

NV GOLD CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

THREE MONTHS ENDED NOVEMBER 30, 2021 and 2020

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED
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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

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

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

NV GOLD CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
AS AT

| | November 30, 2021 | August 31, 2021 |
|---------------------------------------------------|----------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 2,524,071 | \$ 3,506,257 |
| Accounts receivable | 2,437 | 26,333 |
| Prepaid expenses | <u>217,118</u> | <u>274,414</u> |
| | 2,743,626 | 3,807,004 |
| Reclamation bonds (Note 5) | 172,917 | 184,390 |
| Exploration advances (Note 6) | 686,687 | 150,318 |
| Exploration and evaluation assets (Note 6) | <u>2,798,946</u> | <u>2,546,439</u> |
| | <u>\$ 6,402,176</u> | <u>\$ 6,688,151</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 7) | \$ 39,760 | \$ 125,608 |
| Due to related parties (Note 9) | <u>8,999</u> | <u>55,418</u> |
| | <u>48,759</u> | <u>181,026</u> |
| Shareholders' equity | | |
| Share capital (Note 8) | 23,274,276 | 23,274,276 |
| Share-based payments reserve (Note 8) | 3,487,649 | 3,487,649 |
| Deficit | <u>(20,408,508)</u> | <u>(20,254,800)</u> |
| | <u>6,353,417</u> | <u>6,507,125</u> |
| | <u>\$ 6,402,176</u> | <u>\$ 6,688,151</u> |

Nature of operations (Note 1)

Basis of presentation (Note 2)

Events subsequent to the reporting period (Note 14)

Approved on behalf of the Board

On January 25, 2022

“Alfred Stewart”

Director

“John Watson”

Director

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

NV GOLD CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Three Months Ended November 30, 2021 | Three Months Ended November 30, 2020 |
|--------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| EXPENSES | | |
| Advertising and promotion | \$ 88,263 | \$ 125,231 |
| Bank charges and interest | 1,727 | 1,225 |
| Consulting | 10,000 | 62,666 |
| Insurance | 7,395 | 5,750 |
| Office and general | 2,958 | 5,726 |
| Professional fees | 18,766 | 25,480 |
| Property investigation | 55,795 | 561 |
| Registration and filing | 4,719 | 6,364 |
| Shareholder costs | 797 | 3,478 |
| Share-based compensation (Note 8) | - | 319,942 |
| Transfer agent | 1,420 | 2,243 |
| Travel and related | 295 | 5,843 |
| Loss before other items | <u>(192,135)</u> | <u>(564,509)</u> |
| OTHER ITEMS | | |
| Foreign exchange gain (loss) | 37,710 | (2,385) |
| Interest income | 717 | 120 |
| Write-down of exploration and evaluation assets (Note 6) | <u>-</u> | <u>(617,682)</u> |
| | <u>38,427</u> | <u>(619,947)</u> |
| Loss and comprehensive loss for the period | <u>\$ (153,708)</u> | <u>\$ (1,184,456)</u> |
| Basic and diluted loss per common share | <u>\$ (0.01)</u> | <u>\$ (0.02)</u> |
| Weighted average number of shares outstanding – basic and diluted | <u>79,938,120</u> | <u>64,778,168</u> |

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

NV GOLD CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Share Capital | | Share-based Payments Reserve | Deficit | Total Shareholders' Equity |
|-----------------------------------|-------------------|----------------------|------------------------------------|------------------------|----------------------------------|
| | No. of Shares | Amount | | | |
| Balance, August 31, 2020 | 64,758,937 | \$ 19,616,695 | \$ 2,733,890 | \$ (14,709,692) | \$ 7,640,893 |
| Warrants exercised | 45,000 | 9,000 | - | - | 9,000 |
| Share-based compensation | - | - | 319,942 | - | 319,942 |
| Loss for the period | - | - | - | (1,184,456) | (1,184,456) |
| Balance, November 30, 2020 | 64,803,937 | \$ 19,625,695 | \$ 3,053,832 | \$ (15,894,148) | \$ 6,785,379 |
| Private placement | 12,000,000 | 3,000,000 | - | - | 3,000,000 |
| Warrants exercised | 3,134,183 | 679,529 | (47,692) | - | 631,837 |
| Share issue costs | - | (30,948) | - | - | (30,948) |
| Share-based compensation | - | - | 481,509 | - | 481,509 |
| Loss for the period | - | - | - | (4,360,652) | (4,360,652) |
| Balance, August 31, 2021 | 79,938,120 | \$ 23,274,276 | \$ 3,487,649 | \$ (20,254,800) | \$ 6,507,125 |
| Loss for the period | - | - | - | (153,708) | (153,708) |
| Balance, November 30, 2021 | 79,938,120 | \$ 23,274,276 | \$ 3,487,649 | \$ (20,408,508) | \$ 6,353,417 |

