



Unaudited Condensed Consolidated Financial Statements of

## **NxGold Ltd.**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars)

**NXGOLD LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
(Unaudited - Expressed In Canadian Dollars)

	Note	September 30, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 1,858,493	\$ 3,087,663
Restricted cash		60,000	-
Accounts receivable and prepaid expenses		29,700	106,020
Marketable securities	5	481,241	674,296
		<b>2,429,434</b>	<b>3,867,979</b>
<b>Non-Current</b>			
Property and equipment	6	154,436	56,509
Exploration and evaluation assets	7	8,955,156	8,614,110
<b>TOTAL ASSETS</b>		<b>\$ 11,539,026</b>	<b>\$ 12,538,598</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 84,101	\$ 131,505
Current lease liability	8	32,860	-
<b>Non-Current</b>		<b>116,961</b>	<b>131,505</b>
Long-term lease liability	8	78,733	-
<b>TOTAL LIABILITIES</b>		<b>\$ 195,694</b>	<b>\$ 131,505</b>
<b>EQUITY</b>			
Share capital	9	17,512,567	17,512,567
Reserves	9	2,560,076	2,286,943
Accumulated other comprehensive income		350,502	543,557
Deficit		(9,079,813)	(7,935,974)
<b>TOTAL EQUITY</b>		<b>11,343,332</b>	<b>12,407,093</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 11,539,026</b>	<b>\$ 12,538,598</b>

Nature of business (Note 1)

The accompanying notes are an integral part of the condensed consolidated interim financial statements  
These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on  
November 12, 2019

**“Leigh Curyer”**  
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Leigh Curyer, Director

**“Trevor Thiele”**  
\_\_\_\_\_  
Trevor Thiele, Director

**NXGOLD LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited - Expressed in Canadian Dollars)  
For the three and nine months ended September 30

	Note	Three months ended		Nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>General and administrative costs</b>					
Share-based compensation	9	\$ 54,285	\$ 337,612	\$ 243,911	\$ 393,665
Salaries and director fees		160,755	187,888	575,859	592,189
Professional fees		14,182	7,498	138,285	95,255
Investor relations		2,351	223,599	21,529	251,106
Public company costs		9,088	8,638	50,427	45,057
Office and other		9,147	14,005	45,628	38,677
Travel		23,668	14,533	58,558	51,551
Depreciation expense		10,681	3,351	32,075	8,297
<b>Total general and administrative cost</b>		<b>(284,157)</b>	<b>(797,124)</b>	<b>(1,166,272)</b>	<b>(1,475,797)</b>
Impairment of Chicobi	7(b)	-	(8,045)	-	(1,056,217)
Foreign exchange loss		(65)	(136)	(2,513)	(5,354)
Interest income		8,833	16,500	27,021	23,296
Other income		2,500	-	2,500	-
Interest expense		(1,450)	-	(4,575)	-
<b>Loss</b>		<b>(274,339)</b>	<b>(788,805)</b>	<b>(1,143,839)</b>	<b>(2,514,072)</b>
Unrealized gain (loss) on available for sale securities	5	(89,533)	53,160	(193,055)	(165,076)
<b>Comprehensive loss</b>		<b>\$ (363,872)</b>	<b>\$ (735,645)</b>	<b>\$ (1,336,894)</b>	<b>\$ (2,679,148)</b>
<b>Loss per common share – basic and diluted</b>		<b>\$ nil</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>81,632,286</b>	<b>81,632,286</b>	<b>81,632,286</b>	<b>64,729,256</b>

