
79NORTH INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 79North Inc.

Opinion

We have audited the consolidated financial statements of 79North Inc. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2021 and November 30, 2020, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2021 and November 30, 2020, 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 Financial Statements" section of our report.

We are independent of the Company 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.

Emphasis of Matter

Without qualifying our opinion, We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of \$2,627,923 for the year ended November 30, 2021 (2020 - \$2,841,010) and has incurred cumulative losses from inception in the amount of \$10,353,171 at November 30, 2021. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 George G. Lovrics.

Toronto, Ontario
March 25, 2022

Stern & Lovrics LLP

Chartered Professional Accountants
Licensed Public Accountants

79North Inc.

Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

	As at November 30, 2021	As at November 30, 2020
ASSETS		
Current assets		
Cash	\$ 1,251,425	\$ 2,870,786
Receivables and other assets (note 6)	28,143	136,960
	1,279,568	3,007,746
Property and equipment (note 7)	176,688	99,032
Total assets	\$ 1,456,256	\$ 3,106,778
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 8 and 14)	\$ 235,372	\$ 112,094
Total liabilities	235,372	112,094
Equity		
Share capital (note 9)	8,021,919	7,360,896
Reserve	2,936,404	2,809,710
Accumulated other comprehensive income	61,541	61,485
Deficit	(10,353,171)	(7,791,598)
Equity attributable to the shareholders of the Company	666,693	2,440,493
Non-controlling interest	554,191	554,191
Total equity	1,220,884	2,994,684
Total equity and liabilities	\$ 1,456,256	\$ 3,106,778

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

Nature of operations and going concern (note 1)

Approved on behalf of the Board:

(Signed) "Jon North" _____ Director

(Signed) "Philip MacDonnell" _____ Director

79North Inc.**Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)**

	Year Ended November 30, 2021	Year Ended November 30, 2020
Operating expenses		
Exploration and evaluation expenditures (note 13)	\$ 1,543,790	\$ 483,719
Professional fees	290,189	725,461
Management and consultants compensation	302,412	154,097
Travel	82,290	25,768
Office and general	187,010	179,545
Foreign exchange (gain) loss	10,646	25,803
Investor relations	180,042	186,968
Share-based payments (note 10)	31,600	524,700
Listing expense (note 5)	-	534,949
Net loss for the year	(2,627,979)	(2,841,010)
Other comprehensive income (loss)		
Items that will be reclassified subsequently to profit or loss:		
Cumulative translation adjustment	56	-
Total comprehensive loss for the year	\$ (2,627,923)	\$ (2,841,010)
Basic and diluted net loss per share (note 12)	\$ (0.03)	\$ (0.05)
Weighted average number of common shares outstanding	87,349,274	63,104,972

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

79North Inc.

Consolidated Statements of Cash Flows (Expressed in Canadian Dollars)

	Year Ended November 30, 2021	Year Ended November 30, 2020
Operating activities		
Net loss for the year	\$ (2,627,979)	\$ (2,841,010)
Adjustments for:		
Amortization	35,302	12,731
Share-based payments (note 10)	31,600	524,700
Listing expense (note 5)	-	534,949
Changes in non-cash working capital items:		
Receivables and other assets	108,817	(88,880)
Accounts payable and accrued liabilities	123,278	(24,577)
Net cash used in operating activities	(2,328,982)	(1,882,087)
Investing activities		
Purchase of property and equipment	(112,958)	(64,144)
Cash acquired on RTO	-	572,270
Net cash provided by (used in) investing activities	(112,958)	508,126
Financing activities		
Proceeds from private placement (note 9(b))	850,245	4,572,250
Share issuance costs (note 9(b))	(27,722)	(359,338)
Repayment of loan from related party	-	(25,000)
Net cash provided by financing activities	822,523	4,187,912
Effect of exchange rate changes on cash held by foreign currency	56	-
Net change in cash	(1,619,361)	2,813,951
Cash, beginning of year	2,870,786	56,835
Cash, end of year	\$ 1,251,425	\$ 2,870,786
Supplemental information		
Shares issued for debt settlement	\$ -	\$ 338,000
Broker warrants	\$ -	\$ 114,000

