



**NEVGOLD CORP.**

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020  
(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.

**NEVGOLD CORP.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in Canadian dollars - Unaudited)

	Note	September 30, 2021 (unaudited)	December 31, 2020
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents		\$ 3,908,173	\$ 91,703
Accounts and GST receivable		88,976	2,973
Prepaid expense		398,689	10,256
		<b>4,395,838</b>	<b>104,932</b>
<b>Non-current assets:</b>			
Property and equipment	4	46,480	48,766
Exploration and evaluation assets	5	9,913,266	6,116,143
Reclamation bond	6	29,499	29,409
		<b>9,989,245</b>	<b>6,194,318</b>
<b>Total assets</b>		<b>\$14,385,083</b>	<b>\$6,299,250</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities		\$ 168,738	\$ 16,200
<b>Non-current liabilities:</b>			
Deferred tax liability		235,748	296,578
Decommissioning liability	8	39,601	38,989
		<b>275,349</b>	<b>335,567</b>
<b>Total liabilities</b>		<b>444,087</b>	<b>351,767</b>
<b>Shareholders' equity:</b>			
Share capital	9(b)	7,054,498	4,874,949
Warrants	9(c)	3,224,860	191,874
Contributed surplus	9(e)	1,681,595	3,347,407
Surplus (deficit)		1,980,043	(2,466,747)
<b>Total shareholders' equity</b>		<b>13,940,996</b>	<b>5,947,483</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$14,385,083</b>	<b>\$6,299,250</b>
Going concern	1		
Commitments	11		

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 22, 2021. They are signed on behalf of the Board of Directors by:

*"Brandon Bonifacio"*

Director, President and CEO

*"Victor Bradley"*

Director

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

# NEVGOLD CORP

## Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian dollars - Unaudited)

	Note	For the three months ended		For the nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Business development		\$ 94,685	\$ 450	\$ 147,788	\$ 450
Consulting fees and salaries		154,852	-	154,852	-
Depreciation	4	762	762	2,286	2,286
Exploration and evaluation expenses		9,684	-	19,560	-
General and administrative		42,879	22,345	103,608	52,842
Professional fees		13,067	1,110	82,656	4,095
Share-based compensation	9(d)	303,090	-	1,681,595	-
		<b>619,019</b>	<b>24,667</b>	<b>2,192,345</b>	<b>59,673</b>
Listing surplus	10	-	-	4,032,485	-
Interest income		4,851	161	5,181	425
Net income (loss) before deferred tax recovery		<b>(614,168)</b>	(24,506)	<b>1,845,321</b>	(59,248)
Deferred tax recovery		30,000	6,127	60,830	14,812
<b>Total net income (loss) and comprehensive income (loss) for the period</b>		<b>\$ (584,168)</b>	<b>\$(18,379)</b>	<b>\$1,906,151</b>	<b>\$(44,436)</b>
<b>Basic and diluted income (loss) per share</b>	9(f)	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ 0.09</b>	<b>\$ (0.00)</b>

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

# NEVGOLD CORP.

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars - Unaudited)

