

55 North Mining Inc.

Consolidated Financial Statements

December 31, 2024 and 2023



CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 55 North Mining Inc.:

Opinion

We have audited the consolidated financial statements of 55 North Mining Inc. and its subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2024 and 2023 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group is still in the exploration stage and, as such, no revenue has been yet generated from its operating activities. Accordingly, the Group depends on its ability to raise financing in order to discharge its liabilities in the normal course of business. The Group had a deficit of \$7,238,330 (2023 - \$8,163,915). As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be a key audit matter to be communicated in our report.

Valuation of warrants and share options - refer to Notes 7 and 8 to the consolidated financial statements

Key audit matter description

The Group's valuation of warrants and share options involves the input of various factors that have varying degrees of judgement and estimation from management of the Group. Management calculates the valuation using the Black-Scholes option pricing model. In determining the value of the warrants and share options the most significant estimate management made related to volatility. Auditing management's valuation and assumption required auditor judgement in applying audit procedures and evaluating the results of those procedures.

As the valuation of warrants and share options are typically substantial in size and the number and timing of transactions can vary significantly from period to period depending on activity and the estimates involved, this audit area is considered a key audit risk.

How our audit addressed the key audit matter

To test the Group's estimate of fair value of the warrants and share options, our audit procedures included, among others:

- Obtained the warrant and share option grant agreements to understand the key terms and conditions of the warrants and share options granted.
- Compared the risk free interest rate used by management to published sources for similar term Government of Canada Bond rates.
- Reviewed management's estimate of volatility against market data on historical trading to determine reasonability based on historical information available.
- Reviewed the fair value calculation using the Black-Scholes option pricing model as performed by management.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS's, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is K. Dean Austin.

Scarrow & Donald LLP

Chartered Professional Accountants, Licensed Public Accountants
April 28, 2025
Winnipeg, Manitoba

55 North Mining Inc.

Consolidated Statements of Financial Position

Expressed in Canadian dollars

	December 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 66,528	\$ 85,060
Receivables	---	13,318
Prepays	1,776	2,811
	\$ 68,304	\$ 101,189
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	\$ 539,285	\$ 341,822
Deferred MMDF grant (Note 15)	200,000	100,000
Part XII.6 tax (Note 14)	7,941	---
Indemnification liability (Note 14)	404,501	---
	1,151,727	441,822
Long-term liabilities		
Canada Emergency Business Account (Note 5)	41,902	40,000
	1,193,629	481,822
Shareholders' equity		
Share capital (Note 6)	5,008,782	5,008,782
Warrant reserve	694,423	2,364,700
Contributed surplus	409,800	409,800
Deficit	(7,238,330)	(8,163,915)
	(1,125,325)	(380,633)
	\$ 68,304	\$ 101,189

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

On behalf of the Board:



Bruce Reid
Director

55 North Mining Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2024 and 2023

Expressed in Canadian dollars

	2024	2023
Expenditures		
Indemnification expense	\$ 404,501	\$ ---
Interest on Canada Emergency Business Account	1,902	---
Mining claim commitments	---	50,000
Management and consulting	192,000	193,674
Share-based compensation	---	304,000
Promotion and shareholder communications	37,251	23,166
General and administration	55,378	70,680
Professional fees	27,825	33,441
Project expenditures	25,835	202,150
Loss and comprehensive loss before other items	744,692	877,111
MMDF grant (Note 15)	---	(100,000)
Write-up of Canada Emergency Business Account loan	---	10,000
Interest income	---	(138)
Loss and comprehensive loss before taxes	744,692	786,973
Future tax recovery	---	(3,500)
Loss and comprehensive loss for the year	\$ 744,692	\$ 783,473
Basic and diluted loss per common share (Note 13)	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding during the year - basic and diluted	160,067,244	154,907,375

