



SIXTY NORTH GOLD MINING LTD.

Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian dollars)

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. ('the Company') which comprise the statements of financial position as at October 31, 2021 and 2020, and the statements of comprehensive loss, changes in 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, 2021 and 2020, 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which indicates 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 audit 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 these 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 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 Waseem Javed.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
February 25, 2022

SIXTY NORTH GOLD MINING LTD.

FINANCIAL STATEMENTS FOR THE YEARS ENDED OCTOBER 31, 2021 and 2020

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SIXTY NORTH GOLD MINING LTD.

Statements of Financial Position

(Expressed in Canadian Dollars)

As at October 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash	\$ 1,067,749	\$ 291,688
GST receivable	20,297	13,376
Prepaid expenses	102,871	43,505
Total Current Assets	1,190,917	348,569
Exploration and evaluation assets (Note 4)	4,728,331	3,445,379
Reclamation deposit (Note 5)	419,540	116,213
Total Assets	\$ 6,338,788	\$ 3,910,161
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 74,715	\$ 223,950
Total Current Liabilities	74,715	223,950
Equity		
Share capital (Note 6)	8,466,160	5,228,022
Equity reserves	1,335,954	1,283,671
Deficit	(3,538,041)	(2,825,482)
Total Equity	6,264,073	3,686,211
Total Liabilities and Equity	\$ 6,338,788	\$ 3,910,161

Nature and Continuance of Operations (Note 1)

Commitments (Note 10)

Subsequent events (Note 14)

On behalf of the Board:

“John Campbell”
Director

“Grant Block”
Director

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

SIXTY NORTH GOLD MINING LTD.

Statements Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended October 31, 2021 and 2020

	2021	2020
Expenses		
General and administration (Note 7)	\$ 25,942	\$ 24,502
Investor relations (Note 8)	255,596	164,310
Management fees (Note 9)	180,000	180,000
Professional fees	148,209	100,678
Share-based payments	75,654	111,894
Transfer agent and regulatory fees	34,741	41,376
Net loss before other income	(720,142)	(622,760)
Other income		
Settlement of flow-through premium liability	-	3,864
Write-off of liabilities	7,583	-
Net loss and comprehensive loss for the year	\$ (712,559)	\$ (618,896)
Loss per share, basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average common shares outstanding, basic and diluted	114,484,440	67,234,496

The accompanying notes are an integral part of these 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, 2019	60,533,333	\$ 3,801,016	\$ 1,073,526	\$ (2,206,586)	\$ 2,667,956
Shares issued for cash (Note 6)	29,717,300	1,521,825	-	-	1,521,825
Shares issued for settlement of liabilities (Note 10)	1,749,999	105,000	-	-	105,000
Share issuance cost (Note 6)	-	(199,819)	98,251	-	(101,568)
Share-based payments	-	-	111,894	-	111,894
Net loss for the year	-	-	-	(618,896)	(618,896)
Balance at October 31, 2020	92,000,632	5,228,022	1,283,671	(2,825,482)	3,686,211
Shares issued for cash (Note 6)	46,118,242	2,905,363	-	-	2,905,363
Shares issued for settlement of liabilities (Note 9)	5,965,228	387,740	(56,190)	-	331,550
Shares issued for property acquisition (Note 4)	700,000	47,000	-	-	47,000
Share issuance cost (Note 6)	-	(101,965)	32,819	-	(69,146)
Share-based payments	-	-	75,654	-	75,654
Net loss for the year	-	-	-	(712,559)	(712,559)
Balance at October 31, 2021	144,784,102	\$ 8,466,160	\$ 1,335,954	\$ (3,538,041)	\$ 6,264,073

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

SIXTY NORTH GOLD MINING LTD.

Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended October 31, 2021 and 2020

	2021	2020
Cash Flows Used in Operating Activities		
Net loss for the year	\$ (712,559)	\$ (618,896)
Non-Cash Items:		
Share-based payments	75,654	111,894
Settlement of flow-through premium liability	-	(3,864)
Write-off of liabilities	(7,583)	-
	(644,488)	(510,866)
Changes in Non-Cash Working Capital Items:		
GST receivable	(6,921)	183
Prepaid expenses	(59,366)	33,948
Accounts payable and accrued liabilities	189,898	236,337
Net Cash Flows Used in Operating Activities	(520,877)	(240,398)
Cash Flows Used in Investing Activities		
Exploration and evaluation expenditures, net	(1,235,952)	(1,036,152)
Reclamation deposit	(303,327)	-
Net Cash Flows Used in Investing Activities	(1,539,279)	(1,036,152)
Cash Flows from Financing Activities		
Issuance of common shares	2,905,363	1,521,825
Share issuance costs	(69,146)	(101,568)
Net Cash Flows Provided by Financing Activities	2,836,217	1,420,257
Change in Cash During the Year	776,061	143,707
Cash, Beginning of Year	291,688	147,981
Cash, End of Year	\$ 1,067,749	\$ 291,688
Non-cash transactions in investing and financing activities:		
Agent warrants for share issuance costs	\$ 32,819	\$ 98,251
Shares issued for debt settlement	\$ 387,740	\$ 105,000
Shares issued for property acquisition	\$ 47,000	\$ -

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

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(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 under the symbol "SXNTF".

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 4 - Exploration and Evaluation Assets).

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 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 October 31, 2021, the Company had a deficit of \$3,538,041 (2020 - \$2,825,482) and has not generated revenue. As at October 31, 2021, the Company has cash in the amount of \$1,067,749 (2020 - \$291,688). 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 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.

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. The pandemic has not had a drastic impact on the Company's ability to carry out its business operations. Management continues to monitor the situation.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(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 periods presented.

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on February 25, 2022.

(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, 2021 and 2020

(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 stock 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 stock 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, 2021 and 2020

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (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 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, 2021 and 2020

(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, 2021.

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, 2021.

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, 2021 and 2020

(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 are 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, 2021.

(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.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

(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.

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, 2021 and 2020

(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.

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.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

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.

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Other

A number of new standards and amendments to standards and interpretations, are not yet effective for the year ended October 31, 2021, and have not been applied in preparing these financial statements. The new standards are either not applicable or are not expected to have a significant impact on the Company's financial statements.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

Exploration and evaluation assets are comprised of:

	Mon Property (a)	Hangstone Property (b)	Total
Acquisition Costs:			
Balance, October 31, 2019	\$ 117,823	\$ -	\$ 117,823
Advance royalty payment (Note 10)	26,594	-	26,594
Option payments	150,000	-	150,000
Balance, October 31, 2020	294,417	-	294,417
Advance royalty payment (Note 10)	25,904	-	25,904
Option payments	-	62,000	62,000
Balance, October 31, 2021	320,321	62,000	382,321
Exploration Costs:			
Balance, October 31, 2019	2,350,875	-	2,350,875
Additions	859,558	-	859,558
Balance, October 31, 2020	3,210,433	-	3,210,433
Additions	1,169,732	25,316	1,195,048
Balance, October 31, 2021	4,380,165	25,316	4,405,481
Grant from the Government of the Northwest Territories			
Balance, October 31, 2020 and 2021	(59,471)	-	(59,471)
Exploration and Evaluation Assets, net			
October 31, 2020	3,445,379	-	3,445,379
October 31, 2021	\$ 4,641,015	\$ 87,316	\$ 4,728,331

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

Exploration and evaluation costs were comprised of:

