

# **SIXTY NORTH GOLD MINING LTD.**

Condensed Interim Financial Statements

For the Three Month Periods Ended January 31, 2020 and 2019

(expressed in Canadian dollars)

(Unaudited – Prepared by Management)

# SIXTY NORTH GOLD MINING LTD.

## CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIODS ENDED JANUARY 31, 2020 AND 2019

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## **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 condensed 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 Chartered Professional Accountants of Canada 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)

|  | January 31, 2020 | October 31, 2019 |
|--|------------------|------------------|
| <b>Assets</b>                                      |                  |                  |
| Current Assets                                     |                  |                  |
| Cash   | \$ 41,349        | \$ 147,981       |
| GST receivable                                     | 7,054            | 13,559           |
| Prepaid expenses                                   | 57,560           | 77,453           |
| Total Current Assets                               | 105,963          | 238,993          |
| Exploration and evaluation assets (Note 5)         | 2,477,408        | 2,409,227        |
| Reclamation deposit (Note 6)                       | 116,213          | 116,213          |
| Total Assets                                       | \$ 2,699,584     | \$ 2,764,433     |
| <b>Liabilities</b>                                 |                  |                  |
| Current Liabilities                                |                  |                  |
| Accounts payable and accrued liabilities (Note 10) | \$ 141,185       | \$ 92,613        |
| Flow-through share premium liability (Note 7(b))   | -                | 3,864            |
| Total Current Liabilities                          | 141,185          | 96,477           |
| <b>Equity</b>                                      |                  |                  |
| Share capital (Note 7)                             | 3,801,016        | 3,801,016        |
| Equity reserves                                    | 1,073,526        | 1,073,526        |
| Deficit  | (2,316,143)      | (2,206,586)      |
| Total Equity                                       | 2,558,399        | 2,667,956        |
| Total Liabilities and Equity                       | \$ 2,699,584     | \$ 2,764,433     |

Nature and Continuance of Operation (Note 1)

Commitments (Note 11)

Subsequent Events (Note 14)

On behalf of the Board:

s/“John Campbell”, CFO

\_\_\_\_\_  
Director

s/“Grant Block”

\_\_\_\_\_  
Director

See the accompanying notes to the interim financial statements

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

|  | <b>For the Three Months Ended</b> |                         |
|--|-----------------------------------|-------------------------|
|  | <b>January 31, 2020</b>           | <b>January 31, 2019</b> |
| <b>Expenses</b>  |                                   |                         |
| Accounting and audit fees  | \$ 4,925                          | \$ 5,050                |
| Corporate development (Note 9)                                       | -                                 | 18,000                  |
| General and administration   | 2,612                             | 2,066                   |
| Insurance  | 3,720                             | 3,730                   |
| Investor relations (Note 8)  | 42,372                            | 30,288                  |
| Management fees (Note 10(a))   | 45,000                            | 45,000                  |
| Meals and entertainment  | 669                               | 680                     |
| Professional fees  | 3,788                             | 3,952                   |
| Rent   | 2,536                             | -                       |
| Share-based payments   | -                                 | 582                     |
| Transfer agent and regulatory fees                                   | 7,799                             | 17,301                  |
| <b>Net loss before other income</b>                                  | <b>(113,421)</b>                  | <b>(126,649)</b>        |
| <b>Other income</b>  |                                   |                         |
| Settlement of flow-through premium liability (Note 7(b))             | 3,864                             | 8,300                   |
| <b>Net loss and comprehensive loss for the Period</b>                | <b>\$ (109,557)</b>               | <b>\$ (118,349)</b>     |
| <b>Loss per share, basic and diluted</b>                             | <b>\$ (0.00)</b>                  | <b>\$ (0.00)</b>        |
| <b>Weighted average common shares outstanding, basic and diluted</b> | <b>60,533,333</b>                 | <b>48,188,985</b>       |

