

# **55 North Mining Inc.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OF THE COMPANY'S FINANCIAL CONDITION**

**AND RESULTS OF OPERATIONS**

**FOR THE THREE AND NINE MONTHS ENDED**

**SEPTEMBER 30, 2020**

## 55 North Mining Inc. - Management Discussion & Analysis

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The following management discussion and analysis of the financial condition and results of operations of 55 North Mining Inc. (the “Company”) is prepared and reported as at September 30, 2020 and should be read in conjunction with the Company’s unaudited financial statements and notes thereto for the three and nine months ended September 30, 2020 as well as the Company’s audited financial statements and notes thereto for the year ending December 31, 2019.

The information provided herein is given as of November 30, 2020 unless otherwise indicated.

### **FORWARD LOOKING STATEMENT**

This management discussion and analysis contains “forward-looking statements” which reflect management’s expectations regarding the Company’s future growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements may include, but are not limited to, statements with respect to the future financial or operating performance of the Company and its projects, the future price of gold or other metal prices, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; fluctuations in currency exchange rates; changes in project parameters as plans continue to be refined; changes in labour costs; future prices of gold or other metal prices; possible variations of mineral grade; accidents, hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; and actual results of reclamation activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this management discussion and analysis and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **BUSINESS ENVIRONMENT and OUTLOOK**

Beginning in the first quarter of 2020, the outbreak of the novel strain of coronavirus (“COVID-19”), has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Management has experienced a slow-down in the ability to transact business as a result of the self-isolating measures. Government has reacted with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Company in future periods.

Due to recent weak capital markets for junior mineral exploration companies, Management with the support of the Board of Directors has reduced operations to conserve capital. This involves the curtailment of exploration activities and the reduction of administrative overheads to an absolute minimum until such time that the capital markets are more supportive of junior exploration projects.

The Company will need to raise additional working capital, as it does not have sufficient working capital to fund its ongoing operations. In the current financial environment, there is a risk that the Company will be unable to raise sufficient funds, thus jeopardizing the Company's ability to continue as a going-concern.

Management believes that going forward, subject to economic conditions, finances and the availability of equity financing, the longer-term prospects for the Corporation should remain positive. It is the intention of the

# 55 North Mining Inc. - Management Discussion & Analysis

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Company to continue exploration activities on its mineral properties going forward. When opportunities present themselves, the Company will seriously evaluate the acquisition of additional mineral.

## OVERVIEW OF THE BUSINESS

55 North Mining Inc., a company incorporated under the Canada Business Corporation Act, and its wholly-owned subsidiary (collectively “55 North” or the “Company”) are engaged in the acquisition, exploration, development and extraction of natural resources, specifically precious metals. The Company’s corporate head office is located at 401 Bay Street, Suite 2702, Toronto ON M5H 2Y4. The registered office of the Company is MLT Aikins LLP, 30th Floor, 360 Main Street, Winnipeg, MB R3C 4G1. The Company is a reporting issuer, as defined in corporate law, and its shares are not currently listed for trading on any stock exchange.

On September 2, 2020, 2552883 Ontario Inc. (“Ontario Inc.”) and 55 North completed a reverse takeover transaction pursuant to which 55 North acquired all the issued and outstanding shares of Ontario Inc.. Ontario Inc. then amalgamated with a wholly-owned subsidiary of 55 North and continued as one company, 55 North Mining Operations Inc. Upon completion of the reverse takeover transaction, the shareholders of Ontario Inc. obtained control of the consolidated entity. Under the purchase method of accounting, Ontario Inc. was identified as the acquirer, and accordingly the entity is considered to be a continuation of Ontario Inc. with the net assets of the Company at the date of the reverse takeover transaction deemed to have been acquired by Ontario Inc. The consolidated condensed interim financial statements for the 3 month and 9 month periods ended September 30, 2020 include the results of operations of 55 North from January 1, 2020 to September 2, 2020, the date of the reverse takeover transaction. The comparative figures are those of Ontario Inc.

Ontario Inc. was originally set up as a means to access funds needed by 55 North which was unable to raise equity as a result of being cease-traded by various Canadian securities commissions. The intention was to eventually merge the two companies. This was achieved in September 2020.

On June 29, 2020, 55 North announced that it entered into a binding letter of intent (“LOI”) with the Company whereby the two companies will enter into a business combination whereby the shareholders of the Company will become shareholders of 55 North. This transaction was approved by 55 North shareholders at a meeting held on August 10, 2020. The Company’s shareholders approved of this business combination by way of a consent resolution effective August 4, 2020.

On September 2, 2020, the Company completed the previously announced amalgamation with 55 North. In accordance with the terms of the amalgamation agreement, 55 North acquired all of the issued and outstanding common shares of the Company on the basis of one share issued for each Company share outstanding immediately prior to the amalgamation. As a result, 70,493,217 Post-Consolidation Shares were issued giving the shareholders of the Company control of approximately 89.99 % of the issued and outstanding share capital of the merged entity as at the effective date of the amalgamation.

On September 5, 2017, the Company signed an option agreement with Peter Dunlop to option the Last Hope Project near Lynn Lake, Manitoba. On signing, the Company paid \$65,000 and issued 1,500,000 common shares.

