Evergold Corp.

Financial Statements

For the 9 months ended September 30, 2019 and 2018

Evergold Corp.
Statements of Financial Position
(Expressed in Canadian dollars)
(unaudited)

	As at September 30 2019 $	As at December 31 2018 $
Assets		
Current		
Cash and cash equivalents	3,530	176,394
HST receivable	69,901	12,636
Prepaid expenses and deposits	71,140	-
Loan receivable (note 11)	-	150,000
Total current assets	144,571	339,030
Reclamation bond (note 4)	25,000	-
Total assets	**169,571**	**339,030**
Liabilities		
Current		
Accounts payable and accrued liabilities (note 10)	743,831	52,645
Shareholders' equity		
Share capital (note 6)	982,532	982,532
Warrants	254,873	254,873
Retained deficit	(1,811,665)	(951,020)
Total shareholders' equity	(574,260)	286,385
Total liabilities and shareholders' equity	**169,571**	**339,030**

The accompanying notes are an integral part of these financial statements

Approved by the Board of Directors and authorized for issue on November 26, 2019

(signed) Kevin M. Keough
Director

(signed) Rosie Moore
Director

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Evergold Corp.
Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
General and administrative expenses				
Exploration expenditures (note 5)	398,033	51,556	503,677	76,796
Management and consulting fees (note 10)	51,488	-	133,488	-
Professional fees	101,276	3,750	135,698	11,250
Office and miscellaneous	52,947	823	87,782	3,324
	603,744	56,129	860,645	91,370
Loss from operations	(603,744)	(56,129)	(860,645)	(91,370)
Interest income	-	-	-	-
Income before taxes	(603,744)	(56,129)	(860,645)	(91,370)
Tax expense	-	-	-	-
Loss and comprehensive loss for the period	(603,744)	(56,129)	(860,645)	(91,370)
Loss per share	(0.06)	(0.01)	(0.08)	(0.01)
Weighted average number of shares – basic and fully diluted	10,371,467	10,371,467	10,371,467	10,371,467

The accompanying notes are an integral part of these financial statements

Evergold Corp.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)
(unaudited)

	Number of Shares	Share Capital Amount $	Warrants Reserve $	Deficit $	Total $
Balance at December 31, 2018	10,371,467	982,532	254,873	(951,020)	286,385
Net loss	-	-	-	(860,645)	(860,645)
Balance, September 30, 2019	10,371,467	982,532	254,873	(1,811,665)	(574,260)
Balance at December 31, 2017	10,371,467	982,532	254,873	(816,358)	421,047
Net loss	-	-	-	(91,370)	(91,370)
Balance, September 30, 2018	10,371,467	982,532	254,873	(907,728)	329,677

The accompanying notes are an integral part of these financial statements

Evergold Corp.
Statements of Cash Flows
(Expressed in Canadian dollars)
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
	$	$	$	$
Cash provided by (used in)				
Operating activities				
Loss for the period	(603,744)	(56,129)	(860,645)	(91,370)
Items not affecting cash				
Changes in non-cash working capital:				
HST receivable	(33,467)	(2,674)	(57,265)	(4,054)
Prepaid expenses and deposits	(33,640)	-	(71,140)	-
Accounts payable and accrued liabilities	649,411	(8,450)	691,186	25,820
Net cash used in operating activities	(21,440)	(67,253)	(297,864)	(69,604)
Financing activities				
Repayment of loan receivable	-	-	150,000	-
Investing activities				
Payment of reclamation bond	-	-	(25,000)	-
Net increase (decrease) in cash and cash equivalents	(21,440)	(67,253)	(172,864)	(69,604)
Cash and cash equivalents, beginning of period	24,970	263,435	176,394	265,786
Cash and cash equivalents, end of period	3,530	196,182	3,530	196,182

The accompanying notes are an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Evergold Corp. (the "Company" or “Evergold”) was formed on October 30, 2015. The Company’s registered and records office is located at 18 King Street East, Suite 902, Toronto, Ontario M5C 1C4.