	Mon Property (a)	Hangstone Property (b)	Total
<i>For the year ended October 31, 2020</i>			
Administration	\$ 11,246	\$ -	\$ 11,246
Camp costs	14,012	-	14,012
Exploration advance	758,338	-	758,338
Geology and geophysics	27,147	-	27,147
License and permits	996	-	996
Storage and transport	47,500	-	47,500
Supplies	251	-	251
Travel and accommodation	68	-	68
Total	859,558	-	859,558
<i>For the year ended October 31, 2021</i>			
Administration	649,905	-	649,905
Assays and laboratory	-	316	316
Camp costs	180,692	-	180,692
Equipment	198,077	-	198,077
Exploration advance	(570,718)	-	(570,718)
Geology and geophysics	13,396	15,000	28,396
License and permits	6,070	10,000	16,070
Storage and transport	472,575	-	472,575
Supplies	138,230	-	138,230
Travel and accommodation	81,505	-	81,505
Total	\$ 1,169,732	\$ 25,316	\$ 1,195,048

(a) 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 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 and April 24, 2020. 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.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

(a) The Mon Property (continued)

Pursuant to the amendment dated April 24, 2020, the Company paid an extension fee of \$150,000 to NDM during the year ended October 31, 2020.

In order to earn an 80% interest in the Property, the Company has committed to incurring cumulative exploration expenditures of at least \$6,000,000 on the Property as follows:

- i) On or before September 30, 2020, the Company shall deposit an additional \$1,500,000 (paid) to NDM to be spent towards exploration expenditures on the Property as agreed on the last approved budget; however, if substantial progress on a new equity financing for the Property is made by that time, the parties in good faith shall agree to extend this date to October 31, 2020;
- ii) On or before April 30, 2021, the Company shall deposit to NDM the balance of funds to make the Company's total exploration expenditures in the Property equal to \$6,000,000; however, if substantial progress on a new equity financing for the Property is made by that time, the parties in good faith shall agree to extend this date to May 31, 2021.

The following summarizes the Company's exploration expenditures that qualify towards the \$6,000,000 commitment:

	<i>October 31,</i> <i>2021</i>	<i>October 31,</i> <i>2020</i>
Advanced towards or spent on exploration costs	\$ 4,380,165	\$ 3,210,433
Reclamation deposits (Note 5)	419,540	116,213
	<u>\$ 4,799,705</u>	<u>\$ 3,326,646</u>

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. 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. NDM is a private company that is 50% owned and controlled by the President and CEO of the Company.

In addition, the Property is subject to a 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 October 31, 2021, the Company has paid US\$100,000 (\$130,980) in advance royalty payments.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

(b) 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 nine 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 300,000 shares of the Company (issued), and incurring \$15,000 expenditures (incurred) on the Property upon signing the Agreement;
- ii) Paying \$20,000 in cash, issuing 400,000 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 500,000 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 500,000 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 700,000 shares of the Company, and incurring \$300,000 expenditures on the Property on or before fourth anniversary of the Agreement date; and
- vi) Incurring \$300,000 expenditures on the Property on or before fifth anniversary of the Agreement date.

As per the terms of the Agreement, the Company has the right to defer expenditures on the property for any period by one year. On October 14, 2021, the Company exercised its right to defer first year anniversary expenditures (Note 4b (ii)) of \$80,000 by one year.

5. Reclamation Deposit

As at October 31, 2021, the Company has placed security deposits of \$419,540 (2020 - \$116,213) with 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 reclamation deposits qualify as exploration expenditures towards the commitment of total \$6,000,000 exploration expenditures under the Mon Property Restated Agreement (Note 4).

6. 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, 2021 and 2020

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(b) Issued and Outstanding

As of October 31, 2021, 144,784,102 common shares (2020 – 92,000,632) were issued and outstanding.

During the year ended October 31, 2021, the Company had the following transactions:

On October 15, 2021, the Company issued 400,000 common shares with a fair value of \$26,000 for acquisition of the Hangstone Property. (Note 4b)

On September 15, 2021, the Company issued a total of 2,219,228 common shares with a fair value of \$144,250 to settle \$144,250 in accrued management and investor relations consulting fees. (Note 9)

On July 9 and August 12, 2021, the Company closed tranches of a non-brokered private placement of 33,475,410 units at \$0.065 per unit to raise gross proceeds of \$2,175,902. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at \$0.10 per common share for two years from the issue date. Certain directors and officers of the Company participated in the private placement. The securities have a hold period of four months and one day restricting resale.