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

**NXGOLD LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited - Expressed In Canadian Dollars)

	Notes	Common shares			Accumulated other comprehensive income	Accumulated deficit	Total
		Shares	Amount	Reserves			
			\$	\$			
<b>Balance, January 1, 2018</b>		38,147,143	8,371,896	1,520,904	767,389	(5,005,193)	5,654,996
Private placement	9	23,725,143	4,270,526	-	-	-	4,270,526
Share issue costs		-	(465,055)	170,476	-	-	(294,579)
Shares issued to acquire Mt. Roe Limited	4	19,760,000	5,335,200	-	-	-	5,335,200
Share-based compensation	9	-	-	447,280	-	-	447,280
Unrealized loss on marketable securities	5	-	-	-	(165,076)	-	(165,076)
Net loss		-	-	-	-	(2,514,072)	(2,514,072)
<b>Balance, September 30, 2018</b>		<b>81,632,286</b>	<b>17,512,567</b>	<b>2,138,660</b>	<b>602,313</b>	<b>(7,519,265)</b>	<b>12,734,275</b>
<b>Balance, January 1, 2019</b>		81,632,286	17,512,567	2,286,943	543,557	(7,935,974)	12,407,093
Share-based compensation	9	-	-	273,133	-	-	273,133
Unrealized loss on marketable securities	5	-	-	-	(193,055)	-	(193,055)
Net loss		-	-	-	-	(1,143,839)	(1,143,839)
<b>Balance, September 30, 2019</b>		<b>81,632,286</b>	<b>17,512,567</b>	<b>2,560,076</b>	<b>350,502</b>	<b>(9,079,813)</b>	<b>11,343,332</b>

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

**NXGOLD LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed In Canadian Dollars)  
For the nine months ended September 30

	2019	2018
<b>Cash flows from (used in) operating activities</b>		
Loss for the period	\$ (1,143,839)	\$ (2,514,072)
Items not involving cash:		
Share-based payments	243,911	393,665
Depreciation expense	32,075	8,298
Asset impairment	-	1,056,217
Interest expense	4,575	-
Changes in non-cash working capital		
Accounts receivable	76,319	5,460
Restricted cash	(60,000)	-
Inventory	-	27,365
Deposit	-	7,500
Accounts payable and accrued liabilities	(47,465)	(61,382)
	<b>\$ (894,424)</b>	<b>\$ (1,076,949)</b>
<b>Cash flows used in investing activities</b>		
Additions to exploration and evaluation assets	\$ (285,603)	\$ (655,266)
Additions to equipment	-	(7,300)
Acquisition of Roe Gold Limited, net of cash acquired	(26,159)	(39,404)
	<b>\$ (311,762)</b>	<b>\$ (701,970)</b>
<b>Cash flows used in financing activities</b>		
Lease payments	\$ (22,984)	\$ -
Shares issued	-	4,270,526
Share issuance costs	-	(294,579)
	<b>\$ (22,984)</b>	<b>\$ 3,975,947</b>
<b>Change in cash</b>	<b>\$ (1,229,170)</b>	<b>\$ 2,197,028</b>
Cash, beginning of period	3,087,663	1,298,888
<b>Cash, end of period</b>	<b>\$ 1,858,493</b>	<b>\$ 3,495,916</b>

**Supplemental cash flow information (Note 11)**

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

**NXGOLD LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited - Expressed in Canadian Dollars)  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

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## **1. NATURE OF BUSINESS**

NxGold Ltd. (the “**Company**” or “**NxGold**”) was incorporated under the *Business Corporations Act* (British Columbia) on April 26, 2004. The Company’s registered and records office is located on the 22<sup>nd</sup> Floor, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8. The Company is engaged in acquiring and exploring early-stage mineral resource properties.

The Company is currently exploring mineral properties. During the nine months ended September 30, 2019, the Company had a net loss of \$1,143,839 and working capital of \$2,312,473 as at September 30, 2019. The Company believes that it will have sufficient capital to operate over the next 12 months, however additional funding will be necessary to complete its earn in options on projects and fund other exploration activities (Note 7).

The Company has one 100% owned subsidiary, NxGold Australia Pty. Ltd. (“**NxGold Australia**”), which was incorporated in Australia on December 18, 2017. NxGold Australia owns 100% of Roe Gold Limited (“**RGL**”).

These interim financial statements are prepared in accordance with International Financial Reporting Standards (“**IFRS**”) appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the financial statements. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or continue operations.

## **2. BASIS OF PRESENTATION**

### **Statement of Compliance**

These condensed consolidated interim financial statements for the three and nine months ended September 30, 2019, including comparatives, have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting. They do not include all of the information required by IFRS for annual financial statements and should be read in conjunction with the audited financial statements for the fiscal year ended and as at December 31, 2018.

