

Four Nines Gold Inc.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended April 30, 2021

(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 three months ended April 30, 2021 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 April 30, 2021 and January 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	April 30, 2021	January 31, 2021
ASSETS		
Current assets		
Cash	\$ 1,208,696	\$ 378,256
GST receivable	1,419	723
Prepaid expense	4,050	8,100
	1,214,165	387,079
Exploration and evaluation asset (Note 5)	193,054	193,054
Total assets	\$ 1,407,219	\$ 580,133
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 10)	\$ 53,168	\$ 50,321
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	2,357,311	1,490,659
Shares subscribed/receivable (Note 7)	(19,925)	5,000
Equity component of convertible debentures (Note 6)	31,250	31,250
Reserves (Note 7)	119,125	85,174
Deficit	(1,133,710)	(1,082,271)
Total shareholders' equity	1,354,051	529,812
Total liabilities and shareholders' equity	\$ 1,407,219	\$ 580,133

Nature and continuance of operations – Note 1

Subsequent events – Notes 5 and 7

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 months ended April 30, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended April 30,	
	2021	2020
Expenses		
Bank charges	\$ 131	\$ 37
Consulting fees (Note 10)	6,614	3,000
Filing fees and transfer agent	6,940	3,804
Interest and accretion	-	1,027
Office and general	61	73
Professional fees	3,742	3,660
Share-based payments (Note 7)	33,951	-
Loss and comprehensive loss for the period	\$ (51,439)	\$ (11,601)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	12,377,943	9,364,011

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 three months ended April 30, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of common shares	Share capital	Shares subscribed/ Receivable	Equity component on convertible debenture	Reserves	Deficit	Total
Balance, January 31, 2020	7,580,900	1,139,486	-	31,250	18,800	(922,319)	267,217
Cash							
Private placements	2,720,000	204,000	-	-	-	-	204,000
Net loss and comprehensive loss for the period	-	-	-	-	-	(11,601)	(11,601)
Balance, April 30, 2020	10,300,900	\$ 1,343,486	\$ -	\$ 31,250	\$ 18,000	\$ (933,920)	\$ 459,616
Balance, January 31, 2021	12,305,900	\$ 1,490,659	\$ 5,000	\$ 31,250	\$ 85,174	\$ (1,082,271)	\$ 529,812
Cash							
Private placements	2,461,863	861,652	(19,925)	-	-	-	841,727
Exercise of warrants	50,000	5,000	(5,000)	-	-	-	-
Share-based payments	-	-	-	-	33,951	-	33,951
Net loss and comprehensive loss for the period	-	-	-	-	-	(51,439)	(51,439)
Balance, April 30, 2021	14,817,763	\$ 2,357,311	\$ (19,925)	\$ 31,250	\$ 119,125	\$ (1,133,710)	\$ 1,354,051

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 three months ended April 30, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended April 30,	
	2021	2020
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	\$ (51,439)	\$ (11,601)
Items not affecting cash		
Share-based payments	33,951	-
Impairment of exploration and evaluation asset		
Change in non-cash working capital item:		
GST receivable	(696)	(497)
Prepaid expense	4,050	-
Accounts payable and accrued liabilities	2,847	(41,254)
Net cash used in operating activities	(11,287)	(53,352)
FINANCING ACTIVITIES		
Shares issued for cash	841,727	204,000
Repurchase of convertible debentures	-	(375,000)
Net cash provided by (used in) financing activities	841,727	(171,000)
Change in cash for the period	830,440	(224,352)
Cash, beginning of period	378,256	723,323
Cash, end of period	\$ 1,208,696	\$ 498,971
Cash paid for interest during the period	\$ -	\$ 47,055
Cash paid for income taxes during the period	\$ -	\$ -

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

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2021

(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.

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 June 25, 2021.

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 functional 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 April 30, 2021, the Company has a working capital of \$1,160,997 however, it has not yet achieved profitable operations and has an accumulated deficit of \$1,133,710, and expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company 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 three months ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

2 Basis of preparation – (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. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. However, the duration and impact of 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 going forward.

