

# **55 North Mining Inc.**

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

**OF THE COMPANY'S FINANCIAL CONDITION**

**AND RESULTS OF OPERATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2020**

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

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

The information provided herein is given as of April 28, 2021 unless otherwise indicated.

### **FORWARD LOOKING STATEMENT**

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

### **BUSINESS ENVIRONMENT and OUTLOOK**

Beginning in the first quarter of 2020, the outbreak of the novel strain of coronavirus (“COVID-19”), resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Management has experienced a slow-down in the ability to transact business because of the self-isolating measures. Government has reacted with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. While 55 North has not been materially impacted by COVID-19 to date, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Company in future periods.

Due to recent weak capital markets for junior mineral exploration companies, Management with the support of the Board of Directors reduced operations to conserve capital. This involved the curtailment of exploration activities and the reduction of administrative overheads to an absolute minimum until such time that the capital markets are more supportive of junior exploration projects. The Company was able to secure needed capital in the fourth quarter of 2020 due to improved market conditions and interest in the Company’s project. This allowed for the start of new exploration activities in Manitoba.

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The Company will need to secure additional financing to cover ongoing exploration expenditures and future working capital requirements. The ability of the Company to raise additional needed capital is never assured and comes with significant risk, thus jeopardizing the Company's ability to continue as a going-concern.

Management believes that going forward, subject to economic conditions, finances and the availability of equity financing, the longer-term prospects for the Company should remain positive. It is the intention of the Company to continue exploration activities on its mineral properties going forward. When opportunities present themselves, the Company will seriously evaluate the acquisition of additional mineral properties.

### OVERVIEW OF THE BUSINESS

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

On September 2, 2020, 2552883 Ontario Inc. (“Ontario Inc.”) and 55 North completed a reverse takeover (“RTO”) transaction pursuant to which 55 North acquired all the issued and outstanding shares of Ontario Inc.. Ontario Inc. then amalgamated with a wholly-owned subsidiary of 55 North and continued as one company, 55 North Mining Operations Inc. Upon completion of the reverse takeover transaction, the shareholders of Ontario Inc. obtained control of the consolidated entity. As a result, 70,493,217 Post-Consolidation Shares were issued to Ontario Inc. shareholders, giving them control of approximately 89.99 % of the issued and outstanding share capital of the merged entity as at the effective date of the amalgamation. Under the purchase method of accounting, Ontario Inc. was identified as the acquirer, and accordingly the entity is considered to be a continuation of Ontario Inc. with the net assets of the Company at the date of the reverse takeover transaction deemed to have been acquired by Ontario Inc. The audited consolidated financial statements for the year ended December 31, 2020 include the results of operations of 55 North from January 1, 2020 to September 2, 2020, the date of the reverse takeover transaction. The comparative figures are those of Ontario Inc.

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

Prior to completing the RTO, the Company completed the sale of the Edelson property and received, in addition to cash, 100,000,000 common shares of European Cobalt (now operating as Aston Minerals Ltd.). The net proceeds from the sale of these shares were agreed to be distributed to the 55 North shareholders of record on July 11, 2020. The value of the Aston Minerals Ltd. shares at December 31, 2020 was \$3,934,000 and the dividend payable was \$3,838,994, with the \$95,006 difference representing the value of the dividend attributable to the 55 North shares owned by 55 North Operations that are currently presented as held in treasury. Any fair value adjustment in the dividend payable is adjusted through the consolidated statement of changes in equity as a dividend in the period. Subsequent to year-end, the 100,000,000 Aston Minerals shares were sold, and the Australian dollar net proceeds were converted to Canadian dollars. These funds, net of transfer agent fees amount to C\$6,657,311 are to be paid as an eligible dividend to shareholders of record on July 11, 2020 and expected to be distributed the week of May 2, 2021.

### MINERAL RESOURCES and MINERAL RESERVES

#### The Last Hope Gold Project

##### Property Location and Details

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

The Last Hope Property consists of 15 non surveyed claims subject to provisions of the option agreement as detailed below and covers an area of 3,513 ha as per the following figure and table entitled Last Hope Property Option Claims. In addition, in January 2021 55 North staked an additional 14 non surveyed claims that cover an area of 2707 ha. These claims are not subject to the option agreement and are detailed in table entitled Last Hope Property Non-Option Claims. All Claims are crown grants and include surface access. All claims have been located by physical staking as per The Mines and Minerals Act of Manitoba.