See the accompanying notes to the interim financial statements

**SIXTY NORTH GOLD MINING LTD.**

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

|   | <b>Number<br/>of Shares</b> | <b>Share Capital</b> | <b>Equity<br/>Reserves</b> | <b>Deficit</b>        | <b>Total</b>        |
|---|-----------------------------|----------------------|----------------------------|-----------------------|---------------------|
| Balance at October 31, 2018                   | 45,853,333                  | \$ 3,188,765         | \$ 815,395                 | \$ (1,682,711)        | \$ 2,321,449        |
| Shares Issued for cash (Note 7(b))            | 6,320,000                   | 423,600              | 126,400                    | -                     | 550,000             |
| Flow-through premium liability (Note 7(b))    | -                           | (44,400)             | -                          | -                     | (44,400)            |
| Share issuance costs (Note 7(b))              | -                           | (156,102)            | 37,920                     | -                     | (118,182)           |
| Share-based payments                          | -                           | -                    | 582                        | -                     | 582                 |
| Net loss for the period                       | -                           | -                    | -                          | (118,349)             | (118,349)           |
| <b>Balance at January 31, 2019</b>            | <b>52,173,333</b>           | <b>\$ 3,411,863</b>  | <b>\$ 980,297</b>          | <b>\$ (1,801,060)</b> | <b>\$ 2,591,100</b> |
| Shares Issued for cash (Note 7(b))            | 6,360,000                   | \$ 318,000           | \$ -                       | \$ -                  | \$ 318,000          |
| Shares issued for debt settlement (Note 7(b)) | 2,000,000                   | 108,000              | 14,500                     | -                     | 122,500             |
| Share issuance costs (Note 7(b))              | -                           | (36,847)             | 9,806                      | -                     | (27,041)            |
| Share-based payments (Note 7(d))              | -                           | -                    | 68,923                     | -                     | 68,923              |
| Net loss for the period                       | -                           | -                    | -                          | (405,526)             | (405,526)           |
| <b>Balance at October 31, 2019</b>            | <b>60,533,333</b>           | <b>\$ 3,801,016</b>  | <b>\$ 1,073,526</b>        | <b>\$ (2,206,586)</b> | <b>\$ 2,667,956</b> |
| Net loss for the period                       | -                           | -                    | -                          | (109,557)             | (109,557)           |
| <b>Balance at January 31, 2020</b>            | <b>60,533,333</b>           | <b>\$ 3,801,016</b>  | <b>\$ 1,073,526</b>        | <b>\$ (2,316,143)</b> | <b>\$ 2,558,399</b> |

See the accompanying interim notes to the financial statements

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

|   | <b>For the Three Months Ended</b> |                         |
|---|-----------------------------------|-------------------------|
|   | <b>January 31, 2020</b>           | <b>January 31, 2019</b> |
| <b>Cash Flows Used in Operating Activities</b>                      |                                   |                         |
| Net loss for the year   | \$ (109,557)                      | \$ (118,349)            |
| Non-Cash Items:   |                                   |                         |
| Share-based payments  | -                                 | 582                     |
| Settlement of flow-through premium liability                        | (3,864)                           | (8,300)                 |
|   | <b>(113,421)</b>                  | <b>(126,067)</b>        |
| Changes in Non-Cash Working Capital Items:                          |                                   |                         |
| GST receivable  | 6,505                             | (2,731)                 |
| Prepaid expenses  | 19,893                            | (11,840)                |
| Accounts payable and accrued liabilities                            | 48,572                            | 73,929                  |
|   | <b>(38,451)</b>                   | <b>(66,709)</b>         |
| <b>Net Cash Flows Used in Operating Activities</b>                  | <b>(38,451)</b>                   | <b>(66,709)</b>         |
| <b>Cash Flows Used in Investing Activities</b>                      |                                   |                         |
| Exploration and evaluation expenditures, net                        | (68,181)                          | (213,533)               |
| <b>Net Cash Flows Used in Investing Activities</b>                  | <b>(68,181)</b>                   | <b>(213,533)</b>        |
| <b>Cash Flows from Financing Activities</b>                         |                                   |                         |
| Issuance of common shares   | -                                 | 550,000                 |
| Share issuance costs  | -                                 | (118,182)               |
| <b>Net Cash Flows Provided by Financing Activities</b>              | <b>-</b>                          | <b>431,818</b>          |
| <b>Change in Cash During the Period</b>                             | <b>(106,632)</b>                  | <b>151,576</b>          |
| <b>Cash, Beginning of Period</b>                                    | <b>147,981</b>                    | <b>127,021</b>          |
| <b>Cash, End of Period</b>  | <b>\$ 41,349</b>                  | <b>\$ 278,597</b>       |
| <b>Supplemental Cash Disclosure:</b>                                |                                   |                         |
| Income taxes paid   | \$ -                              | \$ -                    |
| Interest paid   | \$ -                              | \$ -                    |
| <b>Non-cash transactions in investing and financing activities:</b> |                                   |                         |
| Agent warrants for share issuance costs                             | \$ -                              | \$ 37,920               |

