# SIXTY NORTH GOLD MINING LTD.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED OCTOBER 31, 2023

The management's discussion and analysis ("MD&A") reports on the financial condition and operating results of Sixty North Gold Mining Ltd. ("Sixty North" or the "Company") and factors that are reasonably expected to impact future operations and results. This discussion and analysis should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2023 and the audited financial statements for the year ended October 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated. Additional information relating to the Company can be found on SEDAR at www.sedarplus.ca. This management's discussion and analysis is dated February 26, 2024.

Some of the statements set forth are forward-looking statements relating to the Company's expected future operating results. The forward-looking information reflects the Company's current expectations and assumptions and are subject to a variety of risks and uncertainties. Although the Company believes that the assumptions on which the forward-looking information is based are reasonable, no assurance can be given that these assumptions will prove correct. Investors are advised to consider the risk factors identified under the heading "Risks and Uncertainties" in this report for a discussion of the factors that could cause the Company's actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking information.

## Description of Business and Overview

The Company was incorporated on July 7, 2016, pursuant to the *Business Corporations Act* (British Columbia). On November 9, 2017, the Company also became registered as an extra-territorial corporation under Part XXI of the Business Corporations Act of the Northwest Territories.

The Company's head office is located at Suite 1909 – 108 West Cordova Street, Vancouver B.C. Canada V6B 0G5, and its registered and records offices are located at Suite 3200 - 650 West Georgia Street, Vancouver, British Columbia, V6B 4P7.

The Company's principal business activities include the acquisition, exploration and development of mineral property assets. The Company is developing mining operations for gold on the 100% owned Mon Gold Property, 40 km north of Yellowknife, NWT (see "Mon Property" section below).

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 Market in the United States under the symbol "SXNTF".

## Exploration and Evaluation Assets

### The Mon Property

The Mon Property is located 45 kilometres north of Yellowknife, Northwest Territories, Canada, and consists of 13 contiguous mining leases and 1 mineral claims comprising an aggregate of 1,536.92 acres.

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 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, and further amended the Restated Agreement on October 21, 2019, April 24, 2020. NDM is a private company that is 50% owned and controlled by the President and CEO of the Company.

Pursuant to the amended Restated Agreement, the Company committed to incurring cumulative exploration expenditures of at least $6,000,000 on the Property in order to earn an 80% interest in the Property. In the event that the Company earns its 80% interest in the Property, 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 25% of the total issued and outstanding shares of the Company at that time.

In April 2022, the Company entered into two additional amendments agreement with NDM (the “April 2022 Amendments”). Pursuant to the April 2022 Amendments, the Company acquired 100% interest in the Property by issuing to NDM 4,951,137 (49,511,367 pre consolidation) common shares with a fair value of $2,228,012. The shares are subject to escrow restrictions permitting the release of 10% upon closing of the acquisition, and further releases from escrow in instalments of 15% of the original number of shares every quarter for a period of 18 months.

The Property is subject to a pre-existing royalty agreement between NDM and Giauque Holdings Ltd. (the “Royalty Holder”), which provides for a 2.0% net smelter royalty ("NSR") reserved in favour of the Royalty Holder. The Company has committed to make minimum annual advanced royalty payment to the Royalty Holder of US$20,000, which commenced in January 2017, and is payable on or before January 30th of each year. A deduction of 20% of all advance royalty payments may be made from the first year’s NSR payments, and thereafter the balance of the advanced royalty payments may be deducted from future NSR payments. As of the date of the MD&A, the Company has paid US$140,000 ($183,791) in advance royalty payments.

In August 2023, the Northwest Territories (NWT) wildfire impacted the Company’s Mon Property. The Company recorded the impairment loss of certain equipment damaged due to wildfire amounting to $436,000 with settlement and payment expected in the second quarter of FY2024.

The Mon Property is an exploration stage property with no mineral reserves or resources as of this report date.

A Technical Report dated August 3, 2023, on the Property was prepared by Dave R. Webb, P.Geol., P.Eng., the "qualified person", as defined under National Instrument 43-101 ("NI 43-101") and can be viewed on www.sedarplus.ca.

*Development Progress and Plans*

The Company now has all mining equipment needed for full scale mining operations. These were delivered to site on the winter road in 2021, along with bulk consumables such as fuel and explosives. The Company has two 75,000 litre fuel tanks with fuel, explosives, and a mobile drill for underground drilling, as well as surface drilling for exploration and groundwater monitoring. Camp buildings and contents, two pickup trucks, and an all-terrain vehicle were destroyed in a wildfire in August 2023. The Company expects to make a full recovery for these items from an insurance settlement, and to replace them as soon as possible.

Operations in 2021 included opening up the north portal, and expanding the dimensions of the decline up to 3 metres by 4 metres to accommodate our larger mining equipment than was used in the past. Future development plans include extending the decline a further 125 m around the nose of the vein and onto the east side of the vein, cutting drifts into the vein, preparing stopes for future production, extracting and bringing to surface a bulk sample of up to 3,000 – 4,000 tonnes, and assaying this bulk sample.

