

SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

Condensed Interim Financial Statements

For the Three Month Period Ending January 31, 2018 and 2017

(Unaudited - Prepared by Management)

SIXTY NORTH GOLD MINING LTD.
(Formerly 1082138 B.C. Ltd.)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDING JANUARY 31, 2018 AND 2017

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NOTICE OF DISCLOSURE OF NON-AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

Condensed Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	January 31, 2018	October 31, 2017
Assets		
Current Assets		
Cash	\$ 352,440	\$ 539,550
GST receivable	16,766	19,570
Prepaid expenses and deposits (Note 5)	106,478	38,379
Total Current Assets	475,684	597,499
Exploration and evaluation assets (Note 6)	1,320,660	1,271,632
Reclamation deposit (Note 8)	88,000	88,000
Total Assets	\$ 1,884,344	\$ 1,957,131
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 157,128	\$ 135,889
Total Current Liabilities	157,128	135,889
Equity		
Share capital (Note 9)	2,068,823	2,068,823
Equity reserves	535,493	535,493
Deficit	(877,100)	(783,074)
Total Equity	1,727,216	1,821,242
Total Liabilities and Equity	\$ 1,884,344	\$ 1,957,131

Nature and Continuance of Operations (Note 1)

Commitments (Note 11)

Subsequent Events (Note 13)

See the accompanying notes to the interim financial statements

On behalf of the Board:

s/"John Campbell", CEO

Director

s/"Grant Block"

Director

SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

Condensed Interim Statements of Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	For the Three Months Ended	
	January 31, 2018	January 31, 2017
Expenses		
Accounting and audit fees	\$ 3,900	\$ 6,240
Contract extension fee (Note 6)	20,000	-
General and administration	474	1,031
Investor relations	12,773	5,880
Insurance	2,596	2,521
Management fees (Note 10)	15,000	15,000
Meals and entertainment	199	902
Professional fees (Note 9b)	34,186	41,712
Transfer agent	4,898	1,850
Net loss and comprehensive loss for the Period	\$ 94,026	\$ 75,136
Loss per share, basic and diluted	(0.00)	(0.00)
Weighted average common shares outstanding, basic and diluted	36,703,333	33,061,304

See the accompanying notes to the interim financial statements

SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

Condensed Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Shares Subscribed	Equity Reserves	Deficit	Total
Balance at October 31, 2016	31,420,000	\$ 1,627,419	\$ 10,000	\$ 208,401	\$ (162,690)	\$ 1,683,130
Shares issued for cash (Note 9)	2,200,000	190,000	(10,000)	-	-	180,000
Shares issued for services (Note 9(b))	400,000	40,000	-	-	-	40,000
Share issuance costs	-	(32,448)	-	10,923	-	(21,525)
Net loss for the period	-	-	-	-	(75,136)	(75,136)
Balance at January 31, 2017	34,020,000	\$ 1,824,971	\$ -	\$ 219,324	\$ (237,826)	\$ 1,806,469
Shares Issued for cash (Note 9(b))	2,583,333	310,000	-	-	-	310,000
Shares issued for option exercise (Note 9(b))	100,000	7,500	-	-	-	7,500
Share issuance costs	-	(73,648)	-	44,692	-	(28,956)
Share-based payments	-	-	-	271,477	-	271,477
Net loss for the year	-	-	-	-	(545,248)	(545,248)
Balance at October 31, 2017	36,703,333	\$ 2,068,823	\$ -	\$ 535,493	\$ (783,074)	\$ 1,821,242
Net loss for the year	-	-	-	-	(94,026)	(94,026)
Balance at January 31, 2018	36,703,333	\$ 2,068,823	\$ -	\$ 535,493	\$ (877,100)	\$ 1,727,216

See the accompanying notes to the interim financial statements

SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

Condensed Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	For the Three Months Ended	
	January 31, 2018	January 31, 2017
Cash Flows from (Used in) Operating Activities		
Net loss for the Period	\$ (94,026)	\$ (75,135)
Non-Cash Items:		
Shares issued for services	-	40,000
	(94,026)	(35,135)
Changes in Non-Cash Working Capital Items:		
GST receivable	2,804	(7,477)
Prepaid expenses and deposits	(68,099)	7,201
Accounts payable and accrued liabilities	21,239	195
Net Cash Flows (Used in) Provided by Operating Activities	(138,082)	(35,216)
Cash Flows from (Used in) Investing Activities		
Exploration and evaluation assets	(55,633)	(729,507)
Exploration advance	6,605	(3,044)
Reclamation bond	-	-
Net Cash Flows (Used in) Provided by Investing Activities	(49,028)	(732,551)
Cash Flows from Financing Activities		
Issuance of common shares	-	180,000
Share issuance costs	-	(21,525)
Net Cash Flows from Financing Activities	-	158,475
Change in Cash During the Period	(187,110)	(609,292)
Cash, Beginning of Period	539,550	1,137,374
Cash, End of Period	\$ 352,440	\$ 528,082
Supplemental Cash Disclosure:		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -
Non-cash transactions in investing and financing activities:		
Shares issued for services	\$ -	\$ 40,000
Agent warrants for share issuance costs	\$ -	\$ 10,923

