



# **Evergold Corp.**

## **Financial Statements**

*For the years ended December 31, 2019 and 2018*

*Audit. Tax. Advisory.*

Independent Auditor's Report  
To the Shareholders of Evergold Corp.

## **Opinion**

We have audited the financial statements of Evergold Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

## **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other information**

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## **Responsibilities of management and those charged with governance for the financial statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

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

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

**McGovern Hurley LLP**



**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
March 31, 2020

## Evergold Corp. Statements of Financial Position

(Expressed in Canadian dollars)

	As at December 31 2019 \$	As at December 31 2018 \$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	2,247,406	176,394
HST receivable	93,410	12,636
Prepaid expenses and deposits	19,660	-
Loan receivable (note 11)	-	150,000
Total current assets	2,360,476	339,030
Reclamation bond (note 4)	57,000	-
<b>Total assets</b>	<b>2,417,476</b>	<b>339,030</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 10)	87,595	52,645
<b>Shareholders' equity</b>		
Share capital (note 6)	3,477,632	982,532
Warrants (note 6)	883,304	254,873
Contributed surplus (note 6)	123,231	-
Retained deficit	(2,154,286)	(951,020)
Total shareholders' equity	2,329,881	286,385
<b>Total liabilities and shareholders' equity</b>	<b>2,417,476</b>	<b>339,030</b>

*The accompanying notes are an integral part of these financial statements*

Approved by the Board of Directors and authorized for issue on March 31, 2020

(signed) Kevin M. Keough  
Director

(signed) Rosie Moore  
Director

*Going concern (note 1)*  
*Commitments and contingencies (note 14)*  
*Subsequent events (note 15)*

## Evergold Corp. Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Years ended December 31	
	2019	2018
	\$	\$
<b>Operating expenses</b>		
Exploration expenditures (note 5)	578,745	112,494
Management and consulting fees (note 10)	184,488	3,000
Share-based compensation (note 6)	123,231	-
Professional fees	142,952	15,000
General and administrative	173,850	4,168
	1,203,266	134,662
<b>Loss from operations</b>	(1,203,266)	(134,662)
Interest income	-	-
<b>Income before taxes</b>	(1,203,266)	(134,662)
Tax expense (note 12)	-	-
<b>Loss and comprehensive loss for the period</b>	(1,203,266)	(134,662)
Loss per share – basic and diluted	(0.08)	(0.01)
Weighted average number of shares – basic and diluted	14,530,371	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)

	Number of Shares	Share Capital Amount \$	Warrants Reserve \$	Contributed Surplus \$	Deficit \$	Total \$
Balance at December 31, 2018	10,371,467	982,532	254,873	-	(951,020)	286,385
Issuance of shares pursuant to initial public offering	17,250,000	3,450,000	-	-	-	3,450,000
Issuance of unit warrants pursuant to initial public offering	-	(607,000)	607,000	-	-	-
Issuance of agent warrants pursuant to initial public offering	-	(78,845)	78,845	-	-	-
Share issuance costs	-	(269,055)	(57,414)	-	-	(326,469)
Share-based compensation	-	-	-	123,231	-	123,231
Net loss	-	-	-	-	(1,203,266)	(1,203,266)
Balance, December 31, 2019	27,621,467	3,477,632	883,304	123,231	(2,154,286)	2,329,881
Balance at December 31, 2017	10,371,467	982,532	254,873	-	(816,358)	421,047
Net loss	-	-	-	-	(134,662)	(134,662)
Balance, December 31, 2018	10,371,467	982,532	254,873	-	(951,020)	286,385

*The accompanying notes are an integral part of these financial statements*

## Evergold Corp. Statements of Cash Flows

(Expressed in Canadian dollars)

	Years ended December 31	
	2019	2018
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Loss for the year	(1,203,266)	(134,662)
Items not affecting cash		
Share-based compensation	123,231	-
Changes in non-cash working capital:		
HST receivable	(80,774)	(6,682)
Prepaid expenses and deposits	(19,660)	-
Accounts payable and accrued liabilities	34,950	51,952
<b>Net cash used in operating activities</b>	<b>(1,145,519)</b>	<b>(89,392)</b>
<b>Financing activities</b>		
Issuance of common shares	3,450,000	-
Share financing costs	(326,469)	-
<b>Total financing activities</b>	<b>3,123,531</b>	<b>-</b>
<b>Investing activities</b>		
Repayment of loan receivable	150,000	-
Payment of reclamation bonds	(57,000)	-
	93,000	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,071,012</b>	<b>(89,392)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>176,394</b>	<b>265,786</b>
<b>Cash and cash equivalents, end of year</b>	<b>2,247,406</b>	<b>176,394</b>
<i>The accompanying notes are an integral part of these financial statements</i>		
<b>Supplemental information:</b>		
Issuance of agent warrants	\$78,845	-



## 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. The Company is a reporting issuer listed on the TSX Venture Exchange ("TSXV").

