



## **Evergold Corp.**

### **Management's Discussion and Analysis**

*For the Six Months Ended June 30, 2020 and 2019*

## Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Evergold Corp. ("Evergold" or the "Company") has been prepared by management as at August 28, 2020 and should be read in conjunction with the condensed financial statements of the Company for the 6 months ended June 30, 2020 and 2019 (the "Financial Statements") and related notes. Additional information on the Company may be found at [www.evergoldcorp.ca](http://www.evergoldcorp.ca), or under the Company's profile at [www.sedar.com](http://www.sedar.com).

The Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the condensed Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the Financial Statements, together with the other financial information included in the filings, fairly present in all material respects the financial condition, financial performance, and cash flows of the Company as of the date of, and for the periods presented in, the filings.

The Company's Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

## Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: the highly uncertain nature of geology; limited operating history; business interruption due to global pandemic; inability to generate earnings or pay dividends for the foreseeable future; no current assets other than cash; uncertain ability to raise additional funds when required; reliance on a small number of key managers lacking backup; potential conflicts of interest among directors and officers of the Company; lack of liquidity for shareholders; ability to secure needed permits; ability to physically access and work the Company's property assets due to poor weather or First Nations risks; a potential lack of key contract personnel and services providers needed to execute elements of the Company's exploration plans; and market risk consisting of fluctuations in the Company's share price, metal

prices, credit market conditions and investor appetite for early stage exploration companies. See "Risks and Uncertainties".

Management provides forward-looking statements because they believe such statements deliver useful guidance and information to readers when considering their investment objectives. Though management believes such statements to be as accurate as possible in the context of the information available to management at the time in which they are made, management cautions readers that the guidance and information contained in such statements may rapidly be superseded by subsequent events. Consequently, all of the forward-looking statements made in this MD&A and the related financial statements are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments suggested by such forward-looking statement will be realized or, even if substantially realized, that they will have the expected results, or effects upon, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

## COVID-19 Impacts

At the time of writing the Company's plans and operations have been somewhat affected by various governments' reactions to the COVID-19 virus pandemic, although not, to date, in a materially negative way. Mineral exploration and development is designated an "essential service" under British Columbia's COVID-19 State of Emergency orders, and the pandemic curve in the province has flattened. The Company's key suppliers are all located relatively close to site in northern and central interior B.C. and, in cooperation with these suppliers, the Company has put in place virus mitigation protocols. Nonetheless, should the economic and market disruption resulting from COVID-19 continue for an extended period, or significant new outbreaks of the virus occur, the Company may find its ability to raise additional capital and/or execute its exploration programs restricted, in part or in whole.

## Corporate History and Description of the Business

Evergold was incorporated as a privately held mineral exploration company in October 2015, to serve as a vehicle for the acquisition, exploration and development of mineral properties in Canada. The Company's focus quickly turned to the province of British Columbia and the four 100%-owned property assets that now comprise its portfolio: **Snoball**, located in the heart of northwestern B.C.'s so-called "Golden Triangle"; **Golden Lion**, located well to the east of Snoball in similar Stikine terrane rocks, at the north end of the Toodoggone region and 70 kilometres northwest of the Kemess mine; **Holy Cross**, located in central B.C. 60 kilometres due north of New Gold's Blackwater deposit; and **Spanish Lake**, located in the Cariboo region of central interior B.C., approximately 8 kilometres southeast of the Spanish Mountain gold deposit. Snoball, Golden Lion, and Holy Cross are interpreted as intrusion-related, precious and base metals-enriched systems. Each presents the potential for a variety of mineralization styles, including high-grade epithermal-style quartz-carbonate gold-silver veins, high-grade copper-gold-silver carbonate replacement/skarns, and bulk tonnage porphyry-style copper-gold-silver. Spanish Lake is a sediment-hosted vein gold prospect.

All four properties were acquired effective April 5, 2016, further to a Mineral Property Acquisition Agreement (the "Agreement"), between the Company and vendor C.J. Greig Holdings Ltd. of Penticton, B.C., a company controlled by C.J. (Charlie) Greig. Charlie Greig is as of the time of writing a senior technical advisor, insider, and a principal shareholder of, Evergold Corp. There were no staged cash payment or work commitment elements in the Agreement. In addition, the Agreement includes a 0.5% Net Smelter Returns ("NSR") royalty payable on any future production from each of the four properties. There are no buy-back options on the NSRs.

Through the course of 2017 and 2018, the Company largely lay dormant as management focused on other business interests. However, some key exploration work, consisting mainly of geochemical sampling and geophysical surveys, was carried out in both years on the Company's flagship Snoball and Golden Lion properties, with encouraging results. Accordingly, in February 2019, management commenced a process to take the Company public through an Initial Public Offering ("IPO") process on the TSX Venture Exchange ("TSXV"). Fundamental to this process was the preparation, by David W. Tupper, B.Sc., P.Geo., a Qualified Person as defined by National Instrument 43-101, of compliant Technical Reports for both the Snoball and Golden Lion properties. Copies of both these documents may be viewed on the Company's website at [www.evergoldcorp.ca](http://www.evergoldcorp.ca) and under its profile at [www.sedar.com](http://www.sedar.com).

On October 4, 2019, the Company successfully completed its IPO and attendant listing of its shares under the ticker "EVER" on the TSXV for gross proceeds of \$3.45 million. Later, in March and April, 2020, the Company also listed its shares under the ticker symbol "5EG" on three German stock exchanges: Frankfurt, Munich and Tradegate.

On May 21, 2020, the Company closed a private placement of 1,757,388 common shares on a flow-through basis at a price of \$0.67 per share for aggregate gross proceeds of \$1,177,450 (the "Offering"). Net proceeds of the Offering are being used for exploration, primarily drilling, of high-priority targets on the Company's Snoball and Golden Lion properties in northern British Columbia, Canada. In connection with the Offering the Company paid cash finder's fees of \$40,000 and issued 35,147 finder warrants. All shares issued in the Offering are subject to a four-month hold period from closing.

## **Property Assets and Exploration Activities**

### **Snoball Property**

A comprehensive NI 43-101 Technical Report is available for the Snoball property from the Company's website at [www.evergoldcorp.ca](http://www.evergoldcorp.ca) and from its profile at [www.sedar.com](http://www.sedar.com).