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

79North Inc.**Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)**

	Share capital	Reserve	Accumulated other comprehensive income	Deficit	Total attributable to shareholders of Company	Non- controlling interest	Total
Balance, November 30, 2019	\$ 3,418,184	\$ 594,410	\$ 61,485	\$ (4,950,588)	\$ (876,509)	\$ 554,191	\$ (322,318)
Private placement	4,910,250	-	-	-	4,910,250	-	4,910,250
Share issuance costs	(473,338)	114,000	-	-	(359,338)	-	(359,338)
Warrant valuation	(1,495,200)	1,495,200	-	-	-	-	-
Acquired on RTO	1,001,000	81,400	-	-	1,082,400	-	1,082,400
Share-based payments	-	524,700	-	-	524,700	-	524,700
Total comprehensive loss for the year	-	-	-	(2,841,010)	(2,841,010)	-	(2,841,010)
Balance, November 30, 2020	\$ 7,360,896	\$ 2,809,710	\$ 61,485	\$ (7,791,598)	\$ 2,440,493	\$ 554,191	\$ 2,994,684
Private placement	850,245	-	-	-	850,245	-	850,245
Share issuance costs	(27,722)	-	-	-	(27,722)	-	(27,722)
Warrant valuation	(161,500)	161,500	-	-	-	-	-
Stock options cancelled	-	(66,406)	-	66,406	-	-	-
Share-based payments	-	31,600	-	-	31,600	-	31,600
Total comprehensive loss for the year	-	-	56	(2,627,979)	(2,627,923)	-	(2,627,923)
Balance, November 30, 2021	\$ 8,021,919	\$ 2,936,404	\$ 61,541	\$ (10,353,171)	\$ 666,693	\$ 554,191	\$ 1,220,884

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

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

1. Nature of operations and going concern

79North Inc. (the "Company" or "79North") was incorporated under the Business Corporations Act (Ontario) on November 27, 2017. The Company is focused on the acquisition, exploration and development of properties which are prospective for gold and other metals. The Company is domiciled in Canada and its registered office is located at 82 Richmond Street East, Suite 306, Toronto, Ontario, M5C 1P1.

On June 12, 2020, the Company completed a reverse take-over transaction ("RTO Transaction") with 79North Ltd. wherein the Company acquired 100% of the issued and outstanding common shares of 79North Ltd. As a result of the share exchange, 79North Ltd. is considered to have control. While the Company is the legal acquirer, the accounting acquirer is 79North Ltd. and these financial statements are consolidated and presented with 79North Ltd. as the continuing entity. Concurrent with the RTO, the Company changed its name to 12 Exploration Inc. and began trading on the Canadian Securities Exchange ("CSE") under the symbol "TWLV". On August 19, 2020, the Company changed its name to 79North Inc. and began trading on CSE under the symbol "JQ". On March 5, 2021, the Company's common shares commenced trading on the OTCQB Venture Market under the ticker symbol "SVNTF".

79North is at an early stage of exploring and acquiring gold properties and as is common with many small companies, it raises financing for its exploration and acquisition activities in discrete tranches. As at November 30, 2021, the Company has a working capital of \$1,044,196 (November 30, 2020 - working capital of \$2,895,652). For the year ended November 30, 2021, the Company had a net loss and comprehensive loss of \$2,627,923 (year ended November 30, 2020 - loss of \$2,841,010) and had cash outflows from operations of \$2,328,982 (year ended November 30, 2020 - cash outflows of \$1,882,087). These conditions indicate the existence of some uncertainty that may cast doubt regarding the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

Longer term, the Company may pursue opportunities to raise additional capital through equity markets; however, there can be no assurance it will be able to raise funds in the future. The ultimate ability of the Company to remain a going concern and complete exploration and development of properties, if properties are proven successful, is dependent upon successfully raising additional capital.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Company be unable to continue as a going concern. These adjustments could be material.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

2. Significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended November 30, 2021. These consolidated financial statements were approved and authorized for issuance by the Board on March 25, 2022.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 3.

Basis of consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Investments in and loans to associates

The Company holds an equity investment in associates. An associate is an entity over which the Company has significant influence and is neither a controlled subsidiary nor a jointly controlled entity. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies.

The Company accounts for equity investments using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and is subsequently increased or decreased to recognize the Company's share of earnings or losses of the associate, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings or losses of associates are recognized through net income or loss during the year. Cash distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate. At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the greater of its fair value less costs of disposal and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in an associate is less than its carrying amount, then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of the recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through net income or loss in the period in which the reversal occurs.

As of November 30, 2021, the cost of the Company's investment in Sandpiper Goldmines N.V. was \$nil. As well, the Company's pro-rata share of post-acquisition earnings and other comprehensive income from the date of acquisition to November 30, 2021 of Sandpiper Goldmines N.V. was \$nil, as there were no activities to report.

Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency. As of November 30, 2021, the functional currency was determined to be the United States dollar for the Company's subsidiaries.

Cash

Cash includes cash on hand and with a Canadian chartered bank.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life at the following rates:

<u>Detail</u>	<u>Percentage</u>	<u>Method</u>
Field equipment	20%	Declining balance
Vehicle	30%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis. An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss.

Where an item of property and equipment consists of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Exploration and evaluation expenditures

The Company expenses all acquisition costs of mineral properties and exploration and evaluation expenditures as incurred.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception the capitalization of development costs that give rise to a future benefit.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

Share-based payment transactions

The fair value of stock options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Decommissioning liability

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation and environment costs as at November 30, 2021 and 2020.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pretax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

The Company had no material provisions as at November 30, 2021 and 2020.

Loss per share

Loss per common share have been determined by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the year, excluding shares securing employee share purchase loans and shares in escrow, if any. The Company follows the “treasury stock” method in the calculation of diluted earnings per share. Under this method, the calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The treasury stock method is not used to calculate diluted loss per share because the result would be anti-dilutive. Loss per share (diluted) are equivalent measures and calculated on a non-dilutive basis.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i) those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and
- ii) those to be measured subsequently at amortized cost.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Financial instruments (continued)

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial assets consist of cash and receivables, which are classified and subsequently measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Financial instruments recorded at fair value

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

- Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
- Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Financial instruments (continued)

- Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The following table shows the levels within the hierarchy of financial assets measured at fair value at November 30, 2021:

	Level 1	Level 2	Level 3	Total
Cash	\$ 1,251,425	\$ -	\$ -	\$ 1,251,425

The following table shows the levels within the hierarchy of financial assets measured at fair value at November 30, 2020:

	Level 1	Level 2	Level 3	Total
Cash	\$ 2,870,786	\$ -	\$ -	\$ 2,870,786

3. Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions 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. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

- the recoverability of amounts receivable and value-added taxes receivable which are included in the consolidated statements of financial position;
- Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements; and
- the inputs used in accounting for share-based payment transactions.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

3. Significant accounting judgments and estimates (continued)

Critical accounting judgments:

- management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to advance the lithium properties;
- management applied judgment in determining the functional currency of 79North and its subsidiaries as the Canadian Dollar, based on the facts and circumstances that existed during the period; and
- management determination of no material restoration, rehabilitation and environmental exposure, based on the facts and circumstances that existed during the period.

4. Subsidiaries

The following companies have been consolidated within the audited annual consolidated financial statements:

Company	Registered	Principal activity
79North Inc.	Ontario, Canada	Parent company
<u>Subsidiaries</u>		
79North Ltd. ⁽¹⁾	Ontario, Canada	Exploration
Kudray S.A. ⁽¹⁾	Uruguay	Exploration
Sumin Resources Limited ("Sumin") ⁽¹⁾	British Virgin Islands	Investment, Exploration and Development
Sumin Mines N.V. ⁽¹⁾	Suriname	Exploration and Exploitation
Nassau Gold Limited ⁽²⁾	Guernsey	Investment, Exploration and Development
Sumin Delfstoffen N.V. ⁽²⁾	Suriname	Exploration
Integral Agriculture and Mining Industries N.V. ⁽³⁾⁽⁴⁾⁽⁵⁾	Suriname	Exploration and Exploitation

⁽¹⁾ 100% owned, directly or indirectly, by the ultimate shareholder - 79North Inc.;

⁽²⁾ 100% owned by Sumin;

⁽³⁾ 70% owned by Sumin Delfstoffen N.V.

⁽⁴⁾ 79North's indirect interest on a consolidated basis in Integral Agriculture and Mining Industries N.V. is 56% up to July 10, 2019, as a result of the Company's 80% indirect interest in Nassau Gold Limited, which had a 70% indirect interest in Integral Agriculture and Mining N.V.; and

⁽⁵⁾ Subsequent to July 10, 2019, 79North's indirect interest on a consolidated basis in Integral Agriculture and Mining Industries N.V. is 70%. Refer to note 13⁽¹⁾.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

5. Reverse take-over

On June 12, 2020, the Company acquired all the issued and outstanding shares of 79North Ltd. Prior to closing, 79North Ltd. had 43,133,953 common shares and 12,759,183 warrants outstanding. The Company's shares were then exchanged for the shares of 79North Ltd. on a 1:1 basis.

