

# **ENVIROGOLD GLOBAL (CAN) LTD.**

## **Condensed Interim Consolidated Financial Statements**

Three and Six Months Ended June 30, 2021

(Expressed in United States Dollars)

(UNAUDITED)

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### **Notice to Reader**

The accompanying unaudited condensed interim consolidated financial statements of EnviroGold Global (CAN) Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

**EnviroGold Global (Can) Ltd.**  
**Condensed Interim Consolidated Financial Statements**  
Period Ended June 30, 2021  
(Expressed in United States Dollars - Unaudited)

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# EnviroGold Global (Can) Ltd.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in United States Dollars - Unaudited)

	Note	June 30, 2021	December 31, 2020
<b>ASSETS</b>			
Current assets			
Cash		673,666	8
Accounts receivable		47,100	-
Prepaid expenses and deposits		109,454	-
		<u>830,220</u>	<u>8</u>
Non-current assets			
Property, plant and equipment		25,163	-
Intangible assets		4,588,731	-
		<u>4,613,894</u>	<u>-</u>
<b>Total Assets</b>		<u>5,444,114</u>	<u>8</u>
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities		486,984	291,997
Due to related parties		19,905	-
Deferred revenue		18,808	-
		<u>525,697</u>	<u>291,997</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		5,829,255	8
Share subscription advance		935,235	-
Contributed surplus		15,617	-
Foreign currency translation reserve		4,397	-
Deficit		(1,866,087)	(291,997)
		<u>4,918,417</u>	<u>(291,989)</u>
<b>Total liabilities and equity</b>		<u>5,444,114</u>	<u>8</u>
Nature of operations and going concern			

Approved on behalf of the Board:

\_\_\_\_\_  
"David Cam"  
Director

\_\_\_\_\_  
"Sean Foley"  
Director

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

# EnviroGold Global (Can) Ltd.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in United States Dollars - Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<b>Expenses</b>				
Research and development	4,596	-	4,596	-
Interest and financing costs	(10)	-	6,079	-
Project development	280,898	-	494,889	-
Share based compensation	15,530	-	15,530	-
General and administration	534,660	-	723,210	-
	<b>835,674</b>	<b>-</b>	<b>1,244,304</b>	<b>-</b>
<b>Loss before other items</b>	<b>(835,674)</b>	<b>-</b>	<b>(1,244,304)</b>	<b>-</b>
<b>Other items</b>				
Amortization	(216,533)	-	(216,533)	-
Foreign exchange gain (loss)	(87,588)	-	(113,253)	-
	<b>(304,121)</b>	<b>-</b>	<b>(329,786)</b>	<b>-</b>
<b>Net loss for the period</b>	<b>(1,139,795)</b>	<b>-</b>	<b>(1,574,090)</b>	<b>-</b>
Basic and diluted loss per common share	(0.01)	-	(0.02)	-
Weighted average number of common shares outstanding	<b>127,815,984</b>	<b>-</b>	<b>86,630,916</b>	<b>-</b>

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

## EnviroGold Global (Can) Ltd.

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in United States Dollars - Unaudited)

	Number of Common Shares	Amount \$	Contributed surplus \$	Share subscription advance \$	Foreign currency translation reserve \$	Deficit \$	Total \$
At Incorporation	-	-	-	-	-	-	-
Issue of securities, net of transaction costs (note 6)	100	8	-	-	-	-	8
Loss for the period from incorporation	-	-	-	-	-	(291,997)	(291,997)
Balance, December 31, 2020	100	8	-	-	-	(291,997)	(291,989)
Issue of securities, net of transaction costs (note 6)	127,815,884	5,829,247	-	-	-	-	5,829,247
Share based payments	-	-	15,530	-	-	-	15,530
Share subscription advance	-	-	-	935,235	-	-	935,235
Loss for the period	-	-	87	-	4,397	(1,574,090)	(1,569,606)
Balance, June 30, 2021	127,815,984	5,829,255	15,617	935,235	4,397	(1,866,087)	4,918,417

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

# EnviroGold Global (Can) Ltd.

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in United States Dollars - Unaudited)

