

Four Nines Gold Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED 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 consolidated 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 consolidated financial statements of the Company for the three months ended April 30, 2023 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 Consolidated Statements of Financial Position

As at April 30, 2023 and January 31, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	April 30, 2023	January 31, 2023
ASSETS		
Current assets		
Cash	\$ 55,891	\$ 245,545
GST receivable	4,338	1,890
Prepaid expense	39,835	17,211
	100,064	264,646
Exploration advances	6,854	12,113
Exploration and evaluation assets (Note 5)	705,810	584,289
Total assets	\$ 812,728	\$ 861,048
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 36,837	\$ 44,603
	36,837	44,603
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	2,446,811	2,429,311
Equity component of convertible debentures	31,250	31,250
Reserves (Note 6)	402,764	402,764
Accumulated other comprehensive (loss) income	5,200	(626)
Deficit	(2,110,134)	(2,046,254)
Total shareholders' equity	775,891	816,445
Total liabilities and shareholders' equity	\$ 812,728	\$ 861,048

Nature and continuance of operations – Note 1

Subsequent events – Notes 5,6 and 11

APPROVED ON BEHALF OF THE BOARD:

“Charles Ross”

Director

“Geoff Balderson”

Director

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

Four Nines Gold Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended April 30,	
	2023	2022
Expenses		
Bank charges	\$ 110	\$ 349
Consulting fees (Note 9)	6,000	6,000
Filing fees and transfer agent	7,236	7,257
Foreign exchange loss	-	1,111
Marketing	31,842	-
Office and general	2,899	6,142
Professional fees	137	14,036
Property investigation	-	37,519
Rent (Note 9)	13,500	-
Share-based payments (Notes 6 and 9)	-	76,974
Travel and entertainment	2,156	1,773
Net loss for the period	(63,880)	(151,161)
Other comprehensive income		
Gain (loss) on translation of foreign operations	5,826	(1,000)
Total comprehensive loss for the period	\$ (58,054)	\$ (152,161)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	14,811,107	14,703,185

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

Four Nines Gold Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of common shares	Share capital	Shares subscribed	Equity component on convertible debenture	Reserves	Accumulated other comprehensive (loss) gain	Deficit	Total
Balance, January 31, 2022	14,967,763	\$ 2,372,311	\$ -	\$ 31,250	\$ 261,794	\$ -	\$ (1,551,396)	\$ 1,113,959
Cash transactions:								
Exercise of warrants	570,000	57,000	-	-	-	-	-	57,000
Share-based payments	-	-	-	-	76,974	-	-	140,970
Cumulative translation adjustment	-	-	-	-	-	(1,000)	-	(626)
Loss for the period	-	-	-	-	-	-	(151,161)	(152,161)
Balance, April 30, 2022	15,537,763	\$ 2,429,311	\$ -	\$ 31,250	\$ 338,768	\$ (1,000)	\$ (1,702,557)	\$ 1,095,772
Balance, January 31, 2023	15,537,763	\$ 2,429,311	\$ -	\$ 31,250	\$ 402,764	\$ (626)	\$ (2,046,254)	\$ 816,445
Cash transactions:								
Exercise of warrants	175,000	17,500	-	-	-	-	-	17,500
Cumulative translation adjustment	-	-	-	-	-	5,826	-	5,826
Loss for the period	-	-	-	-	-	-	(63,880)	(63,880)
Balance, April 30, 2023	15,712,763	\$ 2,446,811	\$ -	\$ 31,250	\$ 402,764	\$ 5,200	\$ (2,110,134)	\$ 775,891

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

Four Nines Gold Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended April 30,	
	2023	2022
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	\$ (63,880)	\$ (151,161)
Items not affecting cash		
Foreign exchange loss	5,826	112
Share-based payments	-	76,974
Impairment of exploration and evaluation asset		
Change in non-cash working capital item:		
GST receivable	(2,448)	131
Prepaid expense	(22,624)	4,494
Accounts payable and accrued liabilities	(7,766)	(35,383)
Net cash used in operating activities	(90,892)	(104,833)
INVESTING ACITIVITIES		
Exploration advance	5,259	-
Exploration and evaluation asset	(121,521)	(45,310)
Net cash used in investing activities	(116,262)	(45,310)
FINANCING ACTIVITY		
Shares issued for cash	17,500	57,000
Net cash provided by financing activity	17,500	57,000
Change in cash for the period	(189,654)	93,143
Cash, beginning of period	245,545	1,014,975
Cash, end of period	\$ 55,891	\$ 921,832
Cash paid for interest during the period	\$ -	\$ -
Cash paid for income taxes during the period	\$ -	\$ -

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

Four Nines Gold Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023

(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.

Going Concern

These condensed interim consolidated 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, 2023, the Company has a working capital of \$63,227 however, it has not yet achieved profitable operations and has an accumulated deficit of \$2,110,134 and for the three months ended April 30, 2023 incurred a loss of \$63,880, and expects to incur further losses in the development of its business.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crisis, may create further uncertainty and risk with respect to the prospects of the Company's business.