See the accompanying notes to the interim financial statements

SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

1. Nature and Continuance of Operations

Sixty North Gold Mining Ltd. (the "Company") is a privately owned company and was incorporated on July 7, 2016 in British Columbia under the laws of the Canada Business Corporations Act. On February 20, 2017, the Company changed its name from 1082138 B.C. Ltd. to Sixty North Gold Mining Ltd. The Company's registered office is located at 1500 - 1055 West Georgia Street, Vancouver, BC V6E 4N7.

The Company's principal business activities include the acquisition and exploration of mineral property assets. The Company entered into an agreement with New Discovery Mines ("NDM") on July 8, 2016 and finalized the arrangement on September 2, 2016. On June 14, 2017, the Company and NDM entered into a restated mineral property earn-in agreement effective September 1, 2016 (See Note 6 - Exploration and Evaluation Assets). The Company has advanced funds towards the earn-in, and intends to complete an initial public offering ("IPO") and to list on the Canadian Securities Exchange so that exploration can be funded to further advance the property to the development and production phase.

Recovery of the carrying value of the Company's investment in the Mon Property is dependant upon the existence of economically recoverable reserves, to obtain the necessary funding to complete exploration and development, and the attainment of future profitable production.

The financial statements of the Company have been prepared on a going-concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. If the going-concern assumptions were not appropriate for these financial statements, then adjustments may be necessary to the carrying value of assets and liabilities, the reported expenses and the classifications used on the statement of financial position.

The Company will require further funding to continue as a going concern. There is no assurance that the Company will be able to obtain sufficient funding to continue exploration and development on the Mon Property.

As at January 31, 2018, the Company had cash in the amount of \$352,440 (October 31, 2017 - \$539,550). The Company has raised funds through private equity issuances to fund the project and expects to continue to raise additional funds through the issuance of shares, or other sources of financing. On October 23, 2017, the Company filed a preliminary prospectus and on January 19, 2018 filed a final long form prospectus for an IPO whereby the Company plans to issue a minimum of 6,666,667 units up to a maximum of 20,000,000 units at a price of \$0.15 per unit. Each unit will consist of one common share and one half purchase warrant. Each whole warrant will entitle the holder to purchase one common share at a price of \$0.25 per share for a period of 24 months from the closing of the IPO (Note 11 (c)).

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Notes to the Condensed Interim Financial Statements
For the Three Months Ended January 31, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

2. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"); specifically, International Accounting Standard 34, for Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). These financial statements do not include all the information and disclosure required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended October 31, 2017.

These condensed interim financial statements were approved by the Board of Directors for issue on March 27, 2018.

(b) Basis of Presentation

The financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting, except for cash flow information. The functional and presentation currency of the Company is the Canadian dollar.

3. Significant Accounting Policies

Accounting Estimates and Assumptions

The preparation of the Company's condensed interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. There have been no material revisions to the nature of judgements and estimates of amounts reported in the Company's October 31, 2017 annual financial statements.

4. New Accounting Standards

(a) New Standards and Amendments Effective for the First Time

The Company has adopted the new and revised standards and interpretations issued by the IASB effective November 1, 2017. The adoption of the standards and amendments did not have a material impact on the financial statements of the Company.

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4. New Accounting Standards (continued)

(b) New Accounting Standards Issued but not yet Effective

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New Accounting Standards Effective for Annual Periods on or After January 1, 2018

IFRS 2 - Share-based Payments

In June 2016, the IASB issued the final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Company is currently assessing the impact of this standard.

