

# **NEVGOLD CORP.**

(formerly “1271881 B.C. LTD.”)

Condensed Consolidated Interim Financial Statements

For the period January 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars – unaudited)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), 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 consolidated 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 Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

At the time of preparation of these interim financial statements, Nevgold was a private non-listed company.

# NEVGOLD CORP.

## Condensed Consolidated Interim Statement of Financial Position

As at March 31, 2021

(Expressed in Canadian dollars - unaudited)

	Note	March 31, 2021
<b>Assets</b>		
Current assets:		
Cash		\$720,177
<b>Total assets</b>		<b>\$720,177</b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities		\$0
<b>Total liabilities</b>		<b>\$0</b>
<b>Shareholder's Equity</b>		
Share capital	4(b)	\$950,001
Accumulated deficit		(229,824)
<b>Total Shareholder's Equity</b>		<b>\$720,177</b>
<b>Total liabilities and Shareholder's Equity</b>		<b>\$720,177</b>

These condensed interim financial statements are approved on behalf of the Board of Directors by:

*"signed" Brandon Bonifacio*

Director

*"signed" Giulio Bonifacio*

Director

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

# NEVGOLD CORP.

## Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

As at March 31, 2021

(Expressed in Canadian dollars - unaudited)

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	<b>For the 3 Months Ended March 31, 2021</b>
<b>Expenses</b>	
Professional fees & Transaction costs	<b>\$222,324</b>
<b>Total expenses</b>	<b>\$222,324</b>
<b>Net loss and comprehensive Loss</b>	<b>\$222,324</b>
Loss per share (basic and diluted)	<b>\$0.01</b>
Weighted average number of shares outstanding (basic and diluted)	<b>16,027,175</b>

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

# NEVGOLD CORP.

## Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

For the period January 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars - unaudited)

	Number of Shares	Share Capital	Accumulated Deficit	Total
Balance, December 31, 2020	1	\$1	(\$7,500)	(\$7,499)
Issuance of Common Shares (note 4(b))	25,000,000	950,000		950,000
Net loss	-		(222,324)	(222,324)
<b>Balance, March 31, 2021</b>	<b>25,000,001</b>	<b>\$950,001</b>	<b>(\$229,824)</b>	<b>\$720,177</b>

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

# NEVGOLD CORP.

## Condensed Consolidated Interim Statement of Cash Flows

For the period January 1, 2021 to March 31, 2021

(Expressed in Canadian Dollars - unaudited)

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	Note	For the 3 Months Ended March 31, 2021
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Cash provided by (used in):		
Operating Activities		
Net loss		<b>(\$222,324)</b>
Add (deduct) non-cash items:		
Increase in accounts payable and accrued liabilities		-
<b>Net cash provided by operating activities</b>		<b>(\$222,324)</b>
<hr/>		
Cash provided by (used in):		
Financing Activities		
Decrease in Payables		<b>(\$7,500)</b>
Issuance of common shares	4(b)	<b>950,000</b>
<b>Net cash provided by financing activities</b>		<b>\$942,500</b>
<hr/>		
Increase in cash		<b>\$720,176</b>
Cash, beginning of the period		<b>1</b>
<b>Cash, end of the period</b>		<b>\$720,177</b>

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

# NEVGOLD CORP.

## Notes to the Financial Statements

For the period January 1, 2021 to March 31, 2021  
(Expressed in Canadian dollars - unaudited)

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### 1. Nature of Operations and Going Concern

Nevgold Corp. (formerly "1271881 B.C. LTD.") (the "Company" or "Nevgold"), was incorporated on October 27, 2020 under the Business Corporations Act of the Province of British Columbia. The Company's principal business activity is the exploration of mineral properties in North America. The registered office of the Company is 910 – 800 West Pender Street, Vancouver, BC, V6C 2V6. These condensed consolidated interim financial statements were prepared by management.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At March 31, 2021, the Company had cash and cash equivalents of \$720,177 and its current assets exceed its current liabilities by \$720,177. The Company currently has no active business and is not generating any revenues. Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These uncertainties may cast significant doubt on the ability of the Company to continue as a going concern.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future. These condensed consolidated interim financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities and access to properties.

#### **Asset Purchase Agreement with McEwen Mining Inc.**

Nevgold entered into an asset purchase and sale agreement dated December 14, 2020 (the "Asset Purchase Agreement") with McEwen Mining Inc. and certain of McEwen Mining's affiliates (collectively, "McEwen" or the "Vendors") pursuant to which Nevgold agreed to acquire the Limousine Butte and Cedar Wash properties in Nevada, USA from the Vendors subject to Nevgold completing the following:

- Paying McEwen \$600,000 on the Closing Date;
- Issuing McEwen on the completion of the Proposed Transaction:
  - i) Resulting Issuer Shares equal to 10% of all outstanding Resulting Issuer Shares on a post-Concurrent Financing basis (the "Consideration Shares")
  - ii) common share purchase warrants of the Resulting Issuer ("Warrants") exercisable to acquire 50% of the number of Consideration Shares, which Warrants will have an exercise price at a 50% premium to the issue price of the Subscription Receipts with a term of 24 months from the date of issuance;
- Granting McEwen a 0.5% Net Smelter Return ("NSR") Royalty on the Limousine Butte property;
- Granting McEwen a 2.5% NSR Royalty on the Cedar Wash property, with an option to reduce the percentage of the Cedar Wash NSR Royalty as follows:
  - from 2.5% to 2.0% by payment of US\$500,000 to McEwen

# NEVGOLD CORP.

## Notes to the Financial Statements

For the period January 1, 2021 to March 31, 2021

(Expressed in Canadian dollars - unaudited)

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- from 2% to 1.5% by payment of an additional US\$500,000 to McEwen
- from 1.5% to 1% by payment of an additional US\$750,000 to McEwen
- Paying McEwen \$50,000 on or before each of the first and second anniversaries of the Closing Date.

### **Letter of Intent and Proposed Reverse Takeover Transaction with Silver Mountain Mines Inc.**

On January 13, 2021, the Company entered a non-binding Letter of Intent (the "LOI") with Silver Mountain Mines Inc. ("SMM") with respect to a proposed transaction (the "Proposed Transaction") whereby SMM will acquire all of the issued and outstanding common shares in the capital of Nevgold (the "Nevgold Shares"). The Proposed Transaction will constitute an arm's length reverse take-over pursuant to the policies of the TSX Venture Exchange (the "TSXV"), and following the Proposed Transaction, it is anticipated that SMM will be a Tier 2 Mining Issuer on the TSXV.

Pursuant to the Proposed Transaction, SMM will acquire all of the issued and outstanding Nevgold Shares in exchange for common shares ("Resulting Issuer Shares") of SMM (thereafter, the "Resulting Issuer") on the basis of one Resulting Issuer Share for each Nevgold Share. This will result in the issuance of up to 25,000,000 Resulting Issuer Shares to shareholders of Nevgold, exclusive of securities issued in connection with concurrent financing. Certain of the Resulting Issuer Shares will be subject to escrow and resale restrictions pursuant to the policies of the TSXV.

## **2. Basis of Presentation**

### (a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), in effect as at March 31, 2021. These financial statements represented the first set of financial statements under IFRS prepared by the Company.

### (b) Basis of Presentation and Measurement

These financial statements have been prepared using the historical cost convention.

### (c) Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

## **3. Significant Accounting Policies**

### (a) Cash

Cash consists of the proceeds generated from share issuances which is included in bank balances that are readily convertible into cash.

### (b) Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the statement of comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

# NEVGOLD CORP.

## Notes to the Financial Statements

For the period January 1, 2021 to March 31, 2021

(Expressed in Canadian dollars - unaudited)

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### 3. Significant Accounting Policies (*continued*)

#### *Current tax*

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *Deferred tax*

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

#### (c) Financial Instruments

##### Classification and measurement

All financial assets are initially recognized at fair value and are subsequently classified as measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI"), or amortized cost based on the Company's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

A financial asset is measured at amortized cost if it is held within a business model of holding financial assets and collecting contractual cash flows and those cash flows are comprised solely of payments of principal and interest. A financial asset is measured at FVTOCI if the financial asset is held within a business model of both collecting contractual cash flows and selling the financial assets or through an irrevocable election for equity instruments that are not held for trading. All other financial assets are measured at FVTPL. A financial asset that would otherwise be measured at amortized cost or FVTOCI can be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets can only be reclassified when there is a change to the business model within which they are managed. Such reclassifications are applied on a prospective basis. Financial liabilities are classified either as measured at amortized cost using the effective interest method or as FVTPL, which are recorded at fair value.

The Company measures all of its financial instruments at amortized cost, with the exception of cash which is measured at FVTPL.

# NEVGOLD CORP.

## Notes to the Financial Statements

For the period January 1, 2021 to March 31, 2021

(Expressed in Canadian dollars - unaudited)

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### 3. Significant Accounting Policies (*continued*)

#### Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to 12 months of expected credit losses. For accounts receivable, the Company applies the simplified approach to providing for expected credit losses, which allows for the use of a lifetime expected credit loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and is related to an event occurring after the impairment was recognized.

#### (d) Significant Accounting Estimates and Assumptions

The preparation of financial statements requires management to make estimates and assumptions based on currently available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from those estimated. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material.

#### *Estimates*

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

#### Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

#### *Judgements*

The key areas of judgement that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

# NEVGOLD CORP.

## Notes to the Financial Statements

For the period January 1, 2021 to March 31, 2021

(Expressed in Canadian dollars - unaudited)

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### 3. Significant Accounting Policies (*continued*)

#### Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

#### Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. There is a material uncertainty regarding the Company's ability to continue as a going concern. The Company's principal source of cash is from private placements. The Company is dependent on raising funds in order to have sufficient capital to be able to identify, evaluate and then acquire an interest in assets or a business.