In connection with this private placement, the Company paid a cash commission of \$56,341 and issued agent's compensation warrants to purchase up to 816,784 shares, exercisable at \$0.10 per common share for two years from the issue date. The fair value of agent's warrants recorded as share issuance costs was estimated at \$26,845 using the Black-Scholes pricing model assuming an expected life of 2 years, a risk-free interest rate of 0.45%-0.50% and expected volatility of 102%-107%.

On March 5, 2021, the Company closed a non-brokered private placement of 2,220,000 units at \$0.055 per unit to raise gross proceeds of \$122,100. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at \$0.08 per common share for two years from the issue date. The securities have a hold period of four months and one day restricting resale.

On February 19, 2021, the Company closed a non-brokered private placement of 7,012,286 units at \$0.055 per unit to raise gross proceeds of \$385,676. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at \$0.08 per common share for two years from the issue date. Certain directors and officers of the Company participated in the private placement. The securities have a hold period of four months and one day restricting resale.

In connection with this private placement, the Company paid a cash commission of \$7,150 and issued agent's compensation warrants to purchase up to 80,000 shares, exercisable at \$0.08 per common share for two years from the issue date. The fair value of agent's warrants recorded as share issuance costs was estimated at \$2,308 using the Black-Scholes pricing model assuming an expected life of 2 years, a risk-free interest rate of 0.23% and expected volatility of 119%.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(b) Issued and Outstanding (continued)

On January 13, 2021, the Company issued a total of 3,746,000 common shares with a fair value of \$243,490 to settle \$187,300 in accrued management and investor relations consulting fees. (Note 9)

On November 24, 2021, the Company issued 300,000 common shares with a fair value of \$21,000 for acquisition of the Hangstone Property. (Note 4b)

On November 23, 2020, the Company completed the final tranche of a non-brokered private placement of 3,410,546 units at \$0.065 per unit to raise gross proceeds of \$221,685. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at \$0.10 per common share for two years from the issue date. Certain directors and officers of the Company participated in the private placement. The securities have a hold period of four months and one day restricting resale.

In connection with this private placement, the Company paid a cash commission of \$5,655 and issued agent's compensation warrants to purchase up to 86,995 shares, exercisable at \$0.10 per common share for two years from the issue date. The fair value of agent's warrants recorded as share issuance costs was estimated at \$3,666 using the Black-Scholes pricing model assuming an expected life of 2 years, a risk-free interest rate of 0.26% and expected volatility of 136%.

During the year ended October 31, 2020, the Company had the following transactions:

On October 29, 2020, the Company completed the final tranche of a non-brokered private placement of 2,397,300 units at \$0.065 per unit to raise gross proceeds of \$155,825. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at \$0.10 per common share for two years from the issue date. Certain directors and officers of the Company participated in the private placement. The securities have a hold period of four months and one day restricting resale.

On August 21, 2020, the Company issued a total of 1,749,999 common shares with a fair value of \$105,000 to settle \$105,000 in accrued management and investor relations consulting fees.

On August 13 and July 2, 2020, the Company completed the tranches of a non-brokered private placement of 17,320,000 units at \$0.05 per unit to raise gross proceeds of \$866,000. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at \$0.075 per common share for two years from the issue date, subject to accelerated exercise provisions if the closing price of the shares is greater than \$0.15 per share for a period of at least ten consecutive trading days. Certain directors and officers of the Company participated in the private placement. The securities have a hold period of four months and one day restricting resale.