### **Basis of Presentation**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All monetary references expressed in these notes are references to Canadian dollar amounts (“\$”). These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

### **Critical Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**NXGOLD LTD.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

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**2. BASIS OF PRESENTATION (continued)**

Information about significant areas of estimation uncertainty considered by management in preparing the financial statements are set out in Note 2 to the audited financial statements for the fiscal year ended December 31, 2018 and have been consistently followed in preparation of these condensed consolidated interim financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the fiscal year ended December 31, 2018 and have been consistently followed in preparation of these condensed consolidated interim financial statements except for the following policies:

**New Standards Adopted:**

The Company has applied IFRS16 *Leases* ("IFRS 16") using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 *Leases* and IFRIC 4 *Determining whether an arrangement contains a lease*.

For the purpose of applying the modified retrospective approach to its office lease, the Company elected to measure the right-of-use asset at an amount equal to the lease liability at the date of initial application. At January 1, 2019, the Company recognized a right-of-use asset (Note 6) and lease liability of \$130,002 (Note 8) in respect of its office lease.

**Policy applicable from January 1, 2019**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of the property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method.

The Company presents the right-of-use asset related to its office lease in property and equipment.

**NXGOLD LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Short-term leases and leases of low-value assets**

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**4. ACQUISITION OF ROE GOLD LIMITED**

In December 2017 the Company executed a binding term sheet (the “**Agreement**”) with RGL and its shareholders to acquire an 80% interest in the Mt. Roe Gold Project (“**Mt. Roe**” or the “**Project**”), located in the Pilbara region of Western Australia. The transaction closed in January 2018.

Pursuant to the Agreement: (i) NxGold advanced to RGL, A\$1.5million in December 2017; (ii) RGL used those funds to acquire an 80% interest in the Project and a special purpose vehicle (“**SPV**”) formed by the shareholders of RGL acquired a 20% interest in the Project, all pursuant to the terms of an existing option agreement; (iii) in January 2018, NxGold acquired all of the issued and outstanding shares of RGL in exchange for 19 million common shares of the Company. The Project is held as a joint venture between RGL and the SPV (“the **Joint Venture Agreement**”) pursuant to which the SPV is free-carried through to Bankable Feasibility Study with standard dilution applying after that. If the SPV’s interest in the Project falls below 5%, the balance of its interest will be transferred immediately to NxGold for no further consideration. The SPV has been granted a US\$20 per ounce royalty over the Project. An additional 760,000 shares were issued as a finder’s fee. All of the shares issued were valued at \$0.27 per share which was the closing price on the day the Agreement was executed.

**Purchase price:**

Fair value of shares issued for RGL	\$ 5,130,000
Fair value of shares issued for transaction costs	205,200
Cash	1,483,650
Transaction costs	58,736
	<u>\$ 6,877,586</u>

**Purchase price allocations:**

Cash	\$ 19,331
Other current assets	4,119
Mineral properties	6,871,980
Liabilities	(17,844)
	<u>\$ 6,877,586</u>

**5. MARKETABLE SECURITIES**

Marketable securities consist of 279,791 common shares of NexGen Energy Ltd. (“**NexGen**”), a corporation with several common directors and officers, the common shares of which are listed on the Toronto Stock Exchange and NYSE American LLC. The carrying value is based on the estimated fair value of NexGen common shares and determined using published closing prices. The cost was \$130,764.

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Opening	\$ 674,296	\$ 898,128
Unrealized gain (loss)	(193,055)	(223,832)
Closing	<u>\$ 481,241</u>	<u>\$ 674,296</u>



**NXGOLD LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited - Expressed in Canadian Dollars)  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

**6. PROPERTY AND EQUIPMENT**

	Computing Equipment	Equipment	Right-of-use asset and improvements	Total
<b>Cost</b>				
Balance December 31, 2017	\$ 3,809	\$ 48,910	\$ -	\$ 52,719
Additions	-	7,300	15,557	22,857
<b>Balance, December 31, 2018</b>	<b>3,809</b>	<b>56,210</b>	<b>15,557</b>	<b>75,576</b>
Asset recognized on adoption of IFRS 16 (Note 3)	-	-	130,002	130,002
<b>Balance, September 30, 2019</b>	<b>3,809</b>	<b>56,210</b>	<b>145,559</b>	<b>205,578</b>
<b>Accumulated depreciation</b>				
Balance, December 31, 2017	1,300	6,359	-	7,659
Depreciation	1,381	10,027	-	11,408
<b>Balance, December 31, 2018</b>	<b>\$ 2,681</b>	<b>\$ 16,386</b>	<b>\$ -</b>	<b>\$ 19,067</b>
Depreciation	500	6,841	24,734	32,075
<b>Balance, September 30, 2019</b>	<b>\$ 3,181</b>	<b>\$ 23,227</b>	<b>\$ 24,734</b>	<b>\$ 51,142</b>
<b>Net book Value:</b>				
Balance, December 31, 2018	\$ 1,128	\$ 39,824	\$ 15,557	\$ 56,509
<b>Balance, September 30, 2019</b>	<b>\$ 628</b>	<b>\$ 32,983</b>	<b>\$ 120,825</b>	<b>\$ 154,436</b>