The Company committed to incur an aggregate of at least \$250,000 per year for the four years following the execution of this agreement to an aggregate of \$1,000,000 and make additional option payments as follows:

- September 5, 2018: \$65,000 and an additional 1,500,000 common shares;
- September 5, 2019: \$65,000;
- September 5, 2020: \$65,000; and
- September 5, 2021: \$3,000,000.

On November 4, 2019, an amendment was signed whereby the September 5, 2021 payment was changed to \$100,000 and the \$3,000,000 payment deferred to September 5, 2022.

The Last Hope Project bears a 2% net smelter returns royalty.

## MINERAL RESOURCES and MINERAL RESERVES

### The Last Hope Gold Project

#### Property Location and Details

The Last Hope Property is located approximately 23 km south-east of the town of Lynn Lake in northern Manitoba, Canada. The Property is approximately centered at latitude 387,000 E and longitude 6,283,000 N and is located approximately 810 km northwest of Manitoba’s capital and largest city, Winnipeg.

## 55 North Mining Inc. - Management Discussion & Analysis

The Last Hope Property consists of 15 non surveyed claims covering an area of 3,513 ha as per the following figure and table. Claims are crown grants and include surface access. All claims have been located by physical staking as per The Mines and Minerals Act of Manitoba.

LAST HOPE PROPERTY CLAIMS						
Name	Number	Type	Area (ha)	Granted	Expires	Annual Amount Due
Last Hope 14	P9479E	Claim	195	28/06/1988	27/08/2024	\$4,875
Last Hope 1	P8881E	Claim	256	27/01/1986	28/03/2029	\$6,400
Last Hope 4	W45575	Claim	256	19/07/1982	17/09/2024	\$6,400
Last Hope 2	P8880E	Claim	256	27/01/1986	28/03/2026	\$6,400
Last Hope 10	P6994E	Claim	256	21/12/1987	19/02/2025	\$6,400
Last Hope 8	W45579	Claim	256	16/07/1982	09/14/2024	\$6,400
Last Hope 5	W45576	Claim	256	16/07/1982	14/09/2024	\$6,400
	CB9043	Claim	259	13/03/1978	12/05/2040	\$6,475
Last Hope 12	P9477E	Claim	256	28/06/1988	27/08/2024	\$6,400
Last Hope 11	P9478E	Claim	256	28/06/1988	27/08/2024	\$6,400
Last Hope 6	W45577	Claim	256	16/07/1982	14/09/2030	\$6,400
Last Hope 9	W45580	Claim	112	16/07/1982	14/09/2024	\$2,800
Last Hope 13	P9476E	Claim	131	28/06/1988	27/08/2024	\$3,275
Last Hope 3	P8879E	Claim	256	27/01/1986	28/03/2026	\$6,400
Last Hope 7	W45578	Claim	256	16/07/1982	14/09/2030	\$6,400
<b>Total</b>		<b>15 Claims</b>	<b>3,513</b>			<b>\$87,825</b>

The Company has an option to earn a 100% interest in the claims comprising the property held by Peter C. Dunlop. The option was signed on September 5, 2017 and amended on November 4, 2019. In order to acquire 100% interest in the Last Hope Property, the Company agreed to the following schedule: It paid Mr. Dunlop \$65,000 and 1.5 million shares upon the Execution Date of the Option Agreement (Sept. 5, 2017) and on the first anniversary of the Execution Date (September 5, 2018). A further \$65,000 was paid on the second (September 5, 2019) and third anniversary (September 5, 2020) of the Execution Date, and \$100,000 will be paid on the fourth anniversary (September 5, 2021). \$3,000,000 must be paid on the fifth anniversary of the Execution Date (September 5, 2022). The Company agreed to incur exploration expenditures of \$250,000 per year in the four years following the Execution Date, to an aggregate of \$1,000,000, with exploration expenditures in any year exceeding \$250,000 to be applied to the following years. The Company is up to date on all option payments, and has satisfied fully the exploration expense requirements, i.e. the full \$1,000,000 has already been spent.

The option to acquire a 100% interest in the property is subject to a 2% royalty. The Company has the right, any time prior to the commencement of commercial production, to acquire up to half (1%) of the net smelter return royalty upon payment of \$500,000 for each 0.5% of the royalty purchased.

There is no known environmental liability existing on the Last Hope property.

### **Property Infrastructure**

The Last Hope Property is located approximately 23 km southeast of the mining town of Lynn Lake and is accessed by an all-weather gravel road, the Burnt Timber Mine road, to the mine site and subsequently an 8 km winter road from the Burnt Timber mine to the Property. Highways 6 and 391 connect Lynn Lake to Winnipeg and the Trans Canada Highway. Lynn Lake is also connected by railway which extends south to the

## 55 North Mining Inc. - Management Discussion & Analysis

Pas, Manitoba, and from there, to the rest of Canada. Lynn Lake Airport (YYL) has a 5,000 ft. paved runway that can land commercial jet aircraft.

Lynn Lake (population of 800) has a hospital, hotel and general store, and was founded to service Sherritt Gordon's nickel discovery in 1950.

Historically, drilling has been conducted year-round with warm weather drilling assisted by helicopter.

Water is abundant in nearby lakes and rivers. Hydroelectric power is available in the town of Lynn Lake. Manitoba has a long history of mining with world class mining centres in Flin Flon and Thompson Manitoba.

