

**Four Nines Gold Inc.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended July 31, 2022

(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 six months ended July 31, 2022 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 July 31, 2022 and January 31, 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	July 31, 2022	January 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 718,359	\$ 1,014,975
GST receivable	3,148	2,505
Prepaid expense	20,403	10,487
	741,910	1,027,967
<b>Exploration and evaluation asset (Note 5)</b>	263,477	218,054
<b>Total assets</b>	<b>\$ 1,005,387</b>	<b>\$ 1,246,021</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 75,006	\$ 132,062
	75,006	132,062
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6)	2,429,311	2,372,311
Equity component of convertible debentures	31,250	31,250
Reserves (Note 6)	381,086	261,794
Accumulated other comprehensive loss	(1,951)	-
Deficit	(1,909,315)	(1,551,396)
<b>Total shareholders' equity</b>	<b>930,381</b>	<b>1,113,959</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,005,387</b>	<b>\$ 1,246,021</b>

Nature and continuance of operations – Note 1

Subsequent event – Note 5

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 and six months ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended July 31,		For the six months ended July 31,	
	2022	2021	2022	2021
<b>Expenses</b>				
Bank charges	\$ 359	\$ 41	\$ 708	\$ 173
Consulting fees (Note 9)	6,000	65,782	12,000	72,396
Exploration expenses	-	7,790	-	7,790
Filing fees and transfer agent	8,987	12,098	16,245	19,037
Foreign exchange loss	-	-	1,111	-
Office and general	477	562	6,618	623
Professional fees	45,957	265	59,993	4,007
Property investigation	82,863	-	120,382	-
Rent (Note 9)	16,710	-	16,710	-
Share-based payments (Notes 6 and 9)	42,318	37,370	119,292	71,321
Travel and entertainment	3,087	-	4,860	-
Net loss for the period	(206,758)	(123,908)	(357,919)	(175,347)
Other comprehensive income				
Loss on translation of foreign operations	(951)	-	(1,951)	-
Total comprehensive loss for the period	\$ (207,709)	\$ (123,908)	\$ (359,870)	\$ (175,347)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	14,792,848	14,817,763	14,748,760	13,618,073

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 six months ended July 31, 2022 and 2021

(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	Deficit	Total
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	-	-	-	-	-	861,652
Exercise of warrants	50,000	5,000	(5,000)	-	-	-	-	-
Share-based payments	-	-	-	-	71,321	-	-	71,321
Loss for the period	-	-	-	-	-	-	(175,347)	(175,347)
Balance, July 31, 2021	14,817,763	\$ 2,357,311	\$ -	\$ 31,250	\$ 156,495	\$ -	\$ (1,257,618)	\$ 1,287,438
Balance, January 31, 2022	14,967,763	\$ 2,372,311	\$ -	\$ 31,250	\$ 261,794	\$ -	\$ (1,551,396)	\$ 1,113,959
Cash								
Exercise of warrants	570,000	57,000	-	-	-	-	-	57,000
Share-based payments	-	-	-	-	119,292	-	-	119,292
Loss for the period	-	-	-	-	-	(1,951)	(357,919)	(359,870)
Balance, July 31, 2022	15,537,736	\$ 2,429,311	\$ -	\$ 31,250	\$ 381,086	\$ (1,951)	\$ (1,909,315)	\$ 930,381

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 six months ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	<b>For the six months ended July 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (357,919)	\$ (175,347)
Items not affecting cash		
Foreign exchange loss	(1,952)	-
Share-based payments	119,292	71,321
Impairment of exploration and evaluation asset		
Change in non-cash working capital item:		
GST receivable	(643)	(4,873)
Prepaid expense	(9,916)	(9,878)
Accounts payable and accrued liabilities	(57,056)	(16,389)
Net cash used in operating activities	(308,194)	(135,166)
<b>INVESTING ACITIVITY</b>		
Exploration and evaluation asset	(45,423)	(25,000)
Net cash used in investing activity	(45,423)	(25,000)
<b>FINANCING ACTIVITY</b>		
Shares issued for cash	57,000	861,652
Net cash provided by financing activity	57,000	861,652
<b>Change in cash for the period</b>	(296,617)	701,486
<b>Cash, beginning of period</b>	1,014,975	378,256
<b>Cash, end of period</b>	\$ 718,358	\$ 1,079,742
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 six months ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### **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 July 31, 2022, the Company has a working capital of \$666,904 however, it has not yet achieved profitable operations and has an accumulated deficit of \$1,909,315 and for the period ended July 31, 2022 incurred a net loss of \$357,919, and expects to incur further losses in the development of its business.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the 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 September 29, 2022.

## Four Nines Gold Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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## 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 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.

## 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, 2022. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended January 31, 2022.

### Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries.

On February 4, 2022, the Company incorporated Lassen Resources Inc. a Nevada Corporation.

On May 5, 2022, the Company incorporated Hayden Hill Mining Inc. a company incorporated under the Business Corporations Act of British Columbia.

	Country	Percentage of ownership	
		2022	2021
Hayden Hill Mining Inc.	Canada	100%	-
Lassen Resources Inc..	United States	100%	-

The results of the wholly-owned subsidiaries will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiaries ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

### New Accounting Standards Interpretations Issue But Not Yet Adopted

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 does not expect the adoption of this standard to have a significant impact on the condensed interim consolidated financial statements.



