



Unaudited Condensed Consolidated Interim Financial Statements of

## **NxGold Ltd.**

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian dollars)

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

	Note	June 30, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 1,953,633	\$ 1,622,938
Restricted cash		60,000	60,000
Accounts receivable and prepaid expenses		101,224	22,186
Marketable securities	4	495,230	467,251
		<b>2,610,087</b>	<b>2,172,375</b>
<b>Non-Current</b>			
Exploration and evaluation assets	6	620,270	-
Property and equipment	5	78,612	143,790
<b>TOTAL ASSETS</b>		<b>\$ 3,308,969</b>	<b>\$ 2,316,165</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 162,128	\$ 107,765
Current lease liability	7	30,000	32,860
		<b>192,128</b>	<b>140,625</b>
<b>Non-current</b>			
Long-term lease liability	7	49,101	71,755
<b>TOTAL LIABILITIES</b>		<b>\$ 241,229</b>	<b>\$ 212,380</b>
<b>EQUITY</b>			
Share capital	8	18,735,802	17,512,567
Reserves	8	2,868,875	2,592,546
Accumulated other comprehensive income		364,491	336,512
Deficit		(18,901,428)	(18,337,840)
<b>TOTAL EQUITY</b>		<b>3,067,740</b>	<b>2,103,785</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 3,308,969</b>	<b>\$ 2,316,165</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 August 12, 2020

“Leigh Curyer”  
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 six months ended June 30, 2020 and 2019

	Note	Three months ended		Six months ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>General and administrative costs</b>					
Share-based compensation	8	\$ 108,540	\$ 87,176	\$ 99,847	\$ 189,626
Salaries and director fees		140,503	196,895	338,198	415,104
Professional fees		36,598	36,947	49,698	124,103
Investor relations		-	5,425	1,240	19,178
Public company costs		18,587	25,165	25,256	41,339
Office and other		10,577	16,395	20,710	36,481
Travel		-	10,647	3,825	34,890
Depreciation expense		6,946	10,933	17,408	21,394
<b>Total general and administrative cost</b>		<b>(321,751)</b>	<b>(389,583)</b>	<b>(556,182)</b>	<b>(882,115)</b>
Property holding costs	6	(6,297)	-	(9,375)	-
Foreign exchange gain (loss)		920	(1,871)	149	(2,448)
Interest income		1,377	10,538	7,620	18,188
Other income		-	-	7,500	-
Interest expense	7	(1,043)	(1,525)	(2,321)	(3,125)
Other items		(200)	-	(10,979)	-
<b>Loss</b>		<b>(326,994)</b>	<b>(382,441)</b>	<b>(563,588)</b>	<b>(869,500)</b>
Unrealized gain (loss) on marketable securities	4	193,056	(33,575)	27,979	(103,522)
<b>Comprehensive loss</b>		<b>\$ (133,938)</b>	<b>\$ (416,016)</b>	<b>\$ (535,609)</b>	<b>\$ (973,022)</b>
<b>Loss per common share – basic and diluted</b>		<b>\$ (0.04)</b>	<b>\$ (0.05)</b>	<b>\$ (0.07)</b>	<b>\$ (0.11)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	2	<b>9,008,086</b>	<b>8,163,229</b>	<b>8,586,986</b>	<b>8,163,229</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, 2019</b>		8,163,229	17,512,567	2,286,943	543,557	(7,935,974)	12,407,093
Share-based compensation	8	-	-	213,134	-	-	213,134
Unrealized loss on marketable securities	4	-	-	-	(103,522)	-	(103,522)
Net loss		-	-	-	-	(869,500)	(869,500)
<b>Balance, June 30, 2019</b>		<b>8,163,229</b>	<b>17,512,567</b>	<b>2,500,077</b>	<b>440,035</b>	<b>(8,805,474)</b>	<b>11,647,205</b>
<b>Balance, January 1, 2020</b>		8,163,229	17,512,567	2,592,546	336,512	(18,337,840)	2,103,785
Share-based compensation	8	-	-	<b>99,847</b>	-	-	<b>99,847</b>
Shares issued for cash		<b>5,000,000</b>	<b>1,000,000</b>	-	-	-	<b>1,000,000</b>
Share issue costs		-	<b>(46,765)</b>	<b>14,713</b>	-	-	<b>(32,052)</b>
Shares issued pursuant to the Option Agreement	6(a)	<b>900,000</b>	<b>270,000</b>	<b>161,769</b>	-	-	<b>431,769</b>
Unrealized gain on marketable securities	4	-	-	-	<b>27,979</b>	-	<b>27,979</b>
Net loss		-	-	-	-	<b>(563,588)</b>	<b>(563,588)</b>
<b>Balance, June 30, 2020</b>		<b>14,063,229</b>	<b>18,735,802</b>	<b>2,868,875</b>	<b>364,491</b>	<b>(18,901,428)</b>	<b>3,067,740</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 six months ended June 30, 2020 and 2019