### History

Gold was first discovered at Last Hope in 1937. The following table outlines historical work done on the property:

HISTORICAL EXPLORATION ON THE LAST HOPE PROPERTY		
Year	Company	Exploration
1937	R. Madole	Last Hope area staked.
1939	Sheritt Gordon Mines Ltd.	59 hole drill program totalling 3,129 m.
1978	W.B Dunlop Limited NPL	Last Hope area re-staked.
1986	Balcor Resources Corp.	Calculated a historic mineral resource on the property that predates NI 43-101. Identified two shallow plunging ore shoots within a steep, tabular quartz vein averaging 1.5 m in width.
2012	Carlisle Goldfields	27 hole DD program totalling 2012. Based on this, and 204 historic drill holes, a NI 43-101 compliant resource estimate was prepared in September 2017 (at a 2.0 g/t cut-off: Indicated: 201,000 tonnes @ 5.75 g/t for 37,000 ozs, Inferred: 1,067,000 tonnes @ 5.29 g/t for 182,000 ozs.
2017-2020	2552883 Ontario Inc.	68 line km of IP survey

In August 2020, the shareholders of 55 North and 2552883 Ontario Inc. voted to amalgamate under the name of 55 North, whereby 55 North effectively acquired the Last Hope Gold project.

Selected drill results from historic drilling are presented below:

Hole-ID	From (M)	To (M)	Length (M)	Au g/t
87-DDH-105	120.67	122.41	1.74	79.44
SG-03	25.79	27.55	1.76	55.59
87-DDH-094	91.17	93.42	2.25	38.54
SG-01	26.43	29.75	3.32	26.66
SG-26	49.99	53.74	3.75	23.63
87-DDH-068	50.87	55.75	4.88	22.65
87-DDH-140	231.19	234.3	3.11	19.49
87-DDH-067	24.93	26.85	1.92	17.33
SG-27	24.81	27.61	2.80	15.93
88-DDH-189	268.93	276.15	7.22	14.76

## Regional Geology

The Last Hope Property is located within the Churchill Structural Province of the Canadian Shield, lying within the southern portion of the Lynn Lake Greenstone Belt (see figures below). It consists of tholeiitic to calc-alkaline mafic volcanic and volcanoclastic rocks with minor rhyolite and dacite (Jones, et. al. 2005).

The Lynn Lake Greenstone Belt, comprised of the North and older South Belts, is part of a larger litho-structural unit which extends in a north-easterly direction from the La Ronge Greenstone Belt in Saskatchewan. The rocks in the South Belt consist of lens-shaped volcanic and sedimentary units which have been interpreted as representing overlapping edifices with flanking aprons of volcanoclastic rocks (Gilbert et al. 1980). This linear feature has been termed the 'Johnson Trend'. The former Burnt Timber open pit deposit (Au) is contained within this trend.

Structurally, the most significant feature in the South Belt is the east-west trending Johnson Shear Zone ("JSZ"), a wide zone of intense brittle-ductile deformation, characterized by faulting, shearing, mylonization and associated silica and carbonate alteration and sporadic gold mineralization. The JSZ is host to at least 26 gold prospects and showings over a 44 km strike length.

The North Belt is a north-facing homocline and consists of rhyolite, overlain by andesite and basalt, sedimentary rocks and an upper basaltic unit. The upper basalts include high alumina and subordinate high magnesia tholeiites. Both the MacLellan deposit (Au, Ag) and the Farley Lake deposit (Au) are located within this belt occurring in a metalotect termed the 'Rainbow Trend'.

## Property Geology

The Last Hope Property (see figure below) is underlain by a west-northwest-striking layered succession. From south to north, this succession is comprised of quartz-feldspar porphyry, mafic tuff, quartzite, mudstone, magnetite-bearing quartzite and feldspathic quartzite (see figure below). The deposit consists of two shallow plunging ore shoots within a steep, tabular quartz vein that averages 1.5 m in width.

Two parallel quartz veins cut the quartzite, the South Vein and the Mandole Vein, both hosting gold bearing sulphide mineralization while the North Vein is barren.

## Mineralization

The Mandole Vein outcrops for approximately 225 m and strikes northwest, dips 80 degrees southwest and fills a fracture in thinly bedded impure quartzite. The wall rocks around the veins are altered for approximately 2.5 cm. The north boundary of the vein is a felsite dyke and is schistose at the contact. The south boundary is a hornblende schist and cherty feldspathic quartzite. Minor amounts of chlorite are present.

The Mandole Vein is 0.3 to 1.2 m wide and can be divided into two units:

- A southern white massive quartz unit; and
- A northern grey aphanitic, siliceous unit with disseminated grains and stringers of pyrite and trace chalcopyrite.

The average sulphide content of the south vein is 5% (local variation up to 15%). The best gold values are found in the highly altered, quartz-pyrite rich footwall of a fault which lies on the periphery of an intrusive. The Johnson Shear Zone, host to at least 26 gold prospects over a 44 km strike length, lies approximately 10 km to the north.