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

55 North Mining Inc.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

Expressed in Canadian dollars

	Share Capital	Warrant Reserve	Contributed Surplus	Deficit	Total
Balance at December 31, 2022	\$ 4,791,408	\$ 2,295,348	\$ 135,240	\$ (7,409,882)	\$ (187,886)
Loss for the period	---	---	---	(783,473)	(783,473)
Issue of shares - private placement	16,765	19,735	---	---	36,500
Issue of shares - debt settlement	50,959	49,617	---	---	100,576
Share issue costs	(350)	---	---	---	(350)
Issue of shares - property payment	150,000	---	---	---	150,000
Vesting of share-based compensation	---	---	304,000	---	304,000
Expiry of share-based compensation	---	---	(29,440)	29,440	---
Balance at December 31, 2023	\$ 5,008,782	\$ 2,364,700	\$ 409,800	\$ (8,163,915)	\$ (380,633)
Loss for the period	---	---	---	(744,692)	(744,692)
Expiry of warrants	---	(1,670,277)	---	1,670,277	---
Balance at December 31, 2024	\$ 5,008,782	\$ 694,423	\$ 409,800	\$ (7,238,330)	\$ (1,125,325)

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

55 North Mining Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023

Expressed in Canadian dollars

	2024	2023
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (744,692)	\$ (783,473)
Share-based compensation	---	304,000
Shares issued for mining claim commitments	---	150,000
Write-up of CEBA loan	---	10,000
Shares issued for debt	---	100,576
Future tax recovery	---	(3,500)
Net change in non-cash working capital items:		
Receivables	13,318	(11,474)
Prepays	1,035	(78)
Accounts payable and accrued liabilities	197,463	147,580
Deferred MMDF grant	100,000	100,000
Flow-through share premium liability	7,941	---
Indemnification liability	404,501	---
Canada Emergency Business Account	1,902	---
	(18,532)	13,631
FINANCING ACTIVITIES		
Shares/units issued net of share issue costs	---	39,650
	---	39,650
Net change in cash	(18,532)	53,281
Cash, beginning of year	85,060	31,779
Cash, end of year	\$ 66,528	\$ 85,060

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

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

1. CORPORATE INFORMATION

55 North Mining Inc., a company incorporated under the Canada Business Corporation Act, and its wholly-owned subsidiary 55 North Mining Operations Inc. (collectively “55 North” or the “Company”) are engaged in the acquisition, exploration, development and extraction of natural resources, specifically precious metals. The Company’s corporate head office is located at 401 Bay Street, Suite 2702, Toronto ON M5H 2Y4. The registered office of the Company is MLT Aikins LLP, 30th Floor, 360 Main Street, Winnipeg, MB R3C 4G1. The Company is a reporting issuer, as defined in corporate law, and its shares are currently listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “FFF”.

These consolidated financial statements of the Company for the year ended December 31, 2024 were approved and authorized for issue by the Board of Directors of the Company on April 28, 2025.

Going Concern

Mineral exploration projects, even when successful, require large amounts of exploration investment to prove mineable reserves, generally over long periods of time, prior to commencement of production. Operating activities have not yet generated any revenues. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing, the continued support of its existing shareholders, and the outlining and development of commercial deposits of metals at its project to generate positive cash flows from operations. While the Company has been successful in securing financing and identifying suitable properties to date, there is no assurance that the Company will continue to be successful in achieving these objectives. To date the Company has incurred losses since inception and expects to incur further losses in the development of its business. As at December 31, 2024, the Company had an accumulated deficit of \$7,238,330 (2023 - \$8,163,915), which has been funded primarily by the issuance of share capital. The Company also had a working capital deficiency of \$1,083,423 (2023 - working capital deficiency of \$340,633).

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

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations for the foreseeable future. These factors may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and statement of financial position classifications that might be necessary if the Company was unable to continue as a going concern. These adjustments could be material.