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, 2021. 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, 2021.

New Accounting Standards Interpretations Issue But Not Yet Adopted

IAS 16 – Property, plant and equipment – Proceeds before intended use (“IAS 16”) has been amended to clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant or equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. These amendments are effective for periods beginning on or after January 1, 2022. The Company is currently assessing the impact of this amendment.

IAS 37–Provisions (“IAS 37”), has been amended to clarify the meaning of “costs to fulfil a contract”, which comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. These amendments are effective for periods beginning on or after January 1, 2022, with early application permitted. The Company is currently assessing the impact of this amendment.

IAS 1 –Presentation of Financial Statements (“IAS 1”), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the impact of this amendment.

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.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

4 Critical Accounting Estimates and Judgments – (cont'd)

Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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 1.

Estimates:

Share-based payments

The determination of the fair value related to share-based payments are subject to estimate. The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

Asset retirement obligations

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management.

Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

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4 Critical Accounting Estimates and Judgments – (cont'd)

Recoverability of exploration and evaluation assets

Recorded costs of exploration and evaluation assets and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its exploration and evaluation assets for signs of impairment. This is highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgements based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

5 Exploration and Evaluation Assets

Bonneville Property	April 30, 2021	January 31, 2021
Acquisition costs:		
Balance, beginning of the period	\$ 185,000	\$ -
Additions	-	185,000
Balance, end of the period	185,000	185,000
Exploration costs:		
Balance, beginning of the period	8,054	-
Geological	-	6,500
Travel	-	1,554
Balance, end of the period	8,054	8,054
Total exploration and evaluation asset	\$ 193,054	\$ 193,054

Bonneville Property, Quebec

On June 18, 2020 and as amended on July 27, 2020, the Company entered into an option agreement with Telford Management Ltd. whereby, 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 in the Lac Bachelor gold camp. As consideration for the interest, the Company will pay cash of \$210,000, and incur \$350,000 in exploration expenditures as follows:

- Cash payment of \$35,000 upon signing (June 18, 2020) (Paid);
- Cash payment of \$75,000 upon regulatory authorities' approval (June 22, 2020) (Paid);
- Cash payment of \$75,000 by July 31, 2020 (Paid);
- Cash payment of \$25,000 by June 18, 2021 (Subsequently Paid); and
- Incur \$350,000 in exploration expenditures on or before June 18, 2022.

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

5 Exploration and Evaluation Assets – (cont'd)

Bonneville Property, Quebec – (cont'd)

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.

6 Convertible Debentures

	Liability component	Equity component
Balance, January 31, 2020	\$ 375,000	\$ 31,250
Repurchased	(375,000)	-
Balance, January 31, 2021 and April 30, 2021	\$ -	\$ 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 Debentures have a maturity date of one year from the date of issuance (the “Maturity Date”). The principal amount of the Debentures, 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 at the rate of 10% per annum and are payable on the earlier of repayment of the Debentures or the Maturity Date.

The Debentures, together with all accrued and unpaid interest thereon, are 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”). Each Debenture Warrant is 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. The Debentures are secured by the assets of the Company.

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 using an effective interest rate of 20%. 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.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

6 Convertible Debentures – (cont'd)

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

7 Share Capital

a) Authorized

Unlimited Class A common shares, without par value.

Unlimited Class B common shares, without par value.

b) Issued

During the three months ended April 30, 2021:

On February 10, 2021, the Company issued 50,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of \$5,000 of which this amount was included in share subscriptions received/receivable at January 31, 2021.

On April 20, 2021, the Company closed a non-brokered private placement of 2,461,863 units at a price of \$0.35 per unit for total proceeds of \$861,652 of which \$19,925 was included in share subscriptions received/receivable at April 30, 2021. Each unit consists of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.70 per share expiring on April 28, 2023. Subsequent to April 30, 2021, the \$19,925 was received.

During the year ended January 31, 2021:

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 for total proceeds of \$204,000. 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.