The acquisition constitutes an asset acquisition as the Company did not meet the definition of a business, as defined in IFRS 3 - Business Combinations. Additionally, as a result of the RTO, the statement of financial position has been adjusted for the elimination of the Company's share capital, warrants, share-based compensation and deficit within shareholders' equity.

As a result of this asset acquisition, a listing expense of \$534,949 was recorded. This reflects the difference between the estimated fair value of consideration given less the fair value of the net assets acquired.

The allocation of estimated fair value of consideration given is as follows:

Fair value of net assets acquired

Cash	\$ 572,270
Receivables and other assets	8,961
Accounts payable and accrued liabilities	(33,780)
Listing expense	534,949
	<u>\$ 1,082,400</u>

Consideration given

10,010,000 common shares	\$ 1,001,000
500,000 stock options	56,000
320,000 warrants	25,400
	<u>\$ 1,082,400</u>

6. Receivables and other assets

	November 30, 2021	November 30, 2020
Amounts receivable	\$ 10,246	\$ 32,972
Prepaid expenses	17,897	103,988
	<u>\$ 28,143</u>	<u>\$ 136,960</u>

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

7. Property and equipment

Cost	Equipment	Vehicle	Total
Balance, November 30, 2019	\$ 69,004	\$ -	\$ 69,004
Additions	64,144	-	64,144
Balance, November 30, 2020	133,148	-	133,148
Additions	53,253	59,705	112,958
Balance, November 30, 2021	\$ 186,401	\$ 59,705	\$ 246,106

Accumulated Depreciation	Equipment	Vehicle	Total
Balance, November 30, 2019	\$ 21,385	\$ -	\$ 21,385
Depreciation for the year	12,731	-	12,731
Balance, November 30, 2020	34,116	-	34,116
Depreciation for the year	25,817	9,485	35,302
Balance, November 30, 2021	\$ 59,933	\$ 9,485	\$ 69,418

Carrying Value	Equipment	Vehicle	Total
Balance, November 30, 2020	\$ 99,032	\$ -	\$ 99,032
Balance, November 30, 2021	\$ 126,468	\$ 50,220	\$ 176,688

8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	November 30, 2021	November 30, 2020
Accounts payable	\$ 99,741	\$ 46,544
Accrued liabilities	135,631	65,550
	\$ 235,372	\$ 112,094

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

9. Share capital

(a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Common shares issued

	Number of common shares	Amount
Balance, November 30, 2019	43,133,953	\$ 3,418,184
Private placement (i)	32,734,988	4,910,250
Share issuance costs (i)	-	(473,338)
Warrant valuation (i)	-	(1,495,200)
Shares issued on RTO (note 5)	10,010,000	1,001,000
Balance, November 30, 2020	85,878,941	7,360,896
Private placement (ii)(iii)	5,668,300	850,245
Share issuance costs (ii)(iii)	-	(27,722)
Warrant valuation (ii)(iii)	-	(161,500)
Balance, November 30, 2021	91,547,241	\$ 8,021,919

(i) On June 11, 2020, the Company completed a non-brokered private placement of subscription receipts (the "Offering"), resulting in the sale of an aggregate of 30,481,655 subscription receipts (the "Subscription Receipts") at a price of \$0.15 per Subscription Receipt for aggregate gross proceeds of \$4,572,250.

Upon satisfaction of the conditions (the "Escrow Release Conditions") set forth in the certificates representing the Subscription Receipts, the gross proceeds from the sale of the Subscription Receipts were released from escrow, which was immediately prior to the completion of the RTO Transaction on June 12, 2020. Each Subscription Receipt was converted into one unit, consisting of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire an additional common share at a price of \$0.25 per warrant until June 12, 2023, subject to customary anti-dilution provisions.

In connection with the Offering, the Company paid \$359,338 cash share issuance costs and issued an aggregate of 2,133,714 finders' warrants. Each finders' warrant is exercisable to acquire one common share and one share purchase warrant of the issuing company at a price of \$0.15 per finder warrant. The underlying warrants have the same terms as the warrants issued upon conversion of the applicable Subscription Receipts.

Concurrent with the Offering, the Company issued 2,253,333 units at \$0.15 per unit to settle \$338,000 of debt owed by the Company. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.25 per share until June 12, 2023.