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

2. MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

a) Basis of presentation and consolidation:

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Chartered Professional Accountants Canada Handbook. These consolidated financial statements have been prepared under the historical cost method, except for certain financial instruments measured at fair value. The Company has consistently applied the accounting policies used in preparation of these consolidated financial statements throughout all the periods presented. Critical accounting judgments and estimates used by management in the preparation of these consolidated financial statements are presented in Note 3.

The consolidated financial statements include the accounts of 55 North and its wholly-owned subsidiary 55 North Mining Operations Inc. All transactions and balances between 55 North and 55 North Mining Operations Inc. are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. The consolidated financial statements for the year ended December 31, 2024 and 2023 include the results of operations of 55 North and 55 North Mining Operations Inc. as at and for the year-ended December 31, 2024 and 2023.

Profit or loss and other comprehensive loss of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. All reference to dollars (\$) are to Canadian dollars unless otherwise noted.

b) Cash

Cash consists of funds on deposit.

c) Financial instruments

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

The Company has designated its cash and receivables as amortized cost, measured at amortized cost and has designated its accounts payable and accrued liabilities, deferred MMDF grant, indemnification liability and Canada Emergency Business Account as amortized cost measured at amortized cost, which is reflected on the statement of financial position as amortized cost using the effective interest method of measurement.

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

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

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

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

d) Fair Value

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

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

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

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

e) Income taxes

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

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

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

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

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

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

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

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

e) Income taxes (cont'd)

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

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

Mining taxes

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

Flow-through shares

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

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

f) Impairment of non-financial assets

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

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

g) Revenue recognition

Interest income is recognized using the effective interest rate method.

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

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

h) Exploration expenditures and mining claims

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

i) Provisions

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

j) Share-based compensation plan and warrants

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

k) Net loss per share

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

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

l) Government assistance

The Company accounts for government assistance using the income approach. Under the income approach, government assistance is recognized in the consolidated statement of loss and comprehensive loss on a systematic basis over the periods in which the Company recognizes the expenses for which the government assistance is intended to compensate. The Company has elected to present deferred income related to government assistance pertaining to future project expenditures as a liability on the statement of financial position. The Company will then recognize the government assistance as income in loss and comprehensive loss on a systematic basis as expenses are incurred.

m) 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, 2024, with early application permitted. The Company does not expect a material impact to its consolidated financial statements from the adoption of these amendments.

Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures. In May 2023, the IASB issued new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual periods beginning on or after January 1, 2024, with early adoption permitted. The Company is currently assessing the impact of these amendments.

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

m) Future accounting pronouncements (cont'd)

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments clarify the classification of financial assets with environmental, social and corporate governance and similar features, and address concerns raised regarding the settlement of liabilities through electronic payment systems. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently assessing the impact of these amendments.

IFRS 18 - Presentation and Disclosure in Financial Statements. In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 replaces IAS 1 Presentation of Financial Statements, and for all entities will:

- Introduce a new defined structure for the statement of profit and loss and require the classification of income and expenses in that statement into one of five categories: operating; investing; financing; income taxes; and discontinued operations. IFRS 18 introduces definitions of these categories for purposes of the statement of profit and loss. Specific categorization requirements will apply to entities whose 'main business activity' is to provide financing to customers or to invest in specified assets. Entities will also be required to present new subtotals for 'operating profit or loss' and 'profit or loss before financing and income taxes'.
- Require disclosure of 'management-defined performance measures' (MPMs) in a single note to the financial statements. MPMs are subtotals of income and expenses that an entity uses in public communications outside of its financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. Entities must disclose a reconciliation between the measure and the most directly comparable total or subtotal specifically required to be disclosed by IFRS Accounting Standards or subtotal listed in IFRS 18.
- Enhance guidance about how to group information within the financial statements.
- For the statement of cash flows, require that 'operating profit or loss' be used as the starting point for determining cash flows from operating activities under the indirect method, and remove the optionality around classification of cash flows from interest and dividends.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is currently assessing the impact of new standard.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to use estimates and judgments that affect the reported amounts of assets and liabilities, as well as revenues and expenses. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in net income (loss) in the period in which they become known.