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

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

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## Last Hope Property Non-Option Claims

| Name         | Number  | Type             | Issue Date | Granted    | Expires    | Area (ha)   | Annual Amount Due (Annual payments commence in 2023) |
|--------------|---------|------------------|------------|------------|------------|-------------|--|
| BRUCE1       | MB12840 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 256         | \$3,200  |
| BRUCE2       | MB12841 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 110         | \$1,375  |
| BRUCE3       | MB12842 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 107         | \$1,338  |
| BRUCE4       | MB12843 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 252         | \$3,150  |
| BRUCE5       | MB12844 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 248         | \$3,100  |
| BRUCE6       | MB12845 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 142         | \$1,775  |
| BRUCE7       | MB12846 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 185         | \$2,313  |
| BRUCE8       | MB12847 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 192         | \$2,400  |
| BRUCE9       | MB12848 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 192         | \$2,400  |
| BRUCE10      | MB12849 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 212         | \$2,650  |
| BRUCE11      | MB12555 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 212         | \$2,650  |
| BRUCE12      | MB12576 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 226         | \$2,825  |
| BRUCE13      | MB13273 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 248         | \$3,100  |
| BRUCE14      | MB13298 | Claim            | 2020-11-27 | 2022-11-27 | 2023-01-26 | 125         | \$1,563  |
|              |         |                  |            |            |            |             |  |
| <b>Total</b> |         | <b>14 Claims</b> |            |            |            | <b>2707</b> | <b>\$33,838</b>                                      |

### Property Infrastructure

The Last Hope Property is located approximately 23 km southeast of the mining town of Lynn Lake and is accessed by an all-weather gravel road, the Burnt Timber Mine road, to the mine site and subsequently an 8 km winter road from the Burnt Timber mine to the Property. Highways 6 and 391 connect Lynn Lake to Winnipeg and the Trans Canada Highway. Lynn Lake is also connected by railway which extends south to the Pas, Manitoba, and from there, to the rest of Canada. Lynn Lake Airport (YYL) has a 5,000 ft. paved runway that can land commercial jet aircraft.

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

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

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

### History

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

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

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

Selected drill results from historic drilling are presented below:

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

### Regional Geology

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

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

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

The North Belt is a north-facing homocline and consists of rhyolite, overlain by andesite and basalt, sedimentary rocks and an upper basaltic unit. The upper basalts include high alumina and subordinate high

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magnesia tholeiites. Both the MacLellan deposit (Au, Ag) and the Farley Lake deposit (Au) are located within this belt occurring in a metalotect termed the 'Rainbow Trend'.

### **Property Geology**

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

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

### **Mineralization**

The Last Hope Property (see figure below) is underlain by a west-northwest-striking layered succession. From south to north, this succession is comprised of quartz-feldspar porphyry, local lenses of basalt, mafic tuff, local lenses of quartzite +/- magnetite, mudstone, gabbro and feldspathic quartzite (see figure below). The basalts and other mafic units have been collectively termed amphibolite consistent with their advanced level of metamorphism. The high degree of alteration and deformation of these lithologic units makes the identification of individual protolith units impossible at the megascopic level. The gold mineralization of the deposit consists of two shallow plunging ore shoots within a steep (-80-degree dip), tabular zones of sulphide mineralization, silicification and quartz veining that locally varies in width from 1.5 to 19 metres. These zones have been traced along strike for over 1 km.

Structurally the mafic units (collectively termed amphibolite) have been moderately to strongly foliated parallel to hanging wall quartz-feldspar porphyry contact.

Two parallel sulphide mineralized zones with +/- quartz veining, +/- silicification and +/- sulphide mineralization cut the amphibolite and are the two major zones on the property. The South Vein and the Madole Vein, both host gold bearing sulphide mineralization. Minor discontinuous zones parallel to the major zones are similar in geometry and gold tenor are also present.