The helicopter accessible, 3,545-hectare Snoball property is located in northwestern British Columbia, approximately 140 kilometres north-northwest of the village of Stewart, 25 kilometres northwest of the Bob Quinn Lake gravel airstrip, and 12 kilometres as the crow flies from highway 37. The property is situated within the traditional territory of the Tahltan First Nation, which has demonstrated itself to be strongly supportive of mineral exploration and development, where the related activities are conducted to high standards within areas specifically targeted for mineral exploration, and carried out in a manner respectful of the environment and traditional users of the affected areas. A 100% ownership interest in the property was acquired effective April 5, 2016, further to the Acquisition Agreement described above, details of which may be found in the Company's prospectus dated September 16, 2019, copies of which are available from [www.sedar.com](http://www.sedar.com). A 0.5% NSR royalty payable to the property vendor on any future production is the sole remaining corporate obligation in relation thereto.

The Snoball prospect is a precious metals-enriched, intrusion-related system, centred on a body of diorite emplaced along the northwest-trending, faulted contact between Stuhini Group sedimentary rocks to the west, and Hazelton Group volcanics to the east (the BC Geological Survey's so-called "Red Line"). Known mineralization styles include 1) high-grade vein-hosted gold-silver, 2) carbonate replacement/skarn, and 3) disseminated bulk tonnage style gold-silver in hornfelsed sediments overlying the intrusion. Potential also exists for bulk-tonnage porphyry-style gold-silver-copper in the intrusion itself.

The property has seen several historical work programs, including gridded geochemical sampling of soils and rocks, mapping, trenching and geophysics, culminating with drilling by Noranda in 1992 (12 holes for 1,500 metres). The great bulk of this historical work, including all of the historical diamond drilling, took place at lower elevations on this rugged property.

Evergold's initial evaluation of historical sampling results suggested the actual source of a strong multi-element soil and rock anomaly developed by Noranda was up-slope to the north, at higher elevations well above the areas historically drilled. The Company's own soil and rock sampling (2016, 2017, 2018) of areas up-slope strongly reinforced this hypothesis, and pointed to the principal source of the multi-element anomaly as lying along and below Snoball Ridge and Pyramid Peak, neither of which had ever been drilled.

#### *Recent Exploration Activities on the Snoball Property*

The Company spent most of the first half of fiscal 2020 preparing for the first-ever drilling of its Snoball and Golden Lion properties. Commencing in early April and concluding late in the month, repairs to key bridges on the road to Golden Lion were carried out with industry partners. In March, April and May, drill permits for both properties were secured, key program contractors were locked down, and deposits advanced. Aerial surveys of snow conditions on both properties commenced on May 20 and were followed by further inspections on June 10 and 17. These surveys revealed unusually deep snow over the key target areas on both properties, coupled with abnormally cold conditions and delayed snow melt.

In consequence of the poor weather and slow start to summer, Evergold geological crew mobilized to the Snoball field camp on the old Burrage airstrip off Highway 37 on June 22, about 12 days behind schedule, and the drillers arrived June 24. The drill was slung to the Pyramid Peak "Apex" pad on June 27, and drilling commenced June 30 on the first hole of the season, DDH SB20-001. At the time of writing, drilling from the Apex pad has wrapped up for a total of 2,799 metres drilled in 13 holes, and the Company had announced, on August 18, the discovery of a new high-grade gold-silver vein system in drilling on Pyramid Peak, including intercepts such as 20.8 g/t Au & 54.54 g/t Ag over 0.70 metres from 134.30 to 135.00 metres in hole SB20-006, and 12.90 g/t Au and 54.24 g/t Ag over 1.44 metres from 47.75 to 49.19 metres in hole SB20-005. Additional assays are pending, and planning is underway for the construction of more drill pads, subject to review of results, financing and weather.

#### *First Nation Relationships, Snoball Property*

During the first half the Company signed both a *Communications and Engagement Agreement* and an *Opportunity Sharing Agreement* with the Tahltan Central Government ("TCG"). Under the former the Company has agreed to keep the Tahltan Nation well informed of ongoing and/or potential economic activities occurring within the Tahltan traditional territory, and to support the activities of the TCG. Under the latter, the Company has agreed to make best efforts to employ Tahltan Nation members and engage Tahltan businesses to carry out or supply goods and services to its exploration activities within the Tahltan traditional territory. At the time of writing these positive, relationship-building initiatives have borne considerable fruit, with Tahltan members and Tahltan-owned or affiliated businesses accounting for approximately 25-35% of the workforce and/or contractors engaged in the Company's Snoball and Golden Lion 2020 exploration programs.

#### **Golden Lion Property**

A comprehensive NI 43-101 Technical Report is available for the Golden Lion property from the Company's website at [www.evergoldcorp.ca](http://www.evergoldcorp.ca) and from its profile at [www.sedar.com](http://www.sedar.com).

The helicopter accessible, 5,099-hectare Golden Lion property is located in the Toodoggone region of northcentral British Columbia, approximately 308 kilometres north of Smithers, 70 kilometres northwest of Centerra's Kemess copper-gold mine, and 24 kilometres north of Benchmark's Lawyers (former Cheni Mine) project. The property is situated within the traditional territory of the Kaska Dena Nation, and more particularly the Kwadacha and Tsay Keh Dene communities, located some 80 to 100 kilometres to the east. A 100% ownership interest in the property was acquired effective April 5, 2016, further to the Acquisition Agreement described above, details of which may be found in the Company's prospectus dated September 16, 2019, copies of which are available at [www.sedar.com](http://www.sedar.com). A 0.5% NSR royalty payable to the property vendor on any future production is the sole remaining corporate obligation in relation thereto.

The Golden Lion property exhibits high grades of gold, silver and copper in selected outcrop, and high values of a spectrum of indicator elements in soil sampling, across three broad priority target areas known, respectively, as "GL1", "GL2" and "GL3". Styles of mineralization identified to date on the property include high-grade vein-hosted epithermal gold-silver, copper-gold-silver carbonate replacement/skarn, and porphyry-style copper-gold-silver.

Evergold acquired the Golden Lion property in May, 2016 which at that time encompassed just 190 hectares overlying the historical Golden Lion showing area, now constituting the core of the GL1 target area. The Golden Lion showing was the focus of considerable work by Newmont in the period from 1982 to 1984, including sampling, mapping, trenching, and geophysics, and culminating in the drilling of 22 holes for 2,475 metres in 1984. Evergold added another 1,337 hectares of claims in May 2017, following which it carried out its first exploration program that summer, concentrating on the GL1 target area. A second field program was carried out in 2018, focused on the newly-acquired claims to the east and northeast underlying what are now the GL2 and GL3 target areas. The results of these programs were considered highly encouraging, in consequence of which the Company again expanded the property size early in 2019 with the staking of an additional 3,572 hectares.

