

# **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, 2022**

## 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, 2022 and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2022.

The information provided herein is given as of February 9, 2023 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**

Due to the ongoing 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 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.

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## 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 currently listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “FFF”.

On September 5, 2017, the Company signed an option agreement with Peter Dunlop to option the Last Hope Project near Lynn Lake, Manitoba. On signing, the Company paid \$65,000 and issued 1,500,000 common shares.

The Company committed to incur an aggregate of at least \$250,000 per year for the four years following the execution of this agreement to an aggregate of \$1,000,000 and make additional option payments as follows:

- September 5, 2018: \$65,000 and an additional 1,500,000 common shares;
- September 5, 2019: \$65,000;
- September 5, 2020: \$65,000;
- September 5, 2021: \$100,000; and
- September 5, 2022: \$3,000,000.

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

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

## 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

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LAST HOPE PROPERTY OPTION CLAIMS						
Name	Number	Type	Area (ha)	Granted	Expires	Annual Amount Due*
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 claims currently have adequate work credits to cover the annual amounts due*

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 was paid on the fourth anniversary (September 5, 2021). With the terms of the option amended, \$100,000 was paid in September 2022, with \$100,000 due in September 2023 and 2024. A \$3,000,000 payment must be made by September 5, 2025.

The option to acquire a 100% interest in the property is subject to a 2% royalty. The Company has the right, any time prior to the commencement of commercial production, to acquire up to half (1%) of the net smelter return royalty upon payment of \$500,000 for each 0.5% of the royalty purchased.

There is no known environmental liability existing on the Last Hope property.

### **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.

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## History

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

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.	78 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

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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 magnesia tholeiites. Both the MacLellan deposit (Au, Ag) and the Farley Lake deposit (Au) are located within this belt occurring in a metallotect 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 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 metamorphosis. 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

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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>LAST HOPE MINERAL RESOURCE ESTIMATE <sup>(1-8)</sup></b>			
<b>Near Surface Pit Mineral Resource @ 1.0 g/t Au Cut-off</b>			
<b>Classification</b>	<b>Tonnes (k)</b>	<b>Au (g/t)</b>	<b>Au (koz)</b>
Indicated	82.8	5.08	13.5
Inferred	15.7	1.90	1.0
<b>Underground Mineral Resource @ 1.8 g/t Au Cut-off</b>			
<b>Classification</b>	<b>Tonnes (k)</b>	<b>Au (g/t)</b>	<b>Au (koz)</b>
Indicated	325.5	5.50	57.6
Inferred	1,537.3	5.52	272.8
<b>Total Mineral Resource @ 1.0 and 1.8 g/t Au Cut-offs</b>			
<b>Classification</b>	<b>Tonnes (k)</b>	<b>Au (g/t)</b>	<b>Au (koz)</b>
Indicated	408.3	5.41	71.1
Inferred	1,553.0	5.48	273.8

1. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
2. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
3. The Inferred Mineral Resource in this estimate has a lower level of confidence than 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 potentially be upgraded to an Indicated Mineral Resource with continued exploration.
4. The Mineral Resources were estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions (2014) and Best Practices Guidelines (2019) prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.
5. Metal prices used were US\$1,650/oz Au and 0.76 CDN\$/US\$ FX with process recoveries of 95% Au. A CDN\$20/t process cost and CDN\$5/t G&A cost were used.
6. The near surface mining cost for the top 20 m of the Mineral Resource was CDN\$35/t.
7. The underground mining cost was CDN\$95/t. The underground Mineral Resource grade blocks were quantified above the 1.8 g/t Au cut-off, below 20 m from surface and within the constraining mineralized wireframes. Underground Mineral Resources selected exhibited continuity and reasonable potential for extraction by the long hole underground mining method.
8. Grade estimation was undertaken with the Inverse Distance Cubed method on 1.0 m capped composites

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 = 5.41 g/t versus Lynn Lake's P&P grade of 1.75 g/t). Alamos Gold Lynn Lake Project's 2018 Feasibility Study stipulated a Proven and Probable reserve estimate

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which was since updated to 36.5Mt @ 1.75 g/t for 2.06M 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.

### **MINING OPERATIONS**

The Corporation has no mining operations.

### **OVERALL PERFORMANCE**

#### **RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022**

##### **Analysis of the year ended December 31, 2022 compared to the year ended December 31, 2021**

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 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 of 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.

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 financings are 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.