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(b) Issued and Outstanding (continued)

In connection with this private placement, the Company paid a cash commission of \$56,940 and issued agent's compensation warrants to purchase up to 1,139,600 shares, exercisable at \$0.075 per common share for two years from the issue date. The fair value of 919,600 agent's warrants recorded as share issuance costs was estimated at \$51,115 using the Black-Scholes pricing model assuming an expected life of 2 years, a risk-free interest rate of 0.28% and expected volatility of 142%. The fair value of 220,000 agent's warrants recorded as share issuance costs was estimated at \$5,739 using the Black-Scholes pricing model assuming an expected life of 2 years, risk-free interest rate of 0.26% and expected volatility of 120%.

On August 11, 2020, the Company completed a non-brokered private placement of 10,000,000 units at \$0.05 per unit to raise gross proceeds of \$500,000. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at \$0.075 per common share for three years from the issue date. The securities have a hold period of four months and one day restricting resale.

In connection with this private placement, the Company paid a cash commission of \$40,000 and issued agent's compensation warrants to purchase up to 800,000 shares, exercisable at \$0.075 per common share for three years from the issue date. The fair value of the agent's warrants was estimated at \$41,397 and recorded as share issuance costs. The fair value of the agent's warrants was estimated using the Black-Scholes pricing model assuming an expected life of 3 years, risk-free interest rate of 0.28% and expected volatility of 132%.

(c) Warrants

A summary of the Company's outstanding warrants at October 31, 2021 and October 31, 2020, and the changes for the years then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, October 31, 2019	14,950,000	\$0.16	1.24
Issued for private placements	29,717,300	\$0.06	2.11
Issued for brokers' warrants	1,939,600	\$0.04	1.67
Expired warrants	(4,930,000)	\$0.24	-
Balance, October 31, 2020	41,676,900	\$0.09	1.77
Issued for private placements	46,118,242	\$0.10	1.59
Issued for brokers' warrants	983,779	\$0.10	1.67
Expired warrants	(3,660,000)	\$0.15	-
Balance, October 31, 2021	85,118,921	\$0.09	1.51

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(c) Warrants (continued)

As of October 31, 2021, the outstanding warrants are as follows:

Number of Warrants	Exercise Price	Expiry Date
3,520,000	\$0.075	July 2, 2022
14,939,600	\$0.075	August 13, 2022
2,397,300	\$0.10	October 29, 2022
3,497,541	\$0.10	November 23, 2022
7,092,286	\$0.08	February 19, 2023
2,220,000	\$0.08	March 5, 2023
22,105,150	\$0.10	July 9, 2023
10,800,000	\$0.075	August 11, 2023
12,187,044	\$0.10	August 12, 2023
6,360,000 ⁽¹⁾	\$0.10	August 30, 2024
85,118,921		

⁽¹⁾ Expiry date extended from August 30, 2021 to August 30, 2024

(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 of 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, 2021 and 2020, and the changes for the years then ended is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, October 31, 2019	4,080,000	\$ 0.14	3.75
Options granted	2,500,000	\$ 0.08	4.71
Options cancelled/forfeited	(30,000)	\$ 0.17	-
Balance, October 31, 2020	6,550,000	\$ 0.12	3.36
Options granted	1,550,000	\$ 0.10	4.07
Options cancelled/forfeited	(450,000)	\$ 0.12	-
Balance, October 31, 2021	7,650,000	\$ 0.12	2.85

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(d) Stock Options (continued)

During the year ended October 31, 2021, the Company recorded a share-based payment of \$75,654 (2020 - \$111,894) for options vested on the statement of comprehensive loss.

On August 31, 2021, the Company granted 1,250,000 options to directors and officers of the Company. These options have an exercise price of \$0.10 per share and expire on August 31, 2026. The fair value of the stock options was estimated at \$70,295, using the Black-Scholes pricing model assuming risk-free interest rate of 0.87%, expected life of 5 years and expected volatility of 123%.

On September 22, 2021, the Company granted 300,000 options to consultants of the Company. These options have an exercise price of \$0.10 per share and expire on September 22, 2022. The fair value of the stock options was estimated at \$1,589, using the Black-Scholes pricing model assuming risk-free interest rate of 0.26%, expected life of 1 year and expected volatility of 61%.