#### *Recent Exploration Activities on the Golden Lion Property*

The Company spent most of the first half of fiscal 2020 preparing for the first-ever drilling of its Snoball and Golden Lion properties. Commencing in early April and concluding late in the month, repairs to key bridges on the road to Golden Lion were carried out with industry partners. In March, April and May, drill permits for both properties were secured, key program contractors were locked down, and deposits advanced. Aerial surveys of snow conditions on both properties commenced on May 20 and were followed by further inspections on June 10 and 17. These surveys revealed unusually deep snow over the key target areas on both properties, coupled with abnormally cold conditions and delayed snow melt.

In consequence of the poor weather and slow start to summer, Evergold's geological crew mobilized to a temporary camp south of the Golden Lion property, near Black Lake, on June 22, about seven days behind schedule. Archaeological surveys of the on-site camp and principal target areas at Golden Lion, and construction of the camp itself, commenced on June 23 and concluded on June 28. Camp construction wrapped up shortly after quarter's end on July 6, with geological, geophysical, and geochemical crews arriving at that time. Following target refinement and prioritization, a Phase 1 drill program encompassing 2,400 metres of drilling, focused on multiple high priority targets within the GL1, GL2 and GL3 target areas, commenced on July 26. At the time of writing, almost 3,000 metres of drilling in 16 holes on six different targets has been completed at Golden Lion, with the majority (10 of 16 holes) completed at the GL1 'Main' zone. As announced August 18, broad intercepts of epithermal-style veining and alteration have been intercepted at the GL1 'Main' target. Drilling has now been paused to allow for review of results, financing, and planning of additional pads. Assays are pending.

#### *First Nation Relationships, Golden Lion Property*

The Golden Lion property falls within the traditional territories of two aboriginal groups: the Tahltan and Kaska Dena, and to the north of that of a third, the Sekani. The closest First Nation is the Kaska Dena community of Kwadacha (Fort Ware), located some 80 kms over the mountains to the east, and to its south, the Sekani community of Tsay Keh Dene.

During the first half the Company signed both a *Communications and Engagement Agreement* and an *Opportunity Sharing Agreement* with the Tahltan Central Government ("TCG"). Under the former the Company has agreed to keep the Tahltan Nation well informed of ongoing and/or potential economic activities occurring within the Tahltan traditional territory, and to support the activities of the TCG. Under the latter, the Company has agreed to make best efforts to employ Tahltan Nation members and engage Tahltan businesses to supply goods and services to its exploration activities within the Tahltan traditional territory. At the time of writing these positive, relationship-building initiatives have borne considerable fruit, with Tahltan members and Tahltan-owned or affiliated businesses accounting for approximately 25-35% of

the workforce and/or contractors engaged in the Company's Snoball and Golden Lion 2020 exploration programs.

During the first half of the year Company management also engaged in a meaningful way with both the Tsay Keh Dene and Kwadacha First Nations. With financial support from a consortium of industry participants including the Company and the B.C. Government, contractors and personnel from Tsay Keh Dene and Kwadacha were engaged to complete crucial maintenance work on the Omineca Resource Road and its bridges, leading toward site. This work wrapped up successfully in late April. Subsequently, personnel from Kwadacha have been employed at the Golden Lion exploration site in a variety of roles.

In January the Company also covered the travel costs for a group of three young people from Kwadacha and their chaperone to attend the annual Cordilleran Roundup in Vancouver, where they were shown around and introduced to the mineral exploration and extraction industry. As it turned out, most of the golden nuggets on display at one of the show booths had been mined by northern B.C. First Nations from rivers flowing through their traditional territories.

### **Holy Cross Property**

The road accessible, 1,872-hectare Holy Cross property is located in central British Columbia, Canada, approximately 30 kilometres south of the community of Fraser Lake, and north of the Blackwater gold deposit. A 100% ownership interest in the property was acquired effective April 5, 2016, further to the Acquisition Agreement described above, details of which may be found in the Company's prospectus dated September 16, 2019, copies of which are available at [www.sedar.com](http://www.sedar.com). A 0.5% NSR royalty payable to the property vendor on any future production is the sole remaining corporate obligation in relation thereto.

The primary target type on the Holy Cross property is high-grade and/or bulk-tonnage intrusion-related gold+/-silver+/-copper. The property is predominantly underlain by volcanic rocks of the Middle Jurassic to Eocene age Ootsa Group, which have been intruded by a large Jurassic age quartz monzonite stock on the northern portion of the tenures.

Historically mapped, trenched, sampled and surveyed by Noranda (1987-89) with encouraging results (e.g. 1 gram of gold per tonne (g/t Au) over 8.5 metres in chips, and 24.02 g/t Au and 20.8 g/t Ag from grabs), but never drilled, Holy Cross hosts a robust siliceous alteration system carrying locally elevated gold, copper and silver values over a large area, with attractive coincident geochemical-geophysical anomalies. Part of the property's allure is the heavy glacial drift coverage, which has camouflaged the underlying bedrock.

### **Recent Exploration Activities on the Holy Cross Property**

During the first two quarters of the year limited review of exploration results to date and forward planning for potential additional work took place.

### **Spanish Lake Property**

The road accessible, 1,573-hectare Spanish Lake property is located in the Cariboo Mining District of central British Columbia, Canada, some 80 kilometres east-northeast of Williams Lake and approximately 8 kilometres southeast along strike from the >5 million ounce Spanish Mountain gold deposit. A 100% ownership interest in the property was acquired effective April 5, 2016, further to the Acquisition Agreement described above, details of which may be found in the Company's prospectus dated September 16, 2019, copies of which are available at [www.sedar.com](http://www.sedar.com). A 0.5% NSR royalty payable to the property vendor on any future production is the sole remaining corporate obligation in relation thereto.