The recoverability of deferred expenditures is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in the properties, the ability to obtain necessary financing to complete exploration, development and construction of processing facilities, obtaining certain government approvals and attaining profitable production.

The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax provision. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

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

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

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

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

4. MINERAL PROPERTIES

On September 5, 2017, the Company signed an option agreement with Peter Dunlop to option the Last Hope Project near Lynn Lake, Manitoba. In addition to payments already made and incurring certain exploration expenses (already incurred), the Company also agreed to make certain annual option payments. The \$100,000 payment to be made on September 5, 2023 was deferred to June 5, 2024 by issuing 1,000,000 common shares to Peter Dunlop.

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

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

5. CANADA EMERGENCY BUSINESS ACCOUNT

As a result of COVID-19, the Canadian federal government created the Canada Emergency Business Account ("CEBA"), designed to provide some financial assistance to qualifying Canadian companies. In April 2020, the Company applied for this funding and received \$40,000 as an unsecured, non-interest-bearing loan. This loan was due on or before December 31, 2023 but subsequently extended to January 18, 2024. If \$30,000 was paid before it was time, \$10,000 of the loan would have been forgiven. If not paid by this date, the loan is extended by two years bearing interest at a rate of 5% per annum, with the loan maturing on December 31, 2026. The Company had previously reduced the loan liability as it had planned on paying the loan when it matured. As the Company did not repay the loan by the due date, management reversed the write-down to reflect the loan at its face value of \$40,000. As at December 31, 2024 the Canada Emergency Business Account included accrued interest of \$1,902 (2023 - \$nil).

6. SHARE CAPITAL

a) Authorized:

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

b) Common shares issued:

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

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

6. SHARE CAPITAL (CONT'D)

Included in the share capital balance on December 31, 2023 and December 31, 2024 are 189,206 shares held by 55 North Operations (formerly Ontario Inc.). These shares will be sold now that the Company's shares are trading on a stock exchange and are included as shares held in treasury.

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

On August 29, 2023, the Company issued 2,000,000 common shares, valued at \$100,000, to the Marcel Colomb First Nations Band as agreed to as part of the exploration agreement with the Marcel Colomb First Nations Band, which agreement outlines a framework for collaboration on exploration.

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

7. WARRANTS

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

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning	72,225,611	\$0.16	62,853,872	\$0.18
Granted	---	--	9,371,739	0.05
Expired	(27,396,060)	0.29	---	---
Balance, ending	44,829,551	\$0.09	72,225,611	\$0.16

At December 31, 2024, there were 44,829,551 warrants outstanding (December 31, 2023 - 72,225,611), with each warrant entitling the holder to acquire one common share of the Company at the prices noted below:

Number	Exercise Price	Remaining Contractual Life in Years	Expiry Date
December 31, 2024			
1,500,000	\$0.30	0.28	April 12, 2025
105,000	\$0.30	0.28	April 12, 2025
50,000	\$0.30	0.32	April 26, 2025
5,000,000	\$0.20	1.54	July 15, 2026
350,000	\$0.20	1.54	July 15, 2026
500,000	\$0.20	1.55	July 20, 2026
3,588,336	\$0.05	1.35	May 6, 2026
5,172,710	\$0.05	1.65	August 26, 2026
5,083,032	\$0.05	1.76	October 5, 2026
12,000,000	\$0.05	1.76	October 5, 2026
1,608,734	\$0.05	1.82	October 27, 2026
500,000	\$0.05	1.84	November 2, 2026
9,371,739	\$0.05	2.34	May 3, 2027
44,829,551	\$0.09	1.79	

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

7. WARRANTS (CONT'D)

The value warrants issued in 2023 were estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants:

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

In connection with the May 3, 2023 financing, the Company issued 9,371,739 warrants entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.05 per common share for 48 months from the date of issuance.