The Last Hope Deposit can be classified as a mesothermal lode gold deposit in a Proterozoic setting. Mesothermal lode gold deposits typically occur in metamorphosed, supracrustal rocks, most commonly in tholeiitic basalts and komatiites but also in felsic volcanic rocks. Discrete veins occur in deformation zones in greenschist metamorphic domains where brittle or brittle-ductile fracturing is dominant. Veins are emplaced in cross-cutting or layer-parallel shear zones, extensional zones and more rarely in saddle reefs (Klien and Day, 1994). Gold is associated with disseminated sulphide minerals. Gold-bearing sulphide minerals are controlled by minor fractures, and occur in irregular patches in quartz, in the wall rock adjacent to the vein, or as disseminations or replacements in zones of highly altered and deformed rocks. Ore bodies tend to be tabular or rod-shaped formed by persistent or discontinuous veins and irregular bodies of gold bearing quartz. Quartz veins are typically surrounded by haloes of silicification and carbonate minerals.

## **Mineral Resources and Mineral Reserves**

<b>MINERAL RESOURCE ESTIMATE FOR LAST HOPE PROPERTY AT 2.0 G/T AU CUT-OFF <sup>(1-4)</sup></b>			
<b>Classification</b>	<b>Tonnes</b>	<b>Au g/t</b>	<b>Au oz</b>
Indicated	201,000	5.75	37,000
Inferred	1,067,000	5.29	182,000

- (1) *Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
- (2) *The Inferred Mineral Resource in this estimate has a lower level of confidence that that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.*
- (3) *The Mineral Resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.*
- (4) *The Mineral Resource Estimate is based on 219 drill holes of which 15 holes were drilled in 2012 and 204 holes were historical diamond drill holes. The core from this historical drilling remains intact at the Property and was partially re-assayed in 2012.*

The Indicated Mineral Resource category was justified for blocks interpolated by pass one which was using at least four composites from a minimum of two drill holes within a spacing of 25m on strike, 20m down dip and 10m across dip. Inferred resources were categorized by passes 2 to 4 on all remaining grade populated blocks.

### **Last Hope's Proximity to Alamos Gold's Lynn Lake Gold Project**

Last Hope is located approximately 20 km directly south of Lynn Lake's proposed plant location, well within economic trucking distance, and could present an opportunity to blend in Last Hope's higher grade material to enhance project economics (Last Hope M&I grade = 6.75 g/t versus Lynn Lake's P&P grade of 1.83 g/t). Alamos Gold Lynn Lake Project's 2018 Feasibility Study stipulated a Proven and Probable reserve estimate which was since updated to 31.9Mt @ 1.83 g/t for 1.88M ozs, and proposed a 7,000 tpd conventional open pit CIP mining/milling operation. Alamos Gold's Lynn Lake Gold Project is currently in the permitting stage with ongoing exploration on the property.

### **Exploration Upside**

#### **Existing Resource Drill Targets**

The Company plans to expand the high grade portions of the current resource by drilling the down-plunge extensions of high-grade shoots. Also, the Company plans to conduct infill drilling to upgrade and expand the existing resources.

#### **Parallel Structure Drill Targets**

In the summer of 2020, the previous owner, 2552883 Ontario Inc., completed a 68 line-kilometre Induced Polarization survey which identified 2 potential parallel structures to the east of the current resource estimate, similar to that hosting the current resource. These two parallel structures, each with a strike length of 3.4 km, were indicated by strong geophysical anomalies coinciding with soil geochemical highs as indicated in the figure below. The Company plans to drill each of these two parallel potentially mineralized structures - this represents an opportunity to ultimately significantly increase the current resource estimate.

## **MINING OPERATIONS**

The Corporation has no mining operations.

## OVERALL PERFORMANCE

### RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

#### Analysis of the periods ended September 30, 2020 compared to the periods ended September 30, 2019

As the Company is in the exploration phase and its property is in the early stage of exploration and not in production. Therefore, mineral exploration expenditures are not capitalized and losses are incurred as a result of exploration expenditures and administrative expenses relating to the operation of the Company's business. Consequently, the Company's net income is not a meaningful indicator of its performance or potential. The key performance driver for the Company is the acquisition, exploration, and development of prospective mineral properties. By acquiring and exploring projects of superior technical merit, the Company increases the probability of finding and developing economic mineral deposits.

At this time the Company is not anticipating profit from operations in the near future. Until such time as the Company is able to realize profits from the production and marketing of commodities from its properties, the Company will report a deficit and will rely on its ability to obtain equity or debt financing to fund ongoing operations. Additional financing is required for new exploration and promotional initiatives. Due to the nature of the junior mineral exploration industry, the Company will have a continuous need to secure additional funds through the issuance of equity or debt in order to support its corporate and exploration activities, as well as its obligations relating to its properties.

For the three and nine months ended September 30, 2020, the Company reported losses of \$1,255,864 and \$1,501,395, respectively, compared to a loss of \$178,796 for the three months ended September 30, 2019 and a loss of \$179,004 for the nine months ended September 30, 2019.

The Company did not undertake any significant exploration activities during 2019 or the first nine months of 2020. For the past three and a half years, Management has focused on administrative and organizational "clean up". With the raising capital in September 2020 and the fourth quarter of 2020, the Company, being well equipped to begin exploration activities, started a drill program at its Last Hope property.