**7. EXPLORATION AND EVALUATION ASSETS**

The exploration and evaluation assets at September 30, 2019 is comprised of the following:

	Kuulu (a)	Mt. Roe (Note 4)	Total
<b>Acquisition costs:</b>			
Balance, December 31, 2018	\$ 135,160	\$ 6,871,980	\$ 7,007,140
Additions (c)	-	26,159	26,159
<b>Balance, September 30, 2019</b>	<b>135,160</b>	<b>6,898,139</b>	<b>7,033,299</b>
<b>Deferred exploration costs:</b>			
<b>Balance, December 31, 2018</b>	<b>978,845</b>	<b>628,125</b>	<b>1,606,970</b>
Additions:			
Trenching	-	12,233	12,233
Land management	16,497	19,574	36,071
Geochemistry	-	18,105	18,105
Geophysical	-	3,150	3,150
Travel and camp	14,045	33,479	47,524
Salaries	(725)	110,761	110,036
Share-based payments	-	29,222	29,222
General exploration	1,125	57,421	58,546
<b>Deferred exploration for the nine months ended September 30, 2019</b>	<b>30,942</b>	<b>283,945</b>	<b>314,887</b>
<b>Balance, September 30, 2019</b>	<b>\$ 1,009,787</b>	<b>\$ 912,070</b>	<b>\$ 1,921,857</b>
<b>Total exploration and evaluation assets:</b>			
<b>Balance, September 30, 2019</b>	<b>\$ 1,144,947</b>	<b>\$ 7,810,209</b>	<b>\$ 8,955,156</b>

**NXGOLD LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited - Expressed in Canadian Dollars)  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

**7. EXPLORATION AND EVALUATION ASSETS (continued)**

The exploration and evaluation assets at December 31, 2018 is comprised of the following:

	Kuulu (a)	Chicobi (b)	Mt. Roe (see Note 4)	Total
<b>Acquisition costs:</b>				
Balance, December 31, 2017	\$ 135,160	\$ 447,065	\$ -	\$ 582,225
Additions (impairment)	-	(447,065)	6,871,980	6,424,915
<b>Balance, December 31, 2018</b>	<b>\$ 135,160</b>	<b>\$ -</b>	<b>\$ 6,871,980</b>	<b>\$ 7,007,140</b>
<b>Deferred exploration costs:</b>				
<b>Balance, December 31, 2017</b>	<b>776,827</b>	<b>579,377</b>	<b>-</b>	<b>1,356,204</b>
Additions:				
Drilling	(43,767)	-	-	(43,767)
Trenching	-	-	96,906	96,906
Land management	60,693	21,434	62,079	144,206
Survey	-	62,971	61,372	124,343
Geochemistry	-	-	24,598	24,598
Travel and camp	46,484	-	75,644	122,128
Salaries	66,395	32,374	221,717	320,486
Share-based payments	14,603	4,229	48,264	67,096
General exploration	6,978	2,791	37,545	47,314
Reclassification of inventory	50,632	-	-	50,632
Investment tax credit	-	(124,863)	-	(124,863)
Impairment	-	(578,313)	-	(578,313)
<b>Deferred exploration for the year ended December 31, 2018</b>	<b>202,018</b>	<b>(579,377)</b>	<b>628,125</b>	<b>250,766</b>
<b>Balance, December 31, 2018</b>	<b>\$ 978,845</b>	<b>\$ -</b>	<b>\$ 628,125</b>	<b>\$ 1,606,970</b>
<b>Total exploration and evaluation assets:</b>				
<b>Balance, December 31, 2018</b>	<b>\$ 1,114,005</b>	<b>\$ -</b>	<b>\$ 7,500,105</b>	<b>\$ 8,614,110</b>

**(a) Kuulu Property**

In October 2016, the Company entered into an earn-in agreement (the "**Kuulu Earn-In Agreement**") with Meliadine Gold Ltd. ("**MGL**") (amended and restated February 3, 2017 and having an effective date of January 17, 2017), to earn up to a 70% interest in the Kuulu Project (the "**Kuulu Project**") upon satisfaction of certain requirements. The Kuulu Project is located in the Kavilliq region of Nunavut.