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

NV GOLD CORPORATION
CONDENSED COSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Three Month Period Ended November 30, 2021 | Three Month Period Ended November 30, 2020 |
|-------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period | \$ (153,708) | \$ (1,184,456) |
| Items not affecting cash | | |
| Foreign exchange | (2,266) | 997 |
| Share-based compensation | - | 319,942 |
| Write-down of exploration and evaluation assets | - | 617,682 |
| Change in non-cash working capital items: | | |
| Accounts receivable | 23,896 | (23,684) |
| Prepaid expenses | 57,296 | 9,946 |
| Accounts payable and accrued liabilities | (180,176) | (36,953) |
| Due to related parties | <u>(46,419)</u> | <u>(17,092)</u> |
| Net cash used in operating activities | <u>(301,377)</u> | <u>(313,618)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Reclamation bonds purchased | (7,261) | (21,000) |
| Reclamation bonds refunded | 21,000 | - |
| Exploration and evaluation assets | (30,077) | (457,596) |
| Exploration advances | <u>(664,471)</u> | <u>(117,375)</u> |
| Net cash used in investing activities | <u>(680,809)</u> | <u>(595,971)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of share capital | <u>-</u> | <u>9,000</u> |
| Net cash provided by financing activities | <u>-</u> | <u>9,000</u> |
| Change in cash during the period | (982,186) | (900,589) |
| Cash, beginning of period | <u>3,506,257</u> | <u>3,333,613</u> |
| Cash, end of period | <u>\$ 2,524,071</u> | <u>\$ 2,433,024</u> |

Supplemental disclosures with respect to cash flows (Note 12)

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

NV GOLD CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
NOVEMBER 30, 2021

1. NATURE OF OPERATIONS

The Company was incorporated under the laws of the province of British Columbia on May 23, 2007. The Company is engaged in the identification, acquisition and exploration of mineral properties. The Company began trading on the TSX Venture Exchange (“TSX-V”) on November 26, 2009 under the trading symbol NVX. The Company began trading in the United States on May 24, 2018 on the OTC Markets under the symbol NVGLF and on the Frankfurt Stock Exchange (“FSE”) on July 1, 2021 under the symbol 8NV.

The address of the Company’s corporate office is located at Suite 588 - 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6. The registered office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting under International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements but do not contain all of the information required for full annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended August 31, 2021.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a net loss of \$153,708 during the three month period ended November 30, 2021 and, as of that date the Company’s deficit was \$20,408,508. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

NV GOLD CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
NOVEMBER 30, 2021

2. BASIS OF PRESENTATION (cont'd...)

a) Going Concern of Operations (cont'd...)

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. The Company has had to significantly reduce its international travel due to COVID-19.

| | November 30, 2021 | August 31, 2021 |
|-----------------|----------------------|--------------------|
| Working capital | \$ 2,694,867 | \$ 3,625,978 |
| Deficit | (20,408,508) | (20,254,800) |

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the financial statements of the parent company, NV Gold Corporation, and its subsidiaries listed below:

| | Jurisdiction | Nature of Operations | Equity Interest | |
|------------------------------------------------|--------------|-------------------------|-------------------------|-----------------------|
| | | | November 30, 2021 | August 31, 2021 |
| NV Gold Corporation (USA) Inc. ("NV Gold USA") | Nevada, USA | Exploration | 100% | 100% |
| SwissGold Exploration AG ("SwissGold") | Switzerland | Exploration | 100% | 100% |

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances and transactions have been eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

Classification

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss (“FVTPL”), or fair value through other comprehensive income (loss) (“FVOCI”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified as measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The following table shows the classification of the Company’s financial instruments under IFRS 9:

| Asset or Liability | IFRS 9 Classification |
|------------------------------------------|----------------------------------|
| Cash | FVTPL |
| Accounts receivable | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Due to related parties | Amortized cost |

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Impairment of financial instruments

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its 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 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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as material used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine under construction". Mineral property assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Exploration and evaluation assets (cont'd...)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Reclamation bonds

Cash which is subject to contractual restrictions on use is classified separately as reclamation bonds.

Income taxes

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 year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payment transactions

Where equity-settled share options are awarded to employees, the fair value of the options is measured on the date of grant using the Black-Scholes option pricing model and is charged to the consolidated statement of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in share-based payments reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payments reserve is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability-specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period which they occur. The Company had no rehabilitation obligations as at November 30, 2021 and August 31, 2021.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Loss per share

Basic loss per share is computed by dividing the loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statement of loss and comprehensive loss.

New standard not yet adopted

The Company has not applied the following revised IFRS that has been issued but was not yet effective at November 30, 2021:

- IAS 16, *Property, Plant and Equipment - Proceeds before Intended Use* (effective January 1, 2022). The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in profit or loss.