	2020	2019
<b>Cash flows from (used in) operating activities</b>		
Loss for the period	\$ (563,588)	\$ (869,500)
Items not involving cash:		
Share-based payments	99,847	189,626
Depreciation expense	17,408	21,394
Interest expense	2,321	3,125
Other (Income) expenses	10,779	-
Changes in non-cash working capital		
Accounts receivable	(79,038)	40,999
Accounts payable and accrued liabilities	54,362	(47,887)
	<b>\$ (457,909)</b>	<b>\$ (662,243)</b>
<b>Cash flows provided by (used in) investing activities</b>		
Proceeds on sale of equipment	\$ 25,000	\$ -
Acquisition of exploration and evaluation assets	(188,501)	-
Additions to exploration and evaluation assets	-	(242,377)
	<b>\$ (163,501)</b>	<b>\$ (242,377)</b>
<b>Cash flows provided by (used in) financing activities</b>		
Shares issued for cash, net of costs	\$ 967,948	\$ -
Lease payments	(15,843)	(15,153)
	<b>\$ 952,105</b>	<b>\$ (15,153)</b>
<b>Change in cash</b>	<b>\$ 330,695</b>	<b>\$ (919,773)</b>
Cash, beginning of year	1,622,938	3,087,663
<b>Cash, end of period</b>	<b>\$ 1,953,633</b>	<b>\$ 2,167,890</b>

**Supplemental cash flow information (Note 10)**

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 six months ended June 30, 2020 and 2019

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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 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5. The Company is engaged in acquiring and exploring early-stage mineral resource properties.

The Company is currently exploring mineral properties. During the six months ended June 30, 2020, the Company had a net loss of \$563,588 and working capital of \$2,417,959 as at June 30, 2020. 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.

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**”).

During March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate our business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations cannot be reasonably estimated at this time and we anticipate this could have an adverse impact on our business, results of operations, financial position and cash flows in 2020.

These interim financial statements are prepared in accordance with International Financial Reporting Standards (“**IFRS**”) appropriate for a going concern which assumes that 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**

On May 29, 2020, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares then issued and outstanding. The number of shares, warrants and options presented in these financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculations are based on the post-consolidation shares for all years presented.

#### **Statement of Compliance**

These condensed consolidated interim financial statements for the three and six months ended June 30, 2020, 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, 2019.

**NXGOLD LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended June 30, 2020 and 2019

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**2. BASIS OF PRESENTATION (continued)****Basis of Presentation**

These consolidated 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 consolidated 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 consolidated 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.

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, 2019 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, 2019 and have been consistently followed in preparation of these condensed consolidated interim financial statements.

**4. 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>June 30, 2020</b>	<b>December 31, 2019</b>
Opening	\$ 467,251	\$ 674,296
Unrealized gain (loss)	27,979	(207,045)
Closing	\$ 495,230	\$ 467,251