During 2020, Management has worked to secure financing, complete its RTO and get the Company's shares listed on the Canadian Securities Exchange. Management is well along this path and expects to be publicly-listed shortly. These efforts are reflected in the increase of Management and consulting expenditures for the three and nine months ended September 30, 2020 of \$87,878 and \$227,878, respectively compared to \$51,200 for each of the three and nine months ended September 30, 2019 as well as \$228,350 of promotion and shareholder communications expenditures in the third quarter of 2020. Reflective of this activity, professional fees for the three and nine months ended September 30, 2020 were \$20,240 and \$63,195 with \$Nil in the first nine months of 2019. The results of the third quarter of 2020 include \$835,505 in Listing Costs, reflective of the accounting cost of the RTO.

### SUMMARY OF QUARTERLY RESULTS

The following are the results for the below noted quarters:

	Q3 2020	Q2 2020	Q1 2020	Q4 2019
General administrative expenses	13,891	1,587	24,182	76,492
Acquisition costs	---	---	---	---
Project expenditures	5,000	15,940	56,563	50,116
Net loss	1,228,402	84,708	168,072	211,591
Loss per share	0.00	0.00	0.00	0.00
	Q3 2019	Q2 2019	Q1 2019	Q4 2018
General administrative expenses	15,346	57	151	(5,249)
Acquisition costs	65,000	---	---	---
Project expenditures	---	---	---	(82,346)
Net loss	131,646	5,040	4,943	85,105
Loss per share	0.03	0.00	0.00	0.00

The pace of development of its properties will determine how quickly the Company expends its working capital and how long it will take before the Company requires additional working capital. The ability of the Company to access new working capital through additional financings could be adversely affected by many factors



## 55 North Mining Inc. - Management Discussion & Analysis

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including a downturn in mineral prices, a general economic downturn, poor results from exploration programs on its properties and a variety of other factors.

### FINANCING ACTIVITIES AND CAPITAL RESOURCES

The Company is in the exploration stage and therefore has no regular cash inflows. As at September 30, 2020, the Company had a cash balance of \$1,595,298 a working capital of \$649,208 (December 31, 2019 – a cash balance of \$478,139 and working capital of \$336,198).

On September 24, 2020, the Company closed a private placement for gross proceeds of \$1,403,416. On October 16, 2020, the Company announced that it closed the second tranche of a non-brokered private placement for gross proceeds of \$836,000. On November 12, 2020 the Company announced that it closed the third tranche of a non-brokered private placement for gross proceeds of \$1,386,920.

### FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, receivables, loan receivable, accounts payable and accrued liabilities and loan payable.

#### (a) Risk management and hedging activities

In the normal course of operations the Company is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The company does not meaningfully participate in the use of financial instruments to control these risks. The company has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

##### (i) Currency risk

The company does not hold any assets or liabilities denominated in a foreign currency.

##### (ii) Price risk

The company is exposed to price risk with respect to commodity prices. As the company is not a producing entity, this risk does not currently affect earnings, however, the risk could affect the completion of future equity transactions. The company monitors commodity prices of precious metals and the stock market to determine the timing, nature and extent of equity transactions.

##### (iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the entity. The company is exposed to credit risk on cash, trade receivables and other receivables. Cash is held with an established Canadian financial institution and the company's other receivables are from Canadian government entities, from which management believes the risk of loss to be remote. The company does not have any derivatives or similar instruments that mitigate the maximum exposure to credit risk.

##### (iv) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. Management monitors the company's liquidity by assessing forecast and actual cash flows and by maintaining adequate cash on hand. It is management's opinion that it is unlikely that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. As at September 30, 2020, the Company had working capital in the amount of \$649,208.

##### (v) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's promissory note agreement fixes interest at 5% per annum and accordingly is not subject to cash flow interest rate risk due to changes in the market rate of interest. Changes in future interest rates could however affect the carrying value of the debt and result in a non-cash adjustment to earnings.

#### (b) Fair values, carrying amounts and changes in fair value

The fair values of the Company's financial instruments approximate their carrying value due to their short-term nature. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of judgment. The methods and assumptions used to develop fair value measurements, for those financial

## 55 North Mining Inc. - Management Discussion & Analysis

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instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy in Canadian generally accepted accounting principles.

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

At September 30, 2020 and December 31, 2019, the Company's financial instruments were classified as Level 1 except for investments which was classified as Level 2.

### (c) Collateral

The carrying value of financial assets the Company has pledged as collateral as at September 30, 2020 and December 31, 2019 is \$Nil.

## **RISK FACTORS**

The business of the Company is subject to a number of risks and uncertainties that may impact the business of the Company. A summary of the risk factors that may affect the Company is set forth below.

### **COMPETITION FOR MINERAL DEPOSITS**

The mineral exploration and mining industry is competitive in all phases of exploration, development and production. The Company competes with a number of other entities and individuals in the exploration of search for and the acquisition of attractive mineral properties. As a result of this competition, much of which is with entities with greater financial resources than the Company, the Company may not be able to obtain funding for its exploration projects, obtain and maintain the necessary resources to carry out such exploration or acquire attractive properties in the future on terms it considers acceptable. The Company competes with other resource companies, many of whom have greater financial resources and/or more advanced properties that are better able to attract equity investment and other capital.

