2552883 Ontario Inc.

Financial Statements

December 31, 2019 and 2018

2552883 Ontario Inc.
Statements of Financial Position
Expressed in Canadian dollars

	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash	$ 478,139	$ 79,079
Receivables	33,481	6,927
Loan receivable *(Note 9)*	428,233	280,645
	$ 939,853	366,651
Investments *(Note 5)*	66,508	115,000
	$ 1,006,361	$ 481,651
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 173,560	$ 291,518
Flow-through share premium liability *(Note 13)*	210,095	17,225
Loan payable *(Note 9)*	220,000	100,000
	603,655	408,743
Shareholders' equity		
Share capital *(Note 6)*	1,368,750	844,301
Warrants *(Note 7)*	244,389	106,082
Deficit	(1,210,433)	(877,475)
	402,706	72,908
	$ 1,006,361	$ 481,651

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

On behalf of the Board:

B D Reid

Bruce Reid

Director

2552883 Ontario Inc.
Statements of Loss and Comprehensive Loss
For the years ended December 31, 2019 and 2018
Expressed in Canadian dollars

	2019	2018
Expenditures		
General and administration	**$ 102,046**	$ 997
Management and consulting	**100,000**	135,500
Mining claim commitments	**65,000**	95,000
Project expenditures	**50,116**	444,170
Professional fees	**6,703**	37,200
Loss and comprehensive loss before other items	**323,865**	712,867
Revaluation of investment	**48,492**	—
Loss and comprehensive loss before taxes	**372,357**	712,867
Future tax recovery	**(19,137)**	(39,750)
Loss and comprehensive loss for the year	**$ 353,220**	$ 673,117
Basic and diluted loss per common share *(Note 12)*	**$ (0.01)**	$ (0.02)
Weighted average number of shares outstanding during the year/period - basic and diluted	**57,183,819**	30,867,878

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

2552883 Ontario Inc.

Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
Expressed in Canadian dollars

	Share Capital	Warrants	Deficit	Total
Balance at December 31, 2017	**$ 443,008**	**$ ---**	**$ (204,358)**	**$ 238,650**
Loss for the year	---	---	(673,117)	(673,117)
Shares issued - private placement *(Note 6)*	87,336	12,664	---	100,000
Shares issued - shares for debt *(Note 6)*	127,798	42,702	---	170,500
Shares issued – flow-through private placement *(Note 6)*	101,832	23,168	---	125,000
Flow-through share premium liability	(33,125)		---	(33,125)
Shares issued for investment	87,452	27,548	---	115,000
Shares issued - property acquisition *(Note 6)*	30,000	---	---	30,000
Balance at December 31, 2018	**$ 844,301**	**$ 106,082**	**$ (877,475)**	**$ 72,908**
Loss for the year	---	---	(353,220)	(320,769)
Shares issued – private placement *(Note 6)*	766,456	158,569	---	925,025
Flow-through share premium liability	(212,007)	---	---	(212,007)
Share issue costs	(30,000)	---	---	(30,000)
Warrant expiry	---	(20,262)	20,262	---
Balance at December 31, 2019	**$1,368,750**	**$ 244,389**	**$(1,210,433)**	**$ 402,706**

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

2552883 Ontario Inc.
Statements of Cash Flows
For the years ended December 31, 2019 and 2018
Expressed in Canadian dollars

	2019	2018
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	**$(353,220)**	$ (673,117)
Investment revaluation	**48,492**	—
Tax recovery	**(19,137)**	(39,750)
Acquisition costs	—	30,000
Shares issued for debt	—	170,500
Net change in non-cash working capital items:		
Receivables	**(26,554)**	(3,510)
Prepaids	—	50,000
Accounts payable and accrued liabilities	**(117,958)**	142,295
	(468,377)	(323,582)
FINANCING ACTIVITIES		
Shares issued	**895,025**	225,000
Loan payable	**120,000**	100,000
Loan receivable	**(147,588)**	68,328
	867,437	393,328
Net change in cash	**399,060**	69,746
Cash, beginning of year	**79,079**	9,333
Cash, end of year	**$ 478,139**	$ 79,079

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

1. CORPORATE INFORMATION

2552883 Ontario Inc. (the "Company") was incorporated under the laws of Ontario on December 21, 2016. The Company acquires, explores, and develops mineral properties in Manitoba, Canada.