8. SHARE OPTIONS

The Company may grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares reserved for issuance under all securities compensation arrangements is limited to 10% of the total number of issued and outstanding shares exercisable for a period of up to 10 years. The maximum number of shares that may be issued to any officer, director or employee shall not exceed 5% of the total number of issued and outstanding shares. The maximum number of shares that may be issued to technical consultants, including investor relation consultants, shall not exceed 2% of the total number of issued and outstanding shares.

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

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

The average remaining life of the options is 3.20 years (2023 - 4.21 years).

A summary of the status of the Company's outstanding options as at December 31, 2024 and 2023 and changes during the years then ended are as follows:

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

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

9. INCOME TAXES

Income tax provision

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

	2024	2023
Loss and comprehensive loss before income taxes	\$ (744,692)	\$ (786,973)
Combined statutory income tax rate	26.50%	26.50%
Income tax recovery using statutory income tax rates	(197,344)	(208,548)
Share issue costs	---	(93)
Stock-based compensation	---	80,600
Indemnification liability	107,200	---
Flow through audit	(137,800)	---
Renunciation of flow through expenditure	---	5,775
Other	2,644	(222)
Valuation allowance	225,300	118,988
Deferred tax recovery	\$ ---	\$ (3,500)

Deferred income taxes

Significant components of the Company's deferred income tax assets are as follows:

	2024	2023
Non-capital losses	\$ 2,758,200	\$ 2,638,800
Canadian exploration and development expense pools	2,061,300	1,929,700
Share issuance costs	3,800	37,300
Undepreciated capital cost	7,800	---
Deferred income tax asset	4,831,100	4,605,800
Valuation allowance	(4,831,100)	(4,605,800)
Deferred tax asset	\$ ---	\$ ---

The Company has non-capital loss carry forward amounts available for income tax purposes of \$10,409,300 that expire \$811,000 in 2031, \$1,007,000 in 2032, \$2,451,000 in 2033, \$1,665,000 in 2034, \$743,300 in 2035, \$423,300 in 2036, \$407,000 in 2037, \$429,100 in 2038, \$260,000 in 2039, \$986,200 in 2040, \$8,400 in 2041, \$416,000 in 2042, \$364,000 in 2043 and \$438,000 in 2044. The Company has \$6,659,886 (December 31, 2023 - \$6,634,051) of unused cumulative Canadian exploration and development costs available to offset future taxable income. The tax benefits pertaining to these expenses are available for carry forward indefinitely.

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

10. RELATED PARTY TRANSACTIONS

At December 31, 2024, included in accounts payable and accrued liabilities is amounts owed to the Company's Chairman and CEO of \$126,000 on account of accrued fees (December 31, 2023 - \$54,000) and \$105,380 due to the company's CFO on account of accrued fees and expenses (December 31, 2023 - \$46,710) and \$2,456 on account of expenses (December 31, 2023 - \$2,456) due to a director of the Company. These liabilities are non-interest bearing, unsecured and repayable on demand.

During the year ended December 31, 2024, the Company's CEO was paid \$72,000 (2023 - \$90,000) in compensation. During the year ended December 31, 2024, the Company's CFO was paid \$60,000 (2023 - \$60,000) in compensation.

During the year ended December 31, 2024, the Company incurred \$nil (2024 - \$15,350) in project expenditures to a company controlled by a director.

During the years ended December 31, 2024 and 2023, the Company's directors did not receive compensation for services.

These amounts have occurred in the normal course of operations and are measured at the exchange amount which is established and agreed to by the related parties.

11. CAPITAL MANAGEMENT

The Company's total capital deficiency of \$1,083,423 (December 31, 2023 - capital deficiency of \$340,633) consists of \$41,902 (December 31, 2023 - \$40,000) Canada Emergency Business Account loan, \$5,008,782 (December 31, 2023 - \$5,008,782) of share capital, warrants reserve of \$694,423 (December 31, 2023 - \$2,364,700), \$409,800 (2023 - \$409,800) of contributed surplus, and a deficit of \$7,238,330 (December 31, 2023 - \$8,163,915).