	Note	For the three months ended		For the nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Cash provided by (used in):</b>					
<b>Operating activities</b>					
Total net income (loss) and comprehensive income (loss)		<b>\$ (584,168)</b>	\$(18,379)	<b>\$ 1,906,151</b>	\$(44,436)
Items not involving cash:					
Depreciation	4	<b>762</b>	762	<b>2,286</b>	2,286
Accretion expense	8	<b>204</b>	204	<b>612</b>	612
Share-based compensation	9(d)	<b>303,090</b>	-	<b>1,681,595</b>	-
Listing surplus	10	-	-	<b>(4,032,485)</b>	-
Deferred tax recovery		<b>(30,000)</b>	(6,127)	<b>(60,830)</b>	(14,812)
		<b>(310,112)</b>	(23,540)	<b>(502,671)</b>	(56,350)
Changes in non-cash working capital:					
Accounts and GST receivable		<b>3,701</b>	420	<b>(86,003)</b>	(457)
Prepaid expense		<b>(393,733)</b>	(1,968)	<b>(388,433)</b>	3,382
Accounts payable and accrued liabilities		<b>(407,380)</b>	(21,702)	<b>152,538</b>	(3,225)
		<b>(797,412)</b>	(23,250)	<b>(321,898)</b>	(300)
<b>Net cash used in operating activities</b>		<b>(1,107,524)</b>	(46,790)	<b>(824,569)</b>	(56,650)
<b>Financing activities</b>					
Private placements of common shares	9(b)	-	-	<b>950,000</b>	-
Brokered issuance of common shares & warrants	9(b)(c)	-	-	<b>6,264,933</b>	-
Share issue costs related to brokered issuance	9(b)	-	-	<b>(762,063)</b>	-
Common shares & warrants issued in Asset Purchase	5	-	-	<b>1,985,382</b>	-
Loans from directors		-	225	-	675
Promissory notes	7	-	2,250	-	62,250
<b>Net cash provided by financing activities</b>		-	2,475	<b>8,438,252</b>	62,925
<b>Investing activities</b>					
Interest earned on reclamation bond		<b>(18)</b>	(109)	<b>(90)</b>	(109)
Purchase of exploration and evaluation assets	5	<b>(601,110)</b>	(238)	<b>(3,797,123)</b>	(714)
<b>Net cash used in investing activities</b>		<b>(601,128)</b>	(347)	<b>(3,797,213)</b>	(823)
<b>Increase(decrease) in cash and cash equivalents</b>		<b>(1,708,652)</b>	(44,662)	<b>3,816,470</b>	5,452
<b>Cash and cash equivalents, beginning of the period</b>		<b>5,616,825</b>	51,424	<b>91,703</b>	1,310
<b>Cash and cash equivalents, end of the period</b>		<b>\$3,908,173</b>	\$ 6,762	<b>\$3,908,173</b>	\$ 6,762

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

# NEVGOLD CORP.

## Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars - Unaudited)

	Number of Shares	Amount	Warrants	Contributed Surplus	(Deficit)/ Surplus	Total
<b>Balances, January 1, 2020</b>	<b>48,251,503</b>	<b>\$4,868,823</b>	-	<b>\$3,347,407</b>	<b>\$(2,406,773)</b>	<b>\$5,809,457</b>
Common share consolidation	(45,034,739)	-	-	-	-	-
Total net loss and comprehensive loss	-	-	-	-	(44,436)	(44,436)
<b>Balances, September 30, 2020</b>	<b>3,216,764</b>	<b>\$4,868,823</b>	-	<b>\$3,347,407</b>	<b>\$(2,451,209)</b>	<b>\$5,765,021</b>
Issuance of common shares	792,000	6,126	191,874	-	-	198,000
Total net loss and comprehensive loss	-	-	-	-	(15,538)	(15,538)
<b>Balances, December 31, 2020</b>	<b>4,008,764</b>	<b>\$4,874,949</b>	<b>\$191,874</b>	<b>\$3,347,407</b>	<b>\$(2,466,747)</b>	<b>\$5,947,483</b>
Issuances of common shares	40,662,333	4,873,256	2,341,677	-	-	7,214,933
Share issue costs	-	(762,063)	-	-	-	(762,063)
Elimination of existing SMM equity	(4,008,764)	(4,874,949)	(191,874)	(3,347,407)	2,540,639	(5,873,591)
Amalgamation of SMM and Nevgold	4,008,764	1,603,506	237,600	-	-	1,841,106
Acquisition of mineral properties	4,963,455	1,339,799	645,583	-	-	1,985,382
Issuance of share options	-	-	-	1,681,595	-	1,681,595
Total net income and comprehensive income	-	-	-	-	1,906,151	1,906,151
<b>Balances, September 30, 2021</b>	<b>49,634,552</b>	<b>\$7,054,498</b>	<b>\$3,224,860</b>	<b>\$1,681,595</b>	<b>\$1,980,043</b>	<b>\$13,940,996</b>

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

# NEVGOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

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### 1. Nature of Operations and Going Concern

The accompanying unaudited condensed interim consolidated financial statements have been prepared as at September 30, 2021 after giving effect to the reverse takeover of Silver Mountain Mines Inc. ("SMM" or the "Company") by the BC private company named Nevgold Corp. ("Private Nevgold") which was completed on June 24, 2021 (the "Transaction"). These financial statements were approved and authorized for issuance on November 22, 2021 by the Board of Directors.