The Company was originally set up as a means to access funds needed by 55 North Mining Inc. ("55 North"), as 55 North 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 (see Note 14).

The Company's corporate head office and registered is located at 401 Bay Street, Suite 2702, Toronto ON M5H 2Y4. The Company is not a reporting issuer, as defined in corporate law, and its shares are not currently listed for trading on any stock exchange.

Going Concern

For the year ended December 31, 2019, the Company had a loss of $353,220 (2018 - $673,117) and, as of that date, the Company's current assets exceeded its current liabilities by $336,198 (2018 - negative working capital of $42,092) and the Company had shareholders' equity of $402,706 (2018 - $72,908). The Company has no significant sources of revenue. 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 financial statements of the Company for the twelve months ended December 31, 2019 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 it consolidated 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.

b) Cash

Cash consists of funds on deposit.

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

c) Financial instruments

Financial assets must be classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Initially, all financial assets and financial liabilities are recorded in the consolidated balance sheets at fair value. After initial recognition, the effective interest related to financial assets and liabilities measured at amortized cost and the gain or loss arising from the change in the fair value of financial assets or liabilities classified as FVTPL are included in net income (loss) for the year in which they arise. Financial assets measured at amortized cost or those measured at FVTOCI, except for investment in equity instruments, at each balance sheet date requires an impairment analysis using the expected credit loss model ("ECL") to determine the expected credit losses using judgment determined on a probability weighting basis.

The Company has designated its cash, receivables and loan receivable as amortized cost, measured at amortized cost and has designated its accounts payable and accrued liabilities as amortized cost measured at amortized cost, which is reflected on the statement of financial position as amortized cost using the effective interest method of measurement.

The Company has designated its investments as fair value through profit or loss, measured at fair value.

Transaction costs are expensed as incurred for financial instruments classified or designated at fair value through profit or loss. For other financial instruments, transaction costs are added to the related financial asset or liability on initial recognition and are measured at amortized cost using the effective interest method. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

The Company assesses impairment of all its financial assets, except those classified at fair value through profit or loss. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in current net loss.

d) Fair Value

The fair value of a financial instrument is the amount of consideration that could be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no obligation to act. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument, without modification or on a valuation technique using market-based inputs.

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobserved inputs) (Level 3).

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

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

e) Income taxes

Current tax is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the statement of financial position date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred tax is recognized using the statement of financial position method in respect of all temporary differences between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes, except as indicated below.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. To the extent that an asset not previously recognized fulfils the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the statement of financial position date.

Current and deferred taxes relating to items recognized directly in equity are recognized in equity and not in the income statement.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entities or in different taxable entities, and, where there is the intent to settle the balance on a net basis.

Mining taxes

Income tax expense includes the mining taxes payable to governments that are calculated based on a percentage of taxable profit whereby taxable profit represents net income adjusted for certain items defined in the applicable legislation.

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

e) Income taxes (cont'd)

Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) the flow-through share premium liability measured at fair value, which is recognized as a liability representing the sale of tax deductions, and ii) the residual proceeds are allocated as the value of the common shares issued. On issuance of a flow-through unit (consisting of a flow-through share and a warrant to purchase a common share), the Company allocates the flow-through unit into i) the flow-through share premium liability measured at fair value, which is recognized as a liability representing the sale of tax deductions, ii), and the estimated fair value of a warrant and common share using the relative fair value method. Upon qualifying expenses being incurred the Company derecognizes the flow-through share premium liability and recognizes a credit to deferred tax expense.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a liability until paid.

f) Revenue recognition

Interest income is recognized using the effective interest rate method.

g) Exploration expenditures and mining claims

Exploration expenditures relate to activities that are directed towards less than proven and probable ore reserves and are expensed as incurred. The costs to acquire mining claims is expensed.

h) Impairment of non-financial assets

Mining claims are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). Value in use is determined as the present value of the future cash flows expected to be derived from an asset or CGU. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Fair value less cost to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recorded as an expense.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the statement of loss and comprehensive loss.