Cash (used in) provided by:	June 30, 2021	June 30, 2020
<b>Operating activities</b>		
Net loss	(1,574,090)	-
Adjustment for:		
Share-based compensation	15,617	-
Non-cash working capital items:		
Amortization	216,533	-
Unrealized foreign exchange (gain)/loss	(3,985)	-
Amounts receivable	203,138	-
Prepaid Expenses	(109,454)	-
Amounts payable and other liabilities	488,621	-
Due to related parties	19,905	-
Deferred revenue	18,808	-
<b>Net cash used in operating activities</b>	<b>(724,907)</b>	<b>-</b>
<b>Investing Activities</b>		
Purchase of capital assets	(25,163)	-
Cash acquired upon acquisition of subsidiary companies	520,348	-
<b>Net cash provided by operating activities</b>	<b>495,185</b>	<b>-</b>
<b>Financing activities</b>		
Issue of securities, net of transaction costs	935,235	-
Loan payable	(31,855)	-
<b>Net cash used in financing activities</b>	<b>903,380</b>	<b>-</b>
<b>Net change in cash</b>	<b>673,658</b>	<b>-</b>
<b>Cash, beginning of period</b>	<b>8</b>	<b>-</b>
<b>Cash, end of period</b>	<b>673,666</b>	<b>-</b>

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

## **ENVIROGOLD GLOBAL (CAN) LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

(Expressed in United States Dollars - Unaudited)

### **1. NATURE OF OPERATIONS AND GOING CONCERN**

EnviroGold Global (Can) Ltd. (the "Company" or "EnviroGold") was incorporated on December 10, 2020. The Company is a clean technology company that is capitalizing environmental stewardship and sustainably supplying the world's increasing demand for precious, critical, and strategic metals by profitably reclaiming unrecovered value from mine tailings and resource development waste streams. The Company commenced trading on the Canadian Securities Exchange on July 16, 2021, under the symbol NVRO.

The head office, principal address, and records office of the Company are located at Suite 810, 789 West Pender Street, Vancouver, BC, V6C 1H2, Canada.

These consolidated financial statements have been prepared on the basis of a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on being able to raise the necessary funding to continue operations, through public equity, debt financings, joint arrangements and other contractual arrangements, or being able to operate profitably in the future. The Company has incurred losses since inception and as at June 30, 2021 has a working capital of \$304,523 and an accumulated deficit of \$1,866,087. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles as a going concern will be in doubt. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Company be unable to continue in existence.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty, including potential restrictions on development sites access and supply chains disruptions that could delay the development plans of the properties of the Company.

These consolidated financial statements do not include any adjustments to the amounts or classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

### **2. BASIS OF PRESENTATION**

#### **a) Statement of Compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IASB. These unaudited interim consolidated 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. The policies applied in these unaudited interim consolidated financial statements are based on IFRS's issued and outstanding as of August 30, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these

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Notes to the Condensed Interim Consolidated Financial Statements

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unaudited interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2020. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2021 could result in restatement of these unaudited interim consolidated financial statements.

### b) Basis of Preparation

These consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in United States dollars, which is also the Company's functional currency, unless otherwise noted.

### c) Basis of Consolidation

These consolidated interim financial statements include the accounts of the Company and its controlled entities. Subsidiaries consist of entities over which the Company is exposed to, or has right to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entities.

The following companies have been consolidated within these consolidated financial statements:

Entity	Country of Incorporation	Holding	Date Acquired	Functional Currency
EnviroGold Global (Can) Ltd	Canada	Parent Company		Canadian Dollar
EnviroGold Global (US) Inc	United States	100%	March 16, 2021	United States Dollar
EnviroGold Global Pty Inc	Australia	100%	March 16, 2021	Australian Dollar

Intercompany balances and transactions are eliminated in preparing these consolidated financial statements.

### d) Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS 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 the reported expenses during the period. Actual results could differ from these estimates.

The preparation of these consolidated financial statements requires management to make judgments regarding going concern of the Company as discussed in Note 1.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:



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### *Share-based payments*

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of agent warrants. The Black-Scholes Option Pricing Model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

### *Recognition and valuation of deferred tax assets*

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities where deferred tax assets have been recognized.

### *Comprehensive income (loss)*

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of loss. For the year ended May 31, 2020, other comprehensive income is related to the effects of currency translation adjustments.

### *Business combination*

Considerable judgment is required to determine whether a set of assets acquired and liabilities assumed constitute a business and may require the Company to make certain judgments, taking into account all facts and circumstances. A business consists of inputs, including non-current assets and processes, including operational processes that when applied to those inputs have the ability to create outputs