This accounting standard is not currently expected to have a significant effect on the Company's accounting policies or consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in consolidated statement of loss and comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

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

a) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Share-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 8.

5. RECLAMATION BONDS

The Company has refundable reclamation bonds held with the Bureau of Land Management in the state of Nevada, USA covering its various projects in Nevada for \$172,917 (US\$135,176) (August 31, 2021 - \$163,390 (US\$129,500)) and with the Ministry of Energy, Mines and Petroleum Resources in British Columbia, Canada for \$Nil (August 31, 2021 - \$21,000). The total current value of the reclamation bonds are \$172,917 (August 31, 2021 - \$184,390). During the current period, the Company received a refund of \$21,000 from the Ministry of Energy, Mines and Petroleum Resources.

NV GOLD CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
NOVEMBER 30, 2021

6. EXPLORATION AND EVALUATION ASSETS

The following exploration and evaluation assets expenditures were incurred on the Company's mineral properties.

| For the three months ended November 30, 2021 | Nevada Properties | Cooks Creek Project | SW Pipe Project | Greengold Project | Sandy Gold Project | Slumber Project | Cone Project | Darby Flats Project | Nevada Leases | Swiss Permits | Total |
|-----------------------------------------------------------------------|----------------------|------------------------|--------------------|----------------------|-----------------------|---------------------|------------------|------------------------|-------------------|-----------------|---------------------|
| Acquisition cost, Balance August 31, 2021 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additions | - | - | - | - | - | - | - | - | - | - | - |
| Total acquisition cost - November 30, 2021 | - | - | - | - | - | - | - | - | - | - | - |
| Exploration cost - August 31, 2021 | 1 | 1 | 66,091 | 1 | 1,113,017 | 1,094,553 | 35,740 | 8,563 | 228,469 | 1 | 2,546,437 |
| Additions | | | | | | | | | | | |
| Assays and sample storage | - | - | - | - | 1,220 | 508 | - | - | - | - | 1,728 |
| Claim filing and registration | - | - | - | - | - | - | - | - | 8,736 | 4,085 | 12,821 |
| Drilling and related | - | - | - | - | - | 125,590 | - | - | - | - | 125,590 |
| Field office expenses | 6,871 | - | - | - | - | - | - | - | - | - | 6,871 |
| Geological consulting | 22,151 | - | 1,727 | - | 10,777 | 11,656 | 1,727 | - | 3,454 | 391 | 51,883 |
| Geological surveying | - | - | 43,269 | - | 62,779 | - | - | - | - | - | 106,048 |
| Land management and royalties | - | - | - | - | - | 2,192 | - | - | 6,355 | - | 8,547 |
| Maps and software | 548 | - | - | - | - | 314 | - | - | - | - | 862 |
| Materials and supplies | 970 | - | - | - | 1,838 | 1,838 | - | - | 627 | - | 5,273 |
| Meals and lodging | 1,516 | - | 1,390 | - | 680 | 680 | - | - | 446 | - | 4,712 |
| Site access and preparation | - | - | - | - | - | 11,228 | - | - | - | - | 11,228 |
| Travel and transport | 2,810 | - | - | - | 1,048 | 1,048 | - | - | 1,085 | - | 5,991 |
| Recovery of costs | - | - | (89,045) | - | - | - | - | - | - | - | (89,045) |
| Exploration costs - during period | 34,866 | - | (42,659) | - | 78,342 | 155,054 | 1,727 | - | 20,703 | 4,476 | 252,509 |
| Total exploration costs - November 30, 2021 | 34,867 | 1 | 23,432 | 1 | 1,191,359 | 1,249,607 | 37,467 | 8,563 | 249,172 | 4,477 | 2,798,946 |
| Total exploration and evaluation assets, November 30, 2021 | \$ 34,867 | \$ 1 | \$ 23,432 | \$ 1 | \$ 1,191,359 | \$ 1,249,607 | \$ 37,467 | \$ 8,563 | \$ 249,172 | \$ 4,477 | \$ 2,798,946 |