These financial statements were approved by the Board of Directors on March 31, 2020.

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 amounts expended on exploration 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 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 December 31, 2019, the Company had a deficit of \$2,154,286 (December 31, 2018 - \$951,020) and working capital of \$2,272,881 (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.

## 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").

### 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 years ended December 31, 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 December 31, 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 recovery is 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 any warrants or options issued were determined to be anti-dilutive for the years ended December 31, 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 financial assets 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 financial assets at amortized cost. 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 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 as other financial liabilities at amortized cost. 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 December 31, 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 loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

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:**

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 loss 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 loss.

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

#### *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.

#### *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 and warrants*

Management determines the value of any share-based payments using market-based valuation techniques such as the Black-Scholes model outlined in note 6. 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. Warrants are valued using a similar approach. 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.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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.

#### **Recent Accounting Pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

*IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)* were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

### **4. RECLAMATION BOND**

The Company posts reclamation bonds with the B.C. Ministry of Energy, Mines and Petroleum Resources as security toward planned 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 December 31, 2019, the Company has posted a \$25,000 reclamation bond covering anticipated work on the Snoball property, a \$27,000 reclamation bond covering anticipated work on the Golden Lion property, and a \$5,000 reclamation bond covering anticipated work on the Holy Cross property, for a combined total of \$57,000 (December 31, 2018 - \$nil).

## 5. INTEREST IN EXPLORATION PROPERTIES AND EXPLORATION EXPENDITURES

### Snoball Property

The Snoball property is located in the Liard Mining Division of northwestern British Columbia. The Company acquired a 100% ownership interest in the property effective April 5, 2016, further to a Mineral Property Acquisition Agreement (the "Agreement"), covering four mineral properties. 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 Toadoggone region of northcentral British Columbia, Canada. The Company acquired a 100% ownership interest in the property effective April 5, 2016, further to a Mineral Property Acquisition Agreement (the "Agreement"). 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. The Company acquired a 100% ownership interest in the property effective April 5, 2016, further to a Mineral Property Acquisition Agreement (the "Agreement"). 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. The Company acquired a 100% ownership interest in the property effective April 5, 2016, further to a Mineral Property Acquisition Agreement (the "Agreement"). 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 during 2019:

Expense Category	Snoball \$	Golden Lion \$	Holy Cross \$	Spanish Mountain \$	Total \$
Geochemical	316	17,153	4,480	10,876	32,825
Geological	23,929	64,280	5,772	5,510	99,491
Environmental	14,774	14,990	1,841	-	31,605
Camp & lodging	8,877	18,752	1,469	2,676	31,774
Aircraft	57,810	62,837	29,335	-	149,982
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	41,263	37,521	4,439	704	83,927
<b>Total</b>	<b>208,955</b>	<b>289,117</b>	<b>58,878</b>	<b>21,795</b>	<b>578,745</b>



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

The following is a summary of exploration expenditures by property during 2018:

Expense Category	Snoball \$	Golden Lion \$	Holy Cross \$	Spanish Mountain \$	Total \$
Geochemical	3,820	38,410	-	-	42,230
Geological	18,988	27,900	4,400	-	51,287
Aircraft	7,501	10,857	-	-	18,358
Miscellaneous	-	550	-	69	619
<b>Total</b>	<b>30,309</b>	<b>77,717</b>	<b>4,400</b>	<b>69</b>	<b>112,494</b>

**6. CAPITAL STOCK, OPTIONS AND WARRANTS**

**(a) Authorized**

Unlimited number of common shares, without par value.

**(b) Issued**

27,621,467 common shares

Summary of changes in capital stock:

	Shares #	Amount \$
Balance, December 31, 2017 and 2018	10,371,467	982,532
Issuance of common share units pursuant to initial public offering	17,250,000	3,450,000
Issuance of unit warrants pursuant to initial public offering	-	(607,000)
Issuance of compensation options pursuant to initial public offering	-	(78,845)
Share issuance costs	-	(269,055)
Balance, December 31, 2019	27,621,467	3,477,632

On October 4, 2019, the Company completed 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 common share 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 agents to purchase one common share at a price of \$0.20 per common share until October 4, 2021.

**Stock options**

The Company has adopted a stock option plan (the "Option Plan") for directors, officers 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.

## 6. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

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.