The above material uncertainties may 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.

2 Basis of preparation

Statement of Compliance

These condensed interim consolidated 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 consolidated financial statements were authorized for issue by the Board of Directors on June 29, 2023.

Four Nines Gold Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

2 Basis of preparation – (cont'd)

Basis of Measurement

The condensed interim consolidated 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 condensed interim consolidated 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 parent Company and its subsidiary Hayden Hill Mining Inc. (“Hayden Hill”). The functional currency of Lassen Resources Inc. (“LRI”) is the US Dollar (“USD”). All amounts are rounded to the nearest dollar.

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 consolidated financial statements as at January 31, 2023. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended January 31, 2023.

New Accounting Standards Interpretations Issue But Not Yet Adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

4 Critical Accounting Estimates and Judgments

The preparation of the condensed interim consolidated 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.

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:

Four Nines Gold Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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

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.

Exploration and Evaluation Asset and Impairment

The application of the Company's accounting policy for exploration and evaluation assets and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Title to Mineral Property Interests

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 or interest therein. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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 6.

Four Nines Gold Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

5 Exploration and Evaluation Assets

	Lassen Property	Bonneville Property	Total
Acquisition costs:			
Balance, January 31, 2023	\$ 137,076	\$ 232,500	\$ 369,576
Cash	81,468	2,500	83,968
Foreign exchange translation	2,340	-	2,340
Balance, April 30, 2023	220,884	235,000	455,884
Exploration costs:			
Balance, January 31, 2023	206,659	8,054	214,713
Report preparation	2,664	-	2,664
Geologist	21,957	-	21,957
Insurance	5,465	-	5,465
Travel	1,595	-	1,595
Foreign exchange translation	3,532	-	3,532
	241,872	8,054	249,926
Total, April 30, 2023	\$ 462,756	\$ 243,054	\$ 705,810
Acquisition costs:			
Balance, January 31, 2022	\$ -	\$ 210,000	\$ 210,000
Cash	66,750	22,500	89,250
Staking	71,901	-	71,901
Foreign exchange translation	(1,575)	-	(1,575)
Balance, January 31, 2023	137,076	232,500	369,576
Exploration costs:			
Balance, January 31, 2022	-	8,054	8,054
Report preparation	79,637	-	79,637
Consulting	1,181	-	1,181
Maps	5,820	-	5,820
Travel	10,791	-	10,791
Geologist	79,369	-	79,369
Meals and entertainment	1,912	-	1,912
Geophysical	7,338	-	7,338
Accommodations	4,504	-	4,504
Office field	2,721	-	2,721
Insurance	9,190	-	9,190
Foreign exchange translation	4,196	-	4,196
Balance, January 31, 2023	206,659	8,054	214,713
Total, January 31, 2023	\$ 343,735	\$ 240,554	\$ 584,289

Four Nines Gold Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

5 Exploration and Evaluation Assets – (cont'd)

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:

- a) Cash payment of \$35,000 upon signing (June 18, 2020) (Paid);
- b) Cash payment of \$75,000 upon regulatory authorities' approval (June 22, 2020) (Paid);
- c) Cash payment of \$75,000 by July 31, 2020 (Paid);
- d) Cash payment of \$25,000 by June 18, 2021 (Paid); and
- e) Incur \$350,000 in exploration expenditures on or before June 18, 2022 (extended per below) (Incurred \$8,054).

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.

On November 8, 2022, the Company extended the exploration expenditure commitment until December 31, 2022, and in consideration for the extension, the Company paid \$15,000. On December 29, 2022, the Company extended the period further to March 31, 2023 and paid \$7,500 for the extension. On March 31, 2023, the Company and the Optionor amended the agreement and extended the exploration expenditure commitment whereby \$50,000 in exploration expenditures would be due on or before December 31, 2023 and the remainder will be due on or before December 31, 2024. As consideration for the extension, the Company will pay the Optionor \$2,500 per month for the duration of the option commencing April 2023.

Four Nines Gold Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

5 Exploration and Evaluation Assets – (cont'd)

Lassen Properties, California

During the year ended January 31, 2023, the Company staked 25 claims located in Hayden Hill Mining District in California totaling \$71,901.

On August 19, 2022, the Company entered into an option agreement to acquire the right to explore the Lassen properties and all of the issued and outstanding shares of a Lassen Gold Mining, Inc. (“Lassen Gold”) from its parent company Kinam Gold Inc. (“Kinam”). Lassen Gold holds an interest in 62 mineral claims located in Lassen County, California. The agreement shall be effective from August 19, 2022 (the “Effective Date”) through to November 1, 2025 (the “Option Period”).