### **RESOURCE EXPLORATION AND DEVELOPMENT INVOLVES A HIGH DEGREE OF RISK**

Resource exploration and development is a speculative business and involves a high degree of risk. There is no known body of commercial ore on any of the properties of the Company. There is no certainty that any expenditure made by the Company in the exploration of any of its properties or otherwise will result in discoveries of commercial quantities of minerals. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company.

### **LAG TIME BETWEEN DISCOVERY AND PRODUCTION OF MINERAL RESOURCES**

The Company is unable to predict the amount of time which may elapse between the date when any new mineral resource may be discovered and the date when production, if any, will commence from any such discovery.

### **INFRASTRUCTURE REQUIREMENTS**

Exploration and development of mineral properties depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial conditions and results of operations.

### **TITLE TO THE COMPANY'S PROPERTIES OR INTEREST MAY BE DISPUTED**

Title to and the area of resource concessions may be disputed. There is no guarantee of title to any of the Company's properties. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

### **SURFACE ACCESS RIGHTS**

The Company does not have surface access rights to all of its mineral properties and will be required to obtain all necessary permits prior to carrying out any exploration activities on certain of its properties. According, the Company may be unable to access certain of its properties and related mineral exploration claims to carry out its proposed exploration activities.

## **ABORIGINAL LAND CLAIMS AND ABORIGINAL RIGHTS**

The mineral properties of the Company may in the future be the subject of aboriginal peoples' land claims or aboriginal rights claims. The legal basis of an aboriginal land claim and aboriginal rights is a matter of considerable legal complexity and the impact of the assertion of such a claim, or the possible effect of a settlement of such claim upon the Company cannot be predicted with any degree of certainty at this time.

## **ADDITIONAL FUNDS FOR FUTURE EXPLORATION AND DEVELOPMENT, DILUTION**

As a mineral exploration company, the Company does not generate cash flow from its activities and it must rely primarily on issuances of its securities or the borrowing of funds to finance its operations. The exploration and development of its properties will require substantial funds beyond those it has and there is no assurance that such additional funds will be available to the Company on commercially reasonable terms or in sufficient amounts to allow the Company to continue to pursue its objectives. The inability of the Company to raise further funds whether through additional equity issuances or by other means, could result in delays or the indefinite postponement of planned exploration and/or development activities or, in certain circumstances, the loss of some or all of its property interests or cessation of all mineral exploration and/or development activities.

## **RISKS ASSOCIATED WITH THE COMPANY'S ACTIVITIES MAY NOT BE INSURABLE**

The Company's business is subject to a number of risks and hazards and no assurance can be given that insurance will cover the risks to which the Company's activities will be subject or will be available at all or at commercially reasonable premiums.

## **THE COMPANY HAS NO HISTORY OF OPERATIONS, EARNINGS OR DIVIDENDS**

The Company was incorporated on December 5, 2008 and has no history of earnings or of a return on investment, and there is no assurance that it will generate earnings, operate profitably or provide a return on investment in the future. The Company has no plans to pay dividends.

## **STATUTORY AND REGULATORY COMPLIANCE IS COMPLEX AND MAY RESULT IN DELAY OR CURTAILMENT OF THE COMPANY'S OPERATIONS**

The current and future operations of the Company and any parties which may carry out exploration, development and mining activities on properties in which the Company holds an interest will be governed by laws and regulations governing mineral concession acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities often experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. The Company will apply for all necessary permits for the exploration work it intends to conduct, however such permits are, as a practical matter, subject to the discretion of government authorities and there can be no assurance that the Company will be successful in obtaining or maintaining such permits.

## **THE COMPANY DEPENDS ON KEY MANAGEMENT AND EMPLOYEES**

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that the Company will be successful in attracting, training and retaining qualified personnel.

## **SHORTAGE OF SUPPLIES**

The Company may be adversely affected by shortages of critical supplies or equipment required to operate the business of the Company. Any shortage of critical supplies or equipment will affect the timeliness of the development of the Company and its business.

## **ESTIMATES OF MINERAL RESOURCES**

There are numerous uncertainties inherent in estimating ore reserves and mineral resources. The accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Fluctuations in precious or base metal prices, results of drilling or metallurgical testing, subsequent to the date of any estimate may require revision of such estimate. In addition, there can be no assurance that precious or base metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

# 55 North Mining Inc. - Management Discussion & Analysis

## ENVIRONMENTAL FACTORS

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company's operations are subject to environmental regulations promulgated by various government agencies from time to time. Violation of existing or future environmental rules may result in various fines and penalties.

## CONFLICT OF INTEREST

Certain directors and officers of the Company were also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing, and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company.

## OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

## RELATED PARTY TRANSACTIONS

The Company's Chairman and CEO was owed \$250,000 at September 30, 2020 (December 31, 2019 - \$220,000). This liability was non-interest bearing, unsecured and repayable on demand. This amount, along with \$50,000 of accrued pay was converted into units as part of the November 12, 2020 financing.

Compensation of key management personnel and directors for the period was as follows:

	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
	2020	2019	2020	2019
Cash compensation	\$ 40,000	\$ 30,000	\$ 100,000	\$ 30,000

During the three and nine months ended September 30, 2020, the Company remunerated its CEO \$5,000 and \$5,000, respectively (three and nine months ended September 30, 2019 - \$NIL and \$NIL, respectively) and its CFO \$5,000 and \$35,000, respectively (three and nine months ended September 30, 2019 - \$10,000 and \$10,000, respectively). At September 30, 2020, the Company's CEO and CFO are owed \$45,000 and \$10,000, respectively, as unpaid compensation and unreimbursed expenses (December 31, 2019, the Company's CEO and CFO were owed \$NIL and \$NIL, respectively, for unpaid compensation).