These financial statements were approved by the Board of Directors on November 26, 2019.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the carrying values of mineral properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain financing necessary to complete development of the properties, and the future profitable production therefrom or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis.

Although the Company has taken all customary steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

As at September 30, 2019, the Company had a deficit of $1,811,665 (December 31, 2018 - $951,020) and working capital of ($559,260) (December 31, 2018 - $286,385). The Company's ability to continue operations and fund its future exploration property expenditures is dependent on management's ability to secure additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance:

The Company applies 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”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements by IFRS as issued by IASB and interpretations issued by IFRIC.

Basis of measurement:

These financial statements have been prepared on the historical cost basis except for those financial instruments carried at fair value. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information.

Basis of preparation:

These financial statements have been prepared on the basis of a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern; such adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied in preparing the financial statements for the 9 months ended September 30, 2019 and 2018.

Functional and presentation currency:

The Company's presentation and functional currency is the Canadian dollar. The Company does not have any foreign operations. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at period end exchange rates are recognized in the statements of loss.

Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks, and investments with original maturities of ninety days or less. The Company has not held cash equivalents to September 30, 2019.

Income taxes:

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income. Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years. Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in the statements of loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recoveryis probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Loss per share:

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. In the Company's case, diluted loss per share is the same as basic loss per share for the periods presented as there were no potentially dilutive securities issued during the three months and nine months ended September 30, 2019 and 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments:

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are measured at fair value through profit or loss ("FVTPL"). These instruments are measured at fair value with subsequent changes in fair value recognized in the statements of loss. The Company's cash equivalents and short-term investments are classified as FVTPL.

Items classified as loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses on the realization of loans and receivables are recognized in the statements of loss. The Company's cash and loan receivables are classified as loans and receivables. The estimated fair values of these financial instruments approximate their carrying values because of the limited terms of these instruments.

Financial liabilities that are not measured at fair value through profit or loss are classified as other financial liabilities, and are carried at amortized cost using the effective interest method. Any gains or losses arising from the realization of other financial liabilities are recognized in the statements of loss. The Company has classified accounts payable and accrued liabilities and subscription receipts as other financial liabilities. Due to their short-term natures, the fair values of these financial instruments approximate their carrying values.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) 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) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At September 30, 2019 and December 31, 2018, no financial instruments were carried at fair value.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the assets have been negatively impacted. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment and the loss is recognized in the statements of loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statements of loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets:

The carrying value of non-financial assets is assessed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. This generally results in the Company evaluating its non-financial assets on a geographical or license basis.

If the carrying amount of the asset or CGU exceeds its recoverable amount, the asset or CGU is impaired and an impairment loss is charged to the statement of operations so as to reduce the carrying amount to its recoverable amount.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of loss.

Share-based payments:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in the stock option note.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in exploration properties and exploration expenditures:

Interest in Exploration Properties and Exploration Expenditures

Exploration and evaluation costs are expensed as incurred and included in profit or loss until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mineral properties.

Exploration expenditures include costs to acquire exploration properties, and costs to explore and evaluate exploration properties.

Equipment:

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. The cost of equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated decommissioning and restoration costs associated with the asset. Equipment is depreciated on a diminishing balance basis at 20% per year.

Provisions:

General

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statements of loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, dismantling operating facilities, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the exploration or production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related exploration and evaluation asset to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of operations as a finance cost. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the statement of operations.

The Company does not currently have any such significant legal or constructive obligations and therefore no decommissioning liabilities have been recorded as at September 30, 2019 and December 31, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical judgements and estimation uncertainties:

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

Asset carrying values and impairment charges

In determining whether any impairment losses have been incurred, management assesses the higher of the asset's fair value less costs to sell and its value in use for non-financial assets. These determinations and their individual assumptions require that management decide based on the best available information at the end of each reporting period.

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets.