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

| For the year ended August 31, 2021 | Nevada Properties | Cooks Creek Project | SW Pipe Project | Frazier Dome Project | Greengold Project | Sandy Gold Project | Shumber Project | Cone Project | Darby Flats Project | Nevada Leases | Swiss Permits | Exodus Gold Project | Total |
|---------------------------------------------------------------------|----------------------|------------------------|--------------------|-------------------------|----------------------|-----------------------|---------------------|------------------|------------------------|-------------------|---------------|------------------------|---------------------|
| Acquisition cost, Balance August 31, 2020 | \$ 1,350,285 | \$ 342,072 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 108,750 | \$ 1,801,107 |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total acquisition cost - August 31, 2021 | 1,350,285 | 342,072 | - | - | - | - | - | - | - | - | - | 108,750 | 1,801,107 |
| Exploration cost - August 31, 2020 | 487,611 | 360,060 | 1 | 490,597 | 1 | 87,864 | 379,562 | - | - | - | 1 | 247,304 | 2,053,001 |
| Additions | | | | | | | | | | | | | |
| Assays and sample storage | - | 126 | - | 441 | - | 183,910 | 84,643 | - | - | - | 838 | 51,916 | 321,874 |
| Claim filing and registration | 31,747 | 11,628 | 18,885 | 91 | 8,777 | 4,513 | 13,075 | 35,163 | 8,563 | 146,769 | 3,492 | - | 282,703 |
| Drilling and related | - | - | - | - | - | 549,352 | 350,707 | - | - | - | - | 2,644 | 902,703 |
| Equipment rentals | - | - | - | - | - | - | - | - | - | - | - | 51,130 | 51,130 |
| Field office expenses | 25,895 | - | - | - | - | - | - | - | - | - | - | - | 25,895 |
| Geological consulting | 11,136 | - | 25,541 | 3,141 | - | 144,875 | 118,541 | 577 | - | 11,270 | - | 148,300 | 463,381 |
| Geological surveying | - | - | 35,154 | - | - | 63,468 | 38,708 | - | - | - | - | 8,195 | 145,525 |
| Labour | - | - | - | - | - | - | - | - | - | - | - | 39,340 | 39,340 |
| Land management and royalties | - | - | - | - | - | 1,196 | 34,977 | - | - | 69,801 | - | - | 105,974 |
| Maps and software | - | - | - | - | - | 5,535 | 5,535 | - | - | - | - | - | 11,070 |
| Materials and supplies | - | - | - | - | - | 11,350 | 9,989 | - | - | - | - | 10,889 | 32,228 |
| Meals and lodging | - | - | 512 | - | - | 9,677 | 3,769 | - | - | 164 | - | 1,692 | 15,814 |
| Site access and preparation | - | - | - | - | - | 13,801 | 30,417 | - | - | - | - | - | 44,218 |
| Travel and transport | - | - | 3,588 | - | - | 37,480 | 24,629 | - | - | 464 | - | 3,300 | 69,461 |
| Recovery of costs | - | - | (17,590) | - | - | - | - | - | - | - | - | (73,871) | (91,461) |
| Exploration costs - during period | 68,778 | 11,754 | 66,090 | 3,673 | 8,777 | 1,025,157 | 714,990 | 35,740 | 8,563 | 228,468 | 4,330 | 243,535 | 2,419,855 |
| Total exploration costs - August 31, 2021 | 556,389 | 371,814 | 66,091 | 494,270 | 8,778 | 1,113,021 | 1,094,552 | 35,740 | 8,563 | 228,468 | 4,331 | 490,839 | 4,472,856 |
| Less: write-off of exploration and evaluation assets | (1,906,673) | (713,885) | - | (494,270) | (8,777) | - | - | - | - | - | (4,330) | (599,589) | (3,727,524) |
| Total exploration and evaluation assets, August 31, 2021 | \$ 1 | \$ 1 | \$ 66,091 | \$ - | \$ 1 | \$ 1,113,021 | \$ 1,094,552 | \$ 35,740 | \$ 8,563 | \$ 228,468 | \$ 1 | \$ - | \$ 2,546,439 |

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge title to all of its properties is in good standing.

Nevada Properties (Nevada, USA)

On September 29, 2016 the Company completed its acquisition of the Nevada assets of Redstar Gold Corp. (“Redstar”) according to the detailed terms of the agreement (the “Purchase Agreement”). These assets consist of a 100% interest in 11 exploration projects in Nevada (“Nevada Properties”), 4 of which are subject to NSRs, as well as the AngloGold-Ashanti database (the “Database”).

The Company acquired the Database and the 11 Nevada Properties by issuing to Redstar a total of 6,172,730 common shares of the Company, resulting in Redstar owning 29.9% of the Company’s outstanding common shares upon completion of the transaction. The shares were valued at \$2,160,455. Of this value, \$1,692,357 (\$342,072 allocated to the Cooks Creek Project) was recognized as exploration and evaluation assets acquisition costs and \$468,098 was recognized as geological database expense and charged to operations during the year ended August 31, 2017.

The Nevada Properties are currently comprised of the following projects:

| Project Name | County in State of Nevada |
|---------------------|----------------------------------|
| Gold Cloud | Eureka |
| Larus | Eureka |
| Long Island | Nye |
| Oasis | Esmeralda |
| Painted Hills | Humboldt |
| Queens | Nye |
| Richmond Summit | Eureka |
| Root Spring | Pershing |
| Seven Devils | Pershing |

During the year ended August 31, 2021, the Company wrote down the claims to \$1 and charged \$1,906,673 in capitalized costs to operations. The claims that comprise the Nevada Properties remain in good standing.

