| Interest paid | \$ - | \$ - |
| Non-cash transactions in investing and financing activities: | | |
| Agent warrants and broker options for share issuance costs | \$ 47,726 | \$ 66,214 |
| Shares issued for debt settlement | \$ 108,000 | \$ - |

See the accompanying notes to the financial statements

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(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. The Company's registered office is located at 3200-650 West Georgia Street, Vancouver, BC V6B 4P7. The Company's shares are listed on the Canadian Securities Exchange under the symbol "SXTY". The Company also trades on the Frankfurt Stock Exchange under the symbol "2F4" and on the OTC Pink Sheet Market in the United States.

The Company's principal business activities include the acquisition and exploration of mineral property assets. The Company entered into a mineral property earn-in agreement with New Discovery Mines ("NDM") in 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 outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

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 October 31, 2019, the Company had a deficit of \$2,206,586 (October 31, 2018 - \$1,682,711) and has not generated revenue. As at October 31, 2019, the Company has cash in the amount of \$147,981 (October 31, 2018 - \$127,021). 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 Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

2. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC") for all years presented.

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on February 6, 2020.

(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 these 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. Actual outcomes could differ from these judgements and estimates. The financial statements include judgements and estimates, which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period, in which the estimate is revised, and may affect both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Accounting Estimates and Assumptions (continued)

Site Closure and Reclamation Provisions

The Company assesses its reclamation provision at each reporting date or when new material information becomes available. Exploration, development, and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated. The Company's exploration work to date has resulted in no significant site disturbance and therefore the Company's reclamation provision is limited to the amount posted as a reclamation bond.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Share-Based Payments

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions for any share options granted could have a material impact on the Company's financial statements.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Accounting Estimates and Assumptions (continued)

Deferred Income Taxes

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax liabilities are recognized in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognize deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

Exploration and Evaluation Assets

Upon acquiring the legal right to explore an exploration and evaluation asset, costs related to the acquisition, exploration and evaluation are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit and loss. 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 estimated recoverable amount. 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.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments

(a) Classification and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories: at amortized cost, at fair value through other comprehensive income (loss) ("FVTOCI"), or at fair value through profit ("FVTPL").

Financial assets

The Company determines the classification of financial assets at initial recognition. The classification of financial instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost - Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost using the effective interest rate method. The Company does not have any financial assets measured at amortized cost as at October 31, 2019.

Financial assets at FVTOCI - Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and sell financial assets, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings. The Company does not have any financial assets classified as FVTOCI as at October 31, 2019.

Financial assets at FVTPL - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value which changes in fair value recognized in the statement of operations. The Company has classified its cash as FVTPL.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

(a) Classification and measurement (continued)

Financial liabilities

All financial liabilities are initially recorded at fair value and classified as measured at amortized cost or FVTPL.

Financial liabilities at amortized cost - Financial liabilities are subsequently measured at amortized cost using the effective interest rate method except for financial liabilities at FVTPL, financial guarantee contracts, loan commitments at below-market interest rate, and liabilities related to contingent consideration of an acquirer in a business combination. The Company's accounts payable is measured at amortized cost.

Financial liabilities at FVTPL - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss. The Company did not hold any financial liabilities at FVTPL as at October 31, 2019.

(b) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i. e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

(c) De-recognition

A financial asset is derecognized when the contractual right to the asset's cash flows expires, or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

(c) De-recognition (continued)

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Share Capital

The Company's common shares, share warrants and options and flow-through shares are classified as equity instruments. Incremental costs directly related to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. For equity offerings of units consisting of a common share and warrants, when both instruments are classified as equity, the Company bifurcates the proceeds between the common share and warrants based on residual value. When warrants are exercised, the corresponding value is transferred from equity reserve to common stock.

Flow-through shares

Current Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as other liabilities in the statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The tax deduction is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through share. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a tax deduction recovery on the statement of comprehensive loss and reduces the other liability.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Provision for Environmental Reclamation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. The cost of any rehabilitation program is recognized at the time that the environmental disturbance occurs. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset along with a corresponding liability, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect risks specific to the asset are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is adjusted each period for the unwinding of the discount rate, changes to the current market-based discount rate, and for the amount or timing of the underlying cash flows needed to settle the obligation. The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for used tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each period end date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Foreign Currency Translation

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4. New Accounting Standards

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

IFRS 9, Financial Instruments: Classification and Measurement - The Company adopted all of the requirements of IFRS 9 for the annual period beginning on November 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

SIXTY NORTH GOLD MINING LTD.