See the accompanying notes to the interim financial statements

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

Notes to the Condensed Interim Financial Statements  
For the Three Months Ended January 31, 2020 and 2019  
(Unaudited - Expressed in Canadian Dollars)

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### **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 5 - 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.

These interim condensed 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.

As at January 31, 2020, the Company had a deficit of \$2,316,143 (October 31, 2019 - \$2,206,586) and has not generated revenue. As at January 31, 2020, the Company has cash in the amount of \$41,349 (October 31, 2019 - \$147,981). The Company has raised funds through private and public equity issuances to fund the project. There is no assurance that the Company will be able to obtain sufficient funding to continue exploration and development on the Mon Property. These interim condensed financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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Notes to the Condensed Interim Financial Statements  
For the Three Months Ended January 31, 2020 and 2019  
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### **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") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC") for all periods presented. 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, 2019.

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on March 23, 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 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. 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.

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

The following standard has been adopted by the Company effective November 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-

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### 4. New Accounting Standards (continued)

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 new standard is effective for annual periods beginning on or after January 1, 2019.

The adoption of the above standard has not had any significant material effect on the Company's financial statements.

### 5. 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 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 following:

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### 5. 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 January 31, 2020, a total of \$2,536,879 (October 31, 2019 - \$2,468,698) has been spent on exploration and acquisition costs on the Mon Property (see table below), of which \$2,392,462 (October 31, 2019 - \$2,350,875) qualify as exploration expenditures incurred towards the earn-in.

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 (See Note 14).

During the year ended October 31, 2019, funds from a \$59,471 Mining Incentive Program Grant from the Government of the Northwest Territories were used on the Mon Property 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.

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 Months Ended January 31, 2020 and 2019  
(Unaudited - Expressed in Canadian Dollars)

### 5. 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, 2019</i> | <i>Additions/<br/>Adjustments</i> | <i>January 31, 2020</i> |
|--|-------------------------|-----------------------------------|-------------------------|
| Acquisition Costs:                                     |                         |                                   |                         |
| Legal costs relating to earn-in                        | \$ 16,614               | \$ -                              | \$ 16,614               |
| Advance royalty payment (Note 11(a))                   | 78,482                  | 26,594                            | 105,076                 |
| Acquisition of additional claims                       | 22,727                  | -                                 | 22,727                  |
|  | 117,823                 | 26,594                            | 144,417                 |
| Exploration Costs:                                     |                         |                                   |                         |
| Assaying and shipping                                  | 96,966                  | -                                 | 96,966                  |
| Camp costs   | 249,952                 | 4,010                             | 253,962                 |
| Camp equipment   | 179,067                 | -                                 | 179,067                 |
| Drilling   | 117,452                 | -                                 | 117,452                 |
| Flights  | 166,028                 | -                                 | 166,028                 |
| Fuel   | 8,698                   | -                                 | 8,698                   |
| Geology  | 277,206                 | -                                 | 277,206                 |
| Management and supervision                             | 224,931                 | 3,081                             | 228,012                 |
| Mining equipment                                       | 810,956                 | -                                 | 810,956                 |
| Mobilization/Demobilization                            | 24,963                  | 20,000                            | 44,963                  |
| Property holding costs                                 | 3,430                   | 996                               | 4,426                   |
| Reports  | 42,245                  | 6,000                             | 48,245                  |
| Safety/Medic   | 13,377                  | -                                 | 13,377                  |
| Storage and transport                                  | 68,851                  | 7,500                             | 76,351                  |
| Supplies   | 27,128                  | -                                 | 27,128                  |
| Travel and accommodation                               | 39,625                  | -                                 | 39,625                  |
|  | 2,350,875               | 41,587                            | 2,392,462               |
| Grant from the Government of the Northwest Territories | (59,471)                | -                                 | (59,471)                |
|  | 2,291,404               | 41,587                            | 2,332,991               |
| Exploration and Evaluation Assets, net                 | \$ 2,409,227            | \$ 68,181                         | \$ 2,477,408            |

