

55 North Mining Inc.

Condensed Interim Financial Statements

At June 30, 2020 and 2019

(in Canadian dollars, unless otherwise stated)

(unaudited)

55 North Mining Inc.
Condensed Interim Statements of Financial Position
(Unaudited)
Expressed in Canadian dollars

	June 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	\$ 56,907	\$ 2,315
GST/HST recoverable	6,820	33,562
Prepays	14,805	1,350
	\$ 78,532	\$ 37,227
Fixed Assets	—	485
	\$ 78,532	\$ 37,712
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	\$ 234,076	\$ 152,055
Advance payable	559,321	389,455
	793,397	541,510
Shareholders' deficit		
Share capital (Note 4)	28,940,766	28,940,766
Warrant reserve	116,400	116,400
Deficit	(29,772,031)	(29,560,964)
	(714,865)	(503,798)
	\$ 78,532	\$ 37,712

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

On behalf of the Board:
Signed:

"Bruce Reid"

Director

"Sethu Raman"

Director

55 North Mining Inc.

Condensed Interim Statements of Comprehensive Loss

For the three and six months ended June 30, 2020 and 2019

(Unaudited)

Expressed in Canadian dollars, except shares and per share amounts

	3 months ended June		6 months ended June	
	2020	2019	2020	2019
Expenditures				
General and administration	\$ 101,318	\$ 44,080	\$ 171,804	\$ 138,326
Project costs	38,778	32,900	38,778	64,600
Depreciation	—	485	485	972
Interest expense	—	1,566	—	3,127
Loss before taxes	(140,096)	(79,031)	(211,067)	(207,025)
Future tax recovery	—	42,893	—	42,893
Loss and comprehensive loss for the period	\$ (140,096)	\$ (36,138)	\$ (211,067)	\$ (164,132)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding during the period - basic and diluted	79,348,050	52,964,717	79,348,050	52,964,717

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

55 North Mining Inc.

Condensed Interim Statements of Changes in Deficit

For the six months ended June 30, 2020 and 2019

(Unaudited)

Expressed in Canadian dollars

	Share Capital	Warrant Reserve	Deficit	Total
Balance at December 31, 2018	\$27,814,616	\$ 74,000	\$(30,381,573)	\$(2,492,957)
Loss for the period	—	—	(164,132)	(164,132)
Balance at June 30, 2019	\$27,814,616	\$ 74,000	\$(30,545,705)	\$(2,657,089)
Balance at December 31, 2019	\$28,940,766	\$ 116,400	\$(29,560,964)	\$(503,798)
Loss for the period	—	—	(211,067)	(211,067)
Balance at June 30, 2020	\$28,940,766	\$ 116,400	\$(29,772,031)	\$(714,865)

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

55 North Mining Inc.
Condensed Interim Statements of Cash Flows
For the six months ended June 30, 2020 and 2019

(Unaudited)

Expressed in Canadian dollars

	2020	2019
Cash provided by (used in):		
OPERATING ACTIVITIES		
Loss for the period	\$ (211,067)	\$(164,132)
Depreciation expense	485	972
Future tax recovery	—	(42,893)
Net change in non-cash working capital items:		
GST/HST recoverable	26,742	(3,528)
Prepays	(13,455)	(3,600)
Accounts payable and accrued liabilities	82,021	36,579
Promissory note payable	—	3,138
	(115,274)	(173,464)
FINANCING ACTIVITIES		
Advance received (reimbursed)	169,866	(57,690)
	169,866	(57,690)
Change in cash	54,592	(231,154)
Cash, beginning of period	2,315	246,034
Cash, end of period	\$ 56,907	\$ 14,880

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

55 North Mining Inc.

Notes to the Condensed Interim Financial Statements

June 30, 2020 and 2019

(unaudited)

Expressed in Canadian dollars unless otherwise indicated

1. CORPORATE INFORMATION

55 North Mining Inc. ("55 North" or the "Company") was incorporated under the Canada Business Corporations Act on December 5, 2008 as SGX Resources Inc. At the shareholder meeting held on June 6, 2018, shareholders approved a name change to 55 North Mining Inc. The Company acquires, explores, and develops mineral properties in the Timmins region of Ontario, Canada.

