

55 North Mining Inc.

Condensed Interim Financial Statements

At June 30, 2023 and 2022

(in Canadian dollars, unless otherwise stated)

(unaudited)

Notice of No Auditor Review of Condensed Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash	\$ 68,449	\$ 31,779
Receivables	5,509	1,844
Prepays	16,422	2,733
	\$ 90,380	\$ 36,356
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	\$ 196,327	\$ 194,242
	196,327	194,242
Long-term liabilities		
Canada Emergency Business Account (Note 5)	30,000	30,000
	226,327	224,242
Shareholders' equity		
Share capital (Note 6)	4,829,482	4,791,408
Warrant reserve	2,397,500	2,295,348
Contributed surplus	120,520	135,240
Deficit	(7,483,449)	(7,409,882)
	(135,947)	(187,886)
	\$ 90,380	\$ 36,356

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

On behalf of the Board:
Signed:

"Bruce Reid"

Director

"Alka Singh"

Director

55 North Mining Inc.

Condensed Interim Statements of Comprehensive Loss

For the three and six months ended June 30, 2023 and 2022

(Unaudited)

Expressed in Canadian dollars, except shares and per share amounts

	3 months ended June 30,		6 months ended June 30,	
	2023	2022	2023	2022
Expenditures				
Project expenditures	\$ 38,016	\$(4,373)	\$ 38,016	\$ 3,367
Share-based compensation	---	---	---	---
Management and consulting	48,000	49,917	96,000	107,604
Promotion and communication	6,763	18,204	11,602	40,413
Professional fees	---	---	823	3,975
General and administration	23,652	9,715	41,984	26,623
Loss before other items	116,431	73,463	188,425	181,982
MMDF grant (Note 13)	(100,000)	---	(100,000)	---
Interest income	---	---	(138)	(3)
Gain on sale of claims	---	---	---	(20,000)
(Income) Loss before income taxes	16,431	73,463	88,287	161,979
Future tax recovery	---	(12,500)	---	(12,500)
(Income) Loss and comprehensive loss for the period	\$ 16,431	\$60,963	\$88,287	\$ 149,479
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	153,771,687	121,827,068	150,750,381	115,689,164

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, 2023 and 2022

(Unaudited)

Expressed in Canadian dollars

	Share Capital	Warrant Reserve	Contributed Surplus	Deficit	Total
Balance at December 31, 2021	\$ 4,327,258	\$ 2,313,168	\$ 1,013,740	\$ (7,921,115)	\$ (266,949)
Loss for the period	---	---	---	(149,479)	(149,479)
Issue of shares – private placement	42,609	27,391	---	---	70,000
Issue of shares – debt settlement	103,936	30,178	---	---	513,144
Share issue costs	(1,000)	---	---	---	(1,000)
Balance at June 30, 2022	\$ 4,272,803	\$ 2,370,737	\$ 1,013,740	\$ (8,070,594)	\$ (213,314)
Balance at December 31, 2022	\$ 4,791,408	\$ 2,295,348	\$ 135,240	\$ (7,409,882)	\$ (187,886)
Loss for the period	---	---	---	(88,287)	(88,287)
Issue of shares – private placement	10,933	29,067	---	---	40,000
Issue of shares – debt settlement	27,491	73,085	---	---	100,576
Share issue costs	(350)	---	---	---	(350)
Expiry of share-based compensation	---	---	(14,720)	14,720	---
Balance at June 30, 2023	\$ 4,829,482	\$ 2,397,500	\$ 120,520	\$ (7,483,449)	\$ (135,947)

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, 2023 and 2022
(Unaudited)

Expressed in Canadian dollars

	2023	2022
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (88,287)	\$ (149,479)
Future tax recovery	---	(12,500)
Net change in non-cash working capital items:		
Amounts receivable	(3,665)	23,337
Prepays	(13,689)	4,969
Accounts payable and accrued liabilities	2,086	(39,895)
	(103,556)	(173,568)
FINANCING ACTIVITIES		
Issuance of units	140,576	70,000
Share issue costs	(350)	(1,000)
	140,226	69,000
Net decrease in cash	(36,670)	(104,568)
Cash, beginning of period	31,779	115,155
Cash, end of period	\$ 68,449	\$ 10,587

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

55 North Mining Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

June 30, 2023 and 2022

Expressed in Canadian dollars unless otherwise indicated

1. CORPORATE INFORMATION

55 North Mining Inc., a company incorporated under the Canada Business Corporation Act, and its wholly-owned subsidiary 55 North Mining Operations Inc. (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 currently listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “FFF”.