Cooks Creek Project (Nevada, USA)

The Cooks Creek Project consists of unpatented mining claims in Lander County, Nevada. These claims consisted of one of the 11 exploration projects in Nevada acquired from Redstar on September 29, 2016. During the year ended August 31, 2021, the Company wrote down the claims to \$1 and charged \$713,885 in capitalized costs to operations. The claims remain in good standing.

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Green Gold Project (Nevada, USA)

The Company staked unpatented mining claims in Pershing County, Nevada. The claims, collectively named the Green Gold Project. During the year ended August 31, 2021, the Company wrote down the claims to \$1 and charged \$8,777 in capitalized costs to operations. The claims remain in good standing.

SW Pipe Project (Nevada, USA)

The Company staked unpatented mining claims in Lander County, Nevada. The claims, collectively named the SW Pipe Project.

On April 23, 2021, the Company entered into an Exploration Earn-In Agreement (“Agreement”) with Hochschild Mining (US) Inc. (“HOC US”), a subsidiary of Hochschild Mining PLC (“Hochschild”), with respect to SW Pipe.

The significant terms of the Agreement are as follows. HOC US will pay the Company US\$50,000 plus the annual renewal costs of the SW Pipe of US\$13,860 (received). HOC US can earn a 51% interest in SW Pipe by incurring US\$7,500,000 in exploration expenditures over 5 years (“Phase 1 Earn-in”) and making additional cash payments to the Company totalling US\$750,000. HOC US may earn-in an additional 24% interest in SW Pipe by incurring an additional US\$2,500,000 in exploration expenditures and delivering a completed Feasibility Study within 3 years of the Phase 1 Earn-in date (which may be extended by up to a further 3 years subject to agreed payments by HOC US for each 12 month extension (“Phase 2 Earn-in”). At anytime after earning a 51% interest in SW Pipe (but prior to the expiry of the Phase 2 Earn-in period), HOC US can purchase 100% of SW Pipe for US\$25,000,000 or 12,500 ounces of gold, at the election of the Company and the Company would retain a 2% Net Smelter Royalty. HOC US’s 51% (75% if applicable), when earned, will be held in a joint venture agreement formed in accordance with the terms of the Agreement whereby the Company will have a 49% or 25% interest, as applicable.

Frazier Dome Project (Nevada, USA)

The Company staked mining claims in Nye County, Nevada. The claims, collectively named the Frazier Dome Project. In March 2019, the Company staked additional claims to consolidate a key property position in an around the project.

On August 17, 2018, the Company entered into a mining lease agreement with the owner of unpatented lode mining claims situated in the Tonopah Mining District, Nye County, Nevada, USA. The claims are adjacent to the existing claims the Company has staked.

Upon signing of the lease agreement, the Company paid US\$3,350 to the lessor, representing US\$2,500 as an Advance Minimum Royalty (“AMR”) and US\$850 for various filing fees. Pursuant to the lease agreement, the Company will pay an AMR of US\$3,000 on each subsequent anniversary date increasing by US\$500 each year until the 5th anniversary date when the payment will be US\$7,500 annually through to the 10th anniversary date. The AMR for the 11th to the 20th anniversary dates will be US\$15,000 annually. The AMR for the 21st to 30th anniversary dates will be US\$30,000 annually. The Company will also be responsible for the payment of any annual maintenance and filing fees subject to the claims.

The Company has the option to purchase the claims from the lessor by paying US\$2,000,000, less any AMR paid, during the term of the agreement.

During the year ended August 31, 2021, the Company terminated the mining lease agreement and as a result, wrote-off \$494,270 in total capitalized costs to operations during the year ended August 31, 2021.

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Slumber Gold Project (Nevada, USA)

On May 30, 2019, the Company announced that it executed a binding letter of intent (the "LOI") with a two private individuals (the "Vendors") providing the Company the right to enter into a lease agreement to lease an undivided 100% right, title and interest in the Slumber Gold Property in Nevada. The LOI may be subject to TSX-V approval, and the transaction is an arms-length transaction.

The Slumber Gold Property occurs along an intra-mountain graben in the Jackson Mountains approximately 50 miles northwest of Winnemucca, Humboldt County, Nevada.