### 6. Reclamation Deposit

As at January 31, 2020, a security deposit of \$116,213 (October 31, 2019 - \$116,213) 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.

## SIXTY NORTH GOLD MINING LTD.

Notes to the Condensed Interim Financial Statements  
For the Three Months Ended January 31, 2020 and 2019  
(Unaudited - Expressed in Canadian Dollars)

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### 7. 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

The Company did not have any share capital transactions during the three months ended January 31, 2020.

As of January 31, 2020, 60,533,333 (October 31, 2019 – 60,533,333) 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 was recognized as other income as flow-through expenditures were incurred. During the year ended October 31, 2019, the Company recorded other income of \$40,536, and at October 31, 2019, a flow-through share premium liability of \$3,864. The remaining amount of \$3,864 was recorded as other income during the three months ended January 31, 2020, thereby eliminating the liability 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.

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Notes to the Condensed Interim Financial Statements  
For the Three Months Ended January 31, 2020 and 2019  
(Unaudited - Expressed in Canadian Dollars)

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### 7. Share Capital (continued)

#### (b) Issued and outstanding (continued)

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

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 10 – 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       |

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Notes to the Condensed Interim Financial Statements  
For the Three Months Ended January 31, 2020 and 2019  
(Unaudited - Expressed in Canadian Dollars)

### 7. Share Capital (continued)

#### (c) Warrants

A summary of the Company's outstanding warrants at January 31, 2020 and October 31, 2019, 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, 2018        | 16,010,166         | \$0.24                          | 0.44                            |
| Issued for private placements    | 9,520,000          | \$0.12                          | 1.24                            |
| Issued for brokers' warrants     | 500,000            | \$0.10                          | 1.58                            |
| Expired warrants                 | (11,080,166)       | \$(0.24)                        | -                               |
| <b>Balance, October 31, 2019</b> | <b>14,950,000</b>  | <b>\$0.16</b>                   | <b>1.24</b>                     |
| <b>Balance, January 31, 2020</b> | <b>14,950,000</b>  | <b>\$0.16</b>                   | <b>0.90</b>                     |

As of January 31, 2020, 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   |
| <b>14,950,000</b>  |                |                   |

#### (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 January 31, 2020 and October 31, 2019, and the changes for the periods then ended is presented below:

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### 7. Share Capital (continued)

#### (d) Stock Options (continued)

|                                  | Number of<br>Options | Weighted<br>Average<br>Exercise Price | Weighted Average<br>Remaining Life |
|----------------------------------|----------------------|---------------------------------------|------------------------------------|
| Balance, October 31, 2018        | 3,880,000            | \$ 0.18                               | 3.96                               |
| Options granted                  | 1,400,000            | 0.06                                  | 2.76                               |
| Options expired                  | (600,000)            | (0.08)                                | 0.00                               |
| Options cancelled/forfeited      | (600,000)            | (0.21)                                | 0.00                               |
| <b>Balance, October 31, 2019</b> | <b>4,080,000</b>     | <b>\$ 0.14</b>                        | <b>3.75</b>                        |
| <b>Balance, January 31, 2020</b> | <b>4,080,000</b>     | <b>\$0.14</b>                         | <b>3.50</b>                        |

#### 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     |

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     |

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### 7. Share Capital (continued)

#### (d) Stock Options (continued)

During the three months ended January 31, 2020, the Company recorded a share-based payment of Nil for options granted and vested (October 31, 2019 - \$69,505) on the statements of comprehensive loss.

