

Four Nines Gold Inc.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended July 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the six months ended July 31, 2020 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

Four Nines Gold Inc.

Condensed Interim Statements of Financial Position

As at July 31, 2020 and January 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	July 31, 2020	January 31, 2020
ASSETS		
Current assets		
Cash	\$ 265,363	\$ 723,322
GST receivable	3,074	900
	268,437	724,222
Exploration and evaluation asset (Note 5)	193,054	-
Total assets	\$ 461,491	\$ 724,222
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 10)	\$ 40,994	\$ 82,005
Convertible debentures (Note 6)	-	375,000
	40,994	457,005
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	1,343,486	1,139,486
Share subscription received (Note 11)	7,500	-
Equity component of convertible debentures (Note 6)	31,250	31,250
Contributed surplus	18,800	18,800
Deficit	(980,539)	(922,319)
Total shareholders' equity	420,497	267,217
Total liabilities and shareholders' equity	\$ 461,491	\$ 724,222

Nature and continuance of operations – Note 1

Going concern of operations – Note 2

Subsequent event – Note 11

APPROVED ON BEHALF OF THE BOARD:

“Charles Ross”

Director

“Geoff Balderson”

Director

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

Four Nines Gold Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

For the three and six months ended July 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended July 31,		For the six months ended July 31,	
	2020	2019	2020	2019
Expenses				
Bank charges	\$ 155	\$ 43	\$ 192	\$ 61
Consulting fees (Note 10)	37,324	7,500	40,323	18,000
Exploration expenses (Note 10)	-	2,610	-	2,610
Filing fees and transfer agent	8,402	5,993	12,206	8,484
Interest and accretion (Note 6)	-	17,329	1,027	34,093
Office and general	-	88	73	88
Professional fees	738	1,125	4,399	2,625
Loss and comprehensive loss for the period	\$ (46,619)	\$ (34,688)	\$ (58,220)	\$ (65,961)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	10,300,900	7,580,900	9,837,603	7,564,325

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

Four Nines Gold Inc.

Condensed Interim Statements of Changes in Shareholders' Equity

For the six months ended July 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Share subscriptions received	Equity Component on Convertible Debenture	Contributed Surplus	Deficit	Total
Balance, January 31, 2019	7,530,900	\$ 1,134,486	\$ -	\$ 31,250	\$ 18,800	\$ (835,755)	\$ 348,781
Cash							
Exercise of warrants (Note 7)	50,000	5,000	-	-	-	-	5,000
Net loss and comprehensive loss for the period	-	-	-	-	-	(65,961)	(65,961)
Balance, July 31, 2019	7,580,900	\$ 1,139,486	\$ -	\$ 31,250	\$ 18,800	\$ (901,716)	\$ 287,820
Net loss and comprehensive loss for the period	-	-	-	-	-	(20,603)	(20,603)
Balance, January 31, 2020	7,580,900	\$ 1,139,486	\$ -	\$ 31,250	\$ 18,800	\$ (922,319)	\$ 267,217
Cash							
Private placement (Note 7)	2,720,000	204,000	-	-	-	-	204,000
Share subscriptions received (Note 11)	-	-	7,500	-	-	-	7,500
Net loss and comprehensive loss for the period	-	-	-	-	-	(58,220)	(58,220)
Balance, July 31, 2020	10,300,900	\$ 1,343,486	\$ 7,500	\$ 31,250	\$ 18,800	\$ (980,539)	\$ 420,497

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

Four Nines Gold Inc.

Condensed Interim Statements of Cash Flows
For the six months ended July 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the six months ended July 31,	
	2020	2019
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	\$ (58,220)	\$ (65,961)
Items not affecting cash		
Interest and accretion	-	34,093
Change in non-cash working capital item:		
GST receivable	(2,174)	(262)
Accounts payable and accrued liabilities	(41,012)	27,974
Net cash used in operating activities	(101,406)	(4,156)
INVESTING ACTIVITY		
Deferred exploration and evaluation costs	(193,054)	-
Net cash used in investing activity	(193,054)	-
FINANCING ACTIVITIES		
Repayment of convertible debt	(375,000)	-
Shares issued for cash	204,000	-
Share subscriptions received	7,500	-
Net cash provided by (used in) financing activities	(163,500)	-
Change in cash for the period	(457,960)	(4,156)
Cash, beginning of period	723,323	783,524
Cash, end of period	\$ 265,363	\$ 779,368
Cash paid for interest during the period	\$ 46,027	\$ -
Cash paid for income taxes during the period	\$ -	\$ -
Non-cash Transactions		
Shares issued pursuant to exercise of warrants	\$ -	5,000
Share subscription receivable	\$ -	(5,000)

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

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended July 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

1 Nature and continuance of operations

The Company was incorporated on March 19, 2015 in British Columbia. On August 24, 2017, the Company completed an initial public offering ("IPO") and was listed on the Canadian Securities Exchange ("CSE"). The Company commenced trading on the CSE on August 31, 2017 under the symbol "FNAU".

