Evergold Corporation

Financial Statements

For the Years Ended December 31, 2018 and 2017

McGovern Hurley LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Directors 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, 2018 and 2017, 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, 2018 and 2017, 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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, 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

(signed) "*McGovern Hurley LLP*"

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
September 16, 2019

Evergold Corporation
Statements of Financial Position
(Expressed in Canadian dollars)

	As at December 31 2018 $	As at December 31 2017 $
Assets		
Current		
Cash and cash equivalents	176,394	265,786
HST receivable	12,636	5,954
Loan receivable (note 10)	150,000	150,000
Total assets	**339,030**	**421,740**
Liabilities		
Current		
Accounts payable and accrued liabilities (note 9)	52,645	693
Shareholders' equity		
Share capital (note 5)	982,532	982,532
Warrants	254,873	254,873
Retained deficit	(951,020)	(816,358)
Total shareholders' equity	286,385	421,047
Total liabilities and shareholders' equity	**339,030**	**421,740**

The accompanying notes are an integral part of these financial statements

Approved by the Board of Directors and authorized for issue on September 16, 2019

(signed) "*Kevin M. Keough*"
Director

(signed) "*Rosie Moore*"
Director

Evergold Corporation
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Years ended December 31	
	2018	**2017**
	$	**$**
General and administrative expenses		
Exploration expenditures (note 4)	112,494	319,406
Management and consulting fees (note 9)	3,000	-
Professional fees	15,000	685
Office and miscellaneous	4,168	4,623
	134,662	324,714
Loss before the undernoted	(134,662)	(324,714)
Interest income	-	-
Income before taxes	(134,662)	(324,714)
Tax expense	-	-
Loss and comprehensive loss for the period	(134,662)	(324,714)
Loss per share	(0.01)	(0.02)
Weighted average number of shares – basic and diluted	10,371,467	16,538,065

The accompanying notes are an integral part of these financial statements

Evergold Corporation
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Shares	Share capital Amount	Warrants reserve	Deficit	Total
		$	$	$	$
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	10,371,469	982,532	254,873	(951,020)	286,385
Balance at December 31, 2016	15,029,959	474,181	177,320	(491,644)	159,857
Restructuring					
Cancellation of shares and warrants	(15,029,959)	-	-	-	-
Re-issuance of shares and warrants	8,188,300	265,000	-	-	265,000
Seed round financing	2,183,167	327,475	-	-	327,475
Issuance of warrants		(77,000)	77,000		-
Share issuance costs		(7,124)	553	-	(6,571)
Net loss	-	-	-	(324,714)	(324,714)
Balance, December 31, 2017	10,371,467	982,532	254,873	(816,358)	421,047

The accompanying notes are an integral part of these financial statements

Evergold Corporation
Statements of Cash Flows

(Expressed in Canadian dollars)

	Years ended December 31	
	2018	2017
	$	$
Cash provided by (used in)		
Operating activities		
Loss for the period	(134,662)	(324,714)
Items not affecting cash		
Settlement of expenses with shares	-	265,556
Changes in non-cash working capital items:		
HST receivable	(6,682)	(4,797)
Accounts payable and accrued liabilities	51,952	60
Net cash used in operating activities	(89,392)	(63,895)
Financing activities		
Proceeds from the issuance of common shares	-	327,475
Share issuance costs	-	(7,125)
Net cash generated from financing activities	-	320,350
Investing activities		
Acquisition costs	-	-
Net cash used in investing activities	-	-
Net increase (decrease) in cash and cash equivalents	(89,392)	256,455
Cash and cash equivalents, beginning of period	265,786	9,331
Cash and cash equivalents, end of period	176,394	265,786

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 head 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 September 16, 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 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, 2018, the Company had a deficit of $951,020 (2017 - $816,358) and working capital of $286,385 (2017 - $421,047). The Company's ability to continue operations and fund its future exploration property expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and 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:

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared in compliance with IFRS and in accordance with the accounting policies described in Note 3, Summary of Significant Accounting Policies. The policies set out below have been consistently applied to all the periods presented, unless otherwise noted.

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, 2018 and 2017.

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.

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 during the years ended December 31, 2018 and 2017.

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 receivable 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 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 December 31, 2018 and 2017.

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:

Assets' 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 make a decision based on the best available information at the end of each reporting period.

Assets' carrying values and impairment charges

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 the geologic and metallurgic 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.

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 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 not yet adopted:

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective for its annual periods beginning on or after July 1, 2018. The Company is current evaluating the potential impacts 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 recognises 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 recognise 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. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

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. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New IFRS standards adopted:

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 3. IFRS 9 was early adopted by the Company on January 1, 2017.

4. INTEREST IN EXPLORATION PROPERTIES AND EXPLORATION EXPENDITURES

<u>Snoball Property</u>
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.

<u>Golden Lion Property</u>
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.