The Spanish Lake property has excellent potential to host a sediment-hosted vein gold system akin to that at the nearby Spanish Mountain deposit. Drilling by previous operator Dajin Resources in 2011 (12 NQ2 diameter core holes for 2,484 metres) intercepted long intervals of low-grade Spanish Mountain-style gold (i.e. sediment-hosted, with abundant microstructures and veining). Best results were achieved from the most southerly group of holes, with AD1-2011-7, 8, 11 and 12 each ending in mineralization, and the two

southwestern-most holes AD1-2011-11 and 12 returning long intervals (92 and 85.2 metres respectively) of very low-grade gold mineralization. True thicknesses are not known. The results suggest that only the fringes of a newly discovered zone may have been tested. Facing a major industry downturn, Dajin Resources walked away from the property without filing an assessment report. In 2016 Evergold acquired the property, expanded its size and, in 2017, completed a report on the 2011 work.

As grade and intersection lengths increase to the south and west in the southern 2011 drill pattern, a future program of IP and auger soil geochemical sampling has been proposed to target this under-explored, till-covered area. If results of this work were found to be encouraging, drilling would follow.

#### *Recent Exploration Activities on the Spanish Lake Property*

Other than reporting 2019 exploration activities for assessment purposes, no new exploration activities were carried out on the Spanish Lake property during the first half of the year.

## **Marketing Activities**

As a newly-listed company struggling for recognition, Evergold management made broadening awareness of the Company and its exploration plans a priority for the first half of fiscal 2020. This involved participation in the key Vancouver Resource Investment Conference and AMEBC Cordilleran Roundup events in January, the Toronto Metals Investor Forum in late February, and the Prospectors and Developers Association of Canada show in Toronto in early March. With the onset of the COVID-19 pandemic, events moved on-line from March 10 onward. The Company participated in a webinar hosted by O&M Partners on March 19, a "virtual" Metals Investor Forum on April 30, an interview with Crux Investors on May 7, an interview with Follow the Money Investment Group (FTMIG) on May 20 and a second interview with FTMIG on June 15, a second "virtual" Metals Investor Forum on June 18, a O&M-hosted "Virtual Lunch" in Atlanta on July 22<sup>nd</sup>, and a second O&M hosted Webinar on July 29, among other interviews and initiatives.

These activities were supplemented with the production of numerous investor-oriented videos and commercials, for example with BTV, posted to social media and the web and running on BNN Bloomberg, as well as selected on-line and print advertising initiatives. Company management made a conscious effort to remain very active on the marketing and promotion front throughout the onset of COVID-19, on the theory that investors forced to stay home and physically isolate, might spend more time viewing media. This theory was borne out by subsequent advertising campaign reporting results which showed viewings for the Company's commercials running far higher than would normally be the case; for example: 3,996,897 impressions/viewings during both runs in March on BNN Bloomberg and Bloomberg U.S..

The Company also sought to build awareness in the Chinese and German language markets by developing corporate profiles in both languages, translating selected news releases, and seeking and achieving (March 30, 2020) a listing of its shares on the Frankfurt market in Germany, followed within days thereafter by listings on the Munich and Tradegate markets, also in Germany. The Company's unique identifier for German markets is A2PTHZ. The results of these initiatives have been noteworthy, with considerable attention paid to the Company's prospects in Germany, as evidenced by robust trading of the Company's stock on German exchanges.

At the time of writing management is focused on marketing the Company's accomplishments in the first eight months of the year to the investor community, in support of its efforts to raise additional capital for further exploration on its Snoball and Golden Lion properties.

## **Overall Performance and Outlook**

Evergold is not a producer and will likely never have revenues, profits nor dividends. Investors should not, therefore, look to Evergold for these types of returns. Rather, our mission at Evergold is to deliver discoveries with the drill bit – and to provide our shareholders with the capital gains opportunities that often come with them.

In the roughly 10 months since its launch, October 4, 2019, as a publicly trading company, management has built a wide following for Evergold in the market. As is typical for early-stage mineral exploration companies, the Company's stock price has nonetheless been volatile, with periods of both strong share price appreciation and, more recently, some depreciation followed by share price stabilization at lower price levels around 50 cents. These movements have been driven by a combination of broadening awareness of the Company's plans and market anticipation of program drill results, generally positive market sentiment toward the entire precious metals sector stemming from strong increases in gold and silver prices (the "tide lifts all boats" phenomena), and news and drill results specific to Evergold, particularly the news release of August 18, 2020, announcing the discovery of a new high-grade gold-silver vein system at Pyramid Peak.

The response to the August 18 news of this discovery was to some degree negative, likely reflecting disappointment at the relatively narrow nature of the early, generally high-grade intercepts released. However, the potential for this new system to deliver very strong results going forward should not be discounted. High grade boulders and outcrop have been sampled on surface, and strong geochemical anomalism is widespread. It is early in the process of unfolding the discovery, and much has yet to be learned about the orientation, widths and grades of the mineralized parts of the system. The early intercepts were achieved at some of the highest elevations on the mountain, suggesting the major part of the system is intact below, within and below Pyramid Peak and Snoball Ridge. And modelling clearly suggests the presence of multiple structures. More drilling will be needed.

Also of import to the Company has been the Phase 1 drilling progress at Golden Lion. As per plan, the Company has tested with the drill a variety of targets at the GL1, GL2 and GL3 target areas, with the most encouragement received to date from holes on the GL1 'Main' zone. The historical drill results from this zone clearly point to the epithermal-style veining and alteration seen in core running values of gold, silver, lead and zinc. The zone can readily be distinguished in core both visually and by XRF. Accordingly, management is looking forward with anticipation to assay results, which are pending at the time of writing, and to further testing of the zone into new areas along strike and down dip.

The above developments bode well for the outlook further into 2020 and 2021. However, in the near term, crucial to the Company's plans and its ability to continue as a going concern is the completion of the private placement financing announced on August 26, 2020, without which the Company will be in financial jeopardy. Management has shown itself capable of raising capital and advancing corporate plans and shareholder interests through uniquely challenging circumstances, and believes it can continue to do so.