On August 21, 2020, the Company closed a non-brokered private placement of 2,005,000 units at a price of \$0.075 per unit for total proceeds of \$150,375. 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 August 20, 2025.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

7 Share Capital – (cont'd)

c) Share purchase warrants

Details of share purchase warrant activities for the three months ended April 30, 2021 and for the year ended January 31, 2021 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2020	4,950,000	\$0.10
Issued	4,725,000	\$0.10
Balance, January 31, 2021	9,675,000	\$0.10
Exercised	(50,000)	\$0.10
Issued	1,230,933	\$0.70
Balance, April 30, 2021	10,855,933	\$0.17

The weighted average remaining life of the 10,855,933 share purchase warrants is 3.12 years.

As at April 30, 2021, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,230,933	\$0.70	April 29, 2023
4,950,000	\$0.10	November 9, 2023
2,670,000	\$0.10	March 2, 2025
2,005,000	\$0.10	August 21, 2025
10,855,933		

d) Stock options

The Company has a formal stock option plan in accordance with the policies of the TSX Venture Exchange (the “Exchange”) under which it is authorized to grant options to directors, officers, employees and consultants to purchase shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding shares. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued shares of the Company in any 12- month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. Each stock option granted is for a term not exceeding five years unless otherwise specified. Outstanding options vest immediately at date of grant. Options granted to investor relations personnel vest in accordance with Exchange regulations.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

7 Share Capital – (cont'd)

d) Stock options – (cont'd)

On February 1, 2021, the Company granted 100,000 stock options to a director of the Company which vest at the date of grant. The stock options entitled the holder the right to purchase one common share for each option at 40.48 per share expiring on February 1, 2023. The fair value of the stock options amounted to \$23,000 was determined using the Black Scholes option pricing model with the following assumptions – Share price on grant date of \$0.46; Risk-free interest rate of 0.23%; Dividend yield of Nil; Expected volatility of 97%; Expected life of 2 years and forfeiture rate of 0%. Volatility was determined based on the Company's historical data.

On September 21, 2020, the Company granted 760,000 stock options exercisable to directors of the Company and consultants. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.25 per share expiring on September 21, 2025 and vested at 12.5% every three months with the first vesting on December 21, 2020 and every three months thereafter. The fair value of the stock options amounted to \$152,000 was determined using the Black Scholes option pricing model with the following assumptions – Share price on grant date of \$0.25; Risk-free interest rate of 0.36%; Dividend yield of Nil; Expected volatility of 116%; Expected life of 5 years and forfeiture rate of 0%. Volatility was determined based on the Company's historical data. As at April 30, 2021, the Company recorded share-based payments totaling \$10,951 (January 31, 2021 – \$66,374).

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2020	-	\$-
Granted	760,000	\$0.25
Balance, January 31, 2021	760,000	\$0.25
Granted	100,000	\$0.48
Balance, April 30, 2021	860,000	\$0.28

As at April 30, 2021, the Company had 860,000 stock options outstanding as follows:

Number of Options	Vested	Exercise Price	Expiry Date
100,000	100,000	\$0.48	February 1, 2023
760,000	190,000	\$0.25	September 21, 2025
860,000	290,000		

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

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(Unaudited – Prepared by Management)

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.

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.

Cash is measured using level 1 fair value inputs. As at April 30, 2021, 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 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.

Four Nines Gold Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

8 Financial Instruments – (cont'd)

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

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents. 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.

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 accounts payable and accrued liabilities that are denominated in a foreign currency. As at April 30, 2021, 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.

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(Unaudited – Prepared by Management)

10 Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. 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 three months ended April 30,	
	Relationship	2021	2020
<u>Consulting fees</u>			
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, Director and CFO	\$ 6,000	\$ 3,000
<u>Share-based payments</u>			
Daniel Schieber	Director	23,000	-
Charles Ross	Director and CEO	5,476	-
Jim Mustard	Director	2,738	-
Geoff Balderson	Director and CFO	913	-
Joseph Yelder	Director	1,825	-
		33,951	-
		\$ 39,951	\$ 3,000

Included in accounts payable at April 30, 2021, is \$19,308 (January 31, 2021: \$17,283) 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.