Stock Options Granted During the Year Ended October 31, 2020:

On September 21, 2020, the Company granted 300,000 options to a consultant of the Company. These options have an exercise price of \$0.10 per share and expire on September 21, 2021. The fair value of the stock options was estimated at \$5,027, using the Black-Scholes pricing model assuming risk-free interest rate of 0.22%, expected life of 1 year and expected volatility of 136%.

On August 24, 2020, the Company granted 2,200,000 options to directors and officers of the Company. These options have an exercise price of \$0.08 per share and expire on August 24, 2025. The fair value of the stock options was estimated at \$110,637, using the Black-Scholes pricing model assuming risk-free interest rate of 0.35%, expected life of 5 years and expected volatility of 131%.

During the year ended October 31, 2020, the Company cancelled 30,000 options that were previously granted to a consultant of the Company.

As of October 31, 2021, the outstanding and exercisable options are as follows:

Number of Outstanding Options	Number of Exercisable Options	Exercise Price	Expiry Date
300,000	300,000	\$0.10	September 22, 2022
1,850,000	1,850,000	\$0.15	April 17, 2023
1,025,000	1,025,000	\$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
2,200,000	2,200,000	\$0.08	August 24, 2025
1,250,000	1,250,000	\$0.10	August 31, 2026
7,650,000	7,650,000		

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(e) Broker Options

A summary of the Company's outstanding broker options at October 31, 2021 and October 31, 2020, and the changes for the years then ended is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, October 31, 2019	632,000	\$ 0.09	1.16
Balance, October 31, 2020	632,000	\$ 0.09	0.16
Options expired	(632,000)	\$ 0.09	-
Balance, October 31, 2021	-	-	-

As of October 31, 2021, there were no outstanding and exercisable broker options.

(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 July 31, 2021, there were no escrow shares outstanding (2020 – 1,245,000).

7. General and Administration

	Year ended October 31,	
	2021	2020
Foreign exchange	\$ 225	\$ -
Insurance	10,275	10,612
Interest and bank charges	4,526	4,818
Office expense	10,584	4,136
Meals and entertainment	332	710
Rent	-	4,226
	\$ 25,942	\$ 24,502

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

8. Investor Relations

	Year ended October 31,	
	2021	2020
Marketing and communication	\$ 130,098	\$ 106,046
Consulting fees	123,073	56,000
Annual general meeting	2,425	1,110
Shows and conferences	-	1,154
	<u>\$ 255,596</u>	<u>\$ 164,310</u>

9. 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, 2021, the Company incurred the following key management compensation charges:

	Year ended October 31,	
	2021	2020
Management fees		
Company controlled by the VP Corporate Development (former President & CEO)	\$ 60,000	\$ 60,000
Director and CFO	60,000	60,000
Company controlled by the President & CEO	60,000	60,000
	<u>180,000</u>	<u>180,000</u>
Investor relations consulting fee		
Director (former President & CEO)	20,000	51,000
	<u>\$ 200,000</u>	<u>\$ 231,000</u>

During the year ended October 31, 2021, the Company incurred the following exploration and evaluation assets expenditures with related parties:

- The Company paid \$25,904 (US \$20,000) (2020 - \$26,594) in annual advance royalty payments to Giauque Holdings Ltd ("Giauque"), a company controlled by the President & CEO.
- The Company paid \$105,696 (2020 - \$10,700) in Mon Property exploration expenditures to DRW Geological Consultants Ltd. ("DRW"), a company controlled by the President & CEO.
- The Company paid \$96,315 (2020 - \$2,817) in administration fee for Mon Property exploration expenditures to New Discovery Mines Ltd. ("NDM"), a company 50% owned by the President & CEO.

During the year ended October 31, 2020, the Company recorded share-based payments of \$70,295 for options granted to directors and officers of the Company. (2020 - \$110,637).