Capitalization of deferred exploration costs

Management has determined that exploration and property acquisition costs have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to geological and metallurgical information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgement is required in determining the Company's provisions for such taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgement used in applying valuation techniques. These assumptions and judgements include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

New IFRS standards adopted:

On January 1, 2019, the Company adopted certain new IFRS standards, amendments and interpretations to existing standards. There was no impact to the financial statements as a result of the adoption of these new standards.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease.

IFRIC 23 - Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates.

4. RECLAMATION BOND

Reclamation bonds are held as security toward future exploration work and the related future potential cost of reclamation of the Company's land and unproven mineral interests. Once reclamation of the properties is complete, the bond funds will be returned to the Company. As at September 30, 2019, $25,000 (December 31, 2018 - $nil) is being held as security on the Company's claims.

5. INTEREST IN EXPLORATION PROPERTIES AND EXPLORATION EXPENDITURES

Snoball Property
The Snoball property is located in the Liard Mining Division of northwestern British Columbia. A 100% ownership interest in the property was acquired effective April 5, 2016, further to a Mineral Property Acquisition Agreement (the "Agreement"), covering four mineral properties, between the Company and vendor C.J. Greig Holdings Ltd. of Penticton, B.C., a company controlled by Charles J. Greig. That portion of the Agreement dealing specifically with the Snoball property called for the one-time issuance to C.J. Greig Holdings Ltd. of 3 million common shares (paid) and 1.5 million, 7-year, 7.5 cent share purchase warrants (paid). These shares and warrants were restructured effective May 1, 2017 to 2,806,950 common shares plus 701,738, 7-year, 12 cent purchase warrants to reflect a property valuation carried out to that date. An incremental value of $275,686 was recorded in 2017 related to the share and warrant restructuring. There were no cash payment or work commitment elements in the Agreement. In addition, the Agreement called for a 0.5% Net Smelter Returns ("NSR") Royalty on any future production from the Snoball property. There is no buy-back option on the NSR.

Golden Lion Property
The Golden Lion property is located in the Toodoggone region of northcentral British Columbia, Canada. A 100% ownership interest in the property was acquired effective April 5, 2016, further to a Mineral Property Acquisition Agreement (the "Agreement"), covering four mineral properties, between the Company and vendor C.J. Greig Holdings Ltd. of Penticton, B.C., a company controlled by Charles J. Greig. That portion of the Agreement dealing specifically with the Golden Lion property called for the one-time issuance to C.J. Greig Holdings Ltd. of 2 million common shares (paid) and 1 million, 7-year, 7.5 cent share purchase warrants (paid). These shares and warrants were restructured effective May 1, 2017 to 1,350,510 common shares and 337,628, 7-year, 12 cent purchase warrants, to reflect a property valuation carried out to that date. An incremental value of $160,471 was recorded in 2017 related to the share and warrant restructuring. There were no cash payment or work commitment elements in the Agreement. In addition, the Agreement called for a 0.5% Net Smelter Returns ("NSR") Royalty on any future production from the Golden Lion property. There is no buy-back option on the NSR.

Holy Cross Property
The Holy Cross property is located in central British Columbia, Canada. A 100% ownership interest in the property was acquired effective April 5, 2016, further to a Mineral Property Acquisition Agreement (the "Agreement"), covering four mineral properties, between the Company and vendor C.J. Greig Holdings Ltd. of Penticton, B.C., a company controlled by Charles J. Greig. That portion of the Agreement dealing specifically with the Holy Cross property called for the one-time issuance to C.J. Greig Holdings Ltd. of 2 million common shares (paid) and 1 million, 7-year, 7.5 cent share purchase warrants (paid). These shares and warrants were restructured effective May 1, 2017 to 671,190 common shares and 167,798, 7-year, 12 cent purchase warrants, to reflect a property valuation carried out to that date. An incremental value of $130,054 was recorded in 2017 related to the share and warrant restructuring. There were no cash payment or work commitment elements in the Agreement. In addition, the Agreement called for a 0.5% Net Smelter Returns ("NSR") Royalty on any future production from the Holy Cross property. There is no buy-back option on the NSR.