IFRS 9 - Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Statements, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued this standard which supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programs, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers, and SIC 31 - Revenue - Barter Transactions

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4. (b) New Accounting Standards Issued but not yet Effective (continued)

involving Advertising Services, IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

New Accounting Standards Effective for Annual Periods on or After January 1, 2019

IFRS 16 - Leases

In June 2016, the IASB issued this standard which establishes principles for recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

5. Prepaid Expenses and Deposits

Prepaid expenses and deposits included in the Statements of Financial Position are comprised of the following amounts:

	January 31, 2018	October 31, 2017
Prepaid Expenses	\$ 48,140	\$ 38,379
Deposits paid by NDM (Note 7)	58,338	-
	<u>\$ 106,478</u>	<u>\$ 38,379</u>

6. Exploration and Evaluation Assets

The Mon Property

On July 8, 2016, the Company signed a letter of intent with New Discovery Mines Ltd. ("NDM") and then entered into an option agreement ("Agreement") on September 2, 2016. The Property is comprised of two NDM claims and eleven Mon Property leases and is located in the mining district of the Northwest Territories. On June 14, 2017, the Company and NDM entered into a restated

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For the Three Months Ended January 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

mineral property earn-in agreement ("restated agreement") effective as of September 2, 2016 with the following terms and conditions:

To earn the 80% interest in the Property, the Company is required to incur \$6,000,000 in expenditures on the Property as follows:

- (a) To incur \$2,000,000 expenditures (the "Initial Expenditures") on the Property on or before December 31, 2017; and
- (b) To incur cumulative expenditures of \$6,000,000 on the Property (inclusive of the Initial Expenditures) on or before December 31, 2020; and
- (c) To assume all of the obligations of the underlying agreements, relating to the royalty and any advance royalty payments (see Note 11(a) - Commitments)

At January 31, 2018, the Company had incurred \$1,252,162 in expenditures on the Mon Property, including \$94,202 advanced to NDM for ongoing expenditures. NDM has made certain payments from advances, but not yet part of exploration expenditures, including deposits of \$34,000 for the ice road construction contract and \$24,338 for a fuel tank (Note 7).

In accordance with section 1.1 of the restated agreement, the Company elected to extend the deadline for completion of the initial expenditure from December 31, 2017 to December 31, 2018 by delivering notice in writing and the payment of \$20,000 on December 12, 2017 to NDM.

The Company may elect to terminate the agreement at any time during the earn-in period, upon sixty days notice to NDM.

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(Unaudited - Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

The Company has funded and incurred the following expenditures on the Property:

The Mon Gold Property	October 31, 2017	Additions/ Adjustments	January 31, 2018
Acquisition Costs:			
Legal costs relating to earn-in	\$ 16,614	\$ -	\$ 16,614
Advance royalty payment (Note 11(a))	26,270	25,614	51,884
	42,884	25,614	68,498
Exploration Costs:			
Assaying, prospecting and shipping	26,585	3,482	30,067
Camp costs	73,115	4,457	77,572
Drilling	117,452	-	117,452
Exploration advance (Note 7)	100,807	(6,605)	94,202
Flights	116,774	1,760	118,534
Fuel	6,629	-	6,629
Management and supervision	57,459	8,919	66,378
Mining equipment	642,532	-	642,532
Mobilization/Demobilization	13,275	-	13,275
Property holding costs	-	1,026	1,026
Reports	33,870	8,375	42,245
Safety/Medic	14,407	-	14,407
Storage and transport (equipment)	13,641	2,000	15,641
Travel and accommodation	12,202	-	12,202
	1,228,748	23,414	1,252,162
Total Acquisition and Exploration Costs	\$ 1,271,632	\$ 49,028	\$ 1,320,660

7. Advances to Project

At January 31, 2018, the Company has an exploration advance of \$94,202 to NDM on the Mon Property, for ongoing expenditures.

Out of the advances made to NDM, NDM has made the following deposits, which are not yet included in Exploration Costs, but are recorded in prepaid expenses and deposits (Note 5):

The Company authorized NDM to contract out the 2018 ice road construction for the winter road to the Mon Property. On November 3, 2017, \$34,000 was paid by NDM to the contractor, which represents 10% of the total contract. The deposit is refundable in the event that the permits are not granted and the work does not proceed.

NDM has paid a 30% deposit of \$24,338 plus GST for a fuel tank (total price \$81,128, excluding taxes).

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Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

8. Reclamation Deposit

As at January 31, 2018, a security deposit of \$88,000 was paid to the Department of Lands on behalf of the Government of the Northwest Territories, as required under the land use permit on the Mon Property.

9. Share Capital

(a) Authorized Shares

The Company is authorized to issue an unlimited number of common shares with no par value per share.

(b) Issued and outstanding

As of January 31, 2018, 36,703,333 (October 31, 2017 - 36,703,333) shares were issued and outstanding. There were no equity transactions during the three months ended January 31, 2018.