Of the total 2,380,000 options granted on October 4, 2019, 2,280,000 are exercisable and vesting in thirds, at 20, 25 and 30 cents respectively, with the vesting commencing on the date of grant (October 4, 2019) and the subsequent first (October 4, 2020) and second anniversaries (October 4, 2021) thereof, and ending 5 years thereafter, respectively. The residue of 100,000 options, granted to Peak Investor Marketing Corp. also on October 4, 2019, are all exercisable at 20 cents a share, vest at a rate of 25% on each of the three, six, nine, and twelve-month anniversaries of grant, and expire 30 days following the conclusion of Peak's marketing services agreement with the Corporation.

Exercise price	Options outstanding	Options exercisable	Expiry date
\$0.20	859,997	759,997	October 4, 2024
\$0.25	760,000	-	October 4, 2025
\$0.30	760,003	-	October 4, 2026
<b>Total</b>	<b>2,380,000</b>	<b>759,997</b>	

The weighted average remaining contractual life of options outstanding is 5.73 years.

The following is a summary of stock option grant activity and related Black-Scholes option pricing model input factors used for the year ended December 31, 2019:

	Year ended December 31, 2019
Stock options granted during the period	2,380,000
Weighted-average exercise price	\$0.20-\$0.30
Expected stock option life <sup>(1)</sup>	5-7 years
Expected volatility <sup>(2)</sup>	100%
Risk-free interest rate <sup>(3)</sup>	1.25%
Dividend yield	Nil
Forfeiture rate	Nil

1. The Company estimates the expected stock option life (estimated period of time outstanding) of options granted to be the length of time before the stock option's expiry until such time that the Company can base its estimate on historical information on the Company's options.
2. The expected volatility was based on the trading history of comparable companies over a period equal to the expected stock option life.
3. The risk-free rate is based on the yield of a Government of Canada marketable bond in effect at the time of grant with an expiry commensurate with the expected life of the award.

An amount of \$121,937 was recorded as share-based compensation in connection with the granting of 2,280,000 stock options to directors, officers and consultants. An amount of \$1,294 was recorded as share-based compensation in connection with the granting of options to Peak Investor Marketing Corp.

**6. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)**

**Warrants**

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

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2018 and 2017	3,146,575	0.14
Warrants issued pursuant to initial public offering	8,625,000	0.25
Compensation options issued pursuant to initial public offering	1,207,500	0.20
Balance, December 31, 2019	12,979,075	0.22

  

Exercise price	Number of warrants	Expiry date
\$0.12	2,047,075	May 1, 2022
\$0.18	1,099,500	July 12, 2021
\$0.25	8,625,000	October 4, 2021
\$0.20	1,207,500	October 4, 2021
	12,979,075	

The following is a summary of warrant activity and related Black-Scholes option pricing model input factors used for the year ended December 31, 2019:

	Year ended December 31, 2019
Warrants granted during the period	9,832,500
Weighted-average exercise price	\$0.24
Expected warrant life <sup>(1)</sup>	2 years
Expected volatility <sup>(2)</sup>	100%
Risk-free interest rate <sup>(3)</sup>	1.41%
Dividend yield	Nil
Forfeiture rate	Nil

1. The Company estimates the expected warrant life (estimated period of time outstanding) of warrants granted to be the length of time before the warrant's expiry until such time that the Company can base its estimate on historical information on the Company's options.
2. The expected volatility was based on the trading history of comparable companies over a period equal to the expected stock warrant life.
3. The risk-free rate is based on the yield of a Government of Canada marketable bond in effect at the time of grant with an expiry commensurate with the expected life of the award.

**6. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)**

**Contributed surplus**

	\$
Balance, December 31, 2018 and 2017	-
Share-based payment expense	123,231
<b>Balance, December 31, 2019</b>	<b>123,231</b>

**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.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2019 and 2018.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of December 31, 2019, the Company believes it is compliant with the policies of the TSXV.

**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.

## **9. FINANCIAL RISK FACTORS (CONTINUED)**

### **Credit risk**

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables included in amounts receivable, and reclamation bond. 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 December 31, 2019, the Company had a cash and cash equivalents balance of \$2,247,406 (December 31, 2018 - \$176,394) to settle current liabilities of \$87,595 (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. On October 4, 2019, the Company completed its initial public offering and listing of its shares on the TSX Venture Exchange 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. Based on the scale of currently anticipated exploration programs and ability to execute, both of which may change, the Company's management believes it has sufficient resources to maintain operations for 18 months.

### **Interest rate risk**

The Company has cash and cash equivalents 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 virtually all 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.

## **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.

## 10. RELATED PARTY TRANSACTIONS (CONTINUED)

Evergold entered into the following transactions with related parties:

	For the years ended		Amount payable as at	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	\$	\$	\$	\$
Consulting fees paid or accrued to the Company's Chief Executive Officer	137,500	-	14,125	702
Exploration expenses paid or accrued to C.J. Greig & Associates Ltd., an exploration services company controlled by a former Director or spouse of a current Director <sup>(1)</sup>	236,378	76,696	15,227	32,604
Consulting fees paid or accrued to the Company's Chief Financial Officer	46,500	3,000	5,085	3,390
<b>Totals</b>	<b>420,378</b>	<b>79,696</b>	<b>34,437</b>	<b>36,696</b>

During the year ended December 31, 2019, the Company expensed \$113,915 in share-based compensation related to options granted to Officers and Directors of the Company.