Spanish Lake Property
The Spanish Lake property is located in the Cariboo Mining District of central British Columbia, Canada. A 100% ownership interest in the property was acquired effective April 5, 2016, further to a Mineral Property Acquisition Agreement (the "Agreement"), covering four mineral properties, between the Company and vendor C.J. Greig Holdings Ltd. of Penticton, B.C., a company controlled by Charles J. Greig. That portion of the Agreement dealing

NOTES TO THE FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS)

5. INTEREST IN EXPLORATION PROPERTIES AND EXPLORATION EXPENDITURES (CONTINUED)

specifically with the Spanish Lake property called for the one-time issuance to C.J. Greig Holdings Ltd. of 2 million common shares (paid) and 1 million, 7-year, 7.5 cent share purchase warrants (paid). These shares and warrants were restructured effective May 1, 2017 to 1,089,650 common shares and 272,413, 7-year, 12 cent purchase warrants, to reflect a property valuation carried out to that date. An incremental value of $148,791 was recorded in 2017 related to the share and warrant restructuring. There were no cash payment or work commitment elements in the Agreement. In addition, the Agreement called for a 0.5% Net Smelter Returns ("NSR") Royalty on any future production from the Spanish Lake property. There is no buy-back option on the NSR.

The following is a summary of exploration expenditures by property for the first nine months of 2019:

	Snoball $	Golden Lion $	Holy Cross $	Spanish Mountain $	Total $
Geochemical	316	17,153	4,480	10,875	32,824
Geological	23,929	63,717	5,772	5,510	98,928
Environmental	13,152	12,880	1,841	-	27,874
Camp & lodging	8,877	18,752	1,469	2,676	31,774
Aircraft	57,810	54,522	29,334	-	141,666
Permitting	-	72	195	-	267
Drilling	57,225	375	-	-	57,600
Geophysical	-	56,414	11,000	-	67,414
Vehicles & transport	3,499	842	215	1,450	6,006
Fuel	1,262	171	132	579	2,144
Field travel	-	15,710	-	-	15,710
Miscellaneous	10,928	8,624	1,213	704	21,470
Total	**177,000**	**249,231**	**55,651**	**21,795**	**503,677**

The following is a summary of exploration expenditures by property for the first nine months of 2018:

	Snoball $	Golden Lion $	Holy Cross $	Spanish Mountain $	Total $
Geochemical	-	26,016	-	-	26,016
Geological	16,238	22,023	4,400	-	42,660
Aircraft	7,501	-	-		7,501
Miscellaneous	-	550	-	69	619
Total	**23,739**	**48,588**	**4,400**	**69**	**76,796**

6. CAPITAL STOCK, OPTIONS AND WARRANTS

(a) Authorized

Unlimited number of common shares, without par value.

(b) Issued

10,371,467 common shares

NOTES TO THE FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS)

6. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

Summary of changes in capital stock:

	Shares #	Amount $
Balance, December 31, 2017, 2018, and September 30, 2019	10,371,467	982,532

On July 12, 2017, the Company completed a private placement financing of 2,183,167 units at $0.15 per share for gross proceeds of $327,475. Each unit consisted of one common share and one-half of one common share purchase warrant exercisable at $0.18 until July 12, 2021. The Company incurred financing costs of $7,125 in connection with the financing.

Warrants

A summary of the Company's warrants is presented below:

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2017, 2018 and September 30, 2019	3,138,659	0.14

7. FINANCIAL INSTRUMENTS

Fair Value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the end of the reporting period based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

8. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity. 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, exploration and development of exploration 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.

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

There were no changes in the Company's approach to capital management during the periods ended September 30, 2019 and December 31, 2018.

9. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures during 2019 and 2018.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables included in amounts receivable and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable and prepaid expenses consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable and prepaid expenses is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had a cash and cash equivalents balance of $3,530 (December 31, 2018 - $176,394) to settle current liabilities of $743,831 (December 31, 2018 - $52,645). The Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing. At September 30, 2019, management was pursuing, subject to receipt of regulatory and exchange approvals, an initial public offering and listing of its shares on the TSX Venture Exchange (see “Subsequent Events”) in order to fund operations and exploration expenditures. The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company has cash, cash equivalents, and short-term investment balances subject to interest. Management does not believe the Company is exposed to significant interest rate risk.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign exchange risk.