During the year ended October 31, 2017, the Company had the following transactions:

On December 1, 2016, 400,000 shares previously subscribed for at \$0.25 per share were issued.

On December 1, 2016, the Company completed a private placement of 1,800,000 units at \$0.10 for gross proceeds of \$180,000. Each unit is comprised of one common share and one half warrant. Each full warrant is exercisable for one common share at a price of \$0.25 until September 30, 2019 (extended from the initial expiry date of December 1, 2018). The Company paid a cash commission of \$12,600 and issued 180,000 broker warrants. Each broker warrant is exercisable to purchase a common share of the Company for \$0.10 per share until September 30, 2019 (extended from the initial expiry date of December 1, 2018). This expiry date is accelerated to 30 days if the Company's trading price is greater than \$0.50 for 10 consecutive trading days. The fair value of the broker warrants was estimated at \$10,880 using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.84%
Expected life	2.83 years
Expected volatility	100%
Expected dividend	Nil

Pursuant to an agreement dated December 1, 2016 between the Company and Mackie Research Capital Corporation ("Mackie"), the Company issued 400,000 common shares with a fair market value of \$40,000 for making introductions to certain individuals to serve as officers or directors of the Company. The amount of \$40,000 was recorded as professional fees for the year ended October 31, 2017 on the Statements of Comprehensive Loss.

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Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

9. Share Capital (continued)

On June 28, 2017, the Company completed a private placement of a total of 2,583,333 units at \$0.12 for gross proceeds of \$310,000. Each unit is comprised of one common share and one half warrant. Each full warrant is exercisable for one common share at a price of \$0.25 until September 30, 2019. The Company paid a cash commission of \$19,200 and issued 200,000 brokers' warrants. Each broker warrant is exercisable to purchase a common share at a price of \$0.25 until September 30, 2019. The expiry date is accelerated to 30 days if the Company's trading price is greater than \$0.50 for 10 consecutive trading days. The fair value of the broker warrants was estimated at \$11,859 using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.73%
Expected life	2.26 years
Expected volatility	120%
Expected dividend	Nil

In connection with the private placements noted above, the Company also incurred \$18,681 in other share issuance costs associated with the private placements.

(c) Warrants

On June 20, 2017, the Company extended the expiry date to September 30, 2019 for all warrants that were previously issued between September 20, 2016 and December 1, 2016. As a result of this modification, the Company recorded the incremental fair value of \$32,876 as share issuance costs for the year ended October 31, 2017 for the 1,638,500 broker warrants using the Black-Scholes Option Pricing model using the following assumptions:

Risk free interest rate	0.73%
Expected life	2.28 years
Expected volatility	120%
Expected dividend	Nil

During the year ended October 31, 2017, the Company had issued the following warrants:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, October 31, 2016	9,158,500	\$0.23	1.92
Issued for private placements	2,191,666	\$0.25	1.92
Issued for brokers' warrants	380,000	\$0.18	1.92
Balance, October 31, 2017	11,730,166	\$0.23	1.92

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For the Three Months Ended January 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

9. Share Capital (continued)

As of January 31, 2018, the outstanding warrants are as follows:

Number of Warrants	Exercise Price	Expiry Date
3,250,000	\$0.25	September 30, 2019
650,000	\$0.10	September 30, 2019
4,450,000	\$0.25	September 30, 2019
808,500	\$0.10	September 30, 2019
900,000	\$0.25	September 30, 2019
180,000	\$0.10	September 30, 2019
1,291,666	\$0.25	September 30, 2019
200,000	\$0.25	September 30, 2019
11,730,166		

At January 31, 2018, these warrants have a weighted average exercise price of \$0.23 and a weighted average remaining life of 1.66 years.

(d) Options

Pursuant to an agreement dated on September 1, 2016, the Company granted 250,000 stock options to the CEO of the Company. Each option is exercisable at a price of \$0.075 per share for five years with vesting terms of 150,000 options vested on the grant date and the remaining 100,000 options will vest within 10 days of the Board of Directors resolution to proceed with the Initial Public Offering. The weighted average fair value of the options was \$0.12 each and estimated using the Black-Scholes pricing model with the following assumptions:

Weighted risk free interest rate	1.03%
Weighted expected life	5 years
Weighted expected volatility	130%
Weighted expected dividend	Nil
Forfeiture rate	Nil

During the year ended October 31, 2017, the Company recorded a share-based payment of \$28,859 on the statements of comprehensive loss.

On September 25, 2017, 100,000 of these options were exercised at \$0.075 for proceeds of \$7,500.