**NXGOLD LTD.**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended June 30, 2020 and 2019

**5. PROPERTY AND EQUIPMENT**

	Computing Equipment	Equipment	Right-of- use asset	Leasehold improvements	Total
<b>Cost</b>					
<b>Balance, December 31, 2018</b>	\$ 3,809	\$ 56,210	\$ -	\$ 15,557	\$ 75,576
Asset recognized on adoption of IFRS 16	-	-	130,002	-	130,002
<b>Balance, December 31, 2019</b>	<b>\$ 3,809</b>	<b>\$ 56,210</b>	<b>\$ 130,002</b>	<b>\$ 15,557</b>	<b>\$ 205,578</b>
Disposals	(3,809)	(48,910)	-	-	(52,719)
Termination of lease	-	-	(130,002)	(15,557)	(145,559)
Inception of lease	-	-	85,558	-	85,558
Write-downs	-	(7,300)	-	-	(7,300)
<b>Balance, June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 85,558</b>	<b>\$ -</b>	<b>\$ 85,558</b>
<b>Accumulated depreciation</b>					
<b>Balance, December 31, 2018</b>	\$ 2,681	\$ 16,386	\$ -	\$ -	\$ 19,067
Depreciation	621	9,121	29,454	3,525	42,721
<b>Balance, December 31, 2019</b>	<b>\$ 3,302</b>	<b>\$ 25,507</b>	<b>\$ 29,454</b>	<b>\$ 3,525</b>	<b>\$ 61,788</b>
Depreciation	507	1,709	14,310	881	17,407
Disposals	(3,809)	(23,040)	-	-	(26,849)
Termination of lease	-	-	(36,818)	(4,406)	(41,224)
Write-downs	-	(4,176)	-	-	(4,176)
<b>Balance, June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,946</b>	<b>\$ -</b>	<b>\$ 6,946</b>
<b>Net book Value:</b>					
Balance, December 31, 2019	\$ 507	\$ 30,703	\$ 100,548	\$ 12,032	\$ 143,790
<b>Balance, June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,612</b>	<b>\$ -</b>	<b>\$ 78,612</b>

On April 1, 2020 the Company entered into a new office lease agreement which created a new right-of-use asset, see Note 7.

During the three months ended March 31, 2020, the Company disposed of computing equipment and equipment with a net book value of \$25,870, for proceeds of \$25,000. The resultant loss of \$870 has been included in Other Expenses in the Statement of Loss.

During the three months ended March 31, 2020, the Company terminated its previous office lease which resulted in the de-recognition of the right-of-use asset (net book value \$93,184) and leasehold improvements (net book value \$11,151) offset by the de-recognition of the lease liability of \$97,550 leading to a loss of \$6,785 (note 7) which is included in Other Items on the Statement of Loss.

The remaining equipment with a net book value of \$3,124 was written off in the three months ended March 31, 2020 which is included in Other Items on the Statement of Loss.



**NXGOLD LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended June 30, 2020 and 2019

**6. EXPLORATION AND EVALUATION ASSETS****(a) Ben Lomond and Georgetown**

In June 2020, the Company entered into an option agreement with Mega Uranium Ltd. (“Mega”) to acquire a 100% interest in the Ben Lomond and Georgetown uranium projects in Australia (the “Mega Option Agreement”), in consideration of the issuance of 900,000 common shares and 900,000 common share purchase warrants (each, an “Acquisition Warrant”), each Acquisition Warrant entitling the holder to acquire a common share at an exercisable price of \$0.30 per common share for a period of 24 months from the date of issuance; and \$180,000 in cash. The option on the Ben Lomond property is exercisable, at NxGold’s election on or before the second anniversary of entering into the agreement, for additional consideration of \$2,500,000, payable in cash or shares of NxGold. Subject to the exercise of the Ben Lomond option, Mega has the right, for a period of 120 days from the exercise of the Ben Lomond option, to sell the Georgetown project to NxGold for additional consideration of \$500,000, payable in cash or shares of NxGold. After acquiring a 100% interest in each project NxGold has the obligation to make additional contingent payments, in cash or shares, tied to the future spot price of uranium as follows

Uranium Spot Price (USD)	Ben Lomond Payments (CDN)	Georgetown Payments (CDN)
\$ 50	\$ 535,000	\$ 315,000
\$ 75	\$ 800,000	\$ 475,000
\$100	\$ 1,050,000	\$ 635,000
	\$ 2,385,000	\$ 1,425,000

At June 30, 2020 the amount included in exploration and evaluation assets related to Ben Lomond and Georgetown is as follows:

	Total
Common shares issues	\$ 270,000
Warrants issued	161,769
Cash	180,000
Transaction costs	8,501
	\$ 620,270

**(b) Kuulu and Mt. Roe**

In the six months ended June 30, 2020, the Company incurred costs of \$9,375 related to maintaining its property interests in Kuulu and Mt. Roe which were expensed to Property Holding costs in the Statement of Loss. In prior years, these costs were capitalized in exploration and evaluation assets, which were subsequently impaired as discussed below.