SMM was incorporated under the Alberta Business Corporations Act ("ABCA") on May 12, 2008 and was extra-provincially registered under the BC Business Corporations Act ("BCBCA") on August 13, 2008. 1271881 BC Ltd., a private company focused on mineral project acquisitions, was incorporated pursuant to the provisions of the BCBCA on October 27, 2020 and subsequently changed its name to Nevgold Corp. ("Private Nevgold") on January 11, 2021. SMM then acquired all of the outstanding securities of Private Nevgold pursuant to an amalgamation agreement dated February 17, 2021 among Private Nevgold, the Company, and a wholly-owned subsidiary of SMM (the "Transaction"). Pursuant to the Transaction, the Company's wholly-owned subsidiary and Private Nevgold amalgamated and the resulting amalgamated corporation changed its name to Nevgold BC Holding Inc., and is presently a wholly-owned subsidiary of the Company. SMM then changed its name to Nevgold Corp. ("Nevgold" or the "Company") upon closing of the Transaction.

Nevgold's principal business activity is the exploration of mineral properties in Nevada and British Columbia. The Company's head office is 250 – 200 Burrard Street, Vancouver, BC V6C 3L6 and its Registered office is 16-2439 54 AVE SW, Calgary, Alberta, T3E 1M4.

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they become due. For the three and nine months ended September 30, 2021, the Company incurred a total net income (loss) and comprehensive income (loss) of \$(584,168) and \$1,906,151, respectively. In comparison, for the three and nine months ended September 30, 2020, the Company incurred a total net loss and comprehensive loss of \$(18,379) and \$(44,436), respectively. As of September 30, 2021, the Company had an accumulated surplus of \$1,980,043 (December 31, 2020 – accumulated deficit of \$2,466,747).

The Company is in the process of exploring its mineral property interests including the properties acquired during the most recent period (as described in Note 5 below) and has not yet determined whether the projects contain mineral resources or mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral properties, obtaining the necessary permits to mine, and future profitable production or proceeds from the disposition of the mineral properties. Management currently assesses the Company's ability to continue as a going concern using financial forecasts of 12 months to ensure the Company has adequate capital to meet its financial obligations.

### 2. Basis of Presentation

#### (a) Statement of compliance

These condensed interim 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 on September 30, 2021.

# NEVGOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

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### (b) Basis of presentation and measurement

These condensed interim financial statements have been prepared using the historical cost convention, except for certain financial instruments measured at fair value through profit and loss ("FVTPL") and share-based payment transactions measured at fair value.

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgments

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key areas of estimation where management has made difficult, complex or subjective assumptions, often as a result of matters inherently uncertain are as follows:

#### (i) Measurement of share-based payments valuation (Note 9(d))

The Company uses an option-pricing model to determine the fair value of share-based payments. Inputs to the model are subject to various estimates about volatility, interest rates, dividend yields, forfeiture rates and expected life of the equity instruments issued. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

#### (ii) Income taxes

The Company follows the liability method for calculating deferred taxes. Differences between the amounts reported in the annual financial statements of the Company and their respective tax bases are applied to tax rates in effect to calculate the deferred tax asset or liability. In addition, the Company recognizes the future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

#### (iii) Determination of fair values

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

### 3. Significant Accounting Policies

These condensed interim financial statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2020. Details outlining the Company's accounting policies are contained in the notes to the financial statements for the year ended December 31, 2020.

# NEVGOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021 and 2020

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## 4. Property and Equipment

	Buildings	Total
<b>Net book value</b>		
Balance, January 1, 2020	\$51,814	\$51,814
Less: Depreciation	(2,286)	(2,286)
<b>Balance, September 30, 2020</b>	<b>49,528</b>	<b>49,528</b>
Less: Depreciation	(762)	(762)
Balance, December 31, 2020	48,766	48,766
Less: Depreciation	(2,286)	(2,286)
<b>Balance, September 30, 2021</b>	<b>\$46,480</b>	<b>\$46,480</b>

For the nine months ended September 30, 2021, the Company recognized a depreciation expense of \$2,286 (September 30, 2020 - \$2,286).