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

i) Provisions

Provisions are recognized in other liabilities when the Company has a present legal or constructive obligation because of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material, such as closure costs.

j) Share-based compensation plan and warrants

The fair value-based method of accounting is applied to all share-based compensation. The fair value of the share options granted is estimated on the date of grant using the Black-Scholes option-pricing model and is recorded as an expense over the applicable vesting period based on the number of awards expected to vest. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. Any consideration paid by the directors on exercise of the share option is credited to share capital. Awards of options and warrants related to private placements or public offerings of shares are treated as share issue costs.

k) Net loss per share

Basic net loss per share is calculated using the daily weighted average number of shares outstanding.

Diluted net loss per share is calculated using the daily weighted average number of shares that would have been outstanding during the year had all dilutive potential common shares been issued at the beginning of the year, or when the underlying options, warrants or convertible securities were granted or issued, if later. The treasury share method is employed to determine the incremental number of shares that would have been outstanding had the Company used proceeds from the exercise of options or warrants to acquire shares.

l) Recent accounting pronouncements

Adoption of IFRS framework

These are the first statements prepared by the Company under IFRS since incorporation.

Future accounting pronouncements

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. The Company is currently evaluating the impact of the new standard on its 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. The Company is currently evaluating the impact of the new standard on its 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 income (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.

The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Management's judgment is applied in determining whether qualified expenditures have been incurred. Differences in judgment between management and regulatory authorities could materially increase the flow-through premium liability and flow-through expenditure commitment.

The Company makes estimates as to the market value and inputs related to the valuation of share capital, flow-through share premium liability and the value associated with warrants issued at the time of issuance with respect to the volatility on the underlying common shares, risk free interest rate and forfeiture rates and market premiums paid for flow-through common shares. In establishing fair value management considers historical performance.

4. MINING CLAIMS

On December 30, 2016, the Company signed an option agreement with Tamarak Gold Resources Inc. to option a project near Timmins, Ontario. The Company paid $11,300 and issued 1,000,000 common shares.

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.

5. INVESTMENTS

Investments consist of 1,916,666 shares held in 55 North and 1,916,666 warrants to purchase further shares of 55 North.

Expressed in Canadian dollars, unless otherwise indicated

The warrants granted on December 28, 2018, have an 18-month life and are exercisable into common shares of 55 North at a price of 0.07 per share. The fair value of this warrants is valued using the Black-Scholes option-pricing model with the following weighted average assumptions used for warrants: dividend yield of 0%, expected volatility of 100%, risk free interest rate of 1.79% (December 31, 2018 - 1.85%) and expected life of 6 months (2018 – 18 months).

	2019	2018
Shares of 55 North	$ 65,742	$ 65,742
Warrants	766	49,258
Total	**$ 66,508**	**$ 115,000**

6. 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, 2017	**25,250,001**	**$ 443,008**
Share issuance - private placement	11,250,000	189,168
Share issuance – shares for debt	8,525,000	127,798
Flow-through premium	—	(33,125)
Shares issued for investment	5,750,000	87,452
Share issuance – mining claim commitments	1,500,000	30,000
Balance, December 31, 2018	**52,275,001**	**844,301**
Share issuance - private placement	16,718,216	925,025
Warrant allocation	—	(158,569)
Share issue costs	—	(30,000)
Flow-through premium	—	(212,007)
Balance, December 31, 2019	**68,993,217**	**$ 1,368,750**

On April 23, 2018, the Company closed a private placement, issuing 3,000,000 flow-through units to the Company's Chairman at a price of $0.02 per unit, resulting in proceeds of $60,000. Each unit was comprised of one common share and one warrant with each warrant exercisable at $0.05 per share until April 23, 2019. These warrants expired unexercised.

On June 1, 2018, the Company closed a private placement, issuing 5,000,000 units at a price of $0.02 per unit, resulting in proceeds of $100,000. Each unit was comprised of one common share and one warrant with each warrant exercisable at $0.05 per share until June 1, 2019. These warrants expired unexercised.

On September 5, 2018, the Company issued 1,500,000 commons shares at a deemed value of $0.02 per share as an option payment to Peter Dunlop for the Last Hope project in Manitoba.