The head office, principal address and records office of the Company are located at Suite 1000, 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

On October 23, 2018, the Company completed a share consolidation of the basis of one post-consolidation common share for every five pre-consolidation common shares. There was no name change or symbol change. The Company did obtain a new CUSIP number (securities identification number). There was a total of 12,654,500 pre-consolidation common shares issued and outstanding. Upon completion of the consolidation, there was 2,530,900 post-consolidation common shares issued and outstanding. All share capital numbers in these financial statements reflect post-consolidated common shares.

2 Basis of preparation

Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The condensed interim financial statements were authorized for issue by the Board of Directors on September 21, 2020.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars, which is the functionally currency of the Company, unless otherwise specified. All amounts are rounded to the nearest dollar.

Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation in the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At July 31, 2020, the Company has not yet achieved profitable operations, has accumulated losses of \$980,539, since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended July 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

2 Basis of preparation – (cont'd)

Going Concern – (cont'd)

There was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations.

3 Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at January 31, 2020. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended January 31, 2020.

4 Critical Accounting Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Judgments:

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year is a judgment. The factors considered by management are disclosed in Note 2.

Estimates:

Valuation of Convertible Debt

The Company's convertible loans are valued using the present value of future cash flows. This method is based on underlying factors such as the current interest rate and the Company's ability to make all interest payments on a timely basis. Changes in the inputs to the calculation could impact the carrying value of the convertible debentures and amount of accretion included in profit or loss.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended July 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

5 Exploration and Evaluation Asset

	July 31, 2020	January 31, 2020
Acquisition costs:		
Balance, beginning of the period	\$ -	\$ -
Additions	185,000	-
Balance, end of the period	185,000	-
Exploration costs:		
Balance, beginning of the period	-	-
Additions	8,054	-
Balance, end of the period	8,054	-
Total exploration and evaluation asset	\$ 193,054	\$ -

By a mineral property option agreement dated June 18, 2020 and as amended on July 27, 2020, the Company may acquire up to 100% interest in the Bonneville Property. This property consists of 36 mineral tenures and is located in central Quebec. The project covers an area of approximately 2,018 hectares in the Lac Bachelor gold camp 215 kilometres northeast of Val d'Or, Quebec. As consideration the Company will pay cash of \$260,000, and incur \$350,000 in exploration expenditures as follows:

- a) Cash payment of \$35,000 upon signing (Paid);
- b) Cash payment of \$75,000 upon regulatory authorities' approval of this agreement which may apply (Paid);
- c) Cash payment of \$75,000 by July 31, 2020 (Paid);
- d) Cash payment of \$25,000 within twelve months of signing of the agreement; and
- e) Incur \$350,000 in exploration expenditures on or before the date that is twenty-four months of the signing of the agreement.

In the event of a shortfall of exploration expenditures, the Company can pay the Optionor in cash or shares of the Company as long as the share issuance does not make the Optionor a holder of more than 19.9% of the shares outstanding at the time of issuance.

Should the Company acquire 100% of the property the Optionor will retain a 1% Net Smelter Returns ("NSR") royalty. The Company shall be entitled to buy back the 1% NSR for \$1,000,000.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended July 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

6 Convertible Debentures

	Liability component	Equity component	Total
Balance, January 31, 2019	\$ 350,856	\$ 31,250	\$ 382,106
Accretion	24,144	-	24,144
Balance, January 31, 2020	\$ 375,000	\$ 31,250	\$ 406,250
Repurchased	(375,000)	-	(406,250)
Balance, July 31, 2020	\$ -	\$ 31,250	\$ -

On November 9, 2018 the Company closed a non-brokered private placement financing (the “Debenture Financing”) of secured convertible debentures (each, a “Debenture”) for gross proceeds of \$375,000. The Debenture has a maturity date of one year from the date of issuance (the “Maturity Date”) and the principal amount of the Debenture, together with any accrued and unpaid interest, will be payable on the Maturity Date, unless earlier converted in accordance with its terms. The Debentures bear interest (the “Interest”) at the rate of 10% per annum, which Interest will be payable on maturity, unless earlier converted; and the principal amount of the Debenture, together with all accrued and unpaid interest thereon, is convertible into units of the Company at the option of the holder (each, a “Debenture Unit”) at a conversion price of \$0.10 per Debenture Unit, with each Debenture Unit comprised of one common share of the Company (each, a “Debenture Share”) and one transferable share purchase warrant (each, a “Debenture Warrant”), with each Debenture Warrant exercisable into one additional Debenture Share (each, a “Debenture Warrant Share”) at an exercise price of \$0.10 per Debenture Warrant Share for a period of five (5) years from the date of conversion.

Repayment by the Company of amounts owing under the Debentures are secured by a charge over all of the assets of the Company. All subscribers to the Debenture Financing entered into an agency and inter-lender agreement with the Company and a designated subscriber to the Debenture Financing (the “Agent”), pursuant to which the subscribers appointed the Agent to act on their behalf as to certain matters relating to the Debentures, including with respect to enforcement of the security interest.