## 5. Exploration and Evaluation Assets

<b>Cost</b>	
Balance, January 1, 2020	\$6,085,876
Additions	714
<b>Balance, September 30, 2020</b>	<b>\$6,086,590</b>
Additions	29,553
Balance, December 31, 2020	\$6,116,143
Additions	3,797,123
<b>Balance, September 30, 2021</b>	<b>\$9,913,266</b>

For the nine months ended September 30, 2021, the Company capitalized \$3,797,123 of exploration and evaluation assets. The capitalized costs for the nine months ended September 30, 2021 is comprised of new investment in its exploration and evaluation assets of \$601,110 during the three months ended September 30, 2021 plus the costs of \$3,196,013 during the six months ended June 30, 2021 which were almost entirely associated with the Transaction and the Asset Purchase Agreement, which is described as follows:

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 (the "Transaction"), 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 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 specified options to reduce the percentage of the Cedar Wash NSR Royalty.

# NEVGOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

Nevgold completed the Asset Purchase Agreement with McEwen on June 23, 2021 which resulted in the payment of \$600,000 in cash and the issuance of 4,963,455 common shares priced at \$0.40 per share for total value of \$1,985,382 and 2,481,727 common share purchase warrants which have an exercise price of \$0.60 per common share and a term of 2 years.

The fair value of the warrants was determined to be approximately \$0.26 each for a total value of \$645,583 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.19%; an expected volatility of 150%; an expected life of 2 years; a forfeiture rate of zero; and an expected dividend of zero.

In comparison, for the nine months ended September 30, 2020 and three months ended December 31, 2020, the Company capitalized \$714 and \$29,553 of exploration and evaluation costs, respectively. The capitalized costs for the twelve months ended December 31, 2020 totalled \$30,267 and was comprised of costs associated with the field exploration program.

### 6. Reclamation Bond

As at:	September 30, 2021	December 31, 2020
Guaranteed investment certificate bearing interest at 0.50% maturing March 26, 2022	\$22,079	\$21,587
Guaranteed investment certificate bearing interest at 0.20% maturing August 30, 2022	7,420	7,292
<b>Total</b>	<b>\$29,499</b>	<b>\$29,409</b>

The reclamation bond is required by the Province of British Columbia in order to pursue drilling in the province. The cash is held in custody by the issuing bank in the form of guaranteed investment certificates and is restricted as to withdrawal or use. Interest income earned from the certificates is paid to the Company upon maturation of the deposit.

The Company will not receive the deposit back until such time that they have fulfilled their decommissioning liability with respect to their property or replaced the cash collateral with an equivalent surety bond of \$27,000. Accordingly, the reclamation bond has been classified as a non-current asset.

### 7. Promissory Notes

On June 15, 2020, the Company issued Promissory Notes valued at a total of \$60,000 which bear simple interest at a rate of 15.0% per annum commencing on July 1, 2020 with payment of principal and interest due on or before June 30, 2021. The Notes were repaid in October 2020.

### 8. Decommissioning Liability

The Company's decommissioning liability is based on its net ownership in property and equipment and represents management's estimate of the costs to abandon and reclaim those assets as well as an estimate of the future timing of the costs to be incurred. Estimated cash flows have been discounted at the Company's nominal risk free rate of 2.31% and an inflation rate of 2.0%.

The total undiscounted amount of future cash flows required to settle the decommissioning liability is estimated to be \$39,800 (September 30, 2020 - \$38,900) and will be incurred in approximately twenty years from the date of these financial statements.