The grant date fair values of the 32,734,988 warrants and 2,133,714 finders' warrants were estimated to be \$1,495,200 and \$114,000, respectively, using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 0.27%, and expected life of 3 years.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

9. Share capital (continued)

(b) Common shares issued (continued)

(ii) On August 17, 2021, the Company completed the first tranche of a non-brokered private placement and issued an aggregate of 4,368,300 units at a price of \$0.15 per unit for aggregate gross proceeds of \$655,245. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$0.25 per share until August 17, 2024. In connection with the offering, the Company paid \$8,243 of cash share issuance costs.

In connection with the closing of the first tranche of the non-brokered private placement, Mr. Jon North, Chairman, President and Chief Executive Officer ("CEO") of the Company, acquired ownership and control of 66,666 units.

The grant date fair values of the 2,184,150 warrants were estimated to be \$124,800, using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 0.55%, and expected life of 3 years.

(iii) On October 1, 2021, the Company completed the second and final tranche of a non-brokered private placement and issued an aggregate of 1,300,000 units at a price of \$0.15 per unit for aggregate gross proceeds of \$195,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$0.25 per share until August 17, 2024. In connection with the offering, the Company paid \$19,479 of cash share issuance costs.

The grant date fair values of the 650,000 warrants were estimated to be \$36,700, using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 0.65%, and expected life of 3 years.

10. Stock options

	Number of stock options	Weighted average exercise price
Balance, November 30, 2019	-	\$ -
Granted (i)(ii)	3,800,000	0.15
Issued on RTO (note 5)	500,000	0.15
Balance, November 30, 2020	4,300,000	0.15
Granted (iii)(iv)(v)	450,000	0.15
Cancelled	(500,000)	0.15
Expired	(500,000)	0.15
Balance, November 30, 2021	3,750,000	\$ 0.15

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

10. Stock options (continued)

(i) On June 16, 2020, the Company granted an aggregate of 3,500,000 stock options exercisable at \$0.15 per share expiring on June 16, 2025. The grant date fair value of the options is estimated to be \$495,300 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 0.38%, and expected life of 5 years.

(ii) On September 23, 2020, the Company granted an aggregate of 300,000 stock options exercisable at \$0.15 per share expiring on September 23, 2025. The grant date fair value of the options is estimated to be \$29,400 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 0.35%, and expected life of 5 years.

(iii) On March 29, 2021, the Company granted 150,000 stock options to a consultant of the Company. The stock options are exercisable at \$0.15 per share and expire in 5 years. The stock options vest 1/3 immediately and 1/3 each on first and second anniversaries of grant date. The grant date fair value of the options is estimated to be \$10,900 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 0.97%, and expected life of 5 years.

(iv) On May 10, 2021, the Company granted an aggregate of 200,000 stock options to a director of the Company. The stock options are exercisable at \$0.15 per share and expire in 5 years. The stock options vest 1/3 immediately and 1/3 each on first and second anniversaries of grant date. The grant date fair value of the options is estimated to be \$12,100 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 0.88%, and expected life of 5 years.

(v) On June 28, 2021, the Company granted an aggregate of 100,000 stock options to a consultant of the Company. The stock options are exercisable at \$0.15 per share and expire in 5 years. The stock options vest 1/3 immediately and 1/3 each on first and second anniversaries of grant date. The grant date fair value of the options is estimated to be \$8,600 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 0.98%, and expected life of 5 years.

The following table reflects the actual stock options issued and outstanding as of November 30, 2021:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
June 16, 2025	0.15	3.55	3,100,000	3,100,000
September 23, 2025	0.15	3.82	200,000	200,000
March 29, 2026	0.15	4.33	150,000	50,000
May 10, 2026	0.15	4.44	200,000	66,667
June 28, 2026	0.15	4.58	100,000	33,333
	0.15	3.67	3,750,000	3,450,000

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

11. Warrants

	Number of warrants	Weighted average exercise price
Balance, November 30, 2019	12,759,183	\$ 0.19
Issued	34,868,702	0.24
Issued on RTO (note 5)	320,000	0.15
Balance, November 30, 2020	47,947,885	0.23
Issued	2,834,150	0.25
Expired	(320,000)	0.15
Balance, November 30, 2021	50,462,035	\$ 0.23

The following table reflects the warrants issued and outstanding as of November 30, 2021:

Expiry date	Exercise price (\$)	Number of warrants outstanding
June 12, 2023 (i)	0.20	11,032,400
June 12, 2023 (i)(ii)	0.15	1,726,783
June 12, 2023	0.25	32,734,988
June 12, 2023 (iii)	0.15	2,133,714
August 17, 2024	0.25	2,834,150
	0.23	50,462,035

(i) On May 9, 2019, the Company extended the expiry date of the share purchase warrants and the broker warrants originally scheduled to expire on December 21, 2020 to June 12, 2023. If at any time following November 30, 2020, the common shares of the Company trade on the CSE at a volume weighted average price of \$0.50 or more for ten consecutive trading days, the Company may, by notice to warrant holders, reduce the expiry date to not less than 20 business days from the date of such notice.