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For the Years Ended October 31, 2019 and 2018

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4. New Accounting Standards (continued)

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

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

| Financial assets/liabilities | Original classification IAS 39 | New classification IFRS 9 |
|------------------------------|--------------------------------|---------------------------|
| Financial assets: | | |
| Cash | FVTPL | FVTPL |
| Financial liabilities: | | |
| Accounts payable | Other financial liabilities | Amortized cost |

(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, 2019

IFRS 16 - Leases

In January 2016, the IASB issued this standard which establishes principles for recognition, measurement, presentation and disclosure of leases. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a services contract based on whether the customer controls the assets being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that have also adopted IFRS 15.

The Company has not early adopted IFRS 16 and does not expect the adoption to have a material effect on the Company's future results and financial position.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

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(Expressed in Canadian Dollars)

5. Prepaid Expenses

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

| | October 31, 2019 | October 31, 2018 |
|--------------------|------------------|------------------|
| Prepaid Expenses | \$ 70,788 | \$ 50,953 |
| Deposits (Note 12) | 6,665 | 34,000 |
| | \$ 77,453 | \$ 84,953 |

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 Mon Gold Property (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. 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:

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") (incurred) on the Property on or before December 31, 2017 which was extended to December 31, 2018;
- (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.

On December 17, 2017, In accordance with section (a) term 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 making a payment of the \$26,598 (US \$20,000) extension fee to NDM.

On October 21, 2019, the Company entered into an amended earn-in property agreement ("Amendment") with NDM to revise the Company's right to earn an 80% interest in the Property, by incurring Expenditures of at least \$6,000,000 on the Property (of which over \$2,000,000 has already been incurred) by December 31, 2020, which right has been revised to the following:

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

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(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

- i) The Company will invest a further \$1,500,000 for exploration work on the Property by November 30, 2019 (beyond the Initial Expenditures of \$2,000,000, for a total of at least \$3,500,000);
- ii) The Company will invest another \$1,500,000 for exploration work on the Property by May 30, 2020 (for a total of at least \$5,000,000); and
- iii) The Company will invest the balance of the required \$6,000,000 in total expenditures on the Property (or at least another \$1,000,000) on or before December 31, 2020.

In the event that the Company earns its 80% interest in the Property, then it will purchase the remaining 20% carried interest held by NDM by the issuance to NDM of the number of common shares of the Company equal to twenty-five percent of the total issued and outstanding shares of the Company at that time. NDM will also receive additional common shares of the Company to maintain its twenty-five percent interest of the total issued and outstanding shares of the Company, until the total expenditures specifically for the exploration and development of the A-Zone on the Property reaches a total of \$6,000,000.

At October 31, 2019, a total of \$2,468,698 has been spent on exploration and acquisition costs on the Mon Property, of which \$2,350,875 qualify as exploration expenditures incurred towards the earn-in (See Note 16).

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

Grant from the Government of the Northwest Territories

On September 10, 2018, the Company announced that it had been awarded a Mining Incentive Program grant in the amount of \$59,471 from the Government of the Northwest Territories for exploration activities at the Mon Gold Property. On October 3, 2018, the Company received \$50,551 of the \$59,471 total grant; the balance was received on May 9, 2019 upon receipt and acceptance of the final report. The purpose of the grant is to provide funding to stimulate and sustain mineral exploration activities throughout the Northwest Territories and reduce the risk associated with grass roots mineral exploration. The Company used the funds to support its prospecting, biogeochemistry and trenching activities. The grant has been applied as a credit towards the carrying value of the Mon Gold Property.

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Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