	2021	2020
Balances, January 1	\$38,989	\$38,173
Accretion expense	612	612
<b>Balances, September 30</b>	<b>\$39,601</b>	<b>\$38,785</b>

# NEVGOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

### 9. Share Capital and Reserves

#### (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
<b>Common shares</b>		
<b>Balances, January 1, 2020</b>	<b>48,251,503</b>	<b>\$4,868,823</b>
Common share consolidation on July 7, 2020	(45,034,739)	-
<b>Balances, September 30, 2020</b>	<b>3,216,764</b>	<b>\$4,868,823</b>
Common share issuance on October 15, 2020	792,000	6,126
<b>Balances, December 31, 2020</b>	<b>4,008,764</b>	<b>\$4,874,949</b>
Private placements of common shares - Nevgold	25,000,000	950,000
Brokered financing of subscription receipts - Nevgold	15,662,333	3,923,256
Share issue costs*	-	(762,063)
Elimination of existing SMM common shares	(4,008,764)	(4,874,949)
Amalgamation of SMM and Nevgold (note 10)	4,008,764	1,603,506
Asset Purchase Agreement - McEwen (note 5)	4,963,455	1,339,799
<b>Balances, September 30, 2021</b>	<b>49,634,552</b>	<b>\$7,054,498</b>

\*This includes fees totalling \$300,000 paid to three Directors and Management of the privately held Nevgold Corp., formerly 1271881 BC Ltd., for services provided prior to the transaction close on June 23, 2021.

#### 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 closed a non-brokered private placement of 1,500,000 common shares priced at \$0.10 each from total proceeds of \$150,000.

On March 19, 2021, Nevgold closed a non-brokered private placement of 1,500,000 common shares priced at \$0.20 each from total proceeds of \$300,000.

#### Brokered Financing

On June 23, 2021, Nevgold completed a brokered financing through the issuance of 15,662,333 subscription receipts (each, a "Subscription Receipt") at a price of \$0.40 per Subscription Receipt, for gross proceeds of \$6,264,933. Each Subscription Receipt was automatically converted into securities of NevGold, that were exchanged for one common share of the Company and one-half of one common share purchase warrant of the Company (a "Warrant"). Each Warrant is exercisable for a period of two years to acquire an additional common share of the Company at an exercise price of \$0.60. The proceeds of the Financing were released from escrow and NevGold paid cash commission of \$234,136 to the Agents, and issued in aggregate 549,969 broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder thereof to acquire one common share in the capital of the Company at an exercise price of \$0.40 until June 22, 2023.

# NEVGOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

### (c) Warrants

Warrants issued and outstanding are as follows:

	Number	Warrant Value	Average Exercise Price	Weighted Average Remaining Life
Balance, December 31, 2020	792,000	\$191,874	\$0.35	2.50
Brokered financing of subscription receipts	7,831,166	2,187,686	\$0.60	1.73
Broker Warrants	549,969	153,991	\$0.40	1.73
Elimination of existing SMM warrants	(792,000)	(191,874)	(\$0.35)	(2.50)
Amalgamation of SMM and Nevgold	792,000	237,600	\$0.35	2.30
Asset Purchase Agreement	2,481,727	645,583	\$0.60	1.73
<b>Balance, September 30, 2021</b>	<b>11,654,862</b>	<b>\$3,224,860</b>	<b>\$0.57</b>	<b>1.76</b>

### d) Share Purchase Options

The Company has a share purchase option plan under which employees, directors and key consultants and/or advisors are eligible to be granted options. Under the share purchase option plan, which was approved by the shareholders. The maximum number of outstanding share purchase options under the plan is 10% of the number of the common shares outstanding. The number of share purchase options and the exercise price is set by the Company's Board of Directors based on the market value at the time of granting.

On June 23, 2021, Nevgold issued 3,800,000 common share options to its Directors and Officers which vest immediately, have an exercise price of \$0.40 per common share and a term of 5 years.

On July 14, 2021, Nevgold issued 900,000 common share options to certain Directors, Officers, and Consultants which vest immediately, have an exercise price of \$0.40 per common share and a term of either 2 or 5 years.

The fair value of the June 30 2021 and July 14, 2021 options were determined to be approximately \$0.36 each for a total value of \$1,378,505 and \$303,090 respectively using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.19%; an expected volatility of 150%; an expected life of 5 years; 2 and 5 years for the July 2 year and 5 year options; a forfeiture rate of zero; and an expected dividend of zero..