For accounting purposes, the Debentures are separated into their liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue was calculated as the discounted cash for the convertible debentures assuming a 20% discount rate, which was the estimated rate for a similar debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the convertible debentures and the fair value of the liability component. The debt component will be accreted systematically to its face value over the term of the note by the recording of additional interest. During the year ended January 31, 2020, the Company recorded \$61,644 in interest and accretion cost of which \$37,500 relates to interest. Included in accounts payable and accrued liabilities at January 31, 2020 is \$46,027 in accrued interest payable.

On February 14, 2020, the Company repaid the convertible debentures of \$375,000 plus interest of \$47,055.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended July 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

7 Share Capital

a) Authorized

Unlimited Class A common shares, without par value.

Unlimited Class B common shares, without par value.

b) Issued

7,580,900 Class A common shares.

During the six months ended July 31, 2020:

On March 2, 2020, the Company closed a non-brokered private placement of 2,720,000 units at a price of \$0.075 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 per share expiring on March 1, 2025.

During the year ended January 31, 2020:

On April 1, 2019, the Company issued 50,000 common shares pursuant to the exercise of share purchase warrants at a price of \$0.10 for total proceeds of \$5,000.

c) Share purchase warrants

Details of share purchase warrants activities for the six months ended July 31, 2020, and for the year ended January 31, 2020 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2019	5,750,000	\$0.28
Expired	(750,000)	\$1.50
Exercised	(50,000)	\$0.10
Balance, January 31, 2020	4,950,000	\$0.10
Issued	2,720,000	\$0.10
Balance, July 31, 2020	7,670,000	\$0.10

The weighted average remaining life of the 7,670,000 share purchase warrants is 3.74 years.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended July 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

7 Share Capital – (cont'd)

As at July 31, 2020, the Company had 7,670,000 share purchase warrants outstanding as follows:

Number of Warrants	Exercise Price	Expiry Date
4,950,000	\$0.10	November 9, 2023
2,720,000	\$0.10	March 1, 2025
7,670,000		

d) Compensation warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2019	135,000	\$1.50
Expired	(135,000)	\$1.50
Balance, January 31, 2020 and July 31, 2020	-	\$-

e) Contributed Surplus

The Company's equity reserve is comprised of fair value of agent's warrants or compensation warrants.

8 Financial Instruments

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- 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.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended July 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

8 Financial Instruments – (cont'd)

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

	Level 1	Level 2	Total
July 31, 2020			
Cash	\$ 265,363	\$ -	\$ 265,363
	\$ 265,363	\$ -	\$ 265,363
January 31, 2020			
Cash	\$ 723,322	\$ -	\$ 723,322
Convertible debenture	-	375,000	375,000
	\$ 723,322	\$ 375,000	\$ 1,098,322

Cash is measured using level 1 fair value inputs. As at July 31, 2020, the Company believes the carrying values of accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

The initial fair value of the liability component of the Company's convertible debenture, with a carrying amount of \$Nil at July 31, 2020 (January 31, 2020: \$375,000) was measured using Level 2 inputs to be \$343,750. The fair value of the liability component of the convertible debenture was estimated using the discounted cash flows technique. The valuation model considers the present value of expected payments, discounted using a discount rate that approximates the market rate for the Company's loans and borrowings. The estimated fair value would increase (decrease) if the market rate were lower (higher).

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

General Objectives, Policies and Processes

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended July 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

8 Financial Instruments – (cont'd)

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such as a loss is limited because the convertible debentures bear interest at a fixed rate.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

The Company may be exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts payable and accrued liabilities that are denominated in a foreign currency. As at July 31, 2020, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

9 Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the Company's objectives. In order to pay for general administrative costs, the Company will raise additional amounts as needed.

The Company 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 considers shareholders' equity and working capital as components of its capital base. The Company may access capital through the issuance of shares or the disposition of assets. Management historically funds the Company's expenditures by issuing share capital rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

There has been no change in the Company's approach to capital management during the period ended July 31, 2020.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the six months ended July 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

10 Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key management personnel compensation

The Company considers its President, Chief Executive Officer, Chief Financial Officer, and the directors of the Company to be key management.

		For the six months ended July 31,	
	Relationship	2020	2019
<u>Consulting fees</u>			
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, Director and CFO	\$ 7,500	\$ 17,500
<u>Exploration expenses</u>			
Jim Mustard	Director and Former CEO	-	1,960
		\$ 7,500	\$ 19,460

Included in accounts payable at July 31, 2020, is \$15,708 (January 31, 2020: \$14,133) owed to a director and a Company controlled by the CFO for reimbursements of expenses or unpaid fees. The amount is unsecured, non-interest bearing with no specific terms of repayment.

11 Subsequent Event

On August 21, 2020, the Company completed a private placement of 2,005,000 units at a price of \$0.075 per unit for total proceeds of \$150,375 of which \$7,500 is included in shares subscriptions received at July 31, 2020. Each unit comprise of one common share and one share purchase warrant with each share purchase warrant entitling the holder to purchase one common share at a price of \$0.10 per share for a period of five years from the date of issuance.