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.

Going Concern

In addition to ongoing working capital requirements, the Company may be required to secure sufficient funding for exploration and development programs, general and administration costs. Although management may have been successful in the past in undertaking financing, there can be no assurance that management will be able to do so in the future on terms acceptable to the Company.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations for the foreseeable future. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and statement of financial position classifications that might be necessary if the Company was unable to continue as a going concern. These adjustments could be material.

These condensed interim financial statements of the Company for the three and six months ended June 30, 2020 were approved and authorized for issue by the Board of Directors of the Company on October 28, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

a) Basis of presentation:

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Chartered Professional Accountants Canada Handbook. These financial statements have been prepared under the historical cost method, except for certain financial instruments measured at fair value. The Company has consistently applied the accounting policies used in preparation of these financial statements throughout all the periods presented. Critical accounting judgments and estimates used by management in the preparation of these financial statements are presented in Note 3.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency. All reference to dollars (\$) are to Canadian dollars unless otherwise noted.

These condensed interim financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company as at and for the year ended December 31, 2019, except for the following changes. Accordingly, these condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

55 North Mining Inc.

Notes to the Condensed Interim Financial Statements

June 30, 2020 and 2019

(unaudited)

Expressed in Canadian dollars unless otherwise indicated

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES (CONT'D)

b) Accounting changes

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 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.

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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to use estimates and judgments that affect the reported amounts of assets and liabilities, as well as revenues and expenses. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in net loss in the period in which they become known.

The recoverability of deferred expenditures is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in the properties, the ability to obtain necessary financing to complete exploration, development and construction of processing facilities, obtaining certain government approvals and attaining profitable production.

The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax provision. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

4. SHARE CAPITAL

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
Balance, December 31, 2018	52,964,717	\$27,814,616
Shares issued in private placement	26,383,333	1,144,000
Value of associated warrants	---	(15,400)
Share issue costs	---	(2,450)
Balance, December 31, 2019 and June 30, 2020	79,348,050	\$28,940,766

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4. SHARE CAPITAL (CONT'D)

On July 9, 2019, the Company completed a non-brokered private placement offering of 3,333,333 common shares of the Company, at a price of \$0.06 per common share, for aggregate gross proceeds of \$200,000.

On November 14, 2019, the Company settled \$834,000 of debt by issuing 20,850,000 common shares of the Company at a deemed price of \$0.04 per share to certain creditors of the Company, including certain of its directors and officers.

On December 18, 2019, the Company finalized the settlement of \$110,000 in indebtedness to a service provider through the issuance of 2,200,000 units at \$0.05 per unit. Each unit consisted of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one common share for a period of thirty-six months from the date of issuance at \$0.06.

5. SHARE OPTIONS

The Company may grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares reserved for issuance under all securities compensation arrangements is limited to 10% of the total number of issued and outstanding shares exercisable for a period of up to 10 years. The maximum number of shares that may be issued to any officer, director or employee shall not exceed 5% of the total number of issued and outstanding shares. The maximum number of shares that may be issued to technical consultants, including investor relation consultants, shall not exceed 2% of the total number of issued and outstanding shares.

On October 7, 2019, the Company's Board issued 3,000,000 incentive share options to Officers, Directors, employees and consultants. These options have a 5-year term and an exercise price of \$0.05. Share issue costs were estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants: dividend yield of 0%, expected volatility of 33%, risk free interest rate of 1.32% and expected life of 5 years. The Company then used the relative fair value method to value the warrants together with the value of the share capital issued. These options remain unexercised at June 30, 2020.