On July 29, 2019, the Company formalized the LOI and entered into a Mining Lease and Surface Use Agreement ("Lease") with the Vendors. The company is subject to incur minimum annual work commitments as follows:

| | |
|-----------|--------------------------------------------|
| \$25,000 | First anniversary date (incurred) |
| \$50,000 | Second anniversary date (incurred) |
| \$75,000 | Third anniversary date |
| \$75,000 | Fourth anniversary date |
| \$100,000 | Fifth and each anniversary date thereafter |

The Company is also required to make Advance Minimum Royalty Payments to the Vendors until production of minerals is achieved as follows:

| | |
|----------|---------------------------------------------------------------------------------------|
| \$10,000 | Upon execution of the Lease (paid) |
| \$15,000 | First anniversary date (paid) |
| \$25,000 | Second anniversary date (paid) |
| \$35,000 | Third anniversary date |
| \$45,000 | Fourth anniversary date |
| \$50,000 | Fifth anniversary date and annually thereafter as long as the Lease remains in effect |

Sandy Gold Project (Nevada, USA)

The Company acquired a 100% control of the Sandy Gold Project, located in Lyon County, Nevada, by staking available ground over and around the gold project.

Cone Project (Nevada, USA)

During the year ended August 31, 2021, the Company staked claims consisting of the Cone Project, located in Eureka County, Nevada.

Darby Flats Project (Nevada, USA)

During the year ended August 31, 2021, the Company staked claims consisting of the Darby Flats Project, located in Elko County, Nevada

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Nevada Leases (Nevada, USA)

During the year ended August 31, 2021, the Company entered into lease agreements for the Discovery Bay Gold Project, the Pickhandle Gold Project, the Spanish Canyon Gold Project, the Fisher Canyon Gold Project and the Gold Bell Property. All five lease agreements provide the Company with the right to lease an undivided 100% right, title and interest in the projects. The Company paid a total of US\$70,867, comprising of US\$55,000 on initial lease signing and US\$15,867 for claim filing and registration.

Discovery Bay Gold Project consists of claims located in Lander County, Nevada and subject to a 2% NSR. The lease agreement was entered into on June 1, 2021.

Pickhandle Gold Project consists of claims located in Lander County, Nevada and subject to a 2% NSR. The lease agreement was entered into on June 1, 2021.

Spanish Canyon Gold Project consists of claims located in Nye County, Nevada and subject to a 2.5% NSR. The lease agreement was entered into on June 1, 2021.

Fisher Canyon Gold Project consists of claims located in Pershing County, Nevada and subject to a 2.5% NSR. The lease agreement was entered into on June 21, 2021.

Gold Bell Property consists of claims located in Mineral County, Nevada and subject to a 2.5% NSR. The lease agreement was entered into on June 21, 2021.

The combined annual lease payments for the five leases are as follows:

- US\$65,000 on the first anniversary
- US\$100,000 on the second anniversary
- US\$150,000 on the third anniversary
- US\$200,000 on the fourth anniversary
- US\$250,000 on the fifth and subsequent anniversaries

The combined annual work commitments for the five leases are as follows:

- US\$95,000 on the first anniversary
- US\$210,000 on the second anniversary
- US\$325,000 on the third anniversary
- US\$375,000 on the fourth anniversary
- US\$500,000 on the fifth and subsequent anniversaries

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Exodus Gold Project (British Columbia, Canada)

On July 3, 2020, the Company entered into a letter agreement (“Option Agreement”) with Exodus Mineral Exploration Ltd. (“Exodus”) under which the Company may acquire a 51% interest in the Exodus Gold Project, located near Prince George, British Columbia, Canada, by paying \$30,000 in cash (paid), issuing 4,900,000 common shares (250,000 common shares issued valued at \$78,750) and completing \$1,600,000 in exploration work commitments on the Exodus Gold Project by the third anniversary date (“Approval Date”) the TSX-V accepts the Option Agreement. During the year ended August 31, 2021, the Company determined that it was not economically feasible to proceed with the Exodus Gold Project and terminated the Option Agreement with Exodus. As a result, \$599,589 in capitalized expenditures, net of recoveries of \$73,871, were written-off and charged to operations.

Swiss Permits (Switzerland)

The Company, through its Swiss subsidiary, SwissGold, was issued a five year exploration permit (“Permit”) for gold and precious metals that covered an area within the Communes of Medel/Lucmagn, Disentis/Muster and Sumvitg in Canton Graubunden, southeastern Switzerland. The Permit is governed by the terms of an amended mining law that has been approved by the residents of the Communes. The Permit is renewable for two additional 5-year terms. During the year ended August 31, 2019, the Permit was extended for a 5-year term. Under the terms of the Permit, the Company must:

- a) pay an initial fee of Swiss Francs 4,500 (paid);
- b) pay an annual fee of Swiss Francs 4,500 (paid);
- c) incur exploration expenditures of Swiss Francs 120,000 before the end on 2015; and
- d) incur exploration expenditures of Swiss Francs 100,000 annually thereafter during the first term of the permit to maintain the Permit in good standing.

Excess expenditures may be carried forward to meet expenditure requirements in future years. Also, the Communes can issue a mining concession to the Company subject to: (i) completion of a satisfactory feasibility study; (ii) completion of an environmental impact study; and (iii) consent from each of the three municipal bodies in the Communes.