Expressed in Canadian dollars, unless otherwise indicated

6. SHARE CAPITAL (CONT'D)

On December 28, 2018, the Company closed a private placement, issuing 3,250,000 flow-through units to the Company's Chairman at a price of $0.02 per unit, resulting in proceeds of $65,000. Each unit was comprised of one common share and one warrant with each warrant exercisable at $0.05 per share until December 28, 2020.

On December 28, 2018, the Company completed a transaction with the Company's Chairman whereby the Company acquired from him 1,916,666 common shares and 1,916,666 warrants of 55 North. As consideration, the Company issued 5,750,000 units, with each unit comprised of one common share and one warrant. Each warrant is exercisable at $0.05 per share until December 28, 2020.

On December 31, 2018, certain creditors agreed to receive a total of 3,250,000 common shares in settlement of $65,000 debt owed to them, with each share issued at $0.02 per share. Concurrently, certain directors agreed to receive a total of 5,275,000 units at a deemed value of $0.02 per unit in settlement of $105,500 debt owed to them, with each unit issued at $0.02 per unit. The units were comprised of one common share and one warrant, with each warrant exercisable into one common share a price of $0.05 per share until December 31, 2024. In August 2020, the terms of these warrants were changed to an exercise price of $0.18 and with an expiration date of December 31, 2022.

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 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 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 of a warrant with each warrant exercisable at $0.18 per share until December 31, 2022.

7. WARRANTS

The fair value of warrants granted was initially 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% (2018 – 0%), expected volatility of 100% (2018 – 100%), risk free interest rate of 1.53% to 1.69% (2018 - 1.85% to 1.93%) and expected life of 3 years (2018 – 1 to 6 years). The Company then used the relative fair value method to value the warrants together with the value of the share capital issued.

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

	2019		2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning	**22,275,000**	**$ 0.05**	—	**$ —**
Granted	8,359,108	0.18	22,275,000	0.05
Expired	(8,000,000)	0.05	—	—
Balance, ending	**22,634,108**	**$ 0.10**	**22,275,000**	**$ 0.05**

Expressed in Canadian dollars, unless otherwise indicated

7. WARRANTS (CONT'D)

The warrants have a weighted average remaining life of 2.56 years (2018 - 2.36 years) consisting of the following:

	2019	2018
Number of warrants	Remaining life	Remaining life
3,000,000	—	0.31
5,000,000	—	0.42
3,250,000	0.99	1.99
5,750,000	0.99	1.99
5,275,000	5.00	6.00
781,250	2.70	—
7,142,858	2.70	—
435,000	3.00	—
Weighted average	2.56	2.36

8. INCOME TAXES

Income tax provision

The provision for income taxes reflects an effective rate that differs from the combined federal and provincial tax rates for the following reasons:

	2019	2018
Loss before income taxes	**$ (372,357)**	$ (712,867)
Combined statutory income tax rate	**26.50%**	26.50%
Income tax recovery using statutory income tax rates	**(98,675)**	(188,910)
Share issue costs	**(7,950)**	—
Revaluation of investment	**12,850**	—
Valuation allowance	**74,638**	149,160
Deferred tax recovery	**$ (19,137)**	$ (39,750)

Deferred income taxes

Significant components of the Company's deferred income tax asset (liability) are as follows:

	2019	2018
Non-capital losses	**$ 105,663**	$ 48,137
Canadian exploration and development expense pools	**148,313**	136,944
Share issuance costs	**7,585**	1,842
Deferred income tax asset	**261,561**	186,923
Valuation allowance	**(261,561)**	(186,923)
Deferred tax asset	**$ —**	$ —

8. INCOME TAXES

The Company has non-capital loss carry forward amounts available for income tax purposes of $398,727 that expire $319 in 2026, $5,304 in 2027, $176,026 in 2028 and $217,078 in 2029. The Company has $559,671 (December 31, 2018 - $516,770) of unused cumulative Canadian exploration and development costs available to offset future taxable income. The tax benefits pertaining to these expenses are available for carry forward indefinitely.

9. RELATED PARTY TRANSACTIONS

The loan receivable as at December 31, 2019 of $428,233 (December 31, 2018 - $280,645) is due a company under common management, and is non-interest bearing, unsecured, and repayable on demand.

The Company's Chairman and CEO was owed $220,000 at December 31, 2019 (December 31, 2018 - $100,000). This liability is non-interest bearing, unsecured and repayable on demand.