Specifically, the Company has the right to acquire an undivided 50% interest in the Kuulu Project (the "**First Earn-In Option**") and the right to acquire an additional undivided 20% interest in the Kuulu Project (the "**Second Earn-In Option**") by incurring the expenditures and payments set out below:

To be spent by:	Minimum expenditure	Cash payment	Total
<b>First Earn-In Option (50% undivided interest)</b>			
January 17, 2018	\$ 1,000,000	\$ 75,000	\$ 1,075,000
January 17, 2019	4,000,000	75,000	4,075,000
January 17, 2020	5,000,000	75,000	5,075,000
	<b>\$ 10,000,000</b>	<b>\$ 225,000</b>	<b>\$ 10,225,000</b>

**NXGOLD LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited - Expressed in Canadian Dollars)  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

**7. EXPLORATION AND EVALUATION ASSETS (continued)**

<b>Second Earn-In Option (additional 20% undivided interest)</b>			
January 17, 2021	\$ 2,000,000	\$ 75,000	\$ 2,075,000
January 17, 2022	3,000,000	75,000	3,075,000
January 17, 2023	5,000,000	75,000	5,075,000
January 17, 2024	15,000,000	75,000	15,075,000
	<b>\$ 25,000,000</b>	<b>\$ 300,000</b>	<b>\$ 25,300,000</b>

The Second Earn-In Option is also subject to delivering to MGL a bankable feasibility study on or before January 17, 2024. The Company may extend the delivery date for the bankable feasibility study for up to three additional one-year periods, upon payment to MGL of \$2.5 million in cash for each such one-year extension. The Company may also extend the date for incurring any of the expenditures required by the Second Earn-In Option for an additional one-year period, at no additional cost.

In November 2017, the Company delivered a notice of force majeure to MGL suspending its obligations under the Kuulu Earn-In Agreement, and in September 2018 the Company delivered a notice of force majeure to Nunavut Tunngavit Inc suspending its obligations under the Mineral Exploration Agreement due to the continued delay in the renewal of the Land Use Licences ("Land Use Licenses"). As of the date of this report, the Land Use Licences are yet to be renewed and are the only outstanding licenses or permits required for the Company's proposed exploration program at the Kuulu Project. The Company has paid \$75,000 and incurred approximately \$800,000 related to the first earn-in option required to be spent by January 17, 2018.

The Kuulu Property is subject to a 1% net smelter returns royalty and a 12% net profit interest royalty.

**(b) Chicobi Property**

During the second quarter of 2018 the Company gave notice to withdraw from the Chicobi project in order to focus its capital and effort on other projects. As a result, an impairment charge and other exit costs of \$1,056,217 were recorded in the period ended September 30, 2018. This is higher than the charge of \$1,025,778 as reported at December 31, 2018 due to recovery of tax credits in the period subsequent to September 30, 2018.

**(c) Mt. Roe**

In the third quarter of 2019 the Company prepared the Joint Venture Agreement pursuant to the Agreement (see note 4). The related costs were capitalized as acquisition costs.

**8. LEASE LIABILITY**

Lease liability recognized on adoption of IFRS 16 on January 1, 2019	\$ 130,002
Interest expense	4,575
Payments	(22,984)
<b>Lease liability, September 30, 2019</b>	<b>111,593</b>
Less Current portion	(32,860)
<b>Long-term lease liability</b>	<b>\$ 78,733</b>

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**8. LEASE LIABILITY (continued)**

On January 1, 2019 the Company adopted IFRS 16 – *Leases* retrospectively with the cumulative effect on initially applying the standard recognized at the date of initial application (see Note 3).

The lease is for an office space lease that extends to May 31, 2023. The discount rate applied to the lease is 5%. See Note 6 for information related to the leased asset. In addition to the lease payments the Company pays approximately \$23,700 annually related to operating costs and realty taxes of the leased office space. This amount is reassessed annually based on actual costs incurred.

