

# 55 North Mining Inc.

## Condensed Interim Consolidated Financial Statements

At June 30, 2024 and 2023

*(in Canadian dollars, unless otherwise stated)*

*(unaudited)*

### **Notice of No Auditor Review of Condensed Interim Consolidated 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 consolidated 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 Consolidated Statements of Financial Position

(Unaudited)

Expressed in Canadian dollars

	June 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 61,537	\$ 85,060
Receivables	23,044	13,318
Prepays	10,610	2,811
	<b>\$ 95,191</b>	<b>\$ 101,189</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 408,937	\$ 341,822
Deferred MMDF grant (Note 13)	174,165	100,000
	<b>583,102</b>	<b>441,822</b>
<b>Long-term liabilities</b>		
Canada Emergency Business Account (Note 5)	40,000	40,000
	<b>623,102</b>	<b>481,822</b>
<b>Shareholders' equity</b>		
Share capital (Note 6)	5,008,782	5,008,782
Warrant reserve	2,364,700	2,364,700
Contributed surplus	409,800	409,800
Deficit	(8,311,193)	(8,163,915)
	<b>(553,746)</b>	<b>(380,633)</b>
	<b>\$ 95,191</b>	<b>\$ 101,189</b>

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

On behalf of the Board:

Signed:

"Bruce Reid"

Director

"Alka Singh"

Director

# 55 North Mining Inc.

## Condensed Interim Consolidated Statements of Comprehensive Loss

For the three and six months ended June 30, 2024 and 2023

(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
<b>Expenditures</b>				
Management and consulting	\$ 48,000	\$ 48,000	\$ 96,000	\$ 96,000
General and administration	10,556	23,652	27,364	41,984
Promotion and communication	15,339	6,763	22,589	11,602
Project expenditures	25,835	38,016	25,835	38,016
Professional fees	---	---	1,325	823
Share-based compensation	---	---	---	---
<b>Loss before other items</b>	<b>99,740</b>	<b>116,431</b>	<b>173,113</b>	<b>188,425</b>
MMDF grant (Note 13)	(25,835)	(100,000)	(25,835)	(100,000)
Interest income	---	---	---	(138)
<b>Loss and comprehensive loss for the period</b>	<b>\$ 73,904</b>	<b>\$ 16,431</b>	<b>\$147,278</b>	<b>\$ 88,287</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of shares outstanding during the period - basic and diluted</b>	<b>160,067,244</b>	<b>153,771,687</b>	<b>160,067,244</b>	<b>150,750,381</b>

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

## 55 North Mining Inc.

### Condensed Interim Consolidated Statements of Changes in Deficit

For the six months ended June 30, 2024 and 2023

(Unaudited)

Expressed in Canadian dollars

	Share Capital	Warrant Reserve	Contributed Surplus	Deficit	Total
<b>Balance at December 31, 2022</b>	<b>\$ 4,791,408</b>	<b>\$ 2,295,348</b>	<b>\$ 135,240</b>	<b>\$ (7,409,882)</b>	<b>\$ (187,886)</b>
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	---
<b>Balance at June 30, 2023</b>	<b>\$ 4,791,408</b>	<b>\$ 2,397,500</b>	<b>\$ 120,520</b>	<b>\$ (7,483,449)</b>	<b>\$ (135,947)</b>
<b>Balance at December 31, 2023</b>	<b>\$ 5,008,782</b>	<b>\$ 2,364,700</b>	<b>\$ 419,800</b>	<b>\$ (8,163,915)</b>	<b>\$ (380,633)</b>
Loss for the period	---	---	---	(147,278)	(147,278)
<b>Balance at June 30, 2024</b>	<b>\$ 5,008,782</b>	<b>\$ 2,364,700</b>	<b>\$ 419,800</b>	<b>\$ (8,311,193)</b>	<b>\$ (527,911)</b>

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

# 55 North Mining Inc.

## Condensed Interim Consolidated Statements of Cash Flows

For the six months ended June 30, 2024 and 2023

(Unaudited)

Expressed in Canadian dollars

	2024	2023
Cash provided by (used in):		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (173,113)	\$ (71,856)
Net change in non-cash working capital items:		
Amounts receivable	(9,726)	(2,260)
Prepays	(7,799)	(20,420)
Accounts payable and accrued liabilities	67,115	28,845
Deferred MMDF grant	74,165	---
	<b>(23,523)</b>	<b>(65,691)</b>
<b>FINANCING ACTIVITIES</b>		
Shares to be issued	---	35,000
Share issue costs related to debt settlement	---	---
	---	35,000
<b>Net decrease in cash</b>	<b>(23,523)</b>	<b>(30,691)</b>
Cash, beginning of period	<b>85,060</b>	<b>31,779</b>
<b>Cash, end of period</b>	<b>\$ 61,537</b>	<b>\$ 1,088</b>

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

# 55 North Mining Inc.

## Notes to the Condensed (Unaudited) Interim Consolidated Financial Statements

June 30, 2024 and 2023

*Expressed in Canadian dollars unless otherwise indicated*

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### 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 consolidated financial statements of the Company for the three and six months ended June 30, 2024 were approved and authorized for issue by the Board of Directors of the Company on **August 14, 2024**.