The Company's objectives when managing capital, which consists of shareholders' equity, are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital from time-to-time using a variety of measures. Monitoring procedures are typically performed as a part of the overall management of the Company's operations. The Company's strategy during the period, which was unchanged from the prior period, was to maintain its ability to secure access to financing at a reasonable cost. The requirements and terms of sources of capital cannot be predicted and change in ways the Company cannot predict.

12. RISK MANAGEMENT AND FAIR VALUES

Management's risk management policies are typically performed as a part of the overall management of the Company's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Company has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Company, management considers the avoidance of undue concentrations of risk. The risks and the actions taken to manage them include the following:

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

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

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company's main sources of liquidity are external sources of debt and equity. The funds are primarily used to finance working capital and capital expenditure requirements. The Company's current liabilities exceed its current assets by \$1,083,423 (December 31, 2023 - current liabilities exceed its current assets by \$340,633).

Receivables, accounts payable and accrued liabilities are due within one year.

Credit risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Company also may review credit history before establishing credit and review credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information.

A financial asset is past due when a debtor has failed to make a payment when contractually due. The Company has no financial assets that are past due and does not have an allowance for doubtful accounts receivable. Receivables relate to amounts due from the Government of Canada for Goods and Services Tax recoverable.

Currency risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. Changes in the applicable exchange rate may result in a decrease or increase in foreign exchange income or expense.

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 Canada Emergency Business Loan held at fixed rates.

Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. Mineral prices are affected by numerous factors such as the sale or purchase by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the US dollar and other foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world.

Fair values

The fair values of the Company's financial assets and liabilities consisting of cash, receivables, accounts payable and accrued liabilities and dividends payable approximate their recorded values as at December 31, 2024 and December 31, 2023 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% (2023 - 5%) with a term of due on demand (2023 - 2 years). The estimated fair value at December 31, 2024 is \$41,902 (2023 - \$40,000).

55 North Mining Inc.

Consolidated Notes to Financial Statements

December 31, 2024 and 2023

Expressed in Canadian dollars, unless otherwise indicated

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

The Company's financial assets are classified as level 1 (2023 - level 1). The Company's financial liabilities are classified as level 2 (2023 - 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.

13. LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2024 and 2023, was based on total loss attributable to common shareholders of \$744,692 (2023 - \$783,473) and a weighted average number of common shares outstanding of 160,067,244 (2023 - 154,907,375). Outstanding warrants and share options are anti-dilutive.

14. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance, December 31, 2022	\$	---
Flow-through premium on shares issued		3,500
Settlement of flow-through share liability on incurring expenditures		(3,500)
Balance, December 31, 2023 and 2024	\$	---

As a result of a CRA flow-through audit on prior year expenditures, the CRA determined that certain expenditures, while spent on flow-through eligible expenses, were not spent during the eligible period. As a result, in addition to Part XII.6 tax of \$7,941 being imposed on the Company, subscribers in those financings will have their deduction disallowed, resulting in taxes being owed. The Company has set up an estimated indemnification liability based on taxes that these subscribers may be required to pay.

15. MANITOBA MINERAL DEVELOPMENT FUND GRANT

On May 24, 2023, the Company signed an agreement with MMDF Corporation, an arm of the Government of Manitoba, where the Company will receive a grant of up to \$300,000 from the Manitoba Mineral Development Fund in \$100,000 tranches, which funds are to be used for exploration activities at the Company's Last Hope Project. As of the date of these financial statements, \$300,000 (2023 - \$200,000) has been received to date. The amount deferred represents amounts that will be spent on exploration activities and is expected to be realized in the subsequent year. If amounts are not spent according to the agreement they are to be repaid.