



NxGold Ltd.
Condensed Interim Financial Statements
For the six months ended April 30, 2017
(Unaudited - Expressed in Canadian Dollars)

NxGold Ltd.

Condensed Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	As at April 30, 2017 \$	As at October 31, 2016 \$
Assets		
Current assets		
Cash	4,699,388	452,565
Accounts receivable	22,859	2,312
Available for sale securities (Note 3)	825,383	450,464
Prepaid expenses and deposits	<u>11,433</u>	<u>-</u>
	<u>5,559,063</u>	<u>905,341</u>
Non-current assets		
Exploration and evaluation assets (Note 4)	398,475	-
Equipment	<u>2,116</u>	<u>-</u>
	<u>400,591</u>	<u>-</u>
Total Assets	5,959,654	905,341
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<u>89,904</u>	<u>227,819</u>
Shareholders' Equity		
Share capital (Note 5)	8,083,896	3,012,442
Share-based payments reserve	974,647	149,684
Accumulated other comprehensive income	694,644	319,723
Accumulated Deficit	<u>(3,883,436)</u>	<u>(2,804,327)</u>
Total Shareholders' Equity	<u>5,869,751</u>	<u>677,522</u>
Total Shareholders' Equity and Liabilities	5,959,654	905,341

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

Nature of business (Note 1)

Events after the reporting period (Note 10)

These condensed interim financial statements were authorized for issue by the Board of Directors on June 22, 2017

NxGold Ltd.

Condensed Interim Statements of Comprehensive Income

(Unaudited - Expressed in Canadian Dollars)

	Three Months ended April 30,		Six Months ended April 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Expenses				
Depreciation of equipment	168	-	337	-
Travel	6,833	-	17,583	-
Salaries	180,269	-	265,561	-
Share-based payments	693,297	-	693,297	-
Office	34,284	11,922	64,982	11,950
Professional fees	23,699	12,427	45,424	12,427
Loss before other items	<u>(938,550)</u>	<u>(24,349)</u>	<u>(1,087,184)</u>	<u>(24,377)</u>
Other items				
Interest income	8,075	-	8,075	-
Proceeds from exercise of option (Note 5)	-	44,998	-	44,998
Settlement of debt	-	52,852	-	52,852
	<u>8,075</u>	<u>97,850</u>	<u>8,075</u>	<u>97,850</u>
Net income (loss)	(930,475)	73,501	(1,079,109)	73,473
Other comprehensive income (loss)	-	-	-	-
Unrealized holding gain (loss) on available for sale securities	<u>(173,446)</u>	<u>416,681</u>	<u>374,921</u>	<u>416,681</u>
Comprehensive income (loss)	<u>(1,103,921)</u>	<u>490,182</u>	<u>(704,188)</u>	<u>490,154</u>
Net income (loss) per common share - basic and diluted	(0.03)	0.01	(0.03)	0.01
Weighted average number of common shares outstanding	37,101,035	15,076,443	31,487,859	14,203,840

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

NxGold Ltd.

Condensed Interim Statements of Changes in Equity

(Unaudited - Expressed in Canadian Dollars)

	<u>Common shares</u>		<u>Share-based</u>	<u>Accumulated</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>payments</u>	<u>deficit</u>	<u>other</u>	
		\$	reserve	\$	comprehensive	\$
			\$		income	
					\$	
Balance, October 31, 2015	13,776,443	2,947,442	149,684	(2,600,783)	82,110	578,453
Unrealized holding gain on available for sale securities	-	-	-	-	416,681	416,681
Exercise of warrants	1,300,000	65,000	-	-	-	65,000
Net income (loss)	-	-	-	<u>73,473</u>	-	<u>73,473</u>
Balance, April 30, 2016	15,076,443	3,012,442	149,684	(2,527,310)	498,791	1,133,607
Balance, October 31, 2016	15,076,443	3,012,442	149,684	(2,804,327)	319,723	677,522
Unrealized holding gain on available for sale securities	-	-	-	-	374,921	374,921
Private placement (Note 5)	21,956,600	5,489,150	-	-	-	5,489,150
Share issuance costs (Note 5)	-	(436,221)	-	-	-	(436,221)
Stock option award (Note 6)	-	-	824,963	-	-	824,963
Exercise of warrants (Note 5)	314,100	18,525	-	-	-	18,525
Net income (loss)	-	-	-	<u>(1,079,109)</u>	-	<u>(1,079,109)</u>
Balance, April 30, 2017	37,347,143	8,083,896	974,647	(3,883,436)	694,644	5,869,751