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

| The Mon Gold Property | <i>October 31, 2018</i> | <i>Additions/ Adjustments</i> | October 31, 2019 |
|--|-------------------------|-----------------------------------|-------------------------|
| Acquisition Costs: | | | |
| Legal costs relating to earn-in | \$ 16,614 | \$ - | \$ 16,614 |
| Advance royalty payment (Note 13(a)) | 51,884 | 26,598 | 78,482 |
| Acquisition of additional claims | 22,727 | - | 22,727 |
| | 91,225 | 26,598 | 117,823 |
| Exploration Costs: | | | |
| Assaying and shipping | 74,480 | 22,486 | 96,966 |
| Camp costs | 216,679 | 33,273 | 249,952 |
| Camp equipment | 174,710 | 4,357 | 179,067 |
| Drilling | 117,452 | - | 117,452 |
| Exploration advance | 34,573 | (34,573) | - |
| Flights | 138,864 | 27,164 | 166,028 |
| Fuel | 8,698 | - | 8,698 |
| Geology | 146,203 | 131,003 | 277,206 |
| Management and supervision | 172,596 | 52,335 | 224,931 |
| Mining equipment | 751,352 | 59,604 | 810,956 |
| Mobilization/Demobilization | 13,275 | 11,688 | 24,963 |
| Property holding costs | 2,875 | 555 | 3,430 |
| Reports | 42,245 | - | 42,245 |
| Safety/Medic | 13,377 | - | 13,377 |
| Storage and transport | 40,051 | 28,800 | 68,851 |
| Supplies | 27,128 | - | 27,128 |
| Travel and accommodation | 29,895 | 9,730 | 39,625 |
| | 2,004,453 | 346,422 | 2,350,875 |
| Grant from the Government of the Northwest Territories | (50,551) | (8,920) | (59,471) |
| | 1,953,902 | 337,502 | 2,291,404 |
| Exploration and Evaluation Assets, net | \$ 2,045,127 | \$ 364,100 | \$ 2,409,227 |

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

| The Mon Gold Property | <i>October 31, 2017</i> | <i>Additions/ Adjustments</i> | <i>October 31, 2018</i> |
|--|-------------------------|-----------------------------------|-------------------------|
| Acquisition Costs: | | | |
| Legal costs relating to earn-in | \$ 16,614 | \$ - | \$ 16,614 |
| Advance royalty payment | 26,270 | 25,614 | 51,884 |
| Acquisition of additional claims | - | 22,727 | 22,727 |
| | <u>\$ 42,884</u> | <u>\$ 48,341</u> | <u>\$ 91,225</u> |
| Exploration Costs: | | | |
| Assaying and shipping | 26,585 | 47,895 | 74,480 |
| Camp costs | 73,115 | 143,564 | 216,679 |
| Camp equipment | - | 174,710 | 174,710 |
| Drilling | 117,452 | - | 117,452 |
| Exploration advance | 100,807 | (66,234) | 34,573 |
| Flights | 116,774 | 22,090 | 138,864 |
| Fuel | 6,629 | 2,069 | 8,698 |
| Geology | - | 146,203 | 146,203 |
| Management and supervision | 57,459 | 115,137 | 172,596 |
| Mining equipment | 642,532 | 108,820 | 751,352 |
| Mobilization/Demobilization | 13,275 | - | 13,275 |
| Property holding costs | - | 2,875 | 2,875 |
| Reports | 33,870 | 8,375 | 42,245 |
| Safety/Medic | 14,407 | (1,030) | 13,377 |
| Storage and transport (equipment) | 13,641 | 26,410 | 40,051 |
| Supplies | - | 27,128 | 27,128 |
| Travel and accommodation | 12,202 | 17,693 | 29,895 |
| | <u>1,228,748</u> | <u>775,705</u> | <u>2,004,453</u> |
| Grant from the Government of the Northwest Territories | - | (50,551) | (50,551) |
| | <u>1,228,748</u> | <u>725,154</u> | <u>1,953,902</u> |
| Exploration and Evaluation Assets, net | <u>\$ 1,271,632</u> | <u>\$ 773,495</u> | <u>\$ 2,045,127</u> |

7. Reclamation Deposit

As at October 31, 2019, a security deposit of \$116,213 (October 31, 2018 - \$88,000) was paid to the Department of Lands on behalf of the Government of the Northwest Territories, as required under the land use permit ("LUP") on the Mon Property. The additional \$28,213 was paid in the current year to extend and increase the scope of the permit.

8. Share Capital

(a) Authorized Shares

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

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(b) Issued and outstanding

As of October 31, 2019, 60,533,333 (October 31, 2018 - 45,853,333) common shares were issued and outstanding.

During the year ended October 31, 2019, the Company had the following transactions:

On December 28, 2018, the Company completed a brokered private placement for aggregate gross proceeds of \$550,000, whereby it issued 2,220,000 flow-through units at \$0.10 per unit and 4,100,000 non flow-through shares at \$0.08 per units. Each flow-through unit consists of one flow-through common share and one-half non flow-through warrants, exercisable at \$0.15 per share until December 28, 2020, subject to acceleration provisions. Each non flow-through unit consists of one common share and one-half non flow-through warrants, exercisable at \$0.15 per share until December 28, 2020, subject to acceleration provisions. Gross proceeds from this private placement of \$423,600 were allocated to share capital and \$126,400 to warrants based on residual method. There was a flow-through premium of \$0.02 per share or \$44,440 which was recorded as a deferred flow-through premium which will be recognized as other income as flow-through expenditures are incurred. During the year ended October 31, 2019, the Company recorded other income of \$40,536 and the remaining amount of \$3,864 is recorded as a flow-through share premium liability as at October 31, 2019. The difference of \$379,200 between the gross proceeds of \$423,600 and the flow-through share premium of \$44,400 has been recognized as equity. In connection with this private placement, the Company paid a cash commission of \$38,500, legal and other expenses totalling \$79,682 and issued compensation options to the brokers to purchase 222,000 units at an exercise price of \$0.10 per unit and another 410,000 units at an exercise price of \$0.08 per unit until December 28, 2020. Each unit consists of one common share and one-half non-transferable share purchase warrant exercisable at \$0.15 per common share until December 28, 2020, subject to accelerated exercise provisions if the closing price of the shares is greater than \$0.30 per share for a period of at least ten consecutive trading days. The fair value of the brokers' compensation options was estimated using the Black-Scholes pricing model at \$32,714 with the following assumptions and recorded as share issuance costs.

| | |
|-------------------------|-----------|
| Unit price | \$0.08 |
| Risk free interest rate | 1.85% |
| Expected life | 2.0 years |
| Expected volatility | 133% |
| Expected dividend | Nil |

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(b) Issued and outstanding (continued)

On May 23, 2019, the Company issued a total of 1,100,000 common shares with a fair value of \$66,000 to settle \$55,000 in accrued management fees. On September 30, 2019, the Company issued a total of 600,000 common shares with a fair value of \$30,000 to settle \$45,000 in accrued management fees, and on October 24, 2019, the Company issued a further 300,000 common shares with a fair value of \$12,000 to settle \$22,500 in accrued management fees. As the transactions involved creditors that were also shareholders of the Company acting in the capacity thereof, the resulting difference of \$14,500 was recognized in the statements of changes in equity (see Note 12 – Related Party Transactions).

On August 30, 2019, the Company completed a non-brokered private placement of 6,360,000 units at \$0.05 per unit to raise gross proceeds of \$318,000. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at \$0.10 per common share until August 31, 2021, subject to accelerated exercise provisions if the closing price of the shares is greater than \$0.30 per share for a period of at least ten consecutive trading days. No value was attributed to the warrants component of the units. The securities have a hold period, restricting resale until December 31, 2019. In connection with this private placement, the Company paid a cash commission of \$20,000, legal and other expenses totalling \$6,522, and issued agent's compensation warrants to purchase up to 500,000 shares, exercisable at \$0.10 per common share until August 30, 2021. The fair value of the agent's warrants was estimated at \$15,012 and recorded as share issuance costs. The fair value of the agent's warrants was estimated using the Black-Scholes pricing model with the following assumptions:

| | |
|-------------------------|-----------|
| Share price | \$0.06 |
| Risk free interest rate | 1.35% |
| Expected life | 2.0 years |
| Expected volatility | 119% |
| Expected dividend | Nil |

During the year ended October 31, 2018, the Company had the following transactions:

On April 18, 2018, the Company completed an initial public offering 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 legal and other expenses totalling \$115,651 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:

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(b) Issued and outstanding (continued)

| | |
|-------------------------|-----------|
| Share price | \$0.15 |
| Risk free interest rate | 1.91% |
| Expected life | 2.0 years |
| Expected volatility | 130% |
| Expected dividend | Nil |

On August 29, 2018, 650,000 brokers' warrants with a fair value of \$63,807 having an expiry date of September 30, 2019 were exercised at \$0.10 per warrant for gross proceeds of \$65,000.

(c) Warrants

A summary of the Company's outstanding warrants at October 31, 2019 and 2018, and the changes for the periods then ended is presented below:

| | Number of Warrants | Weighted Average Exercise Price | Weighted Average Remaining Life |
|----------------------------------|--------------------|---------------------------------|---------------------------------|
| Balance, October 31, 2017 | 11,730,166 | \$0.23 | 0.92 |
| Issued for private placements | 4,250,000 | \$0.25 | 1.47 |
| Issued for brokers' warrants | 680,000 | \$0.15 | 1.47 |
| Brokers' warrants exercised | (650,000) | \$0.10 | - |
| Balance, October 31, 2018 | 16,010,166 | \$0.24 | 0.44 |
| Issued for private placements | 9,520,000 | \$0.12 | 1.61 |
| Issued for brokers' warrants | 500,000 | \$0.10 | 1.83 |
| Expired warrants | (11,080,166) | \$(0.24) | - |
| Balance, October 31, 2019 | 14,950,000 | \$0.16 | 1.24 |

