ALMA GOLD INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON MAY 21, 2020 TO AUGUST 31, 2020

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

ALMA GOLD INC.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	August 31, 2020
	$
ASSETS	
LONG TERM ASSETS	
Exploration and evaluation assets (Note 4)	**130,760**
TOTAL ASSETS	**130,760**
LIABILITIES	
CURRENT	
Accounts payable and accrued liabilities	**3,500**
Due to Red Lake Gold Inc. (Note 5)	**133,366**
	136,866
SHAREHOLDER'S DEFICIENCY	
Share capital (Note 6)	**1**
Deficit	**(6,107)**
	(6,106)
TOTAL LIABILITIES & SHAREHOLDER'S DEFICIENCY	**130,760**

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the Board on November 16, 2020:

"Brian Hearst" Director *"Ryan Kalt"* Director

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

ALMA GOLD INC.
CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	May 21, 2020 (date of incorporation) to August 31, 2020
	$
EXPENSES	
Professional fees	**6,107**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(6,107)**
LOSS PER SHARE (basic and diluted)	**(6,107)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**1**

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

ALMA GOLD INC.
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S DEFICIENCY
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Common Shares			
	Number of Shares	**Amount**	**Deficit**	**Total**
		$	$	$
Founder share issued on incorporation	1	1	-	1
Loss for the period	-	-	(6,107)	(6,107)
Balance, August 31, 2020	**1**	**1**	**(6,107)**	**(6,106)**

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

ALMA GOLD INC.
CONDENSED INTERIM STATEMENT OF CASH FLOW
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	May 21, 2020 (date of incorporation) to August 31, 2020
	$
CASH PROVIDED BY (USED IN):	
OPERATING ACTIVITIES	
Net loss for the period	**(6,107)**
Changes in non-cash working capital balances:	
Due to Red Lake Gold Inc.	**2,607**
Accounts payable and accrued liabilities	**3,500**
Cash provided by operating activities	**-**
CHANGE IN CASH	**-**
CASH, BEGINNING OF PERIOD	**-**
CASH, END OF PERIOD	**-**
Supplemental information:	
Exploration and evaluation assets included in Due to Red Lake Gold Inc.	**130,760**
Interest paid	**-**
Income taxes paid	**-**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Alma Gold Inc. ("the Company") was incorporated on May 21, 2020 under the laws of British Columbia, Canada, pursuant to a plan of arrangement between the Company and Red Lake Gold Inc ("RGLD"). The address of the Company's corporate office and its principal place of business is Suite 605 – 815 Hornby Street, Vancouver, British Columbia, Canada.

On November 6, 2020, with the necessary approvals from the Supreme Court of British Columbia, the Company completed its plan of arrangement. Under the terms of the plan of arrangement, RGLD distributed new common shares to RGLD shareholders on the basis of 1 new common share of RGLD and 0.95 common shares of Alma Gold Inc. for every common share of RGLD owned.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at August 31, 2020, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

For the period from incorporation on May 21, 2020 to August 31, 2020, the Company incurred a net loss of $6,107 and had a deficit of $6,107. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors may cast significant doubt upon the ability of the Company to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim financial statements. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the outbreak, however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions as well as its ability to raise financing. There has been no material disruption to the Company's current operations to date.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of November 16, 2020, the date the Board of Directors approved the statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

d) Decommissioning and restoration liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Decommissioning and restoration liabilities (continued)

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no significant restoration, rehabilitation and environmental obligations as at August 31, 2020.

e) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

f) Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9 Financial Instruments ("IFRS 9"):

<u>Financial assets</u>

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL").

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.
• The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(ii) Financial assets measured at FVTPL

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(iii) Financial assets measured at FVTOCI

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as “financial asset at fair value through other comprehensive income” in other comprehensive income.

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statement of comprehensive loss.

However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(i) Financial liabilities measured at amortized cost
A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company’s accounts payable and accrued liabilities, and due to Red Lake Gold Inc. are classified as financial liabilities measured at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

(ii) Financial liabilities measured at fair value through profit or loss
A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have any liabilities classified as financial liabilities measured at fair value through profit or loss.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive loss.