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

NxGold Ltd.

Condensed Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	Six months ended April 30, 2017 \$	Six months ended April 30, 2016 \$
Operating		
Net income (loss)	(1,079,109)	73,473
Adjustments for items not affecting cash		
Depreciation of equipment	337	-
Settlement of debt	-	(52,852)
Proceeds on exercise of option	-	(44,998)
Stock-based compensation	693,297	-
Changes in non-cash working capital accounts		
Amounts receivable	(20,547)	-
Prepaid expenses and deposits	(11,433)	-
Accounts payable and accrued liabilities	<u>(137,915)</u>	<u>(41,660)</u>
	<u>(555,370)</u>	<u>(66,037)</u>
Financing		
Cash from exercise of warrants	18,525	65,000
Cash from sale of common shares	5,489,150	-
Share issue costs paid	<u>(338,620)</u>	<u>-</u>
	<u>5,169,055</u>	<u>65,000</u>
Investing		
Purchase of equipment	(2,454)	-
Exploration expenditures	<u>(364,409)</u>	<u>-</u>
	<u>(366,863)</u>	<u>-</u>
Net change in cash	4,246,823	(1,037)
Cash at beginning of period	<u>452,565</u>	<u>505,114</u>
Cash at end of period	<u>4,699,388</u>	<u>504,077</u>

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

NxGold Ltd.

Notes to the Condensed Interim Financial Statements

Six months ended April 30, 2017

(Unaudited - Expressed in Canadian Dollars)

1. Nature of business

NxGold Ltd. (the "Company"), was incorporated under the *Business Corporations Act* (British Columbia) on April 26, 2004. The Company's principal office is located at 3150 - 1021 West Hastings Street, Vancouver, British Columbia. V6E 0C3. Since August 5, 2008, the Company has been engaged in acquiring and exploring mineral resource interests in Canada.

The Company is in the process of evaluating its exploration and evaluation assets and has not yet determined whether they contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete development and upon future profitable production from the development or sale of the interests.

These condensed 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. Statement of compliance and basis of preparation

Statement of Compliance

These condensed interim financial statements are prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and are 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 Company's financial statements as at and for the year ended October 31, 2016. Accordingly, accounting policies applied, other than as disclosed, are the same as those applied in the Company's annual financial statements.

Basis of Presentation

These condensed interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets at fair value through profit or loss. The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as disclosed in the notes to the annual audited financial statements of the Company as at October 31, 2016.

NxGold Ltd.

Notes to the Condensed Interim Financial Statements

Six months ended April 30, 2017

(Unaudited - Expressed in Canadian Dollars)

3. Available for sale securities

Available for sale securities consist of common shares of NexGen Energy Ltd. ("NexGen"), a corporation whose common shares are listed on the Toronto Stock Exchange and NYSE MKT LLC.

The estimated fair value of NexGen common shares is based on published closing prices.