On September 22, 2017 pursuant to a resolution of the Board of Directors, the Company granted 1,870,000 stock options to certain directors, officers and consultants of the Company. Each option is exercisable at a price of \$0.15 per share and vested on the grant date. The options are exercisable up to five years from the date the Company's shares are listed on a recognized Canadian stock exchange ("Listing date"). The weighted average fair value of the options was \$0.15 each and estimated using the Black-Scholes pricing model with the following assumptions:

Weighted risk free interest rate	1.5%
Weighted expected life	5 years
Weighted expected volatility	130%

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9. Share Capital (continued)

Weighted expected dividend	Nil
Forfeiture rate	Nil

During the period ended January 31, 2018, the Company recorded a share-based payment of \$Nil (October 31, 2017 - \$242,618) on the statements of comprehensive loss.

During the year ended October 31, 2017, the Company had issued the following options:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, October 31, 2016	250,000	\$ 0.12	3.84
Options granted	1,870,000	\$ 0.15	5.00
Options exercised	(100,000)	\$ 0.075	-
Balance, October 31, 2017	2,020,000	\$ 0.15	4.91

As of January 31, 2018, the outstanding options are as follows:

Number of Options	Exercise Price	Expiry Date
150,000	\$0.15	September 1, 2021
1,870,000	\$0.15	5 years from the Listing date
2,020,000		

As at January 31, 2018, these options have a weighted average exercise price of \$0.15 and a weighted average remaining life of 4.57 years.

10. Related Party Transactions

Key management includes directors and officers of the Company. During the three months ended January 31, 2018, management fees of \$15,000 (January 31, 2017: \$15,000) were paid to a corporation controlled by the Company's Chief Executive Officer ("CEO").

On September 22, 2017, the Company granted 1,750,000 options with fair values of \$227,049 to the directors and officers of the Company (See Note 9(d)). In addition, the Company also recorded a share-based payment of \$28,859 for options granted to the CEO.

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Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

11. Commitments

- (a) Pursuant to an agreement (Note 6 - Exploration and Evaluation Assets) between the Company and NDM, the Company is required to make annual payments of US\$20,000 for the advanced NSR to Giauque commencing on January 30, 2017. The 2017 and 2018 annual royalty payments were made by the Company on January 16, 2017 and November 29, 2017. The advance payments can be credited towards the royalty payments after commencement of commercial production with 20% of the aggregate payments received from the advanced NSR deductible from the royalty payments, commencing in the first completed calendar year of commercial production.
- (b) On September 1, 2016, the Company entered into a management agreement with the CEO of the Company whereby the Company will pay a monthly management fee of \$5,000 for one year, renewed annually unless notice is given according to termination provisions.
- (c) On August 16, 2017 the Company signed an agency agreement with Mackie Research Capital Corporation ("Mackie") whereby Mackie will act as an agent in connection with the initial IPO undertaking by the Company. The Company will pay a non-refundable work fee of \$30,000 on the closing of the IPO, 8% in cash commission and issue 8% compensation options of all the units sold in the IPO. Each option entitles Mackie to purchase one common share of the Company at the issue price per unit under the IPO for a period of 24 months from the closing date of the IPO. Whether or not the offering is completed, Mackie's expenses, not to exceed \$10,000, and the designated legal counsel's fees and expenses, not to exceed \$50,000, shall be borne by the Company. At January 31, 2018, the Company paid a \$15,000 retainer for legal fees.
- (d) NDM has not billed the Company the 5% management fee on the purchase of mining equipment in 2017. If and when NDM invoices the Company, an amount of approximately \$32,000 will become due.

12. Financial instruments and Risks

Financial instruments consist primarily of cash and accounts payable and accrued liabilities. The fair values of cash and accounts payable and accrued liabilities approximate their respective carrying values because of their immediate or short-term nature.

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and accounts receivable. The carrying amount of the financial assets represents the maximum credit exposure.

SIXTY NORTH GOLD MINING LTD.

(Formerly 1082138 B.C. Ltd.)

Notes to the Condensed Interim Financial Statements

For the Three Months Ended January 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

12. Financial instruments and Risks (continued)

The Company limits its exposure to credit risk on cash by placing these financial instruments with reputable and major financial institutions.

(b) Liquidity risk

Liquidity risk is associated with the inability to meet obligations as they become due and is minimized by maintaining sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period.

The Company measures certain financial instruments and other items at fair value. To determine the fair value, the Company uses the fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use to value an asset or liability and are developed based on market data obtained from independent sources. Unobservable inputs are inputs based on assumptions about the factors market participants would use to value an asset or liability. The three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Observable inputs such as quoted prices in active markets

Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

13. Subsequent Events