<u>Offsetting financial assets and liabilities</u>
Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

<u>Impairment of financial assets</u>

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Common shares issued for consideration other than cash are valued at the fair value of the assets received or the services rendered. If the fair value of the assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at their fair value on the date of issuance.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting judgments

i. the evaluation of the Company’s ability to continue as a going concern
ii. The application of the Company’s accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets comprise the following accumulated expenditures:

	Chambers Settlement	Clarence Stream	Total
	$	$	$
Balance at May 21, 2020 (date of incorporation)	**-**	**-**	**-**
Acquisition costs	10,000	9,120	19,120
Exploration costs			
Geological	15,750	95,890	111,640
Balance at September 30, 2020	**25,750**	**105,010**	**130,760**

Chambers Settlement Gold Project

On May 29, 2020, the Company entered into an option agreement to acquire a 100% interest in the Chambers Settlement Gold Project in New Brunswick, Canada (the “Chambers Settlement Gold Project”) from Avalon Gold Resources Inc., an arm’s-length party based in Toronto, Canada. The terms of the Chambers Settlement Gold Project involve a series of cash payments over a four-year earn-in period, and the granting of a 2% royalty, one-half of which may be repurchased by Alma Gold Inc.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Chambers Settlement Gold Project (continued)

The series of payments is as follows:

a. $10,000 within ten (10) business days of the date of the Chambers Option Agreement (paid through RGLD);

b. $15,000 within six (6) months of the date of the Chambers Option Agreement;

c. $20,000 within twelve (12) months of the date of the Chambers Option Agreement;

d. $30,000 within twenty-four (24) months of the date of the Chambers Option Agreement;

e. $40,000 within thirty-six (36) months of the date of the Chambers Option Agreement; and

f. $50,000 within forty-eight (48) months of the date of the Chambers Option Agreement.

Clarence Stream North Gold Project

On July 27, 2020, the Company acquired a 100% interest in certain mineral licenses located in New Brunswick, Canada which comprised the Clarence Stream North Gold Project. Crown license fees of $9,120 were paid, through RGLD, to the Government of New Brunswick and the project is held royalty-free.

5. DUE TO RED LAKE GOLD INC.

As at August 31, 2020, the Company is indebted to its parent company, Red Lake Gold Inc. in the amount of $133,367. This amount is unsecured, non-interest bearing and has no fixed terms of repayment.

Subsequent to August 31, 2020, Red Lake Gold Inc. spun out its share in Alma Gold Inc. (See Note 9)

6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Share Capital Activities

For the period ended August 31, 2020, the Company had the following share capital transactions:

- On May 21, 2020, one founder share was issued to Red Lake Gold Inc. on incorporation for $1.

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally-imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash. The Company did not change its management of capital during the period ended August 31, 2020.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

	Level	**August 31, 2020**
		$
Accounts payable and accrued liabilities	2	**3,500**
Due to Red Lake Gold Inc.	2	**133,366**

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to any significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accrued liabilities are due within the current operating period. The Company has no cash balances and is reliant upon the parent to fund its activities, therefore it is exposed to liquidity risk through its Due to Red Lake Gold Inc. balance, which is non-interest bearing and has no fixed terms of repayment. The Company will need to receive additional funding to continue to fund operations and to settle its obligations.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

9. SUBSEQUENT EVENTS

On November 6, 2020, with the necessary approvals from the Supreme Court of British Columbia, the Company completed its plan of arrangement. Under the terms of the plan of arrangement, RGLD will distribute new common shares to RGLD shareholders on the basis of 1 new common share of RGLD and 0.95 common shares of Alma Gold Inc. for every common share of RGLD they own. The distribution of common shares of the Company to RGLD shareholders occurred on November 6, 2020 through the issuance of 30,245,625 common shares with a fair value of $0.005 per share.