### 4. Share Capital

#### (a) Authorized Share Capital

The Company has authorized an unlimited number of common shares without nominal or par value.

#### (b) Issued Share Capital

	Number	Share Capital
Common shares issuance on October 27, 2020	1	\$ 1
Common share issuances on January 29, February 16, March 12, March 19	25,000,000	\$ 950,000
<b>Balance, March 31, 2021</b>	<b>25,000,001</b>	<b>\$ 950,001</b>

#### Private Placements

On January 29, 2021, Nevgold closed a non-brokered private placement of 15,000,000 Common Shares priced at \$0.01 each from total proceeds of \$150,000.

On February 16, 2021, Nevgold closed a non-brokered private placement of 7,000,000 Common Shares priced at \$0.05 each from total proceeds of \$350,000.

On March 12, 2021, Nevgold completed a non-brokered private placement of 1,500,000 Nevgold Shares at a purchase price of \$0.10 per Nevgold Share for aggregate gross proceeds of \$150,000.

On March 19, 2021, Nevgold completed a non-brokered private placement of 1,500,000 Nevgold Shares at a purchase price of \$0.20 per Nevgold Share for aggregate gross proceeds of \$300,000.

### 5. Financial Instruments and Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

# NEVGOLD CORP.

## Notes to the Financial Statements

For the period January 1, 2021 to March 31, 2021

(Expressed in Canadian dollars - unaudited)

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### 5. Financial Instruments and Risk Management (continued)

#### (a) Credit risk

Credit risk arises from the possibility that a counterparty to which the Company provides goods or services is unable or unwilling to fulfill their obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits its exposure to credit risk by dealing with well rated entities. No amounts are past due.

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements by preparing short-term and long-term cash flow analyses. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled.

The Company does not have any contractual obligations other than the accounts payable and accrued liabilities which are due within the next 12 months (note 1). The Company has a cash balance of \$720,177 to settle obligations and will therefore need to seek additional sources of cash flows.

#### (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

##### *i. Foreign currency exchange risk*

The Company is not exposed to foreign currency exchange rate fluctuations as the Company conducts all of its business in Canada.

##### *ii. Interest rate risk*

Interest rate risk is the risk of change in the borrowing rates of the Company. The Company does not have any exposure to changes in interest rates and is therefore not exposed to this risk.

##### *iii. Commodity price risk*

Commodity price risk is the risk of price volatility of commodity prices, such as mineral prices. Currently the Company does not have commercial operations and is therefore not exposed to this risk. Commodity prices generally fluctuate beyond the control of the Company. Factors which contribute to the fluctuation are, but not limited to, demand, forward sales, worldwide production, speculative hedging activities, and bank lending rates.

#### (d) Fair value of financial instruments

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument. The carrying value of cash and accounts payable and accrued liabilities equals fair value due to the short-term nature.

# NEVGOLD CORP.

## Notes to the Financial Statements

For the period January 1, 2021 to March 31, 2021

(Expressed in Canadian dollars - unaudited)

### 5. Financial Instruments and Risk Management (continued)

- Level 1 fair value measurements are those derived from quoted prices (adjusted) in the active market for identical assets or liabilities. Cash is measured using Level 1 inputs.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

### 6. Taxes

The tax recovery differs from the amount that would be computed by applying the expected tax rates to the loss before taxes. The reasons for the difference are as follows:

	March 31, 2021
Loss before taxes	(222,324)
Statutory tax rate	27%
Expected tax recovery	(62,027)
Tax asset not recognised	62,027
Tax recovery	-

The Company has estimated its gross deductible temporary differences related to non-capital loss carryforwards to be approximately \$62,027. These non-capital loss carryforwards will expire in 2040 if not utilized, subject to provisions of the Income Tax Act of Canada that may limit the Company's ability to utilize these losses.

### 7. Capital Management

The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company's objectives when managing capital are:

- (a) to safeguard the Company's ability to continue as a going concern and provide returns for shareholders; and,
- (b) to facilitate the development of its core business.

The Company considers cash and shareholder's deficiency as capital of the Company.

The following table represents the capital of the Company:

As at March 31,	2021
Cash	\$ 720,177
Shareholder's Equity	<b>720,177</b>

The Company does not have any externally imposed restrictions on its capital.

# NEVGOLD CORP.

## Notes to the Financial Statements

For the period January 1, 2021 to March 31, 2021  
(Expressed in Canadian dollars - unaudited)

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### 8. Subsequent Events

On June 24, 2021 the Company completed the asset acquisition of the Limousine Butte and Cedar Wash Projects in Nevada, USA from McEwen Mining Inc., and completed the Reverse Takeover Transaction with Silver Mountain Mines Inc. (see Note 1)

Concurrent with the transaction close, the Company completed a \$6.3 million equity financing of 15,662,333 units, with each unit consisting of one share and one-half of one common share purchase warrant exercisable for two years with an exercise price of \$0.60.

The common shares of the Company, NevGold Corp., commenced trading on the Exchange at the opening of the markets on June 29, 2021 under the new ticker symbol "NAU".