## **Selected Annual Financial Information**

The following is a summary of exploration expenditures by property during the first six months of 2020:

<b>Expense Category</b>	<b>Snoball</b>	<b>Golden Lion</b>	<b>Holy Cross</b>	<b>Spanish Lake</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Assaying	4,660	81,171	-	-	85,831
Camp	81,736	95,559	-	-	177,295
Drilling	32,526	5,373	-	-	37,899
Environmental	10,825	44,515	-	-	55,340
Fuel	25,170	1,278	-	-	26,448
Geological	33,331	31,178	-	2,163	66,672
Miscellaneous	18,575	87,128	678	3,412	109,793
Surveys	-	63,107	313	-	63,420
<b>Total</b>	<b>206,823</b>	<b>409,309</b>	<b>991</b>	<b>5,575</b>	<b>622,698</b>

The following is a summary of exploration expenditures by property during the first six months of 2019:

Expense Category	Snoball \$	Golden Lion \$	Holy Cross \$	Spanish Lake \$	Total \$
Assaying	5,741	8,141	-	-	13,882
Camp	1,055	2,031	1,094	-	4,180
Drilling	-	375	-	-	375
Environmental	2,146	2,530	-	-	4,676
Geological	13,619	50,587	1,000	2,475	67,681
Miscellaneous	619	7,057	345	150	8,171
Surveys	317	6,362	-	-	6,679
<b>Total</b>	<b>23,497</b>	<b>77,083</b>	<b>2,439</b>	<b>2,625</b>	<b>105,644</b>

Fiscal Year	For the Six Months and as at June 30, 2020 \$	For the Six Months and as at June 30, 2019 \$
Operating expenses	1,008,405	256,901
Loss from operations	1,008,405	256,901
Net loss for the period	1,008,405	256,901
Loss per share – basic and diluted	0.02	0.02
<b>Total assets</b>	<b>3,321,366</b>	<b>111,404</b>
<b>Total liabilities</b>	<b>370,216</b>	<b>94,420</b>

	Three Months Ended June 30		Six Months Ended June 30	
	2020 \$	2019 \$	2020 \$	2019 \$
<b>Operating expenses</b>				
Exploration expenditures	546,154	75,958	622,698	105,644
Management and consulting fees	51,000	51,000	102,000	82,000
Directors' fees	6,500	-	13,000	-
Share-based compensation	251,563	-	284,797	-
Professional fees	6,839	30,672	24,712	34,422
General and administrative	146,349	23,583	329,740	34,835
<b>Loss from operations</b>	<b>(1,008,405)</b>	<b>(181,213)</b>	<b>(1,376,947)</b>	<b>(256,901)</b>
Interest income	-	-	-	-
<b>Income before taxes</b>	<b>(1,008,405)</b>	<b>(181,213)</b>	<b>(1,376,947)</b>	<b>(256,901)</b>
Tax expense	-	-	-	-
<b>Loss and comprehensive loss for the period</b>	<b>(1,008,405)</b>	<b>(181,213)</b>	<b>(1,376,947)</b>	<b>(256,901)</b>

## Results of Operations

Total operating expenses and net loss were \$1,376,947 for the six months ended June 30, 2020 compared to \$256,901 in the comparative period in 2019, an increase of \$1,120,046. All categories of operating expenses saw increases resulting from implementation of the Company's scaled-up business plan and heightened overheads as a public company following the completion of the October 4, 2019 initial public offering.

Exploration expenses totaled \$622,698 for the six months ended June 30, 2020, compared to \$105,644 in the prior year period. Exploration expenditures on the Company's Snoball property totaled \$206,823 (2019 - \$23,497) for the first six months of 2020 and included \$81,736 (2019 - \$1,055) spent on camp, and \$32,526 (2019 - \$nil) on drilling. Expenditures on the Golden Lion property totaled \$409,309 for the first six months of 2020 (2019 - \$77,083) and included \$95,559 (2019 - \$2,031) spent on camp, \$44,515 (2019 - \$2,530) on archaeological and environmental surveys, and \$63,107 (2019 - \$6,362) on geochemical sampling programs. Exploration expenditures on the Company's Holy Cross property were \$991 for the first six months of 2020 (2019 - \$2,439). Spanish Lake expenditures were \$5,575 for the first six months of 2020 compared to \$2,625 in the prior year, relating to reporting for assessment purposes of exploration activities carried out in 2019.

The Company's emergence as a public issuer brought with it an increase in overheads necessitated by the need to meet public company governance and reporting standards, and more significantly, a considerable increase in marketing and promoting expenses, as management sought to broaden awareness of the Company and its plans. \$102,000 (2019 - \$82,000) was spent in the first six months of 2020 on management and consulting (CEO and CFO combined), \$24,711 (2019 - \$34,422) was spent on professional fees, primarily reflecting audit expenses in 2019 as the Company became a reporting issuer, and \$329,740 (2019 - \$34,835) was spent in the general and administrative category, primarily reflecting increased marketing and promotional expenses (\$287,445 spent in 2020 versus \$nil in 2019), stock exchange fees (\$9,309 in 2020 versus \$18,800 in 2019) and transfer agent fees (\$5,290 in 2020 versus \$2,520 in 2019). Operating expenses also included non-cash expenditures of \$284,798 (2019 - \$nil) related to share-based compensation as a result of the issuance of stock options to directors, officers, and consultants.

The following table sets out selected quarterly results of the Company for the eight quarters prior to the effective date of this report. The information contained herein is drawn from the unaudited interim financial statements of the Company for interim periods before December 31, 2019, when auditing of the financial statements began.

Calendar Year	2020	2020	2019	2019
Quarter	June 30	March 31	December 31	September 30
Revenue	\$nil	\$nil	\$nil	\$nil
Working capital	2,894,149	1,940,842	2,272,881	(559,260)
Operating expenses	1,008,405	368,542	342,621	603,744
<b>Net loss</b>	<b>1,008,405</b>	<b>368,542</b>	<b>342,621</b>	<b>603,744</b>
<b>Net loss per share <sup>(1)</sup></b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>0.06</b>

Calendar Year	2019	2019	2018	2018
Quarter	June 30	March 31	December 31	September 30
Revenue	\$nil	\$nil	\$nil	\$nil
Working capital	4,484	210,697	286,385	329,677
Operating expenses	181,213	75,688	43,292	56,129
<b>Net loss</b>	<b>181,213</b>	<b>75,688</b>	<b>43,292</b>	<b>56,129</b>
<b>Net loss per share <sup>(1)</sup></b>	<b>0.02</b>	<b>0.01</b>	<b>0.00</b>	<b>0.01</b>

Notes:

(1) Net loss per share on a diluted basis is the same as basic net loss per share as all factors which were considered in the calculation are anti-dilutive.