In order to earn the right to explore the property, the Company shall incur the following”

- Pay US\$50,000 in cash on execution date (Paid);
- Pay US\$60,000 (Paid) and incur US\$250,000 in qualifying expenditures on or before March 1, 2023 (Incurred);
- Pay US\$100,000 and incur additional US\$500,000 in qualifying expenditures on or before November 1, 2024;
- Incur additional US\$500,000 in qualifying expenditures on or before November 1, 2025.

The US\$250,000 due on or before March 1, 2023 is a firm commitment and shall not be affected by any termination of the agreement. If the agreement is terminated prior to LRI completing the US\$250,000 expenditure requirement, LRI will need to pay Lassen the amount of shortfall within 30 days following termination.

During the Option Period, the Company shall have the opportunity, but not the obligation, to purchase all of the issued and outstanding shares of Lassen. As consideration for the acquisition, the Company will pay an amount equal to US\$2,000,000 minus all the options payments paid as of the date of exercise of the option and minus any decommissioning liabilities, and the assumption of any bonds, guarantees, or other financial assurances provided or guaranteed by Kinam or its affiliates in respect of the Property. The Company can exercise the option with a written notice at any time within the Option Period.

Kinam will retain a 2.0% Net Smelter Returns Royalty (“NSR”) on all minerals produced and sold from the property. The Company has an option to purchase back 0.5% of the NSR for a payment of US\$1,900,000 within seven years of the Effective Date.

6 Share Capital

a) Authorized

Unlimited Class A common shares, without par value.

Unlimited Class B common shares, without par value.

Four Nines Gold Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

6 Share Capital – (cont'd)

b) Issued

During the three months ended April 30, 2023:

In April 2023, the Company issued 175,000 common shares pursuant to the exercise of share purchase warrants with an exercise price of \$0.10 for total proceeds of \$17,500.

During the year ended January 31, 2023:

On February 14, 2022, the Company issued 570,000 common shares pursuant to the exercise of share purchase warrants with an exercise price of \$0.10 for total proceeds of \$57,000.

c) Share purchase warrants

Details of share purchase warrant activities for the three months ended April 30, 2023 and for the year ended January 31, 2023 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2022	10,705,933	\$0.17
Exercised	(570,000)	\$0.10
Balance, January 31, 2023	10,135,933	\$0.17
Exercised	(175,000)	\$0.10
Balance, April 30, 2023	9,960,933	\$0.17

The weighted average remaining life of the share purchase warrants is 1.16 years.

As at April 30, 2023, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,230,933	\$0.70	April 28, 2024
4,950,000	\$0.10	November 9, 2023
2,100,000	\$0.10	March 2, 2025
1,680,000	\$0.10	August 21, 2025
9,960,933		

On April 14, 2023, 1,230,933 share purchase warrants that were set to expire on April 28, 2023 were extended to expire on April 28, 2024.

Four Nines Gold Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

6 Share Capital – (cont'd)

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.

There were no stock options granted during the three months ended April 30, 2023 and for the year ended January 31, 2023.

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2022	1,495,000	\$0.41
Forfeited	(25,000)	\$0.45
Balance, January 31, 2023	1,470,000	\$0.41
Expired	(100,000)	\$0.47
Balance, April 30, 2023	1,370,000	\$0.40

The weighted average remaining life of the stock options is 2.03 years.

As at April 30, 2023, the Company had 1,470,000 stock options outstanding as follows:

Number of Options	Vested	Exercise Price	Expiry Date
590,000	590,000	\$0.59	November 25, 2024
30,000	30,000	\$0.64	December 2, 2024
750,000	750,000	\$0.25	September 21, 2025
1,370,000	1,370,000		

Four Nines Gold Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

7 Financial Instruments and Risk Management

a) 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, 2023, 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.

a) Risk Management

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 Consolidated Financial Statements

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

7 Financial Instruments and Risk Management – (cont'd)

a) Risk Management (cont'd)

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

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. 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. As at April 30, 2023, the Company has no interest bearing financial instruments and considers interest rate risk to be insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. 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, 2023, the Company's foreign currency risk was not significant.

8 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.

Four Nines Gold Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended April 30, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

9 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.

	Relationship	For the three months ended April 30,	
		2023	2022
<u>Consulting fees</u>			
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, Director and CFO	\$ 6,000	\$ 6,000
<u>Rent</u>			
Norsmont Mining Inc.	Common director	13,500	-
<u>Share-based payments</u>			
Charles Ross	Director and CEO	-	1,317
Jim Mustard	Director	-	658
Geoff Balderson	Director and CFO	-	219
Joseph Yelder	Director	-	439
David Flint	Director	-	11,000
		-	13,633
		\$ 19,500	\$ 19,633

Included in accounts payable and accrued liabilities at April 30, 2023, is \$8,559 (January 31, 2023 - \$8,804) owed to a director and a Company controlled by the CFO for reimbursements of expenses or unpaid fees. The amounts are unsecured, non-interest bearing with no specific terms of repayment.