### **Mineralization**

The Madole Vein outcrops for approximately 225 m and strikes northwest, dips 80 degrees southwest and is hosted by amphibolite facies lithologies.

The outcropped portion of the Madole Vein is 0.3 to 1.2 m wide and can be divided into two units:

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

The average sulphide content of the south vein is 5% (local variation up to 15%). The best gold values are found in the highly altered, quartz-pyrite rich footwall of a fault which lies on the periphery of a Quartz-feldspar-porphyry intrusive.

The Johnson Shear Zone, host to at least 26 gold prospects over a 44 km strike length, lies approximately 10 km to the north.

The Last Hope Deposit can be classified as a mesothermal lode gold deposit in a Paleoproterozoic setting. Mesothermal lode gold deposits typically occur in metamorphosed, supracrustal rocks, most commonly in tholeiitic basalts and komatiites but also in felsic volcanic rocks. At Last Hope these tholeiitic basalts and komatiites have been strongly altered. Discrete veins occur zones in upper greenschist to lower amphibolite facies metamorphic domains where brittle or brittle-ductile fracturing is dominant. Veins are emplaced in cross-cutting or layer-parallel shear zones, extensional zones and more rarely in saddle reefs (Klien and Day, 1994). Gold at Last Hope is associated with sulphide minerals (predominantly disseminated to veinlets of pyrite, pyrrhotite and chalcopyrite), highly silicified zones and fractured quartz veins. Gold-bearing sulphide minerals are controlled by minor fractures, and occur in irregular patches in quartz, in the wall rock adjacent to the vein, or as disseminations or replacements in zones of highly altered and deformed lithologic units. Mineralized zones tend to be tabular formed by persistent or discontinuous regions of sulphide mineralization, silicification and irregular bodies of gold bearing quartz.

## **Mineral Resources and Mineral Reserves**

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

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

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

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

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

### **Exploration Upside**

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

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

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

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

## **MINING OPERATIONS**

The Corporation has no mining operations.

## **OVERALL PERFORMANCE**

### **RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2020**

#### **Analysis of the year ended December 31, 2020 compared to the year ended December 31, 2019**

As the Company is in the exploration phase and its property is in the early stage of exploration and not in production. Therefore, mineral exploration expenditures are not capitalized and losses are incurred as a result

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of exploration expenditures and administrative expenses relating to the operation of the Company's business. Consequently, the Company's net income is not a meaningful indicator of its performance or potential. The key performance driver for the Company is the acquisition, exploration, and development of prospective mineral properties. By acquiring and exploring projects of superior technical merit, the Company increases the probability of finding and developing economic mineral deposits.

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

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

A summary of the general administrative activity for the years ended December 31, 2020 and 2019 is as follows:

|  | 2020                | 2019              |
|--|---------------------|-------------------|
| <b>Expenses:</b>                             |                     |                   |
| Project expenditures                         | \$ 1,093,064        | \$ 50,116         |
| Listing costs                                | 835,505             | ---               |
| Management and consulting                    | 418,860             | 100,000           |
| Promotion and shareholder communications     | 254,683             | ---               |
| Professional fees                            | 104,279             | 6,703             |
| General and administration                   | 103,993             | 102,046           |
| Mining claim commitments                     | 65,000              | 65,000            |
| <b>Total general administrative expenses</b> | <b>\$ 2,875,384</b> | <b>\$ 323,865</b> |

For the year ended December 31, 2020, the Company reported losses of \$2,508,014 compared to a loss of \$353,220 for the year ended December 31, 2019.

During 2020, Management has worked to secure financing, complete its RTO and get the Company's shares listed on the Canadian Securities Exchange. Management is well along this path and expects to be publicly-listed shortly. These efforts are reflected in the increase in costs (see chart above) for the year ended December 31, 2020 compared to the year ended December 31, 2019. The results for the year ended December 31, 2020 include \$835,505 in Listing Costs, reflective of the accounting cost of the RTO.