These condensed interim financial statements of the Company for the three months ended June 30, 2023 were approved and authorized for issue by the Board of Directors of the Company on August 23, 2023.

Going Concern

Mineral exploration projects, even when successful, require large amounts of exploration investment to prove mineable reserves, generally over long periods of time, prior to commencement of production. Operating activities have not yet generated any revenues. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing, the continued support of its existing shareholders, and the outlining and development of commercial deposits of metals at its project to generate positive cash flows from operations. While the Company has been successful in securing financing and identifying suitable properties to date, there is no assurance that the Company will continue to be successful in achieving these objectives. To date the Company has incurred losses since inception and expects to incur further losses in the development of its business. As at June 30, 2023, the Company had an accumulated deficit of \$7,483,449 which has been funded primarily by the issuance of share capital. At June 30, 2023, the Company also had a working capital deficiency of \$105,947 (December 31, 2022 - working capital deficiency of \$157,886).

The ability of the Company to realize the costs it has incurred to date on its properties is dependent upon the Company being able to identify economically recoverable reserves, to finance their development costs and to resolve any environmental, regulatory or other constraints, which may hinder the successful development of the reserves. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

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 factors may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. 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.

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.

55 North Mining Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

June 30, 2023 and 2022

Expressed in Canadian dollars unless otherwise indicated

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

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, 2022. Accordingly, these condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2022.

b) Accounting changes

Recent Accounting Pronouncements

Amendments to IAS 12

On May 7, 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments narrow the scope of the initial recognition exemption ("IRE") so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The adoption of the new standard did not impact the financial statements of the Company.

Amendments to IAS 8

In February 2021, the IASB issued Definition of Accounting Estimates, which amended IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments to IAS 8 are effective for annual periods beginning on or after January 1, 2023. The adoption of the new standard did not impact the financial statements of the Company.

Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies. The amendments help companies provide useful accounting policy disclosures. The adoption of the new standard did not impact the financial statements of the Company.

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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

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.

55 North Mining Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

June 30, 2023 and 2022

Expressed in Canadian dollars unless otherwise indicated

4. MINERAL PROPERTIES

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;
- September 5, 2021: \$100,000; and
- September 5, 2022: \$3,000,000

On August 24, 2022, the terms of the option agreement were amended by extending the final \$3,000,000 payment by three years to September 5, 2025. Furthermore, annual payments of \$100,000 are to be paid on September 5, 2022, 2023 and 2024. Pursuant to the amended agreement, the Company paid \$200,000 as well as issued 5,000,000 common shares of 55 North Mining Inc.

The Last Hope Project bears a 2% net smelter returns royalty with the ability to buy back 1% for \$1,000,000.

5. CANADA EMERGENCY BUSINESS ACCOUNT

As a result of COVID-19, the Canadian federal government created the Canada Emergency Business Account ("CEBA"), designed to provide some financial assistance to qualifying Canadian companies. In April 2020, the Company applied for this funding and received \$40,000 as an unsecured, non-interest-bearing loan. This loan is due on or before December 31, 2023. If \$30,000 is paid before this time, \$10,000 of the loan is forgiven. If not paid by this date, the loan is extended by two years bearing interest at a rate of 5% per annum, with the loan maturing on December 31, 2025.

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, 2021	113,602,862	\$ 4,327,258
Issued on settlement of debt	8,103,882	235,774
Warrant allocation on settlement of debt	---	(83,592)
Issued on private placement	20,988,761	455,612
Warrant allocation on private placement	---	(216,144)
Issued as property payment	5,000,000	75,000
Share issue costs	---	(2,500)
Balance, December 31, 2022	147,695,505	\$ 4,791,408
Issued on settlement of debt	6,705,073	100,576
Warrant allocation on settlement of debt	---	(73,085)
Issued on private placement	2,666,666	40,000
Warrant allocation on private placement	---	(29,067)
Share issue costs	---	(350)
Balance, June 30, 2023	157,067,244	4,829,482

55 North Mining Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

June 30, 2023 and 2022

Expressed in Canadian dollars unless otherwise indicated

6. SHARE CAPITAL (CONT'D)

Included in the share capital balance on December 31, 2022 and June 30, 2023 are 189,206 shares held by 55 North Operations (formerly Ontario Inc.). These shares will be sold now that the Company's shares are trading on a stock exchange and are included as shares held in treasury.