During the year ended December 31, 2019, the Company's CFO was paid $25,000 (2018 - $nil) in compensation.

During the year ended December 31, 2018, the Company recorded liabilities for services rendered to certain directors and officers totaling $130,500. This liability was settled by the issuance of 6,525,000 common shares and 5,275,000 warrants. Each warrant was exercisable into one common share a price of $0.05 per share until December 31, 2024. In August 2020, the terms of these warrants were changed to an exercise price of $0.18 and with an expiration date of December 31, 2022.

10. CAPITAL MANAGEMENT

The Company's total capital balance of $402,706 (December 31, 2018 - capital balance of $72,908) consists of $1,368,750 (December 31, 2018 - $844,301) of share capital, warrants valued at $244,389 (December 31, 2018 - $106,082), and a deficit of $1,210,433 (December 31, 2018 - $877,475).

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.

11. 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:

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

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 assets exceed its current liabilities by $336,198 (December 31, 2018 – negative working capital of $42,092).

Receivables, loan receivable, accounts payable and accrued liabilities and loan 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.

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. The Company is not exposed to any interest rate 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, receivables, loan receivable and accounts payable and accrued liabilities approximate their recorded values as at December 31, 2019 and December 31, 2018 due to their short-term nature. The Company's financial instruments are classified as level 1 except for investments which is classified as level 2.

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.

Expressed in Canadian dollars, unless otherwise indicated

12. LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2019 and 2018, was based on total loss attributable to common shareholders of $353,270 (2018 - $673,117) and a weighted average number of common shares outstanding of 57,183,819 (2018 – 30,867,878).

13. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance, December 31, 2017	$ 23,850
Flow-through share premium liability incurred	33,125
Settlement of flow-through share liability on incurring expenditures	(39,750)
Balance, December 31, 2018	17,225
Flow-through share premium liability incurred	212,007
Settlement of flow-through share liability on incurring expenditures	(19,137)
Balance, December 31, 2019	**$ 210,095**

During the years ended December 31, 2019 and 2018, the Company incurred qualified flow through funded exploration expenditures, fulfilling its commitment under the flow through financing from the year ended December 30, 2017. The Company must spend $792,810 (2018 - $65,000) on qualified flow through funded exploration expenditures before December 31, 2020 (2018 – December 31, 2019). Subsequent to year-end, as a result of COVID-19 measures flow through expenditures were granted a 12 month extension.

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, 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. 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.
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 July 13, 2020, the Company issued 1,666,666 warrants to 1911 Gold Inc., for services rendered in connection with various corporate activities. Each warrant is exercisable at $0.18 per share until December 31. 2022.

On September 2, 2020, 55 North announced that it had completed its acquisition of the Company through a reverse takeover arrangement (the "RTO").

Prior to completion of the RTO, 55 North consolidated all of its issued and outstanding shares on a 10.13:1 basis. On closing, 55 North issued post-consolidation shares in exchange for the outstanding shares of the Company on a one to one basis. As a result, 70,493,217 shares of 55 North were issued giving the shareholders of the Company control of approximately 89.99% of the issued and outstanding share capital of 55 North. 55 North then immediately cancelled all of the Company's shares and was amalgamated with 55 North Mining Operations Inc., a wholly owned subsidiary of 55 North. All warrants to purchase shares of the Company have carried over to now purchase shares of 55 North on a one to one basis.

55 North was valued by comparing the value of the shares retained by 55 North shareholders in comparison with the valuation of the Company prior to the RTO. 55 North was valued at $750,953. This value was allocated between the remaining net assets acquired with the difference charged to loss and comprehensive loss for the period as a cost of acquiring the listing.

Expressed in Canadian dollars, unless otherwise indicated

14. SUBSEQUENT EVENTS (CONT'D)

As a result of the RTO the net assets acquired by the Company of 55 North are as follows:

Current assets	$	665,954
Current liabilities		(206,087)
Net assets acquired	$	459,867
Value of shares issued by the Company to acquire 55 North	$	750,953
Consideration paid in excess of net assets acquired		291,086

The consideration paid in excess of net assets acquired, together with related transaction costs will be expensed as a charge related to acquiring a public company listing

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 on 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.