As of October 31, 2019, the outstanding warrants are as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|--------------------|----------------|-------------------|
| 4,250,000 | \$0.25 | April 18, 2020 |
| 680,000 | \$0.15 | April 18, 2020 |
| 3,160,000 | \$0.15 | December 28, 2020 |
| 6,360,000 | \$0.10 | August 30, 2021 |
| 500,000 | \$0.10 | August 30, 2021 |
| 14,950,000 | | |

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(d) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

A summary of the Company's outstanding stock options at October 31, 2019 and 2018, and the changes for the periods then ended is presented below:

| | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Life |
|----------------------------------|----------------------|---------------------------------------|------------------------------------|
| Balance, October 31, 2017 | 2,020,000 | \$0.15 | 4.34 |
| Options granted | 1,860,000 | \$0.21 | 3.54 |
| Balance, October 31, 2018 | 3,880,000 | \$ 0.18 | 3.96 |
| Options granted | 1,400,000 | 0.06 | 4.74 |
| Options expired | (600,000) | (0.08) | 0.00 |
| Options cancelled/forfeited | (600,000) | (0.21) | 0.00 |
| Balance, October 31, 2019 | 4,080,000 | \$ 0.14 | 3.75 |

Stock Options Granted During the Year Ended October 31, 2019:

On June 20, 2019, the Company granted 500,000 options to a director and former President & CEO of the Company and 500,000 options to an advisor. These options have an exercise price of \$0.05 per share and expire on June 20, 2024. The fair value of the 1,000,000 stock options was estimated at \$56,978, using the Black-Scholes pricing model with the following assumptions:

| | |
|----------------------------------|---------|
| Share price | \$0.065 |
| Weighted risk free interest rate | 1.34% |
| Weighted expected life | 5 years |
| Weighted expected volatility | 130% |
| Weighted expected dividend | Nil |
| Forfeiture rate | Nil |

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

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(Expressed in Canadian Dollars)

8. Share Capital (continued)

(d) Stock Options (continued)

On October 18, 2019, the Company cancelled 500,000 options that were previously granted to the director and former President & CEO on June 20, 2019.

On October 18, 2019, the Company granted 250,000 options to the President & CEO of the Company and 150,000 options to a director and former President & CEO. These options have an exercise price of \$0.075 per share and expire on October 18, 2024. The fair value of the 400,000 stock options was estimated at \$11,945, using the Black-Scholes pricing model with the following assumptions:

| | |
|----------------------------------|---------|
| Share price | \$0.04 |
| Weighted risk free interest rate | 1.55% |
| Weighted expected life | 5 years |
| Weighted expected volatility | 116% |
| Weighted expected dividend | Nil |
| Forfeiture rate | Nil |

During the period ended October 31, 2019, the Company recorded a share-based payment of \$69,505 for options granted and vested (October 31, 2018 - \$277,495) on the statements of comprehensive loss.

Stock Options Granted During the Year Ended October 31, 2018:

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:

| | |
|----------------------------------|---------|
| Share price | \$0.20 |
| Weighted risk free interest rate | 2.03% |
| Weighted expected life | 5 years |
| Weighted expected volatility | 128% |
| Weighted expected dividend | Nil |
| Forfeiture rate | Nil |

On July 17, 2018, 100,000 options were granted to a consultant (see Note 10 - Investor Relations) at an exercise price of \$0.25 per 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 will expire on July 17, 2021. The fair value of the 100,000 stock options was estimated at \$3,391 using the Black-Scholes pricing model with the following assumptions:

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(d) Stock Options (continued)

| | |
|----------------------------------|---------|
| Share price | \$0.08 |
| Weighted risk free interest rate | 1.99% |
| Weighted expected life | 3 years |
| Weighted expected volatility | 130% |
| Weighted expected dividend | Nil |
| Forfeiture rate | Nil |

The options were forfeited on May 17, 2019.

On August 28, 2018, a total of 600,000 options were granted to two consultants (see Note 11 – Corporate Development) at an exercise price of \$0.21 per share, expiring on August 28, 2020. The fair value of the 600,000 stock options was estimated at \$81,888 using the Black-Scholes pricing model with the following assumptions:

| | |
|----------------------------------|---------|
| Share price | \$0.21 |
| Weighted risk free interest rate | 2.13% |
| Weighted expected life | 2 years |
| Weighted expected volatility | 130% |
| Weighted expected dividend | Nil |
| Forfeiture rate | Nil |

The options expired and unexercised on March 30, 2019.