On January 27, 2022, the Company completed the settlement of \$56,992 of debt through the issuance of common shares of the Company (the "Debt Settlement"). Pursuant to the debt settlement, the Company issued 1,139,831 common shares of the Company (the "Shares") at a deemed price of \$0.05 per Share to certain creditors of the Company, including a director and an officer.

On May 6, 2022, the Company completed the settlement of \$77,122 of debt through the issuance of units of the Company. Pursuant to the debt settlement, the Company issued 1,881,019 units, with each unit comprised of one common share and one common share purchase warrant. Each warrant allows the holder to purchase one common share at a price of \$0.05 per share for a period of 48 months from the date of issuance.

Also on May 6, 2022, the Company closed a private placement for gross proceeds of \$70,000, issuing 1,707,317 units at \$0.041 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at \$0.05 per share for 48 months from the date of issuance.

On August 26, 2022, the Company closed a private placement for gross proceeds of \$103,437, issuing 5,172,710 units at \$0.02 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at \$0.05 per share for 48 months from the date of issuance.

On September 7, 2022, the Company issued 5,000,000 common shares for deemed proceeds of \$75,000 as part of amending the Last Hope Project option agreement (see Note 4).

On October 5, 2022, the Company closed a private placement for gross proceeds of \$240,000, issuing 12,000,000 units at \$0.02 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at \$0.05 per share for 48 months from the date of issuance.

On October 5, 2022, the Company completed the settlement of \$101,660 of debt through the issuance of units of the Company. Pursuant to the debt settlement, the Company issued 5,083,032 units, with each unit comprised of one common share and one common share purchase warrant. Each warrant allows the holder to purchase one common share at a price of \$0.05 per share for a period of 48 months from the date of issuance.

On October 27, 2022, the Company closed a private placement for gross proceeds of \$32,175, issuing 1,608,734 units at \$0.02 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at \$0.05 per share for 48 months from the date of issuance.

On November 2, 2022, the Company closed a private placement for gross proceeds of \$10,000, issuing 500,000 units at \$0.02 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at \$0.05 per share for 48 months from the date of issuance.

On May 3, 2023, the Company completed a financing, which included settlement of debt of \$100,576 and a subscription for an additional \$40,000, resulting in the issuance of 9,371,739 units, with each unit comprised of one common share and one common share purchase warrant. Each warrant allows the holder to purchase one common share at a price of \$0.05 per share for a period of 48 months.

7. WARRANTS

At June 30, 2023, there were 72,585,611 warrants outstanding (December 31, 2022 – 62,853,872), with each warrant entitling the holder to acquire one common share of the Company at the prices noted below:

55 North Mining Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

June 30, 2023 and 2022

Expressed in Canadian dollars unless otherwise indicated

7. WARRANTS (CONT'D)

Number	Exercise Price	Remaining Contractual Life in Years	Expiry Date
June 30, 2023			
7,132,080	\$0.30	1.23	September 21, 2024
500,000	\$0.20	1.23	September 21, 2024 ⁽¹⁾
36,800	\$0.15	1.23	September 21, 2024 ⁽²⁾
4,200,000	\$0.30	1.30	October 15, 2024
329,600	\$0.20	1.30	October 15, 2024 ⁽¹⁾
6,400	\$0.15	1.30	October 15, 2024 ⁽²⁾
9,221,133	\$0.30	1.36	November 9, 2024
534,531	\$0.15	1.36	November 9, 2024 ⁽²⁾
6,000	\$0.30	1.36	November 9, 2024
3,840,183	\$0.30	1.41	November 27, 2024
141,333	\$0.15	1.41	November 27, 2024 ⁽²⁾
8,000	\$0.20	1.41	November 27, 2024 ⁽¹⁾
1,333,334	\$0.30	1.43	December 4, 2024
106,666	\$0.15	1.43	December 4, 2024 ⁽²⁾
1,500,000	\$0.30	2.79	April 12, 2025
105,000	\$0.30	2.79	April 12, 2025
50,000	\$0.30	2.82	April 26, 2025
5,000,000	\$0.20	3.04	July 15, 2026
350,000	\$0.20	3.04	July 15, 2026
500,000	\$0.20	3.07	July 20, 2026
3,588,336	\$0.05	2.85	May 6, 2026
5,172,710	\$0.05	3.16	August 26, 2026
5,083,032	\$0.05	3.27	October 5, 2026
12,000,000	\$0.05	3.27	October 5, 2026
1,608,734	\$0.05	3.35	October 27, 2026
500,000	\$0.05	3.35	November 2, 2026
9,371,739	\$0.05	4.85	May 3, 2027
72,225,611	\$0.17	2.68	