## Related Party Transactions

Evergold has entered into the following transactions with related parties:

	For the 6 months ended		Amount payable as at	
	June 30, 2020	June 30, 2019	June 30, 2020	December 31, 2019
	\$	\$	\$	\$
Consulting fees paid or accrued to the Company's Chief Executive Officer	75,000	62,500	14,451	14,125
Exploration expenses paid or accrued to C.J. Greig & Associates Ltd., an exploration services company controlled by a former Director and spouse of a current Director <sup>(1)</sup>	140,333	86,291	66,278	15,227
Consulting fees paid or accrued to the Company's Chief Financial Officer	27,000	19,500	5,085	5,085
<b>Totals</b>	<b>242,333</b>	<b>168,291</b>	<b>85,814</b>	<b>34,437</b>

Notes:

- (1) As described in Note 5 to the Financial Statements, 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. Mr. 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 is 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.

During the period ended June 30, 2020, the Company expensed \$204,121 (June 30, 2019 - \$nil) 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.

## Liquidity, Capital Resources, and Outlook

Evergold is an exploration-stage company and does not generate revenues. As such, it finances all of its operations and the exploration of its mineral properties entirely through the issuance of share capital. Although the Company has to date been successful in its attempts to raise capital, there can be no assurance that its future efforts will likewise be successful. The mineral exploration business is high risk and the vast majority of exploration projects on which capital is spent will not result in producing mines. The success of future financings will depend on a variety of factors including geological success – i.e. obtaining superior results from exploration; a positive investment climate encompassing strong metal prices, solid stock market conditions, and a "risk-on" appetite among investors; and the Company's track record and its management's ability and experience. If such financing is unavailable, Evergold may be unable to retain its mineral interests and execute its business plans.

As at June 30, 2020, the Company had working capital of \$2,894,149 compared to \$2,272,881 at December 31, 2019.

On May 21, 2020, the Company closed a private placement of 1,757,388 common shares on a flow-through basis at a price of \$0.67 per share for aggregate gross proceeds of \$1,177,450. Net proceeds of the offering are being used for exploration, primarily drilling, of high-priority targets on the Company's Snoball and Golden Lion properties in northern British Columbia, Canada. In connection with the offering the Company paid cash finder's fees of \$40,000 and issued 35,147 finder warrants. All shares issued in the offering are subject to a four-month hold period from closing.

On August 26, 2020, the Company announced a proposed non-brokered private placement for gross proceeds of up to \$3,500,000, composed of hard dollar (HD) units at a price of \$0.50 per unit and flow-through (FT) shares at a price of \$0.60 per FT Share. Each HD Unit shall be composed of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder to purchase one common share within 24 months from the date of issuance at a price of \$0.60 per common share if exercised in the first 12 months and \$0.70 per common share if exercised in the second 12 months. The Company's ability to continue as a going concern beyond the current field season will be dependent upon the Company's ability to successfully close this financing, without which it will be in financial jeopardy. Management has shown itself capable of raising capital and advancing corporate plans and shareholder interests through uniquely challenging circumstances, and believes it can continue to do so.

## Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at June 30, 2020 or at December 31, 2019.

## Critical Accounting Estimates and Policies

The Company's significant accounting policies and the adoption of new accounting policies are disclosed in Note 3 to the interim financial statements prepared for the six months ended June 30, 2020.

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of the recoverable value of its mineral exploration properties and related deferred exploration and evaluation expenditures, as well as the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock price volatility. The timing of exercise of options is out of the Company's control and will depend on a variety of factors, including the market value of the Company's shares and the financial objectives of the share-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes option pricing model. However, the future volatility is uncertain and the model has its limitations.

The recoverability of the recorded value of the Company's mineral exploration properties and associated deferred exploration and evaluation expenses is based on current market conditions for metals and minerals, underlying mineral resources associated with the properties, and future costs that may be required for the ultimate realization of value through mining operations or by sale. The Company operates in an industry that is dependent upon and subject to an array of factors and risks including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete exploration and development, and/or achieve profitable production, or realize value through the disposition of property assets.

## Commitments and Contingencies

### *Environmental Contingencies*

The Company's exploration activities are subject to various provincial and federal laws and regulations governing the protection of archaeological heritage and the environment. Prior to the execution of any exploration programs involving site disturbance, such as on-site camps and drilling operations, application must be made to the appropriate B.C. government ministries for an exploration permit. Permit applications must provide specific detail with regard to the Company's plans including, among other things, the nature and estimated total area of surface disturbance, impacts on wildlife, surveys for cultural artifacts, plans for waste disposal, and use of locally-sourced water, etc. Prior to the start of work, reclamation bonds must be posted with the B.C. Government to cover remediation of disturbed sites following program completion. As of the date of writing 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.

### *Management Contract*

The Company has entered into an engagement agreement with Kevin Keough, of indefinite term, to provide President and CEO services and to undertake the duties and exercise the powers associated with this role. The Company pays Mr. Keough \$150,000 per annum. Upon the occurrence of a change of control or termination without cause, the engagement 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.

### *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 directors or officers of the Company.

### *Flow Through Indemnity Provision*

The Company indemnifies the subscribers of flow-through shares for certain tax related amounts that may become payable by the subscribers if the Company were found to have not completed expenditure requirements pursuant to the flow-through subscription agreements.

## Financial Instruments & Risks

The Company's financial instruments consist of cash, other receivables, reclamation bonds, trade and other payables, accrued liabilities and amounts due to related parties.

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate, foreign exchange rate and price risk) and credit risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

**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. Accordingly, management believes that the credit risk associated with these financial instruments is low.

**Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital on hand to meet liabilities when due. The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. As at June 30, 2020, the Company had a cash balance of \$2,917,195 (December 31, 2019 - \$2,247,406) to settle current liabilities of \$370,216 (December 31, 2019 - \$87,594). On October 4, 2019, the Company completed its planned initial public offering (IPO) for gross proceeds of \$3.45 million, which provided funds for the execution of Evergold's initial business plan, which is largely focused on the concurrent drilling, underway at the time of writing, of both the Snoball and Golden Lion properties. These IPO funds were later supplemented, on May 21, 2020, with proceeds of a \$1,177,450 private placement, and by the exercise of options and warrants held by shareholders in the Company, which have added an additional \$682,607 to Company coffers in the roughly eleven months since the IPO.

On August 26, 2020, the Company announced a proposed non-brokered private placement for gross proceeds of up to \$3,500,000, composed of hard dollar (HD) units at a price of \$0.50 per unit and flow-through (FT) shares at a price of \$0.60 per FT Share. Each HD Unit shall be composed of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder to purchase one common share within 24 months from the date of issuance at a price of \$0.60 per common share if exercised in the first 12 months and \$0.70 per common share if exercised in the second 12 months. The Company's ability to continue as a going concern beyond the current field season will be dependent upon the Company's ability to successfully close this financing, without which it will be in financial jeopardy. Management has shown itself capable of raising capital and advancing corporate plans and shareholder interests through uniquely challenging circumstances, and believes it can continue to do so.