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

9. Related Party Transactions and Balance (continued)

Related Party Balance

As at October 31, 2021, accounts payable and accrued liabilities include \$30,000 (2020 - \$151,000) payable to directors, officers, and companies controlled by directors and officers for accrued fees.

Other Transactions

During the year ended October 31, 2021:

Fees of \$90,000 to the Vice-President, Corporate Development were settled by the issuance of 1,615,384 common shares. (Note 6b)

Fees of \$90,000 to the Chief Financial Officer were settled by the issuance of 1,615,384 common shares. (Note 6b)

Fees of \$51,000 to a director and former President & CEO were settled by issuance of 946,153 common shares. (Note 6b)

Fees of \$92,300 to the President & CEO were settled by issuance of 1,661,384 common shares. (Note 6b)

The common shares issued to settle liabilities with the related parties were recorded at a fair value of \$323,300. The \$56,190 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.

During the year ended October 31, 2020:

Fees of \$30,000 to the Vice-President, Corporate Development were settled by the issuance of 500,000 common shares. (Note 6b)

Fees of \$30,000 to the Chief Financial Officer were settled by the issuance of 500,000 common shares. (Note 6b)

Fees of \$25,000 to a director and former President & CEO were settled by issuance of 416,666 common shares. (Note 6b)

Fees of \$20,000 to the President & CEO were settled by issuance of 333,333 common shares. (Note 6b)

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, 2021 and 2020

(Expressed in Canadian Dollars)

10. Commitments

- (a) Pursuant to the Restated Agreement 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. (Note 4)
- (b) Pursuant to the Restated Agreement, and amended agreements between the Company and NDM for the acquisition of the Mon Property, the Company has to deposit \$1,500,000 (deposited) to NDM on or before September 30, 2020 (extendable to October 31, 2020) to be spent on the Mon Property. The Company has to deposit on or before April 30, 2021 the balance of funds to make the Company's total exploration expenditures on the Property equal to \$6,000,000 (extendable to May 31, 2021). As of October 31, 2021, the Company has incurred \$4,799,705 in eligible exploration expenditure on the Mon Property. (Note 4 and 5)

11. Income Tax

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

	Year ended October 31,	
	2021	2020
Loss before income taxes	\$ (712,559)	\$ (618,896)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(192,391)	(167,102)
Permanent and other differences	(20,865)	(4,630)
Change in valuation allowance	213,256	171,732
Income tax expense	\$ -	\$ -

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

	October 31, 2021	October 31, 2020
Non-capital loss carry-forwards	\$ 882,894	\$ 666,776
Exploration and evaluation assets	(59,932)	(73,738)
Share issuance costs	86,987	103,654
	909,949	696,693
Less: Unrecognized deferred tax assets	(909,949)	(696,693)
Income tax expense	\$ -	\$ -

SIXTY NORTH GOLD MINING LTD.

Notes to the Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

11. Income Tax (continued)

As at October 31, 2021, the Company has available non-capital losses of approximately \$3,270,000 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
2040		683,000
2041		800,000
	\$	<u>3,270,000</u>

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:

Financial Instrument	Category	October 31, 2021	October 31, 2020
Cash	FVTPL	\$ 1,067,749	\$ 291,688
Accounts payable	Amortized cost	\$ 16,715	\$ 44,949

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.

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12. Financial Instruments and Risks (continued)

Fair Values and Classification (continued)

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.

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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.

14. Subsequent Events

On November 3, 2021, the Company made the first anniversary payment of \$20,000 for the Hangstone Property. (Note 4)

On December 7, 2021, the Company made the annual royalty payment of \$25,552 (USD 20,000) to Giauque Holdings Ltd. due on January 30, 2022. (Note 4 & 10)

The Company advanced \$620,000 for exploration expenditures on the Mon Property, bringing the total eligible exploration expenditures to \$5,419,706. (Note 4 & 10)