The Company has a Facilities and Shared Services Agreement (“NxGold Agreement”) with IsoEnergy Ltd. (“**IsoEnergy**”), a related company. IsoEnergy effectively sub-leases approximately 50% of its space to NxGold in exchange for \$2,525 per month. The NxGold Agreement can be terminated with 30-days’ notice but is expected not to be terminated during the term of the lease.

**9. SHARE CAPITAL**

The Company’s authorized share capital is an unlimited number of common shares without par value. All issued common shares are fully paid.

**Common Shares**

There were no shares issued in the nine months ended September 30, 2019.

In January 2018 the Company issued 19,760,000 common shares related to the acquisition of RGL (see Note 4).

On September 15, 2018 the Company issued 23,725,143 units (the “**Units**”) at a price of C\$0.18 per Unit for net proceeds of \$3,991,885. Each Unit is comprised of one common share of the Company (a “**Common Share**”) and one common share purchase warrant (a “**Warrant**”), each Warrant entitling the holder thereof to acquire one Common Share at a price of C\$0.27 until June 15, 2021.

In connection with the offering, the Company paid the finders a cash fee up to 7.0% of the gross proceeds raised by the finders and finders were granted 1,186,356 common share purchase warrants (the “**Finder Warrants**”) entitling them to subscribe for that number of Common Shares equal to up to 7.0% of the aggregate number of Units sold by the finders. Each Finder Warrant is exercisable at a price of C\$0.18 until June 14, 2021.

**Warrants**

As at September 30, 2019 the Company had the following warrants outstanding:

Expiry date	Exercise price	Number of warrants	Remaining life at September 30, 2019 (years)
15-Oct-20	\$0.07	2,000,000	1.0
15-Oct-20	\$0.05	4,890,000	1.0
28-Jul-20	\$0.05	3,500,000	0.8
13-Dec-19	\$0.50	9,920,300	0.2
13-Dec-19	\$0.25	426,900	0.2
13-Jan-20	\$0.50	1,058,000	0.3
15-Jun-21	\$0.27	23,725,143	1.7
14-Jun-21	\$0.18	1,186,356	1.7
Balance, September 30, 2019	\$0.27	46,706,699	1.2

There were no warrants exercised in the three or nine months ended September 30, 2019.

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**9. SHARE CAPITAL (continued)**

**Stock Options**

Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company, entitling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 10 years and are subject to vesting provisions as determined by the Board of Directors of the Company.

Stock option transactions and the number of stock options outstanding on the dates set forth below are summarized as follows:

	Number of options	Weighted average exercise price per share
Outstanding January 1, 2018	3,550,000	\$ 0.52
Granted in 2018	4,200,000	\$ 0.20
Forfeited in 2018	(900,000)	\$ 0.52
Outstanding December 31, 2018 and September 30, 2019	6,850,000	\$ 0.32
Number of options exercisable	5,464,000	\$ 0.35

As at September 30, 2019, the Company has stock options outstanding and exercisable as follows:

Number of options	Exercise price per option	Number of options exercisable	Exercise price per option	Remaining contractual life (years)	Expiry date
2,400,000	\$ 0.52	2,400,000	\$ 0.52	2.3	February 1, 2022
250,000	\$ 0.45	250,000	\$ 0.45	2.6	April 25, 2022
4,200,000	\$ 0.20	2,814,000	\$ 0.20	3.9	August 8, 2023
6,850,000	\$ 0.32	5,464,000	\$ 0.35		

The options granted vest one-third annually with 34% vesting immediately. The Company uses the Black-Scholes option pricing model to calculate the fair value of granted stock options. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect fair value estimates. There were no options granted in the three months ended September 30, 2019.

Share-based compensation for options in the three and nine months ended September 30, 2019 amounted to \$59,999 and \$273,133, respectively of which \$54,285 and \$243,911, respectively was expensed to the statement of loss and comprehensive loss, and \$5,714 and \$29,222, respectively was capitalized to exploration and evaluation assets (Note 7). Share-based compensation for options in the three and nine months ended September 30, 2018 amounted to \$372,442 and \$447,280, respectively of which \$337,612 and \$393,665, respectively was expensed to the statement of loss and comprehensive loss, and \$34,830 and \$53,615, respectively was capitalized to exploration and evaluation assets (Note 7). In the three and nine months ended September 30, 2018 forfeitures of unvested options resulted in the reversal of \$nil and \$98,895, respectively of amounts recognized in previous periods.