### SUMMARY OF QUARTERLY RESULTS

The following are the results for the below noted quarters:

|                                 | Q4 2020   | Q3 2020   | Q2 2020 | Q1 2020 |
|---------------------------------|-----------|-----------|---------|---------|
| General administrative expenses | 64,333    | 13,891    | 1,587   | 24,182  |
| Acquisition costs               | 65,000    | ---       | ---     | ---     |
| Project expenditures            | 1,015,561 | 5,000     | 15,940  | 56,563  |
| Net loss                        | 1,026,832 | 1,228,402 | 84,708  | 168,072 |
| Loss per share                  | 0.03      | 0.00      | 0.00    | 0.00    |
|                                 | Q4 2019   | Q3 2019   | Q2 2019 | Q1 2019 |
| General administrative expenses | 86,492    | 15,346    | 57      | 151     |
| Acquisition costs               | ---       | 65,000    | ---     | ---     |
| Project expenditures            | 50,116    | ---       | ---     | ---     |
| Net loss                        | 164,441   | 178,796   | 5,040   | 4,943   |
| Loss per share                  | 0.00      | 0.03      | 0.00    | 0.00    |

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

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The pace of development of its properties will determine how quickly the Company expends its working capital and how long it will take before the Company requires additional working capital. The ability of the Company to access new working capital through additional financings could be adversely affected by many factors including a downturn in mineral prices, a general economic downturn, poor results from exploration programs on its properties and a variety of other factors.

### FINANCING ACTIVITIES AND CAPITAL RESOURCES

The Company is in the exploration stage and therefore has no regular cash inflows. As at December 31, 2020, the Company had a cash balance of \$479,699 a working capital of \$2,102,161 (December 31, 2019 – a cash balance of \$478,139 and working capital of \$336,198).

On September 21, 2020, the Company closed a private placement for gross proceeds of \$1,403,416, issuing 6,672,080 flow through units at \$0.20 per unit for gross proceeds of \$1,334,416 and 460,000 non-flow through units at \$0.15 per unit for gross proceeds of \$69,000.

On October 15, 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.

On November 9, 2020 the Company announced that it closed the third tranche of a non-brokered private placement for gross proceeds of \$1,386,920, consisting of \$1,371,920 in non-flow-through financing and \$15,000 in flow-through financing.

On November 27, 2020 the Company announced that it closed an additional tranche of a non-brokered private placement for gross proceeds of \$599,777 consisting of \$504,777 in non-flow-through financing and \$95,000 in flow-through financing.

On December 4, 2020 the Company announced that it closed an additional tranche of a non-brokered private placement for gross proceeds of \$200,000 in non-flow-through financing.

In April 2021, the Company closed an additional tranche of a non-brokered private placement for gross proceeds of \$310,000 in flow-through financing. The financing consisted of 1,550,000 units priced at \$0.20. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.30 per share for 48 months from the date of closing. As compensation for this financing, a total of \$21,000 was paid in cash and 105,000 finders warrants were issued, with each warrant exercisable to purchase common share at a price of \$0.30 for a period of 48 months from closing.

### FINANCIAL INSTRUMENTS

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

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

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

##### (i) Currency risk

The company holds investments that are held in Australian dollars. The value of the Aston Minerals Ltd. shares at December 31, 2020 was \$3,934,000 and the dividend payable was \$3,838,994, with the \$95,006 difference representing the value of the dividend attributable to the 55 North shares owned by 55 North Operations that are currently presented as held in treasury.

The Australian dollar equivalent of investments held at December 31, 2020 was \$3,851,200.

##### (ii) Price risk

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

### (iii) Credit risk

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

### (iv) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. Management monitors the company's liquidity by assessing forecast and actual cash flows and by maintaining adequate cash on hand. It is management's opinion that it is unlikely that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. As at December 31, 2020, the Company had working capital in the amount of \$2,102,061.

### (v) Interest rate risk

- (b) 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 exposed to interest rate risk price risk with its GIC and Canadian Emergency Business Loan held at fixed rates. Fair values, carrying amounts and changes in fair value

The fair values of the Company's financial assets and liabilities consisting of cash, receivables, loan receivable, accounts payable and accrued liabilities and dividends payable approximate their recorded values as at December 31, 2020 and December 31, 2019 due to their short-term nature. The fair value of the Canadian Emergency Business Account is impacted by changes in market interest rates which can result in differences between the carrying value of the instruments. The fair value of the Canadian Emergency Business Account has been estimated based on a loan with an interest rate of 5% with a term of 2 years. The estimated fair value at December 31, 2020 is \$27,211 (2019 - \$nil).