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.

- <sup>(1)</sup> As described in Note 5, the 2016 Agreement to acquire the Company's four exploration properties was entered into with C.J. Greig Holdings Ltd., a company owned and controlled by a then-director and officer of the Company, C.J. ("Charlie") Greig. Charlie Greig stepped down as a director of the Company on June 25, 2019, but continues to serve as senior technical advisor to the Company, and his spouse Bernice Greig as a Company director. C.J. Greig Holdings Ltd. continues to hold four 0.5% NSRs, one for each of the Company's four mineral properties, that resulted from the Agreement. C.J. Greig & Associates Ltd. continues to provide under contract the services of multiple geologists to the Company, including the Company's Vice President, Exploration, Andrew Mitchell.

## 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. INCOME TAXES

### a) Provision for Income Taxes

	2019 \$	2018 \$
(Loss) before income taxes	(1,203,266)	(134,662)
Expected income tax recovery based on statutory rate	(319,000)	(36,000)
Adjustment to expected income tax benefit:		
Share-based compensation	33,000	-
Expenses not deductible for tax purposes	142,000	-
Change in benefit of tax assets not recognized	144,000	36,000
Deferred income tax provision (recovery)	-	-

### b) Deferred Income Taxes

	2019 \$	2018 \$
Non-capital loss carryforwards	739,000	110,000
Exploration properties	1,077,000	841,000
Share issue costs	338,000	-
Total	2,154,000	951,000

The Company's non-capital losses expire between 2035 and 2039. Exploration property costs carry forward indefinitely. The potential future benefit of these losses has not been recognized in the financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits.

## 13. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2019 was based on the net loss attributable to common shareholders of \$1,203,266 (December 31, 2018 - \$134,662) and the weighted average number of common shares outstanding of 14,530,371 (December 31, 2018 - 10,371,467).

Diluted loss per share in all periods did not include the effect of 12,979,075 warrants outstanding (December 31, 2018 - 3,146,575 warrants outstanding) and 2,380,000 options outstanding (December 31, 2018 - nil options outstanding) as they are anti-dilutive.

## **14. 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.

### **Management Contract**

The Company has entered into an agreement (the "Agreement") with Kevin Keough (the "Executive") to provide services to the Company in the general capacity of President and CEO and to undertake the duties and exercise the powers associated with this role. Under the terms of the Agreement, the Executive is contracted by the Company for an indefinite term, commencing as of February 1, 2019. The Company will pay the Executive \$150,000 per annum. Upon the occurrence of a change of control or termination without cause, the Agreement requires additional contingent payments equal to 12 months of salary. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

### **Exploration Properties**

See Note 5.

### **Indemnity Agreements**

The Company has indemnified the directors and officers of the Company against amounts that may become due by the directors and officers in connection with their acting as director or officer of the Company.

## **15. SUBSEQUENT EVENTS**

### **Novel Coronavirus ("COVID-19")**

The Company's plans and operations may be adversely affected by the sudden emergence of the COVID-19 virus pandemic. At the time of writing this pandemic has already resulted in international travel bans, interprovincial travel restrictions, the forced closure of most suppliers and businesses, the quarantining and self-isolation of those who have or may have contracted the virus, and the widespread adoption by the remainder of the population of physical / social distancing measures. Fear of contagion is widespread in many communities, in particular isolated northern communities where elders are vulnerable due to poor health and lack of ready access to medical care. Some of these communities are now preventing outsiders from entering. Should these conditions – travel bans, loss of suppliers, and lack of personnel due to illness - continue through a significant part of the new fiscal year, it is likely that the Company will not be able to execute its exploration plans, either in whole or in part. Moreover, the economic downturn that is underway in consequence of the pandemic and the resulting volatility in stock and financial markets may make it difficult or impossible for the Company to raise additional capital going forward.

### **Communications and Engagement Agreement with the Tahltan Central Government**

On January 21, 2020, the Company signed a Communications and Engagement Agreement with the Tahltan Central Government ("TCG"). The agreement confirms the high priority the Company places on developing a constructive and respectful relationship with the TCG concerning the Company's economic activities within Tahltan Territory and acknowledges the role of the TCG in keeping its members informed of the ongoing or potential economic activities occurring within Tahltan Territory.

### **Receipt of Golden Lion Exploration Permit**

In March, the Company received a multi-year exploration and drilling permit for the Snoball property, and is now well positioned to execute its plans.