On August 31, 2018, 125,000 options were granted to a director of the Company at an exercise price of \$0.20 per share, expiring on August 31, 2023. The fair value of the 125,000 stock options was estimated at \$15,758 using the Black-Scholes pricing model with the following assumptions:

| | |
|----------------------------------|---------|
| Share price | \$0.15 |
| Weighted risk free interest rate | 2.15% |
| Weighted expected life | 5 years |
| Weighted expected volatility | 130% |
| Weighted expected dividend | Nil |
| Forfeiture rate | Nil |

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(d) Stock Options (continued)

As of October 31, 2019, the outstanding and exercisable options are as follows:

| Number of Outstanding Options | Number of Exercisable Options | Exercise Price | Expiry Date |
|----------------------------------|----------------------------------|----------------|-------------------|
| 150,000 | 150,000 | \$0.15 | September 1, 2021 |
| 1,870,000 | 1,870,000 | \$0.15 | April 17, 2023 |
| 1,035,000 | 1,035,000 | \$0.20 | June 20, 2023 |
| 125,000 | 125,000 | \$0.20 | August 31, 2023 |
| 500,000 | 500,000 | \$0.05 | June 20, 2024 |
| 400,000 | 400,000 | \$0.075 | October 18, 2024 |
| 4,080,000 | 4,080,000 | | |

As at October 31, 2019, these options have a weighted average exercise price of \$0.14 and a weighted average remaining life of 3.75 years.

(e) Broker Options

A summary of the Company's outstanding broker options at October 31, 2019 and 2018, and the changes for the periods then ended is presented below:

| | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Life |
|------------------------------------|----------------------|---------------------------------------|------------------------------------|
| Balance, October 31, 2017 and 2018 | - | - | - |
| Broker options granted* | 632,000 | \$0.09 | 1.16 |
| Balance, October 31, 2019 | 632,000 | \$ 0.09 | 1.16 |

*Upon exercise, a further 316,000 warrants will be issued at an exercise price of \$0.15 until December 28, 2020

As of October 31, 2019, the outstanding and exercisable broker options are as follows:

| Number of Outstanding Options | Number of Exercisable Options | Exercise Price | Expiry Date |
|----------------------------------|----------------------------------|----------------|-------------------|
| 222,000 | 222,000 | \$0.10 | December 28, 2020 |
| 410,000 | 410,000 | \$0.08 | December 28, 2020 |
| 632,000 | 632,000 | | |

As at October 31, 2019, these broker options have a weighted average exercise price of \$0.09 and a weighted average remaining life of 1.16 years.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

8. Share Capital (continued)

(f) Escrow Shares

On September 22, 2017, the Company entered into an escrow agreement, whereby 8,300,000 common shares will be held in escrow and are scheduled for release in accordance with the terms of the escrow agreement. Pursuant to the escrow agreement, the shares will be released as follows: 10% on the Listing Date (April 18, 2018), and 15% will be released on 6, 12, 18, 24, 30 and 36 months thereafter.

As at October 31, 2019, there were 3,735,000 escrow shares outstanding.

9. Income Tax

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

| | October 31, 2019 | October 31, 2018 |
|--|------------------|------------------|
| Loss before income taxes | \$ (523,875) | \$ (899,637) |
| Statutory tax rate | 27% | 27% |
| Expected income tax recovery at the statutory tax rate | (141,446) | (248,177) |
| Permanent and other differences | 21,578 | 16,716 |
| Change in tax rate | - | 4,919 |
| Change in valuation allowance | 119,868 | 226,542 |
| Income tax expense | \$ - | \$ - |

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

| | October 31, 2019 | October 31, 2018 |
|--|------------------|------------------|
| Non-capital loss carry-forwards | \$ 482,397 | \$ 323,107 |
| Mineral properties | (54,724) | - |
| Share Issue costs | 97,288 | 81,986 |
| | 524,961 | 405,093 |
| Less: Unrecognized deferred tax assets | (524,961) | (405,093) |
| | \$ - | \$ - |

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

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9. Income Tax (continued)

As at September 30, 2019, the Company has available non-capital losses of approximately \$1,787,000 for deduction against future taxable income. The non-capital losses, if not utilized, will expire as follows:

| | |
|------|---------------------|
| 2036 | \$ 76,000 |
| 2037 | 402,000 |
| 2038 | 719,000 |
| 2039 | 590,000 |
| | <u>\$ 1,787,000</u> |