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

	Jun. 30, 2020		Dec. 31, 2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning	3,000,000	\$ 0.05	—	\$ —
Granted	—	—	3,000,000	0.05
Balance, ending	3,000,000	\$ 0.05	—	\$ 0.05

The average remaining life of the options is 4.27 years (December 31, 2019 – 4.77 years).

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6. WARRANTS

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

	Jun. 30, 2020		Dec. 31, 2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning	5,899,994	\$ 0.07	3,699,994	\$ 0.07
Granted	—	—	2,200,000	0.06
Balance, ending	5,899,994	\$ 0.07	5,899,994	\$ 0.07

On July 3, 2020, 3,699,994 warrants with an exercise price of \$0.07 expired unexercised. At June 30, 2020, there were 5,899,994 warrants outstanding, with each warrant entitling the holder to acquire one common share of the company at the prices noted below:

Number	Exercise Price	Remaining Contractual Life In Years	Expiry Date
3,699,994	\$0.07	0.01	July 3, 2020
2,200,000	\$0.06	2.47	December 18, 2022
5,899,994	\$0.07	0.93	

7. RELATED PARTY TRANSACTIONS

At June 30, 2020, advance payable of \$559,321 (December 31, 2019 - \$389,455) is made up of monies due to a company in which certain directors of the Company are shareholders. The advances are unsecured, non-interest bearing and due on demand.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly and indirectly, include any director (whether executive or otherwise) of the Company. Total fees paid to the Company's CEO during the three and six months ended June 30, 2020 is \$30,000 (three and six months ended June 30, 2019 - \$NIL) with \$30,000 remaining in accounts payable at June 30, 2020 (June 30, 2019 - \$NIL). Total fees paid to the Company's CFO during the three and six months ended June 30, 2020 is \$7,000 and \$20,000, respectively (three and six months ended June 30, 2019 - \$NIL and \$15,000, respectively) with \$20,000 remaining in accounts payable at June 30, 2020 (June 30, 2019 - \$NIL). Total fees paid to a Company Director during the three and six months ended June 30, 2020 is \$30,000 and \$50,000, respectively (three and six months ended June 30, 2019 - \$NIL and \$30,000, respectively) with \$30,000 remaining in accounts payable at quarter end (June 30, 2019 - \$NIL). At June 30, 2020, the Company's Chairman is owed \$5,486 in expenses (June 30, 2019 - \$NIL), which amount remains in accounts payable at quarter-end.

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8. CAPITAL MANAGEMENT

The Company's total negative capital balance of \$714,865 consists of \$28,940,766 of share capital and \$116,400 of warrant reserve with an offsetting deficit of \$29,772,031.

The Company's objectives when managing capital, which consists of shareholders' equity, are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital from time-to-time using a variety of measures. Monitoring procedures are typically performed as a part of the overall management of the Company's operations. The Company's strategy during the period, which was unchanged from the prior period, was to maintain its ability to secure access to financing at a reasonable cost. The requirements and terms of sources of capital cannot be predicted and change in ways the Company cannot predict.

9. RISK MANAGEMENT AND FAIR VALUES

Management's risk management policies are typically performed as a part of the overall management of the Company's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Company has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Company, management considers the avoidance of undue concentrations of risk. The risks and the actions taken to manage them include the following:

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company's main sources of liquidity are external sources of debt and equity. The funds are primarily used to finance working capital and capital expenditure requirements. The Company's current liabilities exceed its current assets by \$714,865.

Accounts payable, accrued liabilities, advance payable due to related parties and promissory note payable are due within one year.

Credit risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Company also may review credit history before establishing credit and review credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information.

A financial asset is past due when a debtor has failed to make a payment when contractually due. The Company has no financial assets that are past due and does not have an allowance for doubtful accounts receivable.