(ii) Exercisable to acquire one unit, consisting of one common share of the Company and one-half of one common share purchase warrant. Each warrant shall be exercisable to acquire one additional common share at a price of \$0.20 per share.

(iii) Exercisable to acquire one unit, consisting of one common share of the Company and one common share purchase warrant. Each warrant shall be exercisable to acquire one additional common share at a price of \$0.25 per share.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

12. Net loss per share

The calculation of basic and diluted loss per share for the year ended November 30, 2021 was based on the loss attributable to common shareholders of \$2,627,979 (year ended November 30, 2020 - \$2,841,010) and the weighted average number of common shares outstanding of 87,349,274 (year ended November 30, 2020 - 63,104,972). Diluted loss per share did not include the effect of warrants and stock options as they are anti-dilutive.

13. Exploration and evaluation expenditures

Year ended November 30, 2021	Nassau Gold Project	Sela Creek Project	Project Generation	Total
Administrative	\$ 188,974	\$ -	\$ -	\$ 188,974
Amortization	35,302	-	-	35,302
Analysis	60,131	-	-	60,131
Camp costs	120,915	-	-	120,915
Consulting	63,412	3,739	14,618	81,769
Drilling	315,723	-	-	315,723
Labour costs	503,083	61,334	-	564,417
Professional fees	106,480	-	-	106,480
Supplies	29,819	-	-	29,819
Surface exploration	2,888	-	-	2,888
Vehicle costs	37,372	-	-	37,372
Total exploration and evaluation expenditures	\$ 1,464,099	\$ 65,073	\$ 14,618	\$ 1,543,790

Year ended November 30, 2020	Nassau Gold Project	Sela Creek Project	Project Generation	Total
Administrative	\$ 190,654	\$ 648	\$ -	\$ 191,302
Amortization	12,731	-	-	12,731
Camp costs	20,148	-	-	20,148
Consulting	64,922	5,681	4,328	74,931
Labour costs	153,990	4,251	-	158,241
Supplies	7,810	-	-	7,810
Professional fees	8,751	-	-	8,751
Surface exploration	136	-	-	136
Vehicle costs	9,669	-	-	9,669
Total exploration and evaluation expenditures	\$ 468,811	\$ 10,580	\$ 4,328	\$ 483,719

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

13. Exploration and evaluation expenditures (continued)

(1) At the time of the Merger, Sumin owned 80% of Nassau Gold Limited (“NGL”), a Guernsey entity, and the remaining 20% interest in NGL was held by Mariana Resources Limited (“Mariana”). Effective July 10, 2019, Sumin acquired the remaining 20% interest in NGL from Mariana in exchange for a 1% NSR on the Nassau Gold Project calculated based upon the proportionate interest held by the Company therein (subject to a minimum payment equal to a 0.5% NSR on the entire Nassau Gold Project), pursuant to (i) a share transfer and termination agreement between Sumin, Mariana and NGL dated July 10, 2019; and (ii) a royalty agreement between the Company, Sumin Delfstoffen N.V. (“SD”) and Sandstorm Gold Ltd. (an affiliate of Mariana) dated July 10, 2019 (the “Sandstorm Transaction”).

As of July 10, 2019, there is no estimated timeline as to when the royalty from the 1% NSR will be paid, or if 79North is to pay any royalty distributions at all. Due to the uncertainties, management has considered the 1% NSR to have nominal value. As a result, the Company has recorded a gain of sale of minority interest of \$258,623. As a result, the non-controlling interest was reduced to 30% from 44%.