The Company's financial assets are classified as level 1 except for its GIC investment which is classified as level 2 (2019 - level 1 except for investments which is classified as level 2). The Company's financial liabilities are classified as level 2 (2019 - 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.

### (c) Collateral

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

## RISK FACTORS

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

## COMPETITION FOR MINERAL DEPOSITS

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

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

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

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

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

## **INFRASTRUCTURE REQUIREMENTS**

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

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

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

## **SURFACE ACCESS RIGHTS**

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

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

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

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

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

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

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

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

The Company was incorporated on December 5, 2008 and has no history of earnings or of a return on investment, and there is no assurance that it will generate earnings, operate profitably or provide a return on

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

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investment in the future. Other than dividends, noted above, to be paid to shareholders of record prior to the RTO, the Company has no plans to pay dividends.

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

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

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

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

### **SHORTAGE OF SUPPLIES**

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

### **ESTIMATES OF MINERAL RESOURCES**

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

### **ENVIRONMENTAL FACTORS**

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

### **CONFLICT OF INTEREST**

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

### **OFF BALANCE SHEET ARRANGEMENTS**

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

## RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities is amounts owed to the Company's Chairman and CEO of \$5,000 at December 31, 2020 (December 31, 2019 – loan payable of \$220,000). This liability is non-interest bearing, unsecured and repayable on demand.

During the year ended December 31, 2020, the Company's CEO was paid \$20,000 (2019 - \$nil) in compensation. During the year ended December 31, 2020, the Company's CFO was paid \$55,000 (2019 - \$25,000) in compensation.

During the year ended December 31, 2020, two of the Company's directors received compensation for services totaling \$115,000 (2019 - \$nil). Included in accounts payable and accrued liabilities is \$nil (2019 - \$2,130) owed to directors of the Company for expenses paid on behalf of the Company.

The loan receivable as at December 31, 2019 of \$428,233 was due from a company under common management, and was non-interest bearing, unsecured, and repayable on demand.

## FUTURE CHANGES in ACCOUNTING POLICIES

### New accounting pronouncements

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The Company does not expect a material impact to its consolidated financial statements from the adoption of these amendments.

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company does not expect a material impact to its consolidated financial statements from the adoption of this amendments

In May 2020, the IASB issued an amendment to IFRS 9 as part of its annual improvements to IFRS standards process. The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The Company does not expect a material impact to its consolidated financial statements from the adoption of this amendment.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

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

|                                     | Year Ended<br>December 31,<br>2020 | Year Ended<br>December 31,<br>2019 |
|-------------------------------------|------------------------------------|------------------------------------|
| Project expenditures                | \$ 1,093,064                       | \$ 50,116                          |
| Mining claim commitments            | 65,000                             | 65,000                             |
| General and administrative expenses | 103,993                            | 102,046                            |

## DISCLOSURE OF OUTSTANDING SHARE DATA

### a) Authorized:

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

### b) Common shares issued:

|  | Number of Shares   | Stated Capital      |
|--|--------------------|---------------------|
| <b>Balance, December 31, 2018</b>      | <b>52,275,001</b>  | <b>\$ 844,301</b>   |
| Issued on private placement            | 16,718,216         | 925,025             |
| Warrant allocation                     | ---                | (158,569)           |
| Share issue costs                      | ---                | (30,000)            |
| Flow-through premium                   | ---                | (212,007)           |
| <b>Balance, December 31, 2019</b>      | <b>68,993,217</b>  | <b>\$ 1,368,750</b> |
| Issued on settlement of debt           | 1,500,000          | 150,000             |
| Issued on reverse takeover transaction | 7,832,915          | 695,988             |
| Issued on private placement            | 25,726,730         | 4,426,114           |
| Warrant allocation                     | ---                | (1,670,277)         |
| Share issue costs                      | ---                | (520,696)           |
| Flow-through premium                   | ---                | (567,104)           |
| <b>Balance, December 31, 2020</b>      | <b>104,052,862</b> | <b>\$ 3,882,775</b> |

Included in the share capital balance on December 31, 2020 are 189,206 shares held by 55 North Operations (formerly Ontario Inc.). These shares will be sold once the company's shares start trading on a stock exchange and are included as shares held in treasury.