Assuming positive results from the bulk sample the Company plans to acquire a mill capable of 100 tonnes/day throughput, then bringing that up to site on a subsequent winter road. Following commissioning of the mill, the Company expects to be in full operation during the same year as delivery of the mill to site.

**The Hangstone Property**

On November 17, 2020, the Company entered into an option agreement ("Agreement") to acquire 100% interest in the Hangstone Property (the “Property”). The Property includes ten mineral claims comprised of an aggregate of 2,102 hectares, and is located in the mining district of the Northwest Territories. The vendor retains a 2% net smelter royalty (“NSR”), half of which may be purchased by the Company for $1,000,000 any time prior to commercial production.

The Company may earn the 100% interest in the Property by:

i) Paying $15,000 in cash (paid), issuing 30,000 shares of the Company (issued), and incurring $15,000 expenditures (incurred) on the Property upon signing the Agreement;
ii) Paying $20,000 in cash (paid), issuing 40,000 shares of the Company (issued), and incurring $80,000 expenditures on the Property on or before first anniversary of the Agreement date;
iii) Paying $30,000 in cash, issuing 50,000 shares of the Company, and incurring $120,000 expenditures on the Property on or before second anniversary of the Agreement date;
iv) Paying $60,000 in cash, issuing 50,000 shares of the Company, and incurring $200,000 expenditures on the Property on or before third anniversary of the Agreement date;
v) Paying $150,000 in cash, issuing 70,000 shares of the Company, and incurring $300,000 expenditures on the Property on or before forth anniversary of the Agreement date; and
vi) Incurring $300,000 expenditures on the Property on or before fifth anniversary of the Agreement date.

During the year ended October 31, 2022, the Company determined to no longer pursue the exploration activities on the Property and recorded an impairment of exploration and evaluation assets of $110,403.

## Overall Performance and Results of Operations

Year ended October 31, 2023

The Company incurred a net loss of $1,184,468 during the year ended October 31, 2023 compared to a net loss of $666,665 during the year ended October 31, 2022. The significant changes were as follows:

- Consulting fees of $210,000 (2022 - $nil) in relation to consultants engaged for business development.
- Investor relations expenses increased to $141,389 (2022 - $138,025). The difference is primarily due to an increase in investor relations consulting fee.
- Professional fees of $125,318 (2022 - $142,077) include accounting, legal and audit expense. The decrease is due to the decrease in professional services availed during the period.
- General and administration expenses of $61,575 (2022 - $31,351) increased with increase in insurance, office and travel expense.
- Transfer agent and regulatory fees of $34,616 (2022 - $30,814) marginally increased due to private placements.
- Share-based payments expense of $10,582 (2022 - $34,096) relate to stock options granted and vested during the period.
- Impairment expense of $436,000 (2022 - $110,403) was recorded due to loss of some fixed assets owing to wildfire at Mon property.

Three months ended October 31, 2023

The Company incurred a net loss of $683,352 during the three months ended October 31, 2023 compared to a net loss of $254,395 during the three months ended October 31, 2022. The significant changes were as follows:

- Consulting fees of $52,500 (2022 - $nil) in relation to consultants engaged for business development.
- Investor relations expenses increased to $49,967 (2022 - $15,561). The difference is primarily due to increase in investor relations consulting fee.
- Professional fees of $86,332 (2022 - 61,890) include accounting, legal and audit expense. The increase is due to the increase in professional services availed during the period.
- General and administration expenses of $19,239 (2022 - $7,775) increased with increase in insurance and office expense.
- Transfer agent and regulatory fees of $9,326 (2022 - $5,822) increased due to increase in filing fees and regulatory cost of private placement compared to previous comparable period.
- Share-based payments expense of nil (2022 - $8,045) relate to stock options granted and vested during the period.

## Summary of Quarterly Results:

| Period Ended | 2023 Oct 31 | 2023 July 31 | 2023 Apr 30 | 2023 Jan 31 | 2022 Oct 31 | 2022 Jul 31 | 2022 Apr 30 | 2022 Jan 31 |
|---|---|---|---|---|---|---|---|---|
| **Operation expenses** | (262,364) | (121,243) | (264,502) | (115,371) | (144,093) | (147,423) | (149,094) | (115,753) |
| **Net earnings (loss)** | (683,352) | (121,243) | (264,502) | (115,371) | (254,395) | (147,423) | (149,094) | (115,753) |
| **(Loss) earnings per share, basic and diluted** | (0.05) | (0.00) | (0.01) | (0.01) | (0.01) | (0.00) | (0.00) | (0.00) |

## Liquidity and Solvency

As at October 31, 2023, the Company had cash of $37,247 and working capital deficiency of $293,859. The Company does not expect to generate revenues in the near future and will require additional funds to meet its obligations and commitments. These circumstances may cast significant doubt as to the Company's ability to continue as a going concern and the appropriateness of the use of accounting principles applicable to a going concern.

During the year ended October 31, 2023, the primary uses of cash were operating activities - $541,517 (2022 - $244,371) and exploration and evaluation expenditures of $147,131 (2022 - $1,033,198). The primary source of cash was issuance of shares for $611,715 (2022 - $332,000), net of issue cost.