**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 virtually all purchases are transacted in Canadian dollars. The Company is therefore not exposed to foreign exchange risk.

**Price Risk**

Though not generally impacting day-to-day operations, the Company is exposed to price risk arising from fluctuating commodity prices, with lower metal prices in particular having the potential to negatively impact the prospect for successful future financings and the viability of proposed projects. Under strong economic conditions, price inflation can also negatively impact the viability of planned exploration programs and project development plans. Accordingly, the Company monitors commodity prices, economic conditions and rates of inflation on a regular basis, to keep apprised of trends.

## Capital Management

When managing capital, the Company's foremost objective is to generate optimal returns for shareholders. This requires first ensuring that Evergold continues as a going concern and, secondly, that capital resources are deployed cost-effectively into only those properties and those specific exploration targets and activities, which management believes have the greatest potential to generate positive returns for shareholders. As the Company is essentially a capital pool established to carry out high-risk / potential high reward exploration, with no short or medium-term prospect whatsoever of generating revenues or profits, management seeks instead to deliver positive returns for shareholders through the share price appreciation and capital gains opportunities that usually go hand-in-hand with significant new mineral discoveries, and the further advancement of those discoveries. Management seeks to have sufficient capital on hand to achieve its near-term exploration objectives and to advance discoveries when achieved as expeditiously as possible. In doing so, it seeks a balance between minimizing shareholder dilution and maintaining an attractive capital structure on the one hand, and the need to achieve and advance discoveries of merit on the other. Management cannot deliver sustainable shareholder returns, in the absence of discoveries of merit.

Given the nature of the business, 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 team to generate discoveries and attendant share price appreciation. The Company considers its capital to be equity, which is comprised of capital stock, share purchase warrants, broker compensation warrants, contributed surplus and deficit.

The Company's four properties are all in the exploration stage and the Company has neither revenues nor profits. As such the Company is wholly dependent upon external financing to fund its planned exploration programs and administration costs. The Company will therefore spend its existing working capital and raise additional amounts when conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) ensuring cost-effective deployment of existing funds, generally through competitive bidding;
- (ii) avoiding project "overstretch" – i.e. too many properties and projects, and too many commitments;
- (iii) minimizing discretionary disbursements;
- (iv) reducing or eliminating exploration expenditures that are of limited value;
- (v) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns; and
- (vi) exploring alternative sources of liquidity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. The Company is not presently subject to any capital requirements imposed by a regulator or lending institution body.

## Disclosure of Outstanding Share Data (as at August 28, 2020)

On October 4, 2019, the Company closed its 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 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.

On May 21, 2020, the Company closed a private placement of 1,757,388 common shares on a flow-through basis at a price of \$0.67 per share for aggregate gross proceeds of \$1,177,450. Net proceeds of the offering

are being used for exploration, primarily drilling, of high-priority targets on the Company's Snoball and Golden Lion properties in northern British Columbia, Canada. In connection with the offering the Company paid cash finder's fees of \$40,000 and issued 35,147 finder warrants. All shares issued in the offering are subject to a four-month hold period from closing.

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

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

Concurrent with the closing of the IPO, the Company granted a total of 2,380,000 options to directors, officers and consultants, to purchase common shares of the Company. On June 16, 2020, the Company issued 820,000 options to directors, officers and consultants, to purchase common shares of the Company. An additional 20,000 options were granted to Peak Investor Marketing Corp. to purchase common shares of the Company.

The following is a description of the outstanding equity securities and convertible securities issued by the Company:

**Common Shares**

Authorized: Unlimited number of common shares. Outstanding: 32,284,330 common shares.

**Warrants**

A summary of the Company's warrants outstanding and exercisable at August 28, 2020 is presented below:

<b>Exercise price</b>	<b>Warrants outstanding</b>	<b>Warrants exercisable</b>	<b>Expiry date</b>
\$0.12	2,047,075	2,047,075	May 1, 2022
\$0.18	924,500	924,500	July 12, 2021
\$0.20	755,525	755,525	October 4, 2021
\$0.25	6,381,500	6,381,500	October 4, 2021
\$0.67	35,147	35,147	May 21, 2022
<b>Total</b>	<b>10,143,747</b>	<b>10,143,747</b>	

Since January 1, 2020, the exercise of warrants has added \$682,607 to the Company's cash balance.

### **Stock Options**

A summary of the Company's stock options outstanding and exercisable at August 28, 2020 is presented below:

<b>Exercise price</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Expiry date</b>
\$0.20	824,997	774,997	October 4, 2024
\$0.25	760,000	-	October 4, 2025
\$0.30	760,003	-	October 4, 2026
\$0.66	840,000	415,000	June 16, 2025
<b>Total</b>	<b>3,185,000</b>	<b>1,189,997</b>	

### **Risks and Uncertainties**

The Company's securities should be considered high risk and highly speculative due to the nature of its business.

#### *Capitalization and Commercial Viability Risks*

The Company will require additional funds to further explore and, conditional upon exploration success, potentially develop and mine its properties. The Company has limited financial resources, and there is no assurance that additional funding will be available to it to carry out the completion of all proposed activities, for additional exploration, or for financing the high-cost development typically required to place a property into commercial production. Although the Company has in the past been successful in obtaining financing through the sale of equity securities, there can be no assurance that it will in the future be able to obtain adequate financing on acceptable terms. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development of its properties, and the loss of part or all of its ownership position in its properties.

#### *Global Financial Condition Risks*

Global financial conditions have in recent years been, and continue to be, subject to heightened instability and increased volatility. Access to public capital markets for junior exploration companies has at times been restricted and/or nearly non-existent. These factors could continue to negatively impact the ability of the Company to in future obtain equity or debt financing on terms favourable to the Company, if at all.

#### *Exploration and Development Risks*

Mineral exploration and development entails a very high degree of risk. Very few properties which are explored, ultimately develop into producing mines.