## **Four Nines Gold Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2022 and 2021

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### **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:

#### 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.

**Four Nines Gold Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2022 and 2021

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(Unaudited – Prepared by Management)

**5 Exploration and Evaluation Assets**

	<b>Lassen Properties</b>	<b>Bonneville Property</b>	<b>Total</b>
Acquisition costs:			
Balance, January 31, 2022	\$ -	\$ 210,000	\$ 210,000
Additions	45,423	-	45,423
Balance, July 31, 2022	45,423	210,000	255,423
Exploration costs:			
Balance, January 31, 2022	-	8,054	8,054
Balance, July 31, 2022	-	8,054	8,054
Total, July 31, 2022	\$ 45,423	\$ 218,054	\$ 263,477
		<b>Bonneville Property</b>	<b>Total</b>
Acquisition costs:			
Balance, January 31, 2021		\$ 185,000	\$ 185,000
Additions		25,000	25,000
Balance, January 31, 2022		210,000	210,000
Exploration costs:			
Balance, January 31, 2021		8,054	8,054
Balance, January 31, 2022		8,054	8,054
Total, January 31, 2022		\$ 218,054	\$ 218,054

**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:

- 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.

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 August 8, 2022, the Company extended the exploration expenditure commitment to October 31, 2022.

## Four Nines Gold Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

#### 5 Exploration and Evaluation Assets – (cont'd)

##### Lassen Properties, California

During the six months ended July 31, 2022, the Company staked 25 claims located in Hayden Hill Mining District in California totaling \$45,423.

#### 6 Share Capital

##### a) Authorized

Unlimited Class A common shares, without par value.

Unlimited Class B common shares, without par value.

##### b) Issued

During the six months ended July 31, 2022:

During the six months ended July 31, 2022, the Company issued 570,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of \$57,000

During the year ended January 31, 2022:

On April 29, 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. 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 29, 2023.

During the year ended January 31, 2022, the Company issued 200,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of \$20,000 of which \$5,000 was included in share subscriptions received at January 31, 2021.

##### c) Share purchase warrants

Details of share purchase warrant activities for the six months ended July 31, 2022 and for the year ended January 31, 2022 are as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, January 31, 2021	9,675,000	\$0.10
Exercised	(200,000)	\$0.10
Issued	1,230,933	\$0.70
Balance, January 31, 2022	10,705,933	\$0.17
Exercised	(570,000)	\$0.10
Balance, July 31, 2022	10,135,933	\$0.17

The weighted average remaining life of the share purchase warrants is 1.81 years.

## Four Nines Gold Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

#### 6 Share Capital – (cont'd)

##### c) Share purchase warrants – (cont'd)

As at July 31, 2022, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,230,933	\$0.70	April 28, 2023
4,950,000	\$0.10	November 9, 2023
2,100,000	\$0.10	March 2, 2025
1,855,000	\$0.10	August 21, 2025
10,135,933		

##### e) Stock options

The Company has a formal stock option plan in accordance with the policies of the Canadian Securities Exchange (the “CSE”) 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 CSE regulations.

On December 2, 2021, the Company granted 30,000 stock options exercisable to a consultant. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.64 per share expiring on December 2, 2024 and vested at 25% every three months with the first vesting on March 2, 2022 and every three months thereafter with the last vesting on December 2, 2022. The fair value of the stock options amounted to \$10,800 was determined using the Black Scholes option pricing model with the following assumptions – Share price on grant date of \$0.64; Risk-free interest rate of 1.06%; Dividend yield of Nil; Expected volatility of 89%; Expected life of 3 years and forfeiture rate of 0%. Volatility was determined based on the Company’s historical data. As at July 31 2022, the Company recorded share-based payments totaling \$5,833.

On November 25, 2021, the Company granted 605,000 stock options exercisable to consultants. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.59 per share expiring on November 25, 2024 and vested at 25% every three months with the first vesting on February 25, 2022 and every three months thereafter with the last vesting on November 25, 2022. The fair value of the stock options amounted to \$199,650 was determined using the Black Scholes option pricing model with the following assumptions – Share price on grant date of \$0.58; Risk-free interest rate of 1.17%; Dividend yield of Nil; Expected volatility of 91%; Expected life of 3 years and forfeiture rate of 0%. Volatility was determined based on the Company’s historical data. As at July 31, 2022, the Company recorded share-based payments totaling \$102,844.

**Four Nines Gold Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**6 Share Capital – (cont'd)**

## e) 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 \$0.48 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 July 31, 2022, the Company recorded share-based payments totaling \$10,615.

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2021	760,000	\$0.25
Granted	735,000	\$0.58
Balance, January 31, 2022 and July 31, 2022	1,495,000	\$0.41

The weighted average remaining life of the stock options is 2.87 years.

As at July 31, 2022, the Company had 1,495,000 stock options outstanding as follows:

Number of Options	Vested	Exercise Price	Expiry Date
100,000	100,000	\$0.48	February 1, 2023
605,000	302,500	\$0.59	November 25, 2024
30,000	15,000	\$0.64	December 2, 2024
760,000	665,000	\$0.25	September 21, 2025
1,495,000	1,082,500		

## **Four Nines Gold Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended July 31, 2022 and 2021

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### **7 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 July 31, 2022, 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 Consolidated Financial Statements

For the six months ended July 31, 2022 and 2021

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### **7 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. 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 July 31, 2022, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

### **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 six months ended July 31, 2022 and 2021

(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.

		For the six months ended July 31,	
	Relationship	2022	2021
<u>Consulting fees</u>			
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, Director and CFO	\$ 12,000	\$ 10,500
<u>Rent</u>			
Norsemont Mining	Common director	16,710	-
<u>Share-based payments</u>			
Daniel Schieber	Former Director	-	23,000
Charles Ross	Director and CEO	2,095	9,537
Jim Mustard	Director	1,048	4,769
Geoff Balderson	Director and CFO	349	1,590
Joseph Yelder	Director	698	3,179
David Flint	Director	16,999	-
		21,189	42,075
		\$ 49,899	\$ 52,575

Included in accounts payable and accrued liabilities at July 31, 2022, is \$35,376 (January 31, 2022 - \$22,008) 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.