**NXGOLD LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended June 30, 2020 and 2019

**6. EXPLORATION AND EVALUATION (continued)**

The exploration and evaluation assets at December 31, 2019 were comprised of the following:

	Kuulu	Mt. Roe	Total
<b>Acquisition costs:</b>			
Balance, December 31, 2018	\$ 135,160	\$ 6,871,980	\$ 7,007,140
Additions	-	25,968	25,968
<b>Total acquisition costs incurred</b>	<b>135,160</b>	<b>6,897,948</b>	<b>7,033,108</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	-	12,374	12,374
Land management	13,841	24,133	37,974
Geochemistry	-	18,155	18,155
Geophysical	-	3,185	3,185
Travel and camp	14,045	21,057	35,102
Salaries	9,564	125,287	134,851
Share-based payments	1,228	16,086	17,314
Reclamation	50,000	-	50,000
General exploration	(2,731)	70,412	67,681
<b>Deferred exploration for the year ended December 31, 2019</b>	<b>85,947</b>	<b>290,689</b>	<b>376,636</b>
<b>Total deferred exploration costs incurred</b>	<b>1,064,792</b>	<b>918,814</b>	<b>1,983,606</b>
<b>Impairment (a)</b>	<b>(1,199,952)</b>	<b>(7,816,762)</b>	<b>(9,016,714)</b>
<b>Total exploration and evaluation assets:</b>			
<b>Balance, December 31, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**(c) Impairment of exploration and evaluation assets**

On December 1, 2019, the Company executed a term sheet with Mega which sets out the principle terms upon which it was proposed that NxGold would effect a change of business from a Tier 2 Mining Issuer to a Tier 2 uranium-focused Investment Issuer. Although subsequent to year end this transaction was terminated, it resulted in a decision to impair the exploration and evaluation assets in the quarter ended December 31, 2019.

As at June 30, 2020, the Company still holds an 80% interest in the Mt. Roe project and has the right to acquire up to 70% interest in the Kuulu property.

**7. LEASE LIABILITY**

	June 30, 2020	December 31, 2019
Opening	\$ 104,615	\$ -
Lease liability recognized on adoption of IFRS 16 on January 1, 2019	-	130,002
Termination of the lease, March 31, 2020	(97,550)	-
Inception of new lease, April 1, 2020	85,558	-
Interest expense	2,321	5,941
Payments	(15,843)	(31,328)
Lease liability	79,101	104,615
Less Current portion	(30,000)	(32,860)
Long-term lease liability	\$ 49,101	\$ 71,755

**NXGOLD LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended June 30, 2020 and 2019

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**7. 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.

The Company had a Facilities and Shared Services Agreement (“NxGold Agreement”) with IsoEnergy Ltd. (“**IsoEnergy**”), a related company. IsoEnergy effectively sub-leased approximately 50% of its space to NxGold in exchange for \$2,781 per month. The NxGold Agreement was terminated by the Company with effect from March 31, 2020 resulting in the elimination of the lease liability, the right of use asset and related leasehold improvements and a charge of \$6,785 included in Other Expenses on the Statement of Loss.

NxGold sub-leased approximately 50% of its space and earned rental income of \$7,500 in the three months ended March 31, 2020.

On April 1, 2020, NxGold entered a new lease paying \$2500 per month until April 30, 2023. The discount rate applied to the lease was 5%. As of April 1, 2020 the Company recognized a right-of-use asset (Note 5) and a lease liability of \$85,558 in respect of this lease.

Minimum lease payments are

2020	\$15,000
2021	\$30,000
2022	\$30,000
2023	\$10,000

**8. 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**

On June 17, 2020, NxGold closed a private placement by issuing 5,000,000 units (“Units”) at a price of \$0.20 for gross proceeds of \$1,000,000 (the “Offering”). Each Unit is comprised of one common share (“Common Share”) of the Company and one common share purchase warrant (a “Warrant”). Each Warrant entitles the holder thereof to purchase one Common share for a period of two years from the closing of the Offering at a price of \$0.30 per Common Share. In connection with the Offering, the Company paid certain eligible persons (the “Finders”) a cash commission in total of \$17,100, equal to 6.0% of the gross proceeds of the Offering delivered by Finders and issued a total of 85,500 non-transferable broker warrants (“Broker Warrants”), equal to 6.0% of the Units delivered by Finders pursuant to the Offering, which were valued at \$14,713. Each Broker Warrant entitles the holder to purchase one Common Shares for a period of two years from the closing of the Offering at a price of \$0.30 per Common Share. In addition to the commission and Broker warrants discussed above, there were \$14,952 of share issue costs incurred. The net cash proceeds of \$967,948 from the Offering will be used for general working capital purposes. All securities issued under the Offering are subject to a restricted period of four months from the date of issuance. The Offering constituted a related party transaction within the meaning of TSX Venture.