At September 30, 2020, the company's CEO was owed \$250,000 on account of monies he advanced to the Company. This amount was settled by the issuance of units as part of the November 12 financing closing (see Note 13).

On July 2, 2020, the Company's CFO and a director agreed to receive 200,000 common shares each in settlement of \$20,000 debt owed to each of them, with each share issued at \$0.10 per share.

The loan receivable as at December 31, 2019 of \$428,233 was due from Old 55 North and is non-interest bearing, unsecured, and repayable on demand. This amount eliminates on consolidation now that Ontario Inc. is a subsidiary of 55 North.

## FUTURE CHANGES in ACCOUNTING POLICIES

### New accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. None of these is expected to have a significant effect on the Consolidated Financial Statements of the Company.

The Conceptual Framework for Financial Reporting (revised in 2018) has been updated to expand on the existing Conceptual Framework by focusing on the elements of financial statements, recognition and derecognition, measurement, and presentation and disclosure. The standard is effective for annual periods beginning on or after January 1, 2020. These new standards and changes did not have any material impact on the Company's financial statements.

## 55 North Mining Inc. - Management Discussion & Analysis

Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors has been updated. The definition of “material” is being clarified for purpose of improving consistency and application of the concept where applicable. The standard is effective for annual periods beginning on or after January 1, 2020. This new standard and changes did not have any material impact on the Company’s financial statements.

### ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

As the Company has had no significant revenue from operations since inception (December 5, 2008), the following is a breakdown of the material costs incurred by the Company:

	Three months Ended Sept. 30, 2020 \$\$	Three months Ended Sept. 30, 2019 \$\$	Nine Months Ended Sept. 30, 2020 \$\$	Nine Months Ended Sept. 30, 2019 \$\$
Project Costs	5,000	---	72,503	---
Listing Costs	835,505	---	835,505	---
General and Administrative Expenses	13,891	15,346	39,660	15,554

### DISCLOSURE OF OUTSTANDING SHARE DATA

#### a) Authorized:

The Company is authorized to issue an unlimited number of common shares with each common share entitled to one vote.

#### b) Common shares issued:

	Number of Shares	Stated Capital
<b>Balance, December 31, 2018</b>	<b>52,275,001</b>	<b>844,301</b>
Issued on private placement	16,718,216	925,025
Warrant allocation	---	(158,569)
Share issue costs	---	(30,000)
Flow-through premium	---	(212,007)
<b>Balance, December 31, 2019</b>	<b>68,993,217</b>	<b>\$ 1,368,750</b>
Issued on settlement of debt	1,500,000	150,000
Issued on amalgamation	7,832,915	695,988
Issued on private placement	7,132,080	1,403,416
Warrant allocation	---	(484,898)
Share issue costs	---	(106,220)
Flow-through premium	---	(353,620)
<b>Balance, September 30, 2020</b>	<b>85,458,212</b>	<b>\$ 2,673,416</b>

On September 10, 2019, a director of the Company subscribed for 1,562,500 units at a price of 0.08 per unit for proceeds of \$125,000. Each unit was comprised of one common share and one half of a warrant, with each warrant exercisable at \$0.18 per share until September 10, 2022. In August 2020, the terms of these warrants were changed to an expiration date of December 31, 2022.

On September 10, 2019, the Company closed a private placement, issuing 14,285,716 flow-through units for proceeds of \$750,000. Each unit was comprised of one flow-through common share and one-half warrant with each warrant exercisable at \$0.18 per share until September 10, 2022. In August 2020, the terms of these warrants were changed to an expiration date of December 31, 2022.

On December 31, 2019, the Company closed a private placement, issuing 870,000 flow-through units for proceeds of \$50,025. Each unit was comprised of one flow-through common share and one-half warrant with each warrant exercisable at \$0.18 per share until December 31, 2022.

## 55 North Mining Inc. - Management Discussion & Analysis

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On July 2, 2020, certain creditors agreed to receive a total of 1,500,000 common shares in settlement of \$150,000 debt owed to them, with each share issued at \$0.10 per share.

On September 2, 2020, 55 North completed the RTO resulting in the acquisition of control of 55 North by the shareholders of Ontario Inc. Pursuant to the amalgamation, all issued and outstanding securities in the capital of 55 North were converted into like issued and outstanding securities of the Company on a one-for-one basis resulting in the issuance of 7,832,915 shares.

On September 24, 2020, the Company closed a private placement for gross proceeds of \$1,403,416, issuing 6,672,080 flow through units at \$0.20 per unit for gross proceeds of \$1,334,416 and 460,000 non-flow through units at \$0.15 per unit for gross proceeds of \$69,000. Each flow through and non-flow through unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at \$0.30 per share for 48 months. As part of the compensation for the finder's fees the Company paid \$105,520 to certain eligible finders and issued 500,000 compensation options that entitle the holder to acquire one non-flow through unit for \$0.20 per share for 48 months and 36,800 compensation options that entitle the holder to purchase one non-flowthrough unit for \$0.15 per share for 48 months.