#### 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, 2024, the Company had an accumulated deficit of \$8,311,193 which has been funded primarily by the issuance of share capital. At June 30, 2024, the Company also had a working capital deficiency of \$487,911 (December 31, 2023 - working capital deficiency of \$340,633).

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 interim consolidated 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 interim consolidated 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.

# 55 North Mining Inc.

## Notes to the Condensed (Unaudited) Interim Consolidated Financial Statements

June 30, 2024 and 2023

*Expressed in Canadian dollars unless otherwise indicated*

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

#### b) Basis of presentation (cont'd):

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 consolidated 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, 2023. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2023.

#### c) Accounting changes

##### New standards adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2024. The following amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after January 1, 2024:

- General Requirements for Disclosure of Sustainability-related Financial Information (New standard IFRS S1);
- Climate-related Disclosures (New standard IFRS S2);
- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Noncurrent);
- and
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants);

The Company has concluded that the above are not applicable or do not have a significant impact to the Company and have been excluded as it is expected to have no impact on the unaudited condensed interim 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. 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. In addition to payments already made and incurring certain exploration expenses (already incurred), the Company also agreed to make certain annual option payments. The \$100,000 payment to be made on September 5, 2023 was deferred to June 5, 2024 by issuing 1,000,000 common shares to Peter Dunlop.

The Company committed to make additional option payments as follows: June 5, 2024: \$100,000; September 5, 2024: \$100,000; and September 5, 2025: \$3,000,000. The June 2024 payment was not made and the Company is in discussions to formalize a new agreement.

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

# 55 North Mining Inc.

## Notes to the Condensed (Unaudited) Interim Consolidated Financial Statements

June 30, 2024 and 2023

Expressed in Canadian dollars unless otherwise indicated

### 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 was due on or before December 31, 2023 but subsequently extended to January 18, 2024. If \$30,000 was paid before it was time, \$10,000 of the loan would have been 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. The Company had previously reduced the loan liability as it had planned on paying the loan when it matured. As the Company did not repay the loan by the due date, management reversed the write-down to reflect the loan at its face value of \$40,000.

### 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
<b>Balance, December 31, 2022</b>	<b>147,695,505</b>	<b>\$ 4,791,408</b>
Issued on settlement of debt	6,705,073	100,576
Warrant allocation on settlement of debt	---	(49,617)
Issued on private placement	2,666,666	40,000
Warrant allocation on private placement	---	(19,735)
Flow-through premium	---	(3,500)
Share issue costs	---	(350)
Issued as property payment	3,000,000	150,000
<b>Balance, December 31, 2023 and June 30, 2024</b>	<b>160,067,244</b>	<b>5,008,782</b>

Included in the share capital balance on December 31, 2020 and March 31, 2021 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 May 3, 2023, the Company completed the settlement of \$100,576 of debt and a subscription for an additional \$40,000, resulting in the issuance of 9,371,739 units of the Company, 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 August 29, 2023, the Company issued 2,000,000 common shares, valued at \$100,000, to the Marcel Colomb First Nations Band as agreed to as part of the exploration agreement with the Marcel Colomb First Nations Band, which agreement outlines a framework for collaboration on exploration.

On September 15, 2023, the Company issued 1,000,000 common shares, valued at \$50,000, as part of amending the Last Hope Project option agreement (see Note 4).