10. Investor Relations

| | October 31, 2019 | October 31, 2018 |
|--|-------------------|-------------------|
| Advertising and promotion | \$ 29,021 | \$ 40,999 |
| Annual general meeting | 9,274 | 3,789 |
| Consulting fees | 31,343 | 12,000 |
| Market awareness (media and research agencies) | - | 177,425 |
| Meals and entertainment | 715 | 997 |
| News releases | 8,113 | 12,354 |
| Shows and conferences | 34,100 | 14,240 |
| Travel and accommodation | 15,672 | 1,587 |
| | <u>\$ 128,238</u> | <u>\$ 263,391</u> |

On October 7, 2019, the Company entered into an investor relations consulting agreement with Gavin Kirk, a director and former President & CEO of the Company for a consulting fee of \$5,000 per month for a period of twelve months, and will renew automatically on an annual basis for further terms of one year unless earlier terminated by the Company upon notice in writing to the consultant at least 30 days prior to the initial term or any renewal thereof.

On August 23, 2019, the Company signed an agreement with Investing News Network to provide advertising and marketing services for \$58,000 for a period of twelve months, effective September 1, 2019.

On August 13, 2018, the Company entered into an agreement under which Financial Buzz Media Networks would provide financial news media PR services, editorial placements, a corporate landing page and social media services. A one-time payment of US\$50,000 was made for these services.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

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10. Investor Relations (continued)

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 was paid \$6,000 per month and was 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. During the latter part of 2018, the Company and the Consultant agreed to revise the terms of the agreement whereby the monthly fee was adjusted from \$6,000 to \$3,000 per month for the balance of the remaining three months under the agreement and to extend a further three months. The agreement with Consultant was terminated on April 17, 2019. Due to the termination of the agreement, 100,000 unexercised options granted to the Consultant at a price of \$0.25 were forfeited on May 17, 2019 (See Note 8(d)).

11. Corporate Development

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 paid the Consultant cash compensation of a one-time upfront payment of \$65,000 inclusive of GST. The two principals of the Consultant also received 300,000 options each at a price of \$0.21 per share, expiring on August 28, 2020. Effective February 28, 2019, the Company terminated its contract with 558396 BC Ltd. An aggregate of 600,000 options granted at a price of \$0.21 per share expired, unexercised on March 30, 2019 (See Note 8(d)).

12. Related Party Transactions and Balance

Related Party Transactions

The Company defines key management personnel as officers and directors of the Company and/or entities controlled by them. During the year ended October 31, 2019 and 2018, the Company incurred following key management compensation charges:

| | 2019 | 2018 |
|--------------------------|----------------|---------|
| | (\$) | (\$) |
| Management fees (a) | 185,000 | 124,000 |
| Investor relations (b) | 5,000 | - |
| Share-based payments (c) | 40,434 | 191,087 |
| Total | 230,434 | 315,087 |

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

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12. Related Party Transactions and Balance (continued)

Related Party Transactions (continued)

- (a) During the year ended October 31, 2019, a total of \$185,000 (2018: \$124,000) in management fees were paid as follows:

An amount of \$97,500 (2018: \$92,000) to a company controlled by the Vice-President, Corporate Development (former President & CEO) of which \$40,000 was settled by the issuance of 800,000 common shares at \$0.06 per share and \$22,500 was settled by the issuance of 300,000 common shares at \$0.05 per share (see Note 8(b)). As the transaction involves a creditor that is also a shareholder of the Company acting in the capacity thereof, the resulting difference of \$500 is recognized in the statements of changes in equity.

An amount of \$60,000 (2018: \$32,000) to the Chief Financial Officer, of which \$15,000 was settled by the issuance of 300,000 common shares at \$0.06 per share and \$22,500 was settled by the issuance of 300,000 common shares at \$0.05 per share (see Note 8(b)). As the transaction involves a creditor that is also a shareholder of the Company acting in the capacity thereof, the resulting difference of \$4,500 is recognized in the statements of changes in equity.

An amount of \$22,500 (2018: \$Nil) to a director and former President & CEO (May 15 to September 30, 2019). This amount was settled by issuance of 300,000 common shares at \$0.04 per share (see Note 8(b)). As the transaction involves a creditor that is also a shareholder of the Company acting in the capacity thereof, the resulting difference of \$10,500 is recognized in the statements of changes in equity.

An amount of \$5,000 (2018: \$Nil) to a company controlled by the President & CEO.