On October 16, 2020, the Company announced that it closed the second tranche of a non-brokered private placement for gross proceeds of \$836,000, made up of \$824,000 in flow through financing and \$12,000 in non-flow through financing. The flow through financing consisted of 4,120,000 flow through units. Each flow through units was priced at \$0.20 each for gross proceeds of \$824,000. Each flow through units is comprised of one flow through common share and one non-flow-through purchase warrant entitling the holder to acquire one additional common share at a price of \$0.30 per share for 48 months from the date of issuance. The non-flow through financing consisted of 80,000 units priced at \$0.15 each for gross proceeds of \$12,000. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.30 per share for 48 months from the date of issuance.

On November 12, 2020 the Company announced that it closed the third tranche of a non-brokered private placement for gross proceeds of \$1,386,920, consisting of \$1,371,920 in non-flow-through financing and \$15,000 in flow-through financing. Each non-flowthrough unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.30 per share for 48 months from the date of issuance. Bruce Reid, CEO and Director, subscribed for 2,000,000 non-flowthrough units. The flow-through financing consisted of 75,000 flow-through units priced at \$0.20. Each flow-through Unit is comprised of one flow-through common share and one non-flow-through purchase warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.30 per share for 48 months from the date of issuance. The Company paid a finder's fee in cash totaling \$46,464 to certain eligible finders on the non-flow-through Units sold, and \$1,200 on the flow-through Units sold. The Company paid 534,531 compensation options ("Compensation Options") to certain eligible finders of the non-flow-through Units, and 6,000 finder's warrants to certain eligible finders of the flow-through Units. Each Compensation Option is exercisable at a price of \$0.15 if paid as commission on a non-flow-through Unit financing, and \$0.20 if paid as commission on a flow-through Unit financing, any time prior to the date 48 months from the date of closing. Each Compensation Option entitles the holder to purchase one unit, with each unit consisting of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of \$0.30 per share for a period of 48 months from the date of closing. Each finder's warrant entitles the holder to purchase one common share of the Company at a price of \$0.30 per share for 48 months from the date of issuance.

On November 27, 2020 the Company announced that that it closed an additional tranche of a non-brokered private placement for gross proceeds of \$599,777 consisting of \$504,777 in non-flow-through financing and \$95,000 in flow-through financing. The non-flow-through financing consisted of 3,365,183 units ("NFT Units") priced at \$0.15. The flow-through financing consisted of 475,000 flow-through units ("FT Units") priced at \$0.20. Each FT and NFT Unit is comprised of one flow-through common share and one non-flow-through purchase warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.30 per share for 48 months from the date of issuance. The Company paid a finder's fee in cash totaling \$21,200 to certain eligible finders on the NFT Units sold, and \$1,600 on the FT Units sold. The Company paid 141,333 compensation options ("Compensation Options") to certain eligible finders of the NFT Units, and 8,000 compensation options to certain eligible finders of the FT Units. Each Compensation Option is exercisable at a price of \$0.15 if paid as commission on a NFT Unit financing, and \$0.20 if paid as commission on a FT Unit financing, any time prior to the date 48 months from the date of closing. Each Compensation Option entitles the holder to purchase one unit, with each unit consisting of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of \$0.30 per share for a period of 48 months from the date of closing. Each finder's warrant entitles

## 55 North Mining Inc. - Management Discussion & Analysis

the holder to purchase one common share of the Company at a price of \$0.30 per share for 48 months from the date of issuance

### Warrants

A summary of the status of the Company's outstanding warrants and changes are as follows:

	Sep. 30, 2020		Dec. 31, 2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
<b>Balance, beginning</b>	<b>22,634,108</b>	<b>\$ 0.10</b>	<b>22,275,000</b>	<b>\$ 0.05</b>
Granted	9,552,722	0.27	8,359,108	0.18
Expired	---	---	(8,000,000)	0.05
<b>Balance, ending</b>	<b>32,186,830</b>	<b>\$ 0.15</b>	<b>22,634,108</b>	<b>\$ 0.10</b>

At September 30, 2020, there were 32,186,830 warrants outstanding, with each warrant entitling the holder to acquire one common share of the Company at the prices noted below:

A summary of the status of the Company's outstanding options as at September 30, 2020 and December 31, 2019 and changes during the periods then ended are as follows:

	Sep. 30, 2020		Dec. 31, 2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
<b>Balance, beginning</b>	<b>296,148</b>	<b>\$ 0.5065</b>	<b>---</b>	<b>\$ ---</b>
Granted	---	---	296,148	0.5065
<b>Balance, ending</b>	<b>296,148</b>	<b>\$ 0.5065</b>	<b>296,148</b>	<b>\$ 0.5065</b>

The average remaining life of the options is 4.02 years (December 31, 2019 – 4.77 years).

### OTHER REQUIREMENTS

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### APPROVAL

Management is responsible for all information contained in this report. The unaudited condensed interim financial statements for the three and nine months ended September 30, 2020 have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the financial statements for the three and nine months ended September 30, 2020 in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Board of Directors has approved the audited consolidated financial statements on the recommendation of the Audit Committee.

Bruce Reid  
President & CEO

November 30, 2020