The Company's properties do not presently contain mineral "resources" or "reserves", as those terms are defined in National Instrument 43-101, nor is there any guarantee that they ever shall. The process of confirming, or alternatively disproving, the presence of resources or reserves on the Company's properties will require following an exploration and development pathway comprised of sequential steps, the execution of each of which is fraught with risk and predicated on successful results from the step immediately prior to it. Failure at any step generally, though not always, puts an end to exploration or development activities. As the exploration and development pathway is followed, the metal or mineral content of the area under exploration is quantified and assessed to an increasing degree of certainty, generally by increasing the density of drilling and the amount of sampling and assaying, coupled with volume and grade modelling. With increasing certainty comes, initially, "Inferred" level resources, followed by resources in the "Indicated" and "Measured" categories, none of which have demonstrated economic viability. Only through the later application of technical (metallurgical, mining, processing, environmental etc.) and economic parameters

appropriate to the resources under study, and the completion of pre-feasibility and ultimately, feasibility studies by qualified geologists, engineers and geoscientists, can resources potentially be converted to "reserves" ("ore"), which by definition would be potentially economic to mine and process, under the technical and economic criteria utilized in the feasibility study or studies applied to them. These steps and activities are costly.

Should ore reserves ultimately be demonstrated to exist on the Company's properties, a positive decision to take the ore reserves thus demonstrated to commercial production would not be a given. In addition to the steps and studies detailed above, a positive production decision would require environmental approvals, the securing of various permits, and consideration and evaluation of additional factors including, but not limited to: (1) the cost of construction of production facilities; (2) the availability and cost of financing; (3) anticipated ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) the political climate and/or governmental regulation and control.

The ability of the Company to profit from the sale of any eventual production from any of the Company's properties, or the sale of the Company at any stage preceding production, will be subject to the prevailing conditions in the marketplace at the time of sale. Many of these factors are beyond the control of the Company and therefore represent a market risk which could impact the long-term viability of the Company and its operations.

#### *Title Risks*

While the Company has performed its own due diligence with respect to legal title to its four properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements, and title may be affected by undetected defects. Until any such competing interests have been determined, there can be no assurance as to the validity of title of the properties.

#### *First Nation Risks*

The nature and extent of First Nation rights and title remains the subject of active debate, claims, litigation and uncertainty in Canada including with respect to relations between First Nation authorities and federal, provincial and territorial authorities. There can be no guarantee that such claims and uncertainties will not cause permitting delays, unexpected interruptions or additional costs for the Company's projects.

#### *Infrastructure Risks*

Exploration, development, mining and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supplies are important determinants which affect access to properties; the efficiency, timeliness and type of exploration activities carried out; the ability to develop prospects and associated development capital costs; and ongoing operating expenses. The Company's properties lie in remote areas with limited infrastructure. In addition, weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results.

#### *Competition Risks*

The exploration and mining industry is highly competitive, both for mineral properties and key personnel. Many of the Company's competitors for the acquisition, exploration and development of mineral properties, and for capital to finance such activities, will have greater financial and personnel resources available to them than the Company.

### *Environmental Risks*

All phases of the exploration and mining business present environmental risks and hazards and are subject to environmental regulation pursuant to provincial, federal and, on occasion, municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with exploration and mining operations. The legislation also requires that exploration and mine sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner resulting in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration and mining operations may be required to compensate those suffering loss or damage by reason of the exploration and mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mineral resource companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at any future producing properties or require abandonment or delays in the development of new mining properties.

### *Reliance on Key Employee Risks*

The success of the Company will be largely dependent upon the performance of its management and key employees. Potential investors should realize that they are relying upon the continued good health, experience, judgment, discretion, integrity and good faith of the management of the Company. The Company has no backup for any of its key people, the loss of any one of whom, whether due to poor health or loss to competitors, could adversely affect the Company's ability to execute its business plans. The Company does not maintain life insurance policies in respect of its key personnel.

### *Permitting and Licensing Risks*

The exploration operations of the Company require licenses and permits from government authorities which are granted subject to various conditions and must be renewed from time to time. There can be no assurance that the Company will be able to obtain, or once obtained renew, the licenses and permits required to carry out exploration, development and mining operations at its projects.

### *No History of Earnings Risks*

The Company has no history of earnings, and there is no assurance that any of its mineral properties will generate earnings or provide a return on investment in the future. The Company expects to incur losses and negative operating cash flow for the foreseeable future as it conducts its exploration activities on its properties. The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future.

### *Negative Operating Cash Flow Risks*

Since inception, the Company has had negative operating cash flow and incurred losses. The negative operating cash flow and losses are expected to continue for the foreseeable future. The Company may never achieve positive operating cash flow.

### *Uninsurable Risks*

In the course of exploration and development of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is often not possible to insure against such risks and, even where coverage for particular risks is available, the Company may decide not to take out insurance against such risks because of high premiums or for other reasons. A company with which Evergold contracts does not currently carry insurance on its camp structures and equipment. In the unlikely event that such structures or equipment may become damaged, Evergold may become liable for repairs in order to continue its exploration activity. Should liabilities arise in consequence of such uninsured risks, they could potentially reduce or eliminate any future profitability and result in an increase in costs and a decline in the value of the Company's securities.

The Company is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards resulting from exploration and production) has not been generally available to companies within the industry. Should the Company become subject to environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds or result in bankruptcy.

### *Litigation Risks*

Litigation risks to the Company may include, but are not limited to, contesting exploration, development or regulatory approvals, traditional title claims by First Nations, land tenure disputes, environmental claims, and occupational health and safety claims.

### *Contractual Risks*

The Company will become a party to various contracts and it is always possible that contracts to which it is a party will not be adequately or fully performed by other contracting parties.

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

At the time of writing the Company's plans and operations have been somewhat affected by various governments' reactions to the COVID-19 virus pandemic which arose during the first quarter, although not, to date, in a materially negative way. Mineral exploration and development is designated an "essential service" under British Columbia's COVID-19 State of Emergency orders, and the pandemic curve has flattened in the province. The Company's key suppliers are all located relatively close to site in northern and central interior B.C. and, in cooperation with these suppliers, the Company has put in place virus mitigation protocols. Nonetheless, should the economic and market disruption resulting from COVID-19 continue for an extended period, or significant new outbreaks of the virus occur, the Company may find its ability to raise additional capital and/or execute its exploration programs restricted, in part or in whole. It is also conceivable that COVID-19 may negatively impact the financial health of key vendors to the Company in ways that the Company may not be privy too, possibly causing vendor failure during execution of the Company's exploration programs.

## **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

## **Additional Information**

Additional information relating to the Company may be obtained from [www.evergoldcorp.ca](http://www.evergoldcorp.ca) or the Company profile at [www.sedar.com](http://www.sedar.com).