**10. MANAGEMENT OF CAPITAL**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties.

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**10. MANAGEMENT OF CAPITAL (continued)**

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and marketable securities.

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

There was no cash paid for income tax in the nine months ended September 30, 2019 and 2018. Non-cash transactions in the nine months ended September 30, 2019 and 2018 were:

- a) The issue of 19,760,000 common shares in January 2018 pursuant to the acquisition of and finders fee for RGL valued at \$5,335,200 (see Note 4).
- b) Share-based payments capitalized to exploration and evaluation assets of \$29,222 (September 30, 2018 - \$53,615).
- c) The initial recognition of the lease liability of \$130,002 on January 1, 2019 and related lease asset addition were non-cash items (see Note 3, 6 and 8).

**12. SEGMENTED INFORMATION**

The Company has one operating segment in two geographic areas – acquisition of exploration mineral properties, in Canada and Australia, and with the corporate office in Canada. Segmented disclosure and Company-wide information is as follows:

<b>September 30, 2019</b>	<b>Canada</b>	<b>Australia</b>	<b>Total</b>
Exploration and evaluation assets	\$ 1,144,947	\$ 7,810,209	\$ 8,955,156
Other assets	2,533,967	49,903	2,583,870
<b>Total assets</b>	<b>\$ 3,678,914</b>	<b>\$ 7,860,112</b>	<b>\$ 11,539,026</b>
Total liabilities	\$ 166,349	\$ 29,345	\$ 195,694

<b>December 31, 2018</b>	<b>Canada</b>	<b>Australia</b>	<b>Total</b>
Exploration and evaluation assets	\$ 1,114,005	\$ 7,500,105	\$ 8,614,110
Other assets	3,870,741	53,747	3,924,488
<b>Total assets</b>	<b>\$ 4,984,746</b>	<b>\$ 7,553,852</b>	<b>\$ 12,538,598</b>
Total liabilities	\$ 124,664	\$ 6,841	\$ 131,505

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**13. FINANCIAL INSTRUMENTS**

The Company's financial instruments are cash, amounts receivable, marketable securities, and accounts payable and accrued liabilities and a lease liability. The risks associated with these financial instruments and the policies regarding their management are discussed below. Management monitors these risk exposures to ensure appropriate measures are implemented in a timely and effective manner.

**Financial risk management objectives and policies**

**Interest rate risk**

The Company is not exposed to significant interest rate risk.

**Credit risk**

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash is believed to be minimal as cash is on deposit with Canadian banks that are believed to be creditworthy. Amounts receivable is comprised primarily of amounts due from the Government of Canada and Quebec. The Company does not believe it is exposed to significant credit risk.

**Liquidity risk**

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages its liquidity by continuously monitoring and forecasting cash flows from operations and anticipating any investing and financing activities.

**14. RELATED PARTY DISCLOSURES**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel is summarized as follows:

<b>Nine months ended September 30, 2019</b>	<b>Short term compensation</b>	<b>Share-based compensation</b>	<b>Total</b>
Expensed in the statement of loss and comprehensive loss	\$ 582,796	\$ 227,680	\$ 810,476
Capitalized to exploration and evaluation assets	66,748	17,975	84,723
	<b>\$ 649,544</b>	<b>\$ 245,655</b>	<b>\$ 895,199</b>

  

<b>Nine months ended September 30, 2018</b>	<b>Short term compensation</b>	<b>Share-based compensation</b>	<b>Total</b>
Expensed in the statement of loss and comprehensive loss	\$ 513,429	\$ 409,615	\$ 923,044
Capitalized to exploration and evaluation assets	141,353	45,959	187,312
	<b>\$ 654,782</b>	<b>\$ 455,574</b>	<b>\$ 1,110,356</b>

As at September 30, 2019 there was \$17,500 (December 31, 2018 – \$50,000) included in accounts payable and accrued liabilities owing to directors and officers for compensation.

The Company shares office space and administrative expenses with IsoEnergy, a Company with officers and directors in common. During the three months ended September 30, 2019, office lease and administrative expenditures billed to NxGold amounted to \$79,600 (2018: \$32,200). At September 30, 2019 there was \$6,200 owing to IsoEnergy.