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.

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

On September 2, 2020, 55 North completed the RTO resulting in the acquisition of control of 55 North by the shareholders of Ontario Inc. Pursuant to the RTO, all issued and outstanding securities in the capital of 55 North were converted into like issued and outstanding securities of the Company on a one-for-one basis resulting in the issuance of 7,832,915 shares with each share issued at \$0.09 per share.

On September 21, 2020, the Company closed a private placement for gross proceeds of \$1,403,416, issuing 6,672,080 flow through units at \$0.20 per unit for gross proceeds of \$1,334,416 and 460,000 non-flow through units at \$0.15 per unit for gross proceeds of \$69,000. Each flow through and non-flow through unit consists of one common share and one warrant, with each warrant entitling the holder to acquire a common share at \$0.30 per share for 48 months from the date of issuance.

On October 15, 2020, the Company announced that it closed the second tranche of a non-brokered private placement for gross proceeds of \$836,000, made up of \$824,000 in flow through financing and \$12,000 in non-flow through financing. The flow through financing consisted of 4,120,000 flow through units. Each flow through units was priced at \$0.20 each for gross proceeds of \$824,000. The non-flow through financing consisted of 80,000 units priced at \$0.15 each for gross proceeds of \$12,000. Each unit is comprised of one common share

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

and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.30 per share for 48 months from the date of issuance.

On November 9, 2020 the Company announced that it closed the third tranche of a non-brokered private placement for gross proceeds of \$1,386,920, consisting of \$1,371,920 in non-flow-through financing and \$15,000 in flow-through financing. The flow through financing consisted of 75,000 flow through units. Each flow through units was priced at \$0.20 each for gross proceeds of \$15,000. The non-flow through financing consisted of 9,146,133 units priced at \$0.15 each for gross proceeds of \$1,371,920. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.30 per share for 48 months from the date of issuance. Bruce Reid, CEO and Director, subscribed for 2,000,000 non-flow through units.

On November 27, 2020 the Company announced that it closed an additional tranche of a non-brokered private placement for gross proceeds of \$599,777 consisting of \$504,777 in non-flow-through financing and \$95,000 in flow-through financing. The non-flow-through financing consisted of 3,365,183 units priced at \$0.15. The flow-through financing consisted of 475,000 flow-through units priced at \$0.20. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.30 per share for 48 months from the date of issuance.

On December 4, 2020 the Company announced that it closed an additional tranche of a non-brokered private placement for gross proceeds of \$200,000 in non-flow-through financing. The non-flow-through financing consisted of 1,333,334 units priced at \$0.15 per unit. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.30 per share for 48 months from the date of issuance.

### Warrants

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

|                                | 2020              |                                 | 2019              |                                 |
|--------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
|                                | Number            | Weighted average exercise price | Number            | Weighted average exercise price |
| <b>Balance, beginning</b>      | <b>22,634,108</b> | <b>\$ 0.10</b>                  | <b>22,275,000</b> | <b>\$ 0.05</b>                  |
| Granted                        | 1,666,666         | 0.18                            | 8,359,108         | 0.18                            |
| Cancelled                      | (24,300,774)      | 0.10                            | ---               | ---                             |
| Granted – replacement warrants | 24,517,950        | 0.18                            | ---               | ---                             |
| Granted – post RTO             | 27,396,060        | 0.29                            | ---               | ---                             |
| Expired                        | ---               | ---                             | (8,000,000)       | 0.05                            |
| <b>Balance, ending</b>         | <b>51,914,010</b> | <b>\$ 0.24</b>                  | <b>22,634,108</b> | <b>\$ 0.10</b>                  |

### Notes:

- (1) Following completion of the RTO, warrants issued by 55 North and Ontario Inc. were replaced by new 55 North Mining Inc. warrants using the transaction share exchange ratio.