Following the completion of the Sandstorm Transaction, NGL transferred its 100% interest in SD to Sumin. Sumin presently holds a 100% interest in SD, a Suriname entity. Pursuant to an earn-in agreement dated November 28, 2013 (the “IAM Agreement”) between Integral Agriculture and Mining Industries N.V., a Suriname entity (“IAM”), the shareholders of IAM, Sumin and SD, Sumin had the right, through SD, to earn up to an 80% interest in IAM, which in turn holds a 100% interest in the Nassau Gold Project. Prior to the closing of the Merger, Sumin, through SD, had earned a 48% interest in IAM and Sumin’s ability to earn any further interest in IAM had lapsed. On December 22, 2018, prior to the Merger, IAM, the shareholders of IAM, Sumin, SD and the Company entered into an amending agreement to the IAM Agreement providing for Sumin, through SD, to regain the right to earn up to an 80% interest in IAM. As of the date hereof, SD holds a 70% interest in IAM.

Should Sumin earn its 80% interest in IAM through SD, IAM will become a joint venture for the exploration, evaluation and development and exploitation of the Nassau Gold Project. The shareholders of IAM will hold a 20% carried interest in IAM and until the delivery of a pre-feasibility study in connection with the Nassau Gold Project, at which time the shareholders of IAM may elect to pay their 20% proportionate share of the joint venture costs, or convert their 20% shareholding into Sumin Shares equal to 10% of the net present value of the Nassau Gold Project divided by the then current price of Sumin Shares or a 3% NSR which may be reduced to a 2% NSR for a payment of US\$1,000,000 to the shareholders of IAM.

The original exploration permit in connection with the Nassau Gold Project was granted to IAM on February 26, 2015, and was subsequently renewed on August 25, 2017 for a period of two years.

The exploration permit with respect to the area comprising the Nassau Gold Project held by IAM expired on August 25, 2019. IAM applied for two exploitation permits to cover substantially the same area of the original exploration permit on May 9, 2019, with the first exploitation concession made effective on February 6, 2020 and the second concession made effective on March 22, 2020.

(2) On April 26, 2017, 79North acquired a Uruguay Company, Kudray S.A. (“Kudray”) from Hunter Bay Minerals PLC, who was in liquidation. Kudray has an indirect beneficial 70% interest in the Sela Creek Suriname mining project which was comprised of mining concession GMD No. 998/17. Kudray had a right to earn an additional 10% interest in the project but did not exercise the right prior to its expiry on December 21, 2019. The exploration concession within the option for the Sela Creek Project expired on November 14, 2019 but is in the process of being remediated.

(3) Sumin holds 100% interest in Sumin Mines N.V. (“Sumin Mines”), a Suriname entity, which in turn holds 26.66% of Sandpiper Goldmines N.V. (“SG”), a Suriname entity, acquired pursuant to the terms of an investment agreement between Sumin Mines and SG entered into on October 8, 2015. Pursuant to the terms of a cooperation agreement between SG and Sarafina N.V. (“Sarafina”), a Suriname entity and 100% owner of the Sandpiper Project in Suriname, Sarafina leased to SG exploration and exploitation rights to gold on the Sandpiper Project concession.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

14. Related party transactions

Key management includes the CEO, the Chief Financial Officer ("CFO"), and the directors of the Company. The compensation paid or payable to key management for services during the years ended November 30, 2021 and 2020 is as follows:

	Year Ended November 30, 2021	Year Ended November 30, 2020
Management compensation (a)	\$ 298,000	\$ 150,000
Professional fees (b)(c)	87,809	41,625
Rent (b)	20,900	22,800
Office and general (b)	8,118	5,095
Investor relations (b)	5,120	3,580
Share issuance costs (b)	-	6,000
Share-based payments	12,100	-
	\$ 432,047	\$ 229,100

The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the directors in strict adherence to conflict of interest laws and regulations.

(a) During the year ended November 30, 2021, the Company incurred management compensation of \$298,000 (year ended November 30, 2020 - \$150,000) to the CEO of the Company. As at November 30, 2021, the CEO was owed \$109,099 (November 30, 2020 - \$27,632) and these amounts were included in accounts payable and other liabilities.

(b) During the year ended November 30, 2021, the Company paid professional fees, rent, office and general totaling \$73,947 (year ended November 30, 2020 - \$79,100) to Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filing Services Limited, Marrelli Capital Limited, and Marrelli Press Release Services Limited, together known as the "Marrelli Group", for:

- (i) Carmelo Marrelli, Managing Director of the Marrelli Group, to act as the CFO of the Company;
- (ii) Bookkeeping services;
- (iii) Corporate secretarial services;
- (iv) Regulatory filing services;
- (v) Office rent; and
- (vi) Escrow services.

The Marrelli Group was owed \$6,441 (November 30, 2020 - \$3,236) and these amounts were included in amounts payable and accrued liabilities. The Company also had a \$1,900 deposit with the Canadian Venture Building, Limited as a deposit for last months rent.