NOTES TO THE FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS)

4. INTEREST IN EXPLORATION PROPERTIES AND EXPLORATION EXPENDITURES (continued)

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 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 2018:

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

The following is a summary of exploration expenditures by property for 2017:

	Snoball $	Golden Lion $	Holy Cross $	Spanish Mountain $	Total $
Aircraft	5,065	2,387	-	-	7,452
Geochemical	2,586	8,250	17,889	-	28,725
Camp & lodging	-	2,800	-	-	2,800
Geological	62,370	4,797	22,166	54,428	143,761
Geophysical	-	18,561	-	-	18,561
Drilling	66,915	51,192	-	-	118,107
Total	**136,936**	**87,987**	**40,055**	**54,428**	**319,406**

NOTES TO THE FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS)

5. CAPITAL STOCK, OPTIONS AND WARRANTS (continued)

(a) Authorized

Unlimited number of common shares, without par value.

(b) Issued

10,371,467 common shares

Summary of changes in capital stock:

	Shares #	Amount $
Balance, December 31, 2016	**15,029,959**	**474,180**
Restructuring		
Cancellation of shares	(15,029,959)	-
Issuance of shares	8,188,300	265,000
Issuance of shares and warrants in seed round financing	2,183,167	327,475
Issuance of warrants - valuation		(77,000)
Share issuance costs		(7,125)
Balance, December 31, 2017 and December 31, 2018	**10,371,467**	**982,350**

i. During May 2017, the Company restructured and consolidated its common shares and warrants. As a result of the restructuring, 15,029,959 common shares and 6,514,979 warrants were cancelled, and 2,270,000 replacement units were issued. Each unit consisted of one common share valued at $0.10 each and one-quarter of one common share purchase warrant exercisable at $0.12 until May 1, 2022.

ii. As a result of the restructuring, proportionately more common shares and warrants were issued to the holder of shares and warrants previously issued as compensation for the acquisition of exploration properties. The Company estimated the incremental value of these common shares and warrants to be $265,000, based on the previous subscription price paid. The incremental value has been recorded as an increase to common shares and as an exploration expenditure.

iii. 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. The estimated grant date fair value of the warrants was determined to be $77,000 based on the Black Scholes model and the following assumptions: expected life of two years; expected volatility of 100%, expected dividend yield of 0%; risk-free rate of 1%.

NOTES TO THE FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS)

5. 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, 2016	6,514,979	0.07
Warrants cancelled in share consolidation	(6,514,979)	0.07
Warrants issued	2,047,075	0.12
Compensation warrants issued	1,091,584	0.18
Balance, December 31, 2017 and December 31, 2018	3,138,659	0.14

6. 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.

7. 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 approach during the years ended December 31, 2018 and 2017.

8. 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 2018 and 2017.

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.

8. FINANCIAL RISK FACTORS (continued)

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, 2018, the Company had a cash and cash equivalents balance of $176,394 (2017 - $265,786) to settle current liabilities of $52,645 (2017 - $693). The Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing. Management is continuing to pursue various financing initiatives in order to provide sufficient cash flow to finance operations as well as funding its 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

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

NOTES TO THE FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS)

9. 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 years ended December 31		Amount payable as at	
	2018	2017	December 31, 2018	December 31, 2017
	$	$	$	$
Consulting fees paid or accrued to the Company's Chief Executive Officer	-	-	702	693
Exploration expense paid or accrued to a company controlled by a Director	76,696	301,534	32,604	-
Consulting fees paid or accrued to the Company's Chief Financial Officer	3,000	-	3,390	-
Totals	79,696	301,534	36,696	693

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.

10. 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.

NOTES TO THE FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS)

11. INCOME TAXES

a) Provision for Income Taxes

	2018 $	2017 $
(Loss) before income taxes	(134,662)	(324,714)
Expected income tax recovery based on statutory rate	(36,000)	(86,000)
Adjustment to expected income tax benefit:		
Change in benefit of tax assets not recognized	36,000	86,000
Deferred income tax provision (recovery)	-	-

b) Deferred Income Taxes

	2018 $	2017 $
Non-capital loss carry-forwards	110,000	88,000
Exploration properties	841,000	728,000
Total	951,000	816,000

12. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2018 was based on the net loss attributable to common shareholders of $134,662 (year ended December 31, 2017 - $324,714) and the weighted average number of common shares outstanding of 10,371,467 (year ended December 31, 2017 – 16,538,065). Diluted loss per share did not include the effect of 3,138,658 warrants outstanding (December 31, 2017 – 3,138,658 warrants outstanding) as they are anti-dilutive.

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 September 16, 2019, the Company filed a (final) prospectus with the Ontario Securities Commission, the Alberta Securities Commission and the British Columbia Securities Commission to undertake a minimum offering of 13,304,370 units and a maximum offering of 15,000,000 units at a price of $0.20 per unit. Each unit consists of one common share and one half of one common share purchase warrant.