In prior fiscal years the Company received written confirmation from the Communes regarding future work commitment obligations whereby the Company was provided with relief from incurring exploration expenditures. The minimum exploration expenditures commitment was not required for 2021. The Swiss Permits remain in good standing.

Exploration advances

During the three month period ended November 30, 2021, the Company incurred \$686,687 (August 31, 2021 - \$150,318) as exploration advances on exploration and evaluation assets.

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are comprised of the following:

| | November 30, 2021 | August 31, 2021 |
|---------------------|----------------------|--------------------|
| Accrued liabilities | \$ 18,500 | \$ 23,500 |
| Trade payables | <u>21,260</u> | <u>102,108</u> |
| Total | <u>\$ 39,760</u> | <u>\$ 125,608</u> |

8. SHAREHOLDERS' EQUITY

Authorized:

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

The Company did not issue any common shares during the three month period ended November 30, 2021.

During the year ended August 31, 2021, the Company issued:

- a) 3,154,183 common shares at \$0.20 per share for gross proceeds of \$630,837 pursuant to the exercise of warrants. The Company reallocated the fair value of warrants previously recorded in the amount of \$47,692 from share-based payments reserve to share capital.
- b) 25,000 common shares at \$0.40 per share for gross proceeds of \$10,000 pursuant to the exercise of warrants.
- c) 12,000,000 units at \$0.25 per unit for gross proceeds of \$3,000,000 pursuant to a non-brokered private placement that was closed on May 25, 2021. Each unit consists of one common share and one warrant, where each warrant is exercisable into one common share at \$0.40 per share expiring May 25, 2024. The Company incurred share issue costs of \$30,948 in connection with the financing.

Stock options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire common shares of the Company. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares. The options can be granted for a maximum of 5 years and vest as determined by the board of directors. The exercise price of each option may not be less than the fair market value of the common shares.

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8. SHAREHOLDERS' EQUITY (cont'd...)

Stock options (cont'd...)

Stock option transactions and the number of stock options outstanding are summarized as follows:

| | Number of Options | Weighted Average Exercise Price |
|--------------------------------|----------------------|------------------------------------------|
| Outstanding, August 31, 2020 | 5,150,000 | \$ 0.27 |
| Granted | 2,745,000 | 0.44 |
| Expired/cancelled | <u>(175,000)</u> | 0.40 |
| Outstanding, August 31, 2021 | 7,720,000 | 0.33 |
| Granted | - | - |
| Expired/cancelled | <u>(1,175,000)</u> | 0.35 |
| Outstanding, November 30, 2021 | 6,545,000 | \$ 0.27 |
| Exercisable, November 30, 2021 | 6,452,500 | \$ 0.27 |

Stock options outstanding at November 30, 2021 are as follows:

| Number Of Options | Exercise Price | Expiry Date |
|----------------------|-------------------|------------------|
| 525,000 | \$ 0.39 | June 26, 2022 |
| 100,000 | 0.39 | March 31, 2022 |
| 500,000 | 0.14 | March 31, 2022 |
| 600,000 | 0.20 | March 31, 2022 |
| 325,000 | 0.40 | March 31, 2022 |
| 225,000 | 0.50 | March 31, 2022 |
| 100,000 | 0.89 | April 3, 2023 |
| 220,000 | 0.50 | May 25, 2026 |
| 200,000 | 0.14 | October 10, 2023 |
| 25,000 | 0.17 | January 30, 2024 |
| 725,000 | 0.20 | January 17, 2024 |
| 900,000 | 0.20 | June 11, 2025 |
| 125,000 | 0.38 | August 23, 2025 |
| 675,000 | 0.40 | October 8, 2025 |
| 250,000 | 0.40 | October 28, 2025 |
| 700,000 | 0.50 | May 25, 2026 |
| <u>350,000</u> | 0.35 | June 22, 2026 |
| <u>6,545,000</u> | | |

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8. SHAREHOLDERS' EQUITY (cont'd...)

Warrants

Warrants transactions and the number of warrants outstanding are summarized as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|--------------------------------|-----------------------|------------------------------------------|
| Outstanding, August 31, 2020 | 13,136,460 | \$ 0.27 |
| Granted | 12,000,000 | 0.40 |
| Exercised | <u>(2,871,183)</u> | 0.19 |
| Outstanding, August 31, 2021 | 22,265,277 | 0.35 |
| Expired/cancelled | <u>(1,551,750)</u> | 0.20 |
| Outstanding, November 30, 2021 | 20,713,527 | \$ 0.36 |
| Exercisable, November 30, 2021 | 20,713,527 | \$ 0.36 |

Warrants outstanding at November 30, 2021 are as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|-----------------------|-------------------|-----------------|
| 4,050,714 | \$ 0.20 | May 25, 2022 |
| 4,662,813 | 0.40 | August 21, 2022 |
| <u>12,000,000</u> | 0.40 | May 25, 2024 |
| <u>20,713,527</u> | | |

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8. SHAREHOLDERS' EQUITY (cont'd...)