	\$	\$	\$
	Cost	Unrealized holding (loss) gain	Book value
April 30, 2017			
279,791 common shares	130,739	694,644	825,383
October 31, 2016			
279,791 common shares	130,739	319,723	450,464

4. Exploration and evaluation assets

	Kuulu
	\$
Acquisition costs:	
Balance, October 31, 2016	-
Additions	75,000
Balance, April 30, 2017	75,000
Deferred exploration costs:	
Balance, October 31, 2016	-
Additions:	
Geological	57,336
Survey	135,650
Legal	43,847
Travel	13,444
Filing Fees	12,860
Salaries	26,272
Share-based payments (Note 6)	34,066
	323,475
Balance, April 30, 2017	398,475

NxGold Ltd.

Notes to the Condensed Interim Financial Statements

Six months ended April 30, 2017

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and evaluation assets - continued

As at April 30, 2017, the Company's exploration and evaluation assets consist of one early-stage exploration project as follows:

Kuulu Property

On October 25, 2016, the Company entered into an agreement with a private company (the "Vendor") with an effective date of January 17, 2017, to earn up to a 70% interest in the Kuulu Property (the "Property") upon satisfaction of certain requirements.

The Company has the right to acquire an initial undivided 50% interest (the "First Earn-In Option") in the Property by:

- i) Incurring a minimum of \$ 1 million in expenditures on the Property by January 17, 2018;
- ii) Incurring an additional \$ 4 million in expenditures on the Property by January 17, 2019;
- iii) Incurring an additional \$ 5 million in expenditures on the Property by January 17, 2020;
- iv) Paying \$ 75,000 in cash to the Vendor on each of January 17, 2017 (paid), 2018, 2019 and 2020.

The Company has the right to acquire an additional undivided 20% interest (the "Second Earn-In Option") in the Property by:

- i) Incurring in addition to any expenditures in the First Earn-In Option, a minimum of \$ 2 million in expenditures on the Property by January 17, 2021;
- ii) Incurring an additional \$ 3 million in expenditures on the Property by January 17, 2022;
- iii) Incurring an additional \$ 5 million in expenditures on the Property by January 17, 2023;
- iv) Incurring an additional \$ 15 million in expenditures and preparing and delivering to the Vendor a bankable feasibility study on or before January 17, 2024;
- v) Paying \$ 75,000 in cash to the Vendor on each of January 17, 2021, 2022, 2023 and 2024.

The Company may extend the delivery date for the bankable feasibility study for additional one year periods, to a maximum of 3 additional years, in each case, upon payment to the Vendor of \$ 2.5 million in cash for each additional one-year extension.

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

5. 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.

a) **Common shares**

On December 13, 2016, the Company issued 19,840,600 units at a price of \$ 0.25 per unit, for gross proceeds of \$ 4,960,150. Each unit comprised one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share for a period of 36 months from the closing date at a price of \$ 0.50 per share until December 13, 2019. The Company incurred share issue costs of \$ 338,620 and issued 441,000 finder's warrants. The finder's warrants are exercisable in common shares for \$ 0.25 per share until December 13, 2019 and were accounted for at their estimated fair value of \$ 97,600.

On January 13, 2017, the Company issued 2,116,000 units at a price of \$ 0.25 per unit, for gross proceeds of \$529,000. Each unit comprised one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share until January 13, 2020 at a price of \$0.50 per share.

NxGold Ltd.

Notes to the Condensed Interim Financial Statements

Six months ended April 30, 2017

(Unaudited - Expressed in Canadian Dollars)

5. Share capital - continued

b) Warrants

The number of warrants outstanding are summarized as follows:

	Share purchase warrants	Weighted average exercise price
Balance, October 31, 2015	11,990,000	0.05
Exercised	(1,300,000)	0.05
Balance, October 31, 2016	10,690,000	0.05
Issued	11,419,300	0.49
Exercised	(314,100)	0.06
Balance, April 30, 2017	21,795,200	0.28

As at April 30, 2017, the Company had the following warrants outstanding:

Expiry dates:	Exercise price	Number
October 15, 2020	0.07	2,000,000
October 15, 2020	0.05	4,890,000
July 28, 2020	0.05	3,500,000
December 13, 2019	0.50	9,920,300
December 13, 2019	0.25	426,900
January 13, 2020	0.50	1,058,000
		21,795,200

The weighted average remaining contractual life of the outstanding warrants at April 30, 2017 was 2.99 years (2016 - 4.39 years).