The Company is closely monitoring its cash requirements and evaluating various strategic and short-term alternatives.

There is no guarantee that the Company will obtain further future funding, and the amount, timing and nature of financing may be materially impacted by the economic climate in capital markets.

## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than those described elsewhere in this report.

## Critical Accounting Polices and Estimates

Certain carrying amounts of assets and liabilities require judgements, assumption and estimates as the basis for determining the stated amounts. Examples of significant estimates made by management include the determination of mineralized reserves, estimating the fair values of financial instruments, impairment of long-lived assets, reclamation and rehabilitation provisions, valuation allowances for future income tax assets and assumptions used for valuation of warrants and share-based compensation. Actual results may differ from those estimates.

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the annual audited financial statements for the year ended October 31, 2023.

## Risks and Uncertainties

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore.

There is no assurance that additional funding will be available for further operations or to fulfill its obligations under the applicable agreements.

Companies in the mineral and exploration and development industry are subject to many risks including, but not limited to, infrastructure, government regulations, environmental issues, metal prices and currency fluctuations and uninsured and litigation risks. There is no assurance that the Company will be able to establish a practical working relationship with any First Nations in the area which would allow it to ultimately develop the Property.

Furthermore, the availability of services such as drilling contractors and geological service companies, and/or the terms on which these services are provided, may be adversely affected by global economic impacts on such service providers. Adverse effects on the capital markets generally may make the raising of capital by equity or debt financing much more difficult, and the Company is dependent upon the capital markets to raise further financing.

## Related Party Transactions

The Company defines key management personnel as officers and directors of the Company and/or entities controlled by them. Officers of the Company include the president, chief executive officer ("CEO"), chief financial officer ("CFO") and the vice president of corporate development ("VP Corporate Development"). During the year ended October 31, 2023, the Company incurred the following key management compensation charges:

| | Years ended October 31, 2023 | 2022 |
|---|---|---|
| **Management fees** | | |
| Company controlled by the VP Corporate Development | $ 60,000 | $ 60,000 |
| CFO and former director | 60,000 | 60,000 |
| Company controlled by the President & CEO | 60,000 | 60,000 |
| Total | $ 180,000 | $ 180,000 |

During the year ended October 31, 2023, the Company incurred the following exploration and evaluation assets expenditures with related parties:

a) The Company paid $27,259 (US $20,000) (2022 - $25,552) in annual advance royalty payments to Giauque Holdings Ltd ("Giauque"), a company controlled by the President and CEO.
b) The Company paid $8,348 (2022 - $87,519) in Mon Property exploration expenditures to DRW Geological Consultants Ltd. ("DRW"), a company controlled by the President and CEO.
c) The Company paid $1,951 (2022 - $64,064) in administration fee for Mon Property exploration expenditures to NDM, a company 50% owned by the President and CEO.

Related Party Balance

As at October 31, 2023, accounts payable and accrued liabilities include $80,000 (October 31, 2022 - $210,000) payable to directors, officers, and companies controlled by directors and officers for accrued fees.
As at October 31, 2023, accounts payable and accrued liabilities include $118,549 (October 31, 2022 - $190,523) payable to NDM for exploration expenditures which includes $9,554 payable to DRW Geological Consultants Ltd. ("DRW"), a company controlled by the President and CEO.

On April 14, 2022, the Company issued 4,951,137 (49,511,367 pre-consolidation) common shares with a fair value of $2,228,012 to NDM for acquisition of the Mon Property pursuant to the April 2022 Amendments. The shares are subject to escrow restrictions permitting the release of 10% upon closing of the acquisition, and further releases from escrow in instalments of 15% of the original number of shares every quarter for a period of 18 months.

Other transactions

Fees of $105,000 to the Chief Financial Officer were settled by the issuance of 875,000 common shares (Note 6b).

Fees of $105,000 to the Vice-President, Corporate Development were settled by the issuance of 875,000 common shares (Note 6b).

The common shares issued to settle liabilities with the related parties were recorded at a fair value of $218,750. The $8,750 difference between the fair value of the common shares issued and carrying value of the amounts payable was recorded to equity reserves as a capital transaction because the settlement occurred with related parties and shareholders.

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.

## Guarantees and Commitments

Any contractual commitments and guarantees provided are discussed in Note 10 – Commitments, Note 4 – Exploration and Evaluations Assets, and Note 9 - Related Party Transactions and Balances of the financial statements.

## Financial Instruments and Risks

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, currency risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Please refer to Note 11 of the financial statements for the year ended October 31, 2023, for further details.

## Outstanding Share Data

The following table summarizes the outstanding share capital, stock options, and warrants as of the date of the MD&A:

| | **Number of shares issued or issuable** |
|---|---|
| Common shares | 27,643,838 |
| Stock options | 605,000 |
| Warrants | 7,132,291 |
| **Total, if all or exercised** | **35,381,129** |

## Management's Responsibility for Financial Statements

Information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes that such estimates have been based on careful judgments and have been properly reflected in the consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

## Contact

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