# 55 North Mining Inc.

## Notes to the Condensed (Unaudited) Interim Consolidated Financial Statements

June 30, 2024 and 2023

Expressed in Canadian dollars unless otherwise indicated

### 7. WARRANTS

At June 30, 2024, there were 72,225,611 warrants outstanding (December 31, 2023 – 72,225,611), 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
<b>September 30, 2023</b>			
7,132,080	\$0.30	0.23	September 21, 2024
500,000	\$0.20	0.23	September 21, 2024 <sup>(1)</sup>
36,800	\$0.15	0.23	September 21, 2024 <sup>(2)</sup>
4,200,000	\$0.30	0.29	October 15, 2024
329,600	\$0.20	0.29	October 15, 2024 <sup>(1)</sup>
6,400	\$0.15	0.29	October 15, 2024 <sup>(2)</sup>
9,221,133	\$0.30	0.36	November 9, 2024
534,531	\$0.15	0.36	November 9, 2024 <sup>(2)</sup>
6,000	\$0.30	0.36	November 9, 2024
3,840,183	\$0.30	0.41	November 27, 2024
141,333	\$0.15	0.41	November 27, 2024 <sup>(2)</sup>
8,000	\$0.20	0.41	November 27, 2024 <sup>(1)</sup>
1,333,334	\$0.30	0.41	December 4, 2024
106,666	\$0.15	0.41	December 4, 2024 <sup>(2)</sup>
1,500,000	\$0.30	0.78	April 12, 2025
105,000	\$0.30	0.78	April 12, 2025
50,000	\$0.30	0.82	April 26, 2025
5,000,000	\$0.20	2.04	July 15, 2026
350,000	\$0.20	2.04	July 15, 2026
500,000	\$0.20	2.05	July 20, 2026
3,588,336	\$0.05	1.86	May 6, 2026
5,172,710	\$0.05	2.16	August 26, 2026
5,083,032	\$0.05	2.27	October 5, 2026
12,000,000	\$0.05	2.27	October 5, 2026
1,608,734	\$0.05	2.33	October 27, 2026
500,000	\$0.05	2.34	November 2, 2026
9,371,739	\$0.05	2.84	May 3, 2027
<b>72,225,611</b>	<b>\$0.16</b>	<b>1.52</b>	

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.

# 55 North Mining Inc.

## Notes to the Condensed (Unaudited) Interim Consolidated Financial Statements

June 30, 2024 and 2023

Expressed in Canadian dollars unless otherwise indicated

### 7 WARRANTS (CONT'D)

A summary of the status of the Company's outstanding warrants and changes for the year ended December 31, 2023 and the three months ended June 30, 2024 are as follows:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
<b>Balance, beginning</b>	<b>72,225,611</b>	<b>\$0.16</b>	<b>62,853,872</b>	<b>\$0.18</b>
Granted	---	---	9,371,739	0.05
Expired	---	---	---	---
<b>Balance, ending</b>	<b>72,225,611</b>	<b>\$0.16</b>	<b>72,225,611</b>	<b>\$0.16</b>

### 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.

On August 29, 2023, the Company issued 6,000,000 incentive share options to officers, directors, employees and consultants, and also issued 2,000,000 incentive share options to the Marcel Colomb First Nations Band as part of its exploration agreement. These options vested immediately, have a five-year life, and an exercise price of \$0.05. The value of these options was calculated using the Black-Scholes option pricing model under the following weighted average assumptions: share price - \$0.05; risk free rate of return - 3.92%; annualized volatility - 100%; expected life - 5 years; dividend yield - 0%. The Company recognized a share-based compensation expense of \$304,000 related to the vesting that occurred.

During the year ended December 31, 2023, 1,600,000 options, with an exercise price of \$0.02 per share, expired unexercised.

The average remaining life of the options at June 30, 2024 is 3.71 years (December 31, 2023 - 4.21 years). A summary of the status of the Company's outstanding options as at June 30, 2024 and December 31, 2023 and changes during the periods then ended are as follows:

	Jun. 30, 2024		Dec. 31, 2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
<b>Balance, beginning</b>	<b>13,750,000</b>	<b>\$ 0.04</b>	<b>7,350,000</b>	<b>\$ 0.02</b>
Granted	---	---	8,000,000	0.05
Expired	---	---	(1,600,000)	0.02
<b>Balance, ending</b>	<b>13,750,000</b>	<b>\$ 0.04</b>	<b>13,750,000</b>	<b>\$ 0.04</b>

# 55 North Mining Inc.

## Notes to the Condensed (Unaudited) Interim Consolidated Financial Statements June 30, 2024 and 2023

*Expressed in Canadian dollars unless otherwise indicated*

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### 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, 2024 is \$18,000 and \$36,000, respectively (three and six months ended June 30, 2023 - \$18,000 and \$36,000, respectively) with \$90,000 remaining in accounts payable at June 30, 2024 (December 31, 2023 - \$54,000). Total fees paid to the Company's CFO during the three and six months ended June 30, 2024 is \$15,000 and \$30,000, respectively (three and six months ended June 30, 2023 - \$15,000 and \$30,000, respectively) with \$75,000 remaining in accounts payable at quarter end (December 31, 2023 - \$47,710 on account of unpaid fees and expenses). All fees payable to the Company's CEO and CFO though March 31, 2023 were settled with shares in May 2023.

### 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 \$487,911.

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.

## Notes to the Condensed (Unaudited) Interim Consolidated Financial Statements

June 30, 2024 and 2023

*Expressed in Canadian dollars unless otherwise indicated*

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### 11. 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 receivable, advances to related party, accounts payable, due to related parties and promissory note payable approximate their recorded values as at June 30, 2024 and December 31, 2023 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, \$300,000 has been received. The amount deferred represents amounts that will be spent on exploration activities and is expected to be realized in the subsequent year. If amounts are not spent according to the agreement they are to be repaid.