A summary of the status of the Company's outstanding warrants and changes for the year ended December 31, 2022 and the six months ended June 30, 2023 are as follows:

	2023		2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning	62,853,872	\$0.18	59,419,010	\$0.24
Granted	9,371,739	0.05	27,952,812	0.05
Expired	---	---	(24,517,950)	0.18
Balance, ending	72,225,611	\$0.17	62,853,872	\$0.18

55 North Mining Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

June 30, 2023 and 2022

Expressed in Canadian dollars unless otherwise indicated

7. WARRANTS (CONT'D)

Notes:

- (1) These compensation options entitle the holder to acquire a unit at a price of \$0.20 per unit. Each unit is comprised of one common share and one warrant which can be exercised to acquire one additional common share at a price of \$0.30 for a period of 48 months.
- (2) These compensation options entitle the holder to acquire a unit at a price of \$0.15 per unit. Each unit is comprised of one common share and one warrant which can be exercised to acquire one additional common share at a price of \$0.30 for a period of 48 months.

The value warrants issued were estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants:

Date Issued	Number	Dividend Yield	Expected Volatility	Risk Free Interest Rate	Expected Life In Years
May 3, 2023	9,371,739	0%	100%	2.87%	4

8. 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.

A summary of the status of the Company's outstanding options as at June 30, 2023 and December 31, 2022 and changes during the periods then ended are as follows:

The average remaining life of the options at June 30, 2023 is 4.07 years (December 31, 2022 – 4.57 years).

	Jun. 30, 2023		Dec. 31, 2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning	7,350,000	\$ 0.02	9,396,148	\$ 0.16
Granted	---	---	7,350,000	0.02
Cancelled	(800,000)	0.02	(9,396,148)	0.16
Balance, ending	6,550,000	\$ 0.02	7,350,000	\$ 0.02

On April 9, 2023, 800,000 options, with an exercise price of \$0.02 per share, expired unexercised.

9. RELATED PARTY TRANSACTIONS

Key management personnel are those people who have 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, 2023 is \$18,000 and \$36,000, respectively (three and six months ended June 30, 2022 - \$18,000 and \$36,000, respectively) with \$36,000 remaining in accounts payable at quarter end (December 31, 2022 - \$16,909).

Total fees paid to the Company's CFO during the three and six months ended June 30, 2023 is \$15,000 and \$30,000, respectively (three and six months ended June 30, 2022 - \$17,500 and \$32,200, respectively) with \$30,000 remaining in accounts payable at quarter end (December 31, 2022 - \$15,500). All fees payable to the Company's CEO and CFO through March 31, 2023 were settled with shares in May 2023.

55 North Mining Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

June 30, 2023 and 2022

Expressed in Canadian dollars unless otherwise indicated

10. CAPITAL MANAGEMENT

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:

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 \$105,947.

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.

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.

55 North Mining Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

June 30, 2023 and 2022

Expressed in Canadian dollars unless otherwise indicated

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

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 receivable, advances to related party, accounts payable, due to related parties and promissory note payable approximate their recorded values as at June 30, 2023 and December 31, 2022 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.

12. 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 are not reasonably determinable, management believes that any such outcome will not be material.

13. MANITOBA MINERAL DEVELOPMENT FUND GRANT

On May 24, 2023, the Company signed an agreement with MMDF Corporation, an arm of the Government of Manitoba, where the Company will receive a grant of up to \$300,000 from the Manitoba Mineral Development Fund in \$100,000 tranches, which funds are to be used for exploration activities at the Company's Last Hope Project. As of the date of these financial statements, \$100,000 has been received.