6. Share-based payments

The Company may award share options to directors, officers, employees and consultants in accordance with the TSX Venture Exchange's policies. Awarded share options may be exercisable for up to ten years at exercise prices determined by the Board of Directors (the "Board") at the time of award. The vesting schedule, if any, applicable to a grant of share options is at the discretion of the Board. The Company's issued share options are limited up to 10% of the Company's issued and outstanding common shares.

NxGold Ltd.

Notes to the Condensed Interim Financial Statements

Six months ended April 30, 2017

(Unaudited - Expressed in Canadian Dollars)

6. Share-based payments – continued

The number of stock options outstanding are summarized as follows:

	Options outstanding	Weighted average exercise price
Balance, October 31, 2015	22,500	2.00
Expired	(22,500)	2.00
Balance, October 31, 2016	-	-
Awarded	3,550,000	0.52
Balance, April 30, 2017	3,550,000	0.52

As at April 30, 2017, the Company has stock options outstanding and exercisable as follows:

Expiry dates:	Exercise price	Number of share options issued	Number of share options exercisable
February 1, 2022	0.52	3,300,000	1,100,000
April 25, 2022	0.45	250,000	83,333
		3,550,000	1,183,333

The weighted average remaining contractual life of the outstanding and exercisable options at April 30, 2017 was 4.78 years (2016 - 0.42).

The fair value of share options awarded was estimated on the date of award using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.5%
Estimated volatility	114%
Expected life	5 years
Estimated forfeiture rate	0%

The weighted average fair value of share options awarded during the six months April 30, 2017, estimated using the Black-Scholes option pricing model, was \$ 0.46 per option. The Black-Scholes option pricing model requires the input of highly subjective assumptions, particularly as to the expected price volatility of the Company's common shares. Changes in these assumptions can materially affect fair value estimates.

Share-based payments for options vested in the current period amounted to \$727,363 (2016 - \$Nil) of which \$693,297 (2016 - \$Nil) was expensed to the statement of comprehensive income and \$34,066 (2016 - \$Nil) was capitalized to exploration and evaluation assets.

NxGold Ltd.

Notes to the Condensed Interim Financial Statements

Six months ended April 30, 2017

(Unaudited - Expressed in Canadian Dollars)

7. 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. 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 short-term investments. 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.

8. Financial instruments

Fair value

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on the following inputs:

- Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The Company's financial instrument recorded at fair value consist of cash and available for sale securities and are measured based on Level 1 inputs.

The fair value of accounts payable and accrued liabilities approximates their fair value due to their short-term nature.

Financial risk management objectives and policies

The Company's financial instruments include cash, amounts receivable, available for sale securities, and accounts payable and accrued liabilities. 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.

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. The Company does not believe it is exposed to significant credit risk.

NxGold Ltd.

Notes to the Condensed Interim Financial Statements

Six months ended April 30, 2017

(Unaudited - Expressed in Canadian Dollars)

8. **Financial instruments** - continued

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.

9. **Related party disclosures**

During the period ended April 30, 2017, the Company paid \$156,346 (2016 - \$ Nil) of salaries to officers and directors.

10. **Events after the reporting period**

Subsequent to April 30, 2017:

a) The Company acquired an option to acquire an 80% interest in the Chicobi project in exchange for:

- Paying the optionor \$ 100,000 (paid);
- Issuing the optionor 800,000 common shares (issued);
- Incurring, on or before October 1, 2018, \$ 2 million of exploration expenditures on the Chicobi project.

The Company may also acquire the remaining 20% interest by incurring an additional \$ 1 million of exploration expenditures on the Chicobi project on or before June 7, 2020.

The Chicobi project is subject to a 2% net smelter returns royalty.