Options issued and outstanding are as follows:

	Number	Average Exercise Price	Weighted Average Remaining Life
Stock options issued June 30, 2021	3,800,000	\$0.40	4.73
Stock Options Issued July 14, 2021	300,000	0.40	1.79
Stock Options Issued July 14, 2021	600,000	0.40	4.79
<b>Balances, September 30, 2021</b>	<b>4,700,000</b>	<b>\$0.40</b>	<b>4.55</b>

# NEVGOLD CORP.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2021 and 2020

### (e) Contributed surplus

Balance, January 1, September 30 and December 31, 2020	\$3,347,407
Elimination of SMM contributed surplus	(3,347,407)
Share-based compensation on common share options	1,681,595
<b>Balance, September 30, 2021</b>	<b>\$1,681,595</b>

### (f) Loss per share

Basic loss per share amounts are calculated by dividing the total net loss and comprehensive loss for the year attributable to the shareholders of the Company by the weighted average number of common shares outstanding during the year.

The Company's dilutive instruments consist of share purchase options and warrants.

The basic and diluted loss per share amounts are the same as the share purchase options and warrants were excluded from the dilution calculation, as they were anti-dilutive.

The weighted average number of shares outstanding for purposes of calculating basic loss per share for the nine months ended September 30, 2021 was 20,447,469 (September 30, 2020 – 34,116,513).

## 10. Amalgamation of SMM and Nevgold

As a result of the reverse takeover, the former shareholders of Nevgold acquired control of SMM and the Transaction has been accounted for as a share-based payment, in accordance with IFRS 2, by which Nevgold acquired the net assets and listing status of SMM.

For the purposes of these interim financial statements, management has estimated the fair value of the 4,008,764 common shares and 792,000 warrants that were exchanged and received by SMM (the deemed accounting acquiree) to be \$0.40 per common share and an estimated value of \$0.30 per warrant, or a total value of \$1,841,106, based on the price of the brokered financing completed on June 23, 2021.

On the amalgamation of SMM and Nevgold, the SMM share capital, warrants, contributed surplus and deficit will be eliminated. The allocation of the cost of the acquisition is summarized as follows:

<b>Consideration</b>	
Deemed value of common shares issued to former SMM shareholders	\$ 1,841,106
<b>Net assets (liabilities) received:</b>	
Cash and cash equivalents	\$ 112,433
Accounts and GST receivable	5,785
Prepaid expenses	4,956
Property and equipment	47,242
Exploration and evaluation costs	6,116,620
Reclamation bond	29,481
Accounts payable and accrued liabilities	(137,781)
Deferred tax liability	(265,748)
Decommissioning liability	(39,397)
Total	\$ 5,873,591
<b>Listing surplus</b>	<b>\$ 4,032,485</b>

# NEVGOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2021 and 2020

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## 11. Commitments

The Company has various royalties on its Limousine Butte Project in Nevada. There is a 2.5% Net Smelter Royalty Agreement (“NSR”) with Franco-Nevada Corporation. On select claims at the project, the Company has a 1% NSR owed to Amselco Minerals Inc., and a 2.5% NSR owed to Teck Resources Limited. As part of the recent acquisition of Limousine Butte from McEwen, the Company granted a 0.5% NSR to McEwen on a majority of the claims (see note 5).

As part of the consideration for the recent acquisition of the Cedar Wash Project in Nevada from McEwen (see Note 5), the Company granted a 2.5% NSR to McEwen. The royalty has buydown options of 0.5% for US\$500,000, 0.5% for US\$500,000, and a final 0.5% for US\$750,000. If all buydown options are exercised, the NSR owed to McEwen on Cedar Wash is 1%.

The Company has an NSR Agreement on its Ptarmigan Project in British Columbia. The NSR requires the Company to pay a 3% royalty on the gross value of all products shipped from the lease to a third party smelter less allowable expenses. If the minerals are shipped to a party other than a smelter, the royalty is decreased to 2% of the value of the recoverable metals and minerals determined by third party testing. The royalty has a 1% buydown option for C\$1,000,000.

On completion of the Transaction, and effective as of July 1, 2021, the Company entered into a consulting agreement with the former Director, President, and CEO of Silver Mountain Mines Inc., and former Director of Nevgold, to act as a consultant providing transition services for a 15-month period in consideration for a consulting fee of \$10,000 per month or \$150,000 total, plus additional applicable taxes. This agreement was terminated and the remaining fees paid out on November 17, 2021.