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At December 31, 2020, there were 51,914,010 warrants outstanding, with each warrant entitling the holder to acquire one common share of the Company at the prices noted below:

|                          | Number            | Exercise Price | Remaining Contractual Life In Years | Expiry Date                       |
|--------------------------|-------------------|----------------|-------------------------------------|-----------------------------------|
| <b>December 31, 2019</b> |                   |                |                                     |                                   |
|                          | 3,250,000         | \$0.05         | 0.99                                | December 28, 2020                 |
|                          | 5,750,000         | \$0.05         | 0.99                                | December 28, 2020                 |
|                          | 5,275,000         | \$0.05         | 5.00                                | December 31, 2024                 |
|                          | 781,250           | \$0.18         | 2.70                                | September 10, 2022                |
|                          | 7,142,858         | \$0.18         | 2.70                                | September 10, 2022                |
|                          | 435,000           | \$0.18         | 3.00                                | December 31, 2022                 |
|                          | <b>22,634,108</b> | <b>\$0.10</b>  | <b>2.56</b>                         |                                   |
| <b>December 31, 2020</b> |                   |                |                                     |                                   |
|                          | 24,300,774        | \$0.18         | 2.00                                | December 31, 2022 <sup>(1)</sup>  |
|                          | 217,176           | \$0.61         | 1.96                                | December 18, 2022 <sup>(2)</sup>  |
|                          | 7,132,080         | \$0.30         | 3.73                                | September 21, 2024                |
|                          | 500,000           | \$0.20         | 3.73                                | September 21, 2024 <sup>(4)</sup> |
|                          | 36,800            | \$0.15         | 3.73                                | September 21, 2024 <sup>(3)</sup> |
|                          | 4,200,000         | \$0.30         | 3.79                                | October 15, 2024                  |
|                          | 329,600           | \$0.20         | 3.79                                | October 15, 2024 <sup>(3)</sup>   |
|                          | 6,400             | \$0.15         | 3.79                                | October 15, 2024 <sup>(4)</sup>   |
|                          | 9,221,133         | \$0.30         | 3.86                                | November 9, 2024                  |
|                          | 534,531           | \$0.15         | 3.86                                | November 9, 2024 <sup>(4)</sup>   |
|                          | 6,000             | \$0.30         | 3.86                                | November 9, 2024                  |
|                          | 3,840,183         | \$0.30         | 3.91                                | November 27, 2024                 |
|                          | 141,333           | \$0.15         | 3.91                                | November 27, 2024 <sup>(4)</sup>  |
|                          | 8,000             | \$0.20         | 3.91                                | November 27, 2024 <sup>(3)</sup>  |
|                          | 1,333,334         | \$0.30         | 3.93                                | December 4, 2024                  |
|                          | 106,666           | \$0.15         | 3.93                                | December 4, 2024 <sup>(4)</sup>   |
|                          | <b>51,914,010</b> | <b>\$0.24</b>  | <b>2.96</b>                         |                                   |

### Notes:

- (1) 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.
- (2) In August 2020, the terms of these warrants were changed to an expiration date of December 18, 2022
- (3) 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.
- (4) 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. - Management Discussion & Analysis

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

|  | Dec. 31, 2020  |                                 | Dec. 31, 2019 |                                 |
|--|----------------|---------------------------------|---------------|---------------------------------|
|  | Number         | Weighted average exercise price | Number        | Weighted average exercise price |
| <b>Balance, beginning</b>                    | ---            | \$ ---                          | ---           | \$ ---                          |
| Granted – replacement options <sup>(1)</sup> | 296,148        | 0.51                            | ---           | ---                             |
| <b>Balance, ending</b>                       | <b>296,148</b> | <b>\$ 0.51</b>                  | ---           | \$ ---                          |

The average remaining life of the options is 3.77 years.

Notes:

- <sup>(1)</sup> Following completion of the RTO, options issued by 55 North were replaced by new 55 North Mining Inc. options using the transaction share exchange ratio.

### OTHER REQUIREMENTS

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

### APPROVAL

Management is responsible for all information contained in this report. The audited consolidated financial statements for the year ended December 31, 2020 have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the financial statements for year ended December 31, 2020 in all material aspects.

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

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

Bruce Reid  
President & CEO

April 28, 2021