- (b) During the year ended October 31, 2019, a total of \$5,000 (2018: \$Nil) in investor relations consulting fees were paid to a director and former President & CEO of the Company (see Note 10).
- (c) On June 20, 2019, the Company granted 500,000 options with a fair value of \$28,489 to a director and former President & CEO of the Company (cancelled on October 18, 2019) (see Note 8(d)).

On October 18, 2019, the Company granted 250,000 options with a fair value of \$7,466 to the President & CEO of the Company, and 150,000 options with a fair value of \$4,479 to the director and former President & CEO of the Company (see Note 8(d)).

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 8(d)).

On August 31, 2018, the Company granted 125,000 options with a fair value of \$15,758 to a director of the Company (see Note 8(d)).

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

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(Expressed in Canadian Dollars)

12. Related Party Transactions and Balance (continued)

Related Party Transactions (continued)

On December 28, 2018, of the 4,100,000 units issued in the private placement, 625,000 units at \$0.08 were purchased by the Chief Financial Officer of the Company.

On December 28, 2018, of the 2,200,000 flow-through units issued in the private placement, 260,000 units at \$0.10 were purchased by the President & CEO of the Company of the Company.

During the year ended October 31, 2019, the Company paid \$26,598 (US \$20,000) in annual advance royalty payments to Giauque Holdings Ltd (“Giauque”), a company controlled by the current President & CEO. During the year ended October 31, 2018, Giauque was not a related party.

During the year ended October 31, 2019, the Company paid \$38,309 in Mon Property exploration expenditures to DRW Geological Consultants Ltd. (“DRW”), a company controlled by the current President & CEO. During the year ended October 31, 2018, DRW was not a related party.

Related Party Balance

As at October 31, 2019, the Company has included in accounts payable and accrued liabilities a total of \$37,103 (2018 - \$2,875), which are payable to directors, officers, and companies controlled by directors and officers.

During the year ended October 31, 2019, the Company advanced \$316,543 to NDM (which is 50% owned by the current President & CEO) for Mon Property exploration expenditures (see Note 6 - Exploration and Evaluation Assets). This amount has been fully offset by exploration expenditures incurred on the Mon Property, which included \$23,035 charged by NDM. As at October 31, 2019, the Company has an outstanding amount due to NDM in the amount of \$11,741. This amount is recorded as accounts payable and accrued liabilities on the statement of financial position at October 31, 2019.

As at October 31, 2019, the Company has included in prepaid expenses a total of \$5,860 to NDM for prepayments to a contractor for the ice road construction of the winter road, partially offset by equipment storage fees charged by the contractor.

During the year ended October 31, 2018, NDM was not a related party.

Unless otherwise noted, amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment. The above related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

13. 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. These 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.
- (b) On September 1, 2016, the Company entered into a management agreement with the Chief Executive Officer ("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. On May 14, 2019, the Company entered into a revised agreement to reflect a change in role from CEO to Vice-President, Corporate Development whereby the fee will be \$5,000 per month effective June 15, 2019.
- (c) Pursuant to a Restated Agreement 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 (incurred). A further \$4,000,000 is required to be incurred by December 31, 2020 as outlined in the Amendment between the Company and NDM (See Note 6 – Exploration and Evaluation Assets).

14. Financial Instruments and Risks

Fair Values and Classification

The Company's financial instruments consist of cash and accounts payable. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

| Financial Instrument | Category | October 31, 2019 | October 31, 2018 |
|-----------------------------|-----------------|-------------------------|-------------------------|
| Cash | FVTPL | \$ 147,981 | \$ 127,021 |
| Accounts payable | Amortized cost | 51,488 | 7,514 |

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:

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

14. Financial Instruments and Risks (continued)

Fair Values and Classification (continued)

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.

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of accounts payable and due to contractor approximate their respective carrying values because of their immediate or short-term nature.

Financial instrument risk exposure

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. 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.

(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.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the Years Ended October 31, 2019 and 2018

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15. 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.

16. Subsequent Events

- (a) On December 2, 2019, the Company made the annual royalty payment of \$26,594 (US\$20,000) to Giauque Holdings Ltd. due on January 30, 2020 (See Note 13(a) – Commitments).
- (b) On November 30, 2019, the Company entered into an amended earn-in property agreement ("Second Amendment") with NDM to extend the deadline to invest a further \$1,500,000 for exploration work on the Property from November 30, 2019 to December 16, 2019. As at Feb 6, 2020, the Company is in negotiation with NDM to further extend the deadline.