(c) During the year ended November 30, 2021, the Company incurred professional fees of \$48,000 (year ended November 30, 2020 - \$nil) to a director of the Company.

(d) See note 9(b) for details regarding related party participation in the private placements.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

15. Capital risk management

The Company includes equity, comprising issued share capital, reserve and retained earnings, in the definition of capital, which as at November 30, 2021, totaled \$1,220,884 (2020 - \$2,994,684).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its exploration commitments. To secure the additional capital necessary to continue with the exploration of mineral properties, the Company may attempt to raise additional funds through the issuance of debt or equity. The Company is not subject to any capital requirements imposed by a lending institution.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's process, policies and approach to capital management during the years ended November 30, 2021 and 2020.

16. Financial instruments and risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of November 30, 2021. Management believes that the credit risk with respect to these amounts receivable is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at November 30, 2021, the Company had cash of \$1,251,425 (2020 - \$2,870,786) to settle current liabilities of \$235,372 (2020 - \$112,094). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company obtained its financing through private placements. Negative trends in the general equity market and the fall in commodity prices can adversely impact the Company's ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operating and exploration activities, the Company might not be able to continue as a going concern entity.

There can be no assurance that additional financing, if and when required, will be available or on terms acceptable to the Company.

79North Inc.

Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

16. Financial instruments and risk factors (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk

The Company has cash balances. The Company's current policy is to invest surplus cash in high yield savings accounts with a Canadian chartered bank with which it keeps its bank accounts. As at November 30, 2021, the Company did not have any surplus cash. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company also has significant balances in US dollars that are subject to foreign currency risk.

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, and accounts payable and other liabilities that are denominated in US dollars. Sensitivity to a plus or minus 5% change in the foreign exchange rate of the US dollar compared to the Canadian dollar would affect net loss by approximated \$2,400.

17. Income taxes

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax recovery presented in the accompanying statements of comprehensive loss is provided below:

	Year Ended November 30, 2021	Year Ended November 30, 2020
Net loss before income tax	\$ (2,627,979)	\$ (2,841,010)
Statutory tax rate	26.5 %	26.5 %
Tax benefit of statutory rate	(696,400)	(752,868)
Share issue costs	(33,266)	(31,847)
Difference in foreign tax rates	(145,148)	(28,178)
Permanent and other	993	145,738
Unrecognized benefit of deferred taxes	865,447	528,110
Share-based payments	8,374	139,045
Total tax recovery	\$ -	\$ -

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Notes to Consolidated Financial Statements Years Ended November 30, 2021 and 2020 (Expressed in Canadian Dollars)

17. Income taxes (continued)

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at November 30, 2021 and 2020 are presented as follows:

	November 30, 2021	November 30, 2020
Non-capital losses carried forward - Canada	\$ 1,239,200	\$ 915,376
Non-capital losses carried forward - Suriname	1,045,600	373,792
Share issue costs	74,186	100,105
Less unrecognized deferred tax assets	(2,358,986)	(1,389,273)
Total	\$ -	\$ -

The Company has approximately \$4,677,000 Canadian non-capital losses and \$2,904,000 Suriname non-capital losses converted to Canadian dollars as at November 30, 2021, which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses expire as follows:

	Canada	Suriname
2022	\$ -	\$ 59,000
2023	-	519,000
2024	-	448,000
2025	-	384,000
2026	-	1,494,000
2036	16,000	-
2037	214,000	-
2038	588,000	-
2039	522,000	-
2040	2,115,000	-
2041	1,222,000	-
	<u>\$ 4,677,000</u>	<u>\$ 2,904,000</u>

18. Segmented information

The Company primarily operates in one reportable operating segment, being the exploration and evaluation of gold properties in Suriname. The Company has administrative offices in Toronto, Canada. Geographical information is as follows:

November 30, 2021

	Canada	Suriname	Total
Current assets	\$ 1,143,662	\$ 135,906	\$ 1,279,568
Non-current assets	4,941	171,747	176,688
	<u>\$ 1,148,603</u>	<u>\$ 307,653</u>	<u>\$ 1,456,256</u>

November 30, 2020

	Canada	Suriname	Total
Current assets	\$ 2,982,777	\$ 24,969	\$ 3,007,746
Non-current assets	-	99,032	99,032
	<u>\$ 2,982,777</u>	<u>\$ 124,001</u>	<u>\$ 3,106,778</u>