There were no shares issued in the year ended December 31, 2019.

**NXGOLD LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited - Expressed in Canadian Dollars)  
For the three and six months ended June 30, 2020 and 2019

**8. SHARE CAPITAL (continued)**

**Warrants**

As at June 30, 2020 the Company had the following warrants outstanding:

Expiry date	Exercise price	Number of warrants	Remaining life at June 30, 2020 (years)
15-Oct-20	\$0.70	200,000	0.3
15-Oct-20	\$0.50	489,000	0.3
28-Jul-20	\$0.50	350,000	0.1
15-Jun-21	\$2.70	2,372,514	0.9
14-Jun-21	\$1.80	118,636	0.9
17-Jun-22	\$0.30	5,085,500	2.0
18-Jun-22	\$0.30	900,000	2.0
Balance, June 30, 2020	\$0.94	9,515,650	1.5

Below is a summary of changes to the warrants:

	June 30, 2020		December 31, 2019	
	Number	Weighed average exercise price	Number	Weighed average exercise price
Outstanding, beginning of the year	3,635,950	\$ 2.10	4,670,670	\$ 2.70
Granted	5,985,500	\$ 0.30	-	-
Expired	(105,800)	\$ 5.00	(1,034,720)	\$ 4.90
Outstanding, end of the period	9,515,650	\$ 0.94	3,635,950	\$ 2.10

On June 17, 2020, the Company issued 85,500 broker warrants for services which were valued at \$14,713 and 900,000 warrants to Mega (see note 6(a)). The Company uses the Black-Scholes option pricing model to calculate the fair value of warrants issued for services. 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. The following assumptions were used to estimate the fair value of the warrants issued for services for the six months ended June 30, 2020:

Expected stock price volatility	113%
Expected life of warrants	2 years
Risk free interest rate	0.30%
Expected dividend yield	0.00%
Exercise price	\$ 0.30
Fair value per warrant	\$ 0.17

**NXGOLD LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended June 30, 2020 and 2019

**8. 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.

	Number	Weighted average exercise price
Outstanding, January 1, 2020	685,000	\$ 3.20
Granted	850,000	\$ 0.30
Forfeited or expired	(330,000)	\$ 4.33
Outstanding, June 30, 2020	1,205,000	\$ 0.85
Exercisable	529,432	\$ 1.21

There were no stock options granted, exercised, forfeited or cancelled in the year ended December 31, 2019.

As at June 30, 2020, the Company had stock options outstanding and exercisable as follows:

Number of options outstanding	Exercise price per option	Number of options exercisable	Exercise price per option	Remaining contractual life (years)	Expiry date
25,000	\$ 4.50	25,000	\$ 4.50	1.8	April 25, 2022
330,000	\$ 2.00	221,100	\$ 2.00	3.1	August 8, 2023
850,000	\$ 0.30	283,332	\$ 0.30	5.0	June 18, 2025
1,205,000	\$ 0.85	529,432	\$ 1.21		

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.

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. The following weighted average assumptions were used to estimate the grant date fair values for the six months ended June 30, 2020:

Expected stock price volatility	128%
Expected life of options	5 years
Risk free interest rate	0.37%
Expected dividend yield	0.00%
Weighted average exercise price	\$ 0.30
Weighted average fair value per option granted	\$ 0.30

**NXGOLD LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended June 30, 2020 and 2019

**8. SHARE CAPITAL (continued)**

The Company has share-based compensation related to options that vested or forfeited in the period. Share-based compensation in the six months ended June 30, is as follows:

	<b>2020</b>	<b>2019</b>
Capitalized to explorations and evaluation assets	\$ -	\$ 23,508
Expensed to the statement of loss and comprehensive loss	<b>140,658</b>	189,626
Forfeited	<b>(40,811)</b>	-
	<b>\$ 99,847</b>	\$ 213,134

**9. 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 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.

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.