A summary of the general administrative activity for the years ended December 31, 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
<b>Expenditures</b>		
Project expenditures	\$ 11,490	\$ 3,162,063
Stock-based compensation	135,240	1,013,740
Management and consulting	205,679	267,947
Professional fees	30,075	130,440
General and administration	46,677	121,228
Mining claim commitments	375,000	100,000
Promotion and shareholder communications	48,405	91,382
<b>Total general administrative expenses</b>	<b>852,566</b>	<b>4,886,800</b>

For the year ended December 31, 2022, the Company reported losses of \$820,063 compared to a loss of \$1,465,856 for the year ended December 31, 2021.

The Company did not undertake any significant exploration activities during 2022. With the raising of capital in late 2020, the Company, being well equipped to begin exploration activities, started a drill program at its Last Hope property. This was reflected in project expenditures of \$3,162,063 for the year ended December 31, 2021, compared to \$11,490 for the year ended December 31, 2022.

Stock-based compensation is non-cash in nature and results from a calculation of the theoretical value of stock options vested in the period. Project expenditures are dependent on raising capital to execute on exploration activities. General administrative and management and consulting fees decreased for the year ended December 31, 2022 compared to the year ended December 31, 2021, reflective of management allocation of



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time. Project expenditures for year ended December 31, 2022 decreased compared to the previous year, reflective of cash available to execute on exploration activities.

### SUMMARY OF QUARTERLY RESULTS

The following are the results for the below noted quarters:

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Acquisition costs	---	375,000	---	---
Project expenditures	6,514	1,609	(4,373)	7,740
Net loss	130,252	552,832	60,963	88,516
Loss per share	0.01	0.00	0.00	0.00

  

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Acquisition costs	---	100,000	---	---
Project expenditures	33,074	(27,990)	1,208,642	1,948,337
Net loss (income)	875,081	183,004	1,613,771	(1,206,000)
Loss per share	0.00	0.00	0.02	(0.01)

The pace of development of its properties will be determined by the Company's ability to raise 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, 2022, the Company had a cash balance of \$31,779 negative working capital of \$157,886 (December 31, 2021 – a cash balance of \$115,155 and working capital of \$236,949).

On April 12 and 26, 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.

On July 15 and 20, 2021, the Company closed an additional tranche of a non-brokered private placement for gross proceeds of \$550,000 in flow-through financing. The financing consisted of 5,500,000 units priced at \$0.10. 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 \$0.20 per share for 60 months from the date of closing. As compensation for this financing, a total of \$39,550 was paid in cash and 350,000 finders warrants were issued, with each warrant exercisable to purchase common share at a price of \$0.20 for a period of 60 months from closing.

On December 30, 2021 the Company, closed a non-brokered flow-through private placement financing of 2,500,000 flow-through common shares at a price of \$0.05 per share for proceeds of \$125,000.

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

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

Also on May 6, 2022, the Company closed a private placement for gross proceeds of \$70,000, issuing 1,707,317 units at \$0.041 per unit. Each unit consists of one common share and one warrant, with each

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warrant entitling the holder to acquire a common share at \$0.05 per share for 48 months from the date of issuance.

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

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

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

On October 5, 2022, the Company completed the settlement of \$101,661 of debt through the issuance of units of the Company. Pursuant to the debt settlement, the Company issued 5,083,032 units, with each unit comprised of one common share and one common share purchase warrant. Each warrant allows the holder to purchase one common share at a price of \$0.05 per share for a period of 48 months from the date of issuance.

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

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

### FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, receivables, 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's operations are in Canada and raises capital in Canadian dollars. In the normal course of operations, the Company is not exposed to any significant currency risk.

##### (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

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will encounter difficulty in raising funds to meet commitments associated with financial instruments. As at December 31, 2022, the Company had negative working capital of \$157,886.

### (v) Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is exposed to interest rate risk price risk with its GIC and Canada Emergency Business Loan held at fixed rates.

### (vi) Fair values

The fair values of the Company's financial assets and liabilities consisting of cash, receivables, accounts payable and accrued liabilities and dividends payable approximate their recorded values as at December 31, 2022 and December 31, 2021 due to their short-term nature. The fair value of the Canada 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 Canada 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, 2022 is \$28,571 (2021 - \$27,211).

The Company's financial assets are classified as level 1. The Company's financial liabilities are classified as level 2.

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

### Collateral

The carrying value of financial assets the Company has pledged as collateral as at December 31, 2022 and December 31, 2021 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

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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 investment in the future. While the Company did pay dividends in the past, the Company has no plans to pay dividends in the future.

### **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

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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**

At December 31, 2022, included in accounts payable and accrued liabilities is amounts owed to the Company's Chairman and CEO of \$16,909 on account of accrued fees (December 31, 2021 – \$16,000) and \$15,500 due to the company's CFO on account of accrued fees and expenses (December 31, 2021 - \$20,777). These liabilities are non-interest bearing, unsecured and repayable on demand.