55 North Mining Inc.

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9. RISK MANAGEMENT AND FAIR VALUES (CONT'D)

Currency risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. Changes in the applicable exchange rate may result in a decrease or increase in foreign exchange income or expense. The Company only enters into transactions in Canadian dollars and is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. Obtaining a promissory note with a fixed interest rate minimizes cash flow risk.

Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. Mineral prices are affected by numerous factors such as the sale or purchase by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the US dollar and other foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world.

Fair values

The fair values of the Company's financial assets and liabilities consisting of cash, accounts payable and accrued liabilities and advance payable approximate their recorded values as at June 30, 2020 and December 31, 2019 due to their short-term nature.

Fair value is an estimate of the amount at which items might be exchanged in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair value should not be interpreted as an amount that could be realized in immediate settlement of the instruments. The estimate of fair value at the end of the periods may not represent fair values at any other date. The determination of fair value is also affected by the use of judgment and by uncertainty.

10. CONTINGENCY

In the normal course of operations, the Company may become subject to a variety of legal and other claims. Management and legal counsel evaluate all claims on their apparent merits, and accrue management's best estimate of the estimated costs to satisfy such claims. Although the outcome of existing legal and other claims is not reasonably determinable, management believes that any such outcome will not be material.

11. SUBSEQUENT EVENTS

In 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.

55 North Mining Inc.

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(unaudited)

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12. SUBSEQUENT EVENTS

After announcing the signing of a letter of intent on June 8, 2020, on July 6, 2020 the Company announced that it had entered into a definitive agreement with European Cobalt Ltd. ("European Cobalt") pursuant to which European Cobalt Ltd. would acquire 100% of the rights, title and interest in the Edleston Gold Project located south of the Timmins gold camp in Ontario Canada ("Edleston"). Under the terms of the Agreement, European Cobalt paid a non-refundable cash payment of \$100,000 to the Company, and, upon closing, will pay a cash payment of \$650,000 and issue 100,000,000 common shares of European Cobalt, which are listed and trade on the Australian Securities Exchange, to the Company. All of the common shares issued by European Cobalt will be subject to a three-month voluntary escrow from the date of issue. This transaction was approved by shareholders at a meeting held on August 10, 2020.

On June 29, 2020, the Company announced that it entered into a binding letter of intent ("LOI") with 2552883 Ontario Inc. ("2552883"), whereby the Company will enter into a reverse takeover transaction with 2552883 whereby the shareholders of 2552883 will become shareholders of the Company. 2552883 is the owner of an option to acquire 100% of the rights, title and interest in the Last Hope Gold Project, a high grade gold project located in the emerging Lynn Lake Gold Camp in northern Manitoba. This transaction was approved by shareholders at a meeting held on August 10, 2020.

The board of directors of the Company had also decided to affect a 10.13:1 rollback of the Company's shares after the dividend of European Cobalt shares to the Company shareholders. After the reverse takeover transaction, ex-dividend, and post rollback, existing Company and 2552883 shareholders will own approximately 10% and 90% of the Company, respectively, with shares outstanding of approximately 78,326,193. This rollback was approved by shareholders at a meeting held on August 10, 2020.

On September 24, 2020, the Company announced that it closed a non-brokered private placement for gross proceeds of \$1,403,416. 6,672,080 flow through units at \$0.20 per unit were issued for gross proceeds of \$1,334,416. Each flow through unit consists of one common flow through share and one warrant entitling the holder to acquire one additional common share at a price of \$0.30 per share for 48 months. 460,000 non-flow through units at \$0.15 per unit were issued for gross proceeds of \$69,000. Each non-flow through unit consists of one common share and one warrant entitling the holder to acquire one additional 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 options that entitle the holder to acquire one common share for \$0.20 per share for 48 months and 36,800 options that entitle the holder to purchase one common share 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 ("FT Units"). Each FT Unit was priced at \$0.20 each for gross proceeds of \$824,000. Each FT 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 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 ("NFT Units") priced at \$0.15 each for gross proceeds of \$12,000. Each NFT 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.