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

There was no cash paid for income tax in the six months ended June 30, 2020 and 2019. Non-cash transactions in the six months ended June 30, 2020 and 2019 were:

- a) Share-based payments capitalized to exploration and evaluation assets of \$nil (June 30, 2019 - \$23,508).
- b) 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 5 and 7). At March 31, 2020 this lease was terminated, and the liability and related asset were unrecognized which was non-cash.
- c) The initial recognition of a lease liability of \$85,558 on April 1, 2020 and related right-of-use asset.

**NXGOLD LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended June 30, 2020 and 2019

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**11. SEGMENTED INFORMATION**

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

<b>June 30, 2020</b>	<b>Canada</b>	<b>Australia</b>	<b>Total</b>
Total assets	\$ 2,676,578	\$ 632,391	\$ 3,308,969
Total liabilities	\$ 238,773	\$ 2,456	\$ 241,229

  

<b>December 31, 2019</b>	<b>Canada</b>	<b>Australia</b>	<b>Total</b>
Total assets	\$ 2,299,920	\$ 16,245	\$ 2,316,165
Total liabilities	\$ 212,380	\$ -	\$ 212,380

**12. FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash, amounts receivable, marketable 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.

**Fair value**

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of input described in the following hierarchy:

- 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, restricted cash and marketable securities and are measured based on Level 1 inputs.

The book value of accounts receivable, and accounts payable and accrued liabilities approximate their fair value due to the short-term nature.

**Financial risk management objectives and policies**

**Interest rate risk** - The Company is not exposed to significant interest rate risk.

**Currency risk** - Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash held in AUD dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Management considers currency risk to be insignificant.

**NXGOLD LTD.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended June 30, 2020 and 2019

**12. FINANCIAL INSTRUMENTS (continued)**

**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.

**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.

**13. 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>Six months ended June 30, 2020</b>	<b>Short term compensation</b>	<b>Share-based compensation</b>	<b>Total</b>
Expensed in the statement of loss and comprehensive loss	\$ 307,113	\$ 116,372	\$ 423,485

  

<b>Six months ended June 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	\$ 395,454	\$ 173,395	\$ 568,849
Capitalized to exploration and evaluation assets	71,209	13,689	84,898
	\$ 466,663	\$ 187,084	\$ 653,747

As at June 30, 2020 there was \$nil (December 31, 2019 – \$nil) included in accounts payable and accrued liabilities owing to directors and officers for compensation.

The Company shared office space and administrative expenses with IsoEnergy, a Company with officers and directors in common. During the six months ended June 30, 2020, office lease and administrative expenditures billed to NxGold amounted to \$26,533 (2019: \$53,066). As at June 30, 2020, the Company owes \$nil to IsoEnergy (December 31, 2019: \$8,844).



**NXGOLD LTD.**

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

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended June 30, 2020 and 2019

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**14. SUBSEQUENT EVENTS**

**(a) Mountain Lake Option Agreement**

On July 15, 2020, NxGold entered into an agreement with IsoEnergy which grants NxGold the option to acquire a 100% interest in IsoEnergy's Mountain Lake uranium property in Nunavut, Canada ("Iso Option Agreement").

Under the terms of the Iso Option Agreement, NxGold has the option to acquire a 100% interest in the Mountain Lake uranium property in consideration for the issuance of 900,000 common shares and payment of \$20,000 cash to IsoEnergy. The option is exercisable at NxGold's election on or before the second anniversary of the effective date, for additional consideration of \$1,000,000, payable in cash or shares of NxGold. If NxGold elects to acquire the Mountain Lake property, IsoEnergy will be entitled to receive the following contingency payments in cash or shares of NxGold:

- If the uranium spot price reaches USD\$50, NxGold will pay \$410,000
- If the uranium spot price reaches USD\$75, NxGold will pay \$615,000
- If the uranium spot price reaches USD\$100, NxGold will pay \$820,000

The spot price contingent payments will expire 10 years following the date the option is exercised.

The transaction contemplated by the Iso Option Agreement is subject to NxGold obtaining the requisite TSX Venture Exchange approval.

**(b) Warrants exercised**

On July 28, 2020, 250,000 warrants were exercised for proceeds of \$125,000 and 100,000 warrants expired.