During the year ended December 31, 2022, the Company's CEO was paid \$72,000 (2021 - \$54,000) in compensation. During the year ended December 31, 2022, the Company's CFO was paid \$62,500 (2021 - \$60,000) in compensation.

During the year ended December 31, 2022, the Company's directors did not receive compensation for services (2021 - \$20,000).

### **NEW and FUTURE CHANGES in ACCOUNTING POLICIES**

#### **New accounting pronouncements**

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

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amendments are effective for annual reporting periods beginning on or after January 1, 2022. There was no material impact to its consolidated financial statements from the adoption of this amendment.

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. There was no material impact to its consolidated financial statements from the adoption of this amendment.

### Future 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.

### 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 December 31, 2022	Year Ended December 31, 2021
Project expenditures	\$ 11,490	\$ 3,162,063
Mining claim commitments	375,000	100,000
General and administrative expenses	46,677	121,228

### 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, 2020</b>	<b>104,052,862</b>	<b>\$ 3,882,775</b>
Issued on private placement	9,550,000	985,000
Warrant allocation	---	(293,866)
Share issue costs	---	(97,001)
Flow-through premium	---	(149,650)
<b>Balance, December 31, 2021</b>	<b>113,602,862</b>	<b>\$ 4,327,258</b>
Issued on settlement of debt	8,103,882	235,774
Warrant allocation on settlement of debt	---	(83,592)
Issued on private placement	20,988,761	455,612
Warrant allocation on private placement	---	(216,144)
Issued as property payment	5,000,000	75,000
Share issue costs	---	(2,500)
<b>Balance, December 31, 2022</b>	<b>147,695,505</b>	<b>\$ 4,791,408</b>

### Warrants

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

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	2022		2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
<b>Balance, beginning</b>	<b>59,419,010</b>	<b>\$0.24</b>	<b>51,914,010</b>	<b>\$0.24</b>
Granted	27,952,812	0.05	7,505,000	0.22
Expired	(24,517,950)	0.18	---	---
<b>Balance, ending</b>	<b>62,853,872</b>	<b>\$0.18</b>	<b>59,419,010</b>	<b>\$0.24</b>

At December 31, 2022, there were 62,853,872 (2021 – 59,419,010) 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, 2022</b>			
7,132,080	\$0.30	1.73	September 21, 2024
500,000	\$0.20	1.73	September 21, 2024
36,800	\$0.15	1.73	September 21, 2024
4,200,000	\$0.30	1.79	October 15, 2024
329,600	\$0.20	1.79	October 15, 2024
6,400	\$0.15	1.79	October 15, 2024
9,221,133	\$0.30	1.86	November 9, 2024
534,531	\$0.15	1.86	November 9, 2024
6,000	\$0.30	1.86	November 9, 2024
3,840,183	\$0.30	1.91	November 27, 2024
141,333	\$0.15	1.91	November 27, 2024
8,000	\$0.20	1.91	November 27, 2024
1,333,334	\$0.30	1.93	December 4, 2024
106,666	\$0.15	1.93	December 4, 2024
1,500,000	\$0.30	2.28	April 12, 2025
105,000	\$0.30	2.28	April 12, 2025
50,000	\$0.30	2.32	April 26, 2025
5,000,000	\$0.20	3.54	July 15, 2026
350,000	\$0.20	3.54	July 15, 2026
500,000	\$0.20	3.55	July 20, 2026
3,588,336	\$0.05	3.35	May 6, 2026
5,172,710	\$0.05	3.65	August 26, 2026
5,083,032	\$0.05	3.76	October 5, 2026
12,000,000	\$0.05	3.76	October 5, 2026
1,608,734	\$0.05	3.82	October 27, 2026
500,000	\$0.05	3.84	November 2, 2026
<b>62,853,872</b>	<b>\$0.18</b>	<b>2.88</b>	

## Share Options

	Dec. 31, 2022		Dec. 31, 2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
<b>Balance, beginning</b>	<b>9,396,148</b>	<b>\$ 0.16</b>	<b>296,148</b>	<b>\$ 0.51</b>
Granted	7,350,000	0.02	9,100,000	\$ 0.15
Cancelled	(9,396,148)	0.16	---	---
<b>Balance, ending</b>	<b>7,350,000</b>	<b>\$ 0.02</b>	<b>9,396,148</b>	<b>\$ 0.16</b>

## 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, 2022 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, 2022 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

February 9, 2023