Finder's warrants

Finder's warrants transactions and the number of finder's warrants outstanding are summarized as follows:

| | Number of Finder's Warrants | Weighted Average Exercise Price |
|--------------------------------|-----------------------------------|------------------------------------------|
| Outstanding, August 31, 2020 | 593,565 | \$ 0.28 |
| Exercised | <u>(308,000)</u> | 0.20 |
| Outstanding, August 31, 2021 | 285,565 | 0.36 |
| Expired/cancelled | <u>(14,000)</u> | 0.20 |
| Outstanding, November 30, 2021 | 271,565 | \$ 0.37 |
| Exercisable, November 30, 2021 | 271,565 | \$ 0.37 |

Finder's warrants outstanding at November 30, 2021 are as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|-----------------------|-------------------|-----------------|
| 40,600 | \$ 0.20 | May 25, 2022 |
| <u>230,965</u> | 0.40 | August 21, 2022 |
| 271,565 | | |

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8. SHAREHOLDERS' EQUITY (cont'd...)

Share-based compensation

During the three month period ended November 30, 2021, the Company recognized \$Nil (2020 - \$319,942) in share-based compensation on stock options that vested during the current period. The Company granted nil (2020 – 1,250,000) stock options with a fair value of \$Nil (2020 - \$0.26). The fair value of share-based compensation was calculated using the Black-Scholes option-pricing model.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the year:

| | November 30, 2021 | August 31, 2021 |
|--------------------------|----------------------|--------------------|
| Risk-free interest rate | - | 0.35% ~ 0.95% |
| Expected life of options | - | 5 years |
| Annualized volatility | - | 139.86% ~ 174% |
| Forfeiture rate | - | 0.0% |
| Dividend rate | - | 0.0% |

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the three month period ended November 30, 2021:

- i) Paid or accrued \$Nil (2020 - \$52,500) in consulting fees to the Chairman of the Board of Directors and a company controlled by the former CEO of the Company.
- ii) Paid or accrued \$18,765 (2020 - \$23,413) in fees which are recorded as professional fees to companies controlled by officers of the Company.
- iii) Paid or accrued \$34,537 (2020 - \$22,398) in consulting fees to officers and companies controlled by former directors which have been capitalized as exploration and evaluation costs.

Included in due to related parties as of November 30, 2021 is \$13,844 (August 31, 2021 - \$55,518) due to officers and companies controlled by former directors. The amounts are non-interest bearing and unsecured.

9. RELATED PARTY TRANSACTIONS (cont'd...)

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the three month period ended November 30, 2021, nil (2021–825,000) stock options, out of a total of nil (2020 – 1,250,000) (Note 8), were granted to directors and officers. The fair value of \$Nil (2020 - \$208,890) was recorded as share-based compensation.

Other than disclosed above, there was no other compensation paid to key management during the three month period ended November 30, 2021 and 2020.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

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

As at November 30, 2021, the Company's financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial risk factors

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. The Company's receivables consist of GST recoverable from the Canadian Government and a refund due from a supplier.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at November 30, 2021, the Company had a cash balance of \$2,524,071 to settle current liabilities of \$48,759. All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash in its banking institutions and does not believe interest rate risk to be significant.

(b) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Foreign currency risk

The Company has two foreign subsidiaries whose operations are in the United States and Switzerland respectively, which exposes the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian dollar, United States dollar and the Swiss Franc. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital.

The Company is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not been changed over the years presented. The Company is not subject to any externally imposed capital requirements.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the three month period ended November 30, 2021 included:

- a) Exploration advances of \$128,102 are allocated to exploration and evaluations assets.

Significant non-cash transactions during the three month period ended November 30, 2020 included:

- a) Exploration and evaluation assets of \$17,865 are accrued in accounts payable and accrued liabilities.

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(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
NOVEMBER 30, 2021

13. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. The Company has mineral properties located geographically as follows:

| Exploration and evaluation assets | November 30, 2021 | August 31, 2021 |
|------------------------------------------|----------------------|--------------------|
| United States of America | \$ 2,794,469 | \$ 2,546,438 |
| Switzerland | 4,477 | 1 |
| Total | \$ 2,798,946 | \$ 2,546,439 |

| Reclamation bonds | November 30, 2021 | August 31, 2021 |
|--------------------------|----------------------|--------------------|
| United States of America | \$ 172,917 | \$ 163,390 |
| Canada | - | 21,000 |
| Total | \$ 172,917 | \$ 184,390 |

14. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

- i) On December 2, 2021, the Company granted 75,000 stock options exercisable at \$0.20 per option until December 2, 2026 to a newly appointed advisor to the Board of Directors.