As of January 31, 2020, the outstanding and exercisable options are as follows:

| Number of<br>Outstanding Options | Number of<br>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  |
| <b>4,080,000</b>                 | <b>4,080,000</b>                 |                |                   |

As at January 31, 2020, these options have a weighted average exercise price of \$0.14 and a weighted average remaining life of 3.50 years.

#### (e) Broker Options

A summary of the Company's outstanding broker options at January 31, 2020 and October 31, 2019, and the changes for the periods then ended is presented below:

|                                  | Number of<br>Options | Weighted<br>Average<br>Exercise Price | Weighted Average<br>Remaining Life |
|----------------------------------|----------------------|---------------------------------------|------------------------------------|
| Balance, October 31, 2018        | -                    | -                                     | -                                  |
| Broker options granted*          | 632,000              | \$ 0.09                               | 1.16                               |
| <b>Balance, October 31, 2019</b> | <b>632,000</b>       | <b>\$ 0.09</b>                        | <b>1.16</b>                        |
| <b>Balance, January 31, 2020</b> | <b>632,000</b>       | <b>\$ 0.09</b>                        | <b>0.91</b>                        |

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

As of January 31, 2020, the outstanding and exercisable broker options are as follows:

| Number of<br>Outstanding Options | Number of<br>Exercisable Options | Exercise Price | Expiry Date       |
|----------------------------------|----------------------------------|----------------|-------------------|
| 220,000                          | 220,000                          | \$0.10         | December 28, 2020 |
| 410,000                          | 410,000                          | \$0.08         | December 28, 2020 |
| <b>632,000</b>                   | <b>632,000</b>                   |                |                   |

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### 7. Share Capital (continued)

As at January 31, 2020, these broker options have a weighted average exercise price of \$0.09 and a weighted average remaining life of 0.91 years.

#### (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 January 31, 2020, there were 3,735,000 (October 31, 2019 – 3,735,000) escrow shares outstanding.

### 8. Investor Relations

|  | January 31, 2020 | January 31, 2019 |
|--|------------------|------------------|
| Advertising and promotion                      | \$ 4,407         | \$ 2,649         |
| Consulting fees                                | 15,000           | 18,890           |
| Market awareness (media and research agencies) | 21,940           | -                |
| News releases                                  | -                | 3,232            |
| Shows and conferences                          | 1,025            | 5,517            |
|  | <b>\$ 42,372</b> | <b>\$ 30,288</b> |

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 April 17, 2019, the Company terminated an agreement entered into on July 17, 2018 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 (which was adjusted to \$3,000 per month during the latter part of 2018 and the term extended for a further three months). The Consultant was also granted 100,000 stock options at a price of \$0.25 per common share, which vested and were exercisable as to 25% on each of October 17, 2018, January 17, 2019, April 17, 2019 and July 17, 2019. The options had an expiry date of 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 year ended

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### 8. Investor Relations (continued)

October 31, 2019, the estimated fair value of \$582 was recorded, for options vested on January 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.

### 9. Corporate Development

Effective February 28, 2019, the Company terminated its agreement with 558396 BC Ltd. (the "Consultant") which was entered into on August 28 2018. The Consultant provided independent consulting services relating to business development matters. The agreement would terminate six months from the date of the agreement but could 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. In addition, the Consultant was paid \$6,000 per month plus 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. An aggregate of 600,000 options granted at a price of \$0.21 per share expired, unexercised on March 30, 2019.

### 10. 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 three months ended January 31, 2020 and 2019, the Company incurred the following key management compensation charges:

|                        | 2020          | 2019          |
|------------------------|---------------|---------------|
|                        | (\$)          | (\$)          |
| Management fees (a)    | 45,000        | 45,000        |
| Investor relations (b) | 15,000        | -             |
| <b>Total</b>           | <b>60,000</b> | <b>45,000</b> |

(a) During the three months ended January 31, 2020, a total of \$45,000 (2019: \$45,000) in management fees were accrued as follows:

An amount of \$15,000 (2019: \$30,000) to a company controlled by the Vice-President, Corporate Development (former President & CEO).

An amount of \$15,000 (2019: \$15,000) to the Chief Financial Officer.

An amount of \$15,000 (2019: \$Nil) to a company controlled by the President & CEO.