Price risk

To the degree that commodity prices impact investor sentiment toward the sector, and thus increase or decrease the Company’s ability to potentially raise capital, the Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices and investor sentiment to determine the appropriate course of action to be taken by the Company.

NOTES TO THE FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS)

10. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

Evergold entered into the following transactions with related parties:

	For the 9 months ended		Amount payable as at	
	September 30, 2019	September 30, 2018	September 30, 2019	December 31, 2018
	$	$	$	$
Consulting fees paid or accrued to the Company's Chief Executive Officer	100,000	-	76,100	702
Exploration expenses paid or accrued to a company controlled by a former Director, or the spouse of a current Director	221,877	56,906	180,073	32,604
Consulting fees paid or accrued to the Company's Chief Financial Officer	33,000	-	20,445	3,390
Totals	354,877	56,906	276,618	36,696

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive or non-executive) of the Company.

11. LOAN RECEIVABLE

During 2016, the Company entered into a loan receivable agreement for $150,000. The loan bore interest at 0%, was unsecured and was due on demand. In April 2019, the loan receivable was fully repaid to the Company.

12. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended September 30, 2019 was based on the net loss attributable to common shareholders of $603,744 (September 30, 2018 - $56,129) and the weighted average number of common shares outstanding of 10,371,467 (September 30, 2018 – 10,371,467).

The calculation of basic and diluted loss per share for the nine months ended September 30, 2019 was based on the net loss attributable to common shareholders of $860,645 (September 30, 2018 - $91,370) and the weighted average number of common shares outstanding of 10,371,467 (September 30, 2018 – 10,371,467).

Diluted loss per share in all periods did not include the effect of 3,138,658 warrants outstanding (September 30, 2018 – 3,138,658 warrants outstanding) as they are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS)

13. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's mineral exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

14. SUBSEQUENT EVENTS

On October 4, 2019, the Company closed an Initial Public Offering (IPO) of 17,250,000 units at a purchase price of $0.20 per unit for gross proceeds of $3,450,000. Each unit consisted of one common share of the Company and one half of one purchase warrant. Each whole warrant entitles the holder to purchase one common share for a period of 24 months from closing at a price of $0.25. In connection with the offering, the Company paid to the agents a commission of $241,500 equal to 7% of the gross proceeds of the offering, and issued to the agents 1,207,500 common share purchase warrants entitling the holder to purchase one common share at a price of $0.20 per common share until October 4, 2021.

The Company has adopted a stock option plan (the "Option Plan") for directors, officers, employees and consultants of the Company. Under the Option Plan, the Company may grant non-transferable options to purchase common shares of the Company for a period of up to ten years from the date of grant. The maximum number of common shares reserved for issuance under the Option Plan together with any common shares reserved for issuance pursuant to any other stock options may not exceed 10% of the issued and outstanding common shares of the Company.

The exercise price of options is determined by the Board of Directors at the time of grant and cannot be less than the price permitted by any exchange on which the Company's common shares are listed or any regulatory body having jurisdiction. Currently, the TSX Venture Exchange (the "TSX-V") requires that the exercise price of the options must be equal to or greater than the Discounted Market Price (as defined in the policies of the TSX-V). The exercise price of options is solely payable in cash. The Board of Directors has the discretion to determine the term and vesting provisions of any options granted under the Option Plan at the time of grant subject to the policies of the TSX-V.

Concurrent with the closing of the IPO, the Company granted 2,280,000 to directors, officers and consultants to purchase common shares of the Company. The options vest over a three-year period as follows:

Exercise price	Options outstanding	Options exercisable	Expiry date
$0.20	759,997	759,997	October 4, 2024
$0.25	760,000	-	October 4, 2025
$0.30	760,003	-	October 4, 2026
	2,280,000	759,997	