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### 10. Related Party Transactions and Balance (continued)

- (b) During the three months ended January 31, 2020, a total of \$15,000 (2019: \$Nil) in investor relations consulting fees to a director and former President & CEO of the Company were accrued (see Note 8).

#### Related Party Balance

As at January 31, 2020, the Company has included in accounts payable and accrued liabilities a total of \$85,000 (October 31, 2019 - \$37,103), which are payable to directors, officers, and companies controlled by directors and officers.

During the three months ended January 31, 2020, the Company paid \$26,594 (US \$20,000) (October 31, 2019 - \$26,598) in annual advance royalty payments to Giauque Holdings Ltd ("Giauque"), a company controlled by the current President & CEO.

During the three months ended January 31, 2020, the Company paid \$7,331 (October 31, 2019 - \$38,309) in Mon Property exploration expenditures to DRW Geological Consultants Ltd. ("DRW"), a company controlled by the current President & CEO.

During the three months ended January 31, 2020, the Company advanced \$30,734 (October 31, 2019 - \$316,543) to NDM (which is 50% owned by the current President & CEO) for Mon Property exploration expenditures (see Note 5 - Exploration and Evaluation Assets). This amount has been fully offset by exploration expenditures incurred on the Mon Property, which included \$1,843 (October 31, 2019 - \$23,035) charged by NDM. As at January 31, 2020, the Company has an outstanding amount due to NDM in the amount of \$11,983 (October 31, 2019 - \$11,741). This amount is recorded as accounts payable and accrued liabilities on the statement of financial position at January 31, 2020.

#### Transactions during the year ended October 31, 2019

During the year ended October 31, 2019, fees to the Vice-President, Corporate Development of \$40,000 were settled by the issuance of 800,000 common shares at \$0.06 per share and \$22,500 were settled by the issuance of 300,000 common shares at \$0.05 per share (see Note 7(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 was recognized in the statements of changes in equity.

During the year ended October 31, 2019, fees of \$15,000 to the Chief Financial Officer were settled by the issuance of 300,000 common shares at \$0.06 per share and \$22,500 were settled by the issuance of 300,000 common shares at \$0.05 per share (see Note 7(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 was recognized in the statements of changes in equity.

During the year ended October 31, 2019, fees of \$22,500 to a director and former President & CEO (May 15 to September 30, 2019) were settled by issuance of 300,000 common shares at \$0.04 per share (see Note 7(b)). As the transaction involves a creditor that is also a shareholder of the Company acting in the

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### **10. Related Party Transactions and Balance (continued)**

capacity thereof, the resulting difference of \$10,500 was recognized in the statements of changes in equity.

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 7(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 7(d)).

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.

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.

### **11. Commitments**

- (a) Pursuant to an Agreement (see Note 5 - 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 May 14, 2019, the Company entered into a revised management agreement with the Vice-President, Corporate Development of the Company whereby the Company will pay a monthly management fee of \$5,000 effective June 15, 2019 for one year, renewed annually unless notice is given according to termination provisions.
- (c) Pursuant to a Restated and Amended 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 \$ 1.5 million in expenditures are to be incurred by December 16, 2019, an additional \$1.5 million in expenditures are to be incurred by May 30, 2020 (for a total of at least \$5,000,000), and 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 as outlined in the Amendment between the Company and NDM (See Note 6 – Exploration and Evaluation Assets).

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### 12. 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:

| <b>Financial Instrument</b> | <b>Category</b> | <b>January 31, 2020</b> | <b>October 31, 2019</b> |
|-----------------------------|-----------------|-------------------------|-------------------------|
| Cash                        | FVTPL           | \$ 41,349               | \$ 147,981              |
| Accounts payable            | Amortized cost  | 40,185                  | 51,488                  |

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.

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.

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### **12. Financial Instruments and Risks (continued)**

#### *Fair Values and Classification (continued)*

#### 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.

### **13. 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.

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### **14. Subsequent Events**

As at March 23, 2020, the Company is in discussions with New Discovery Mines Ltd. to further extend the earn in requirements to invest a further \$1,500,000 by December 16, 2019, and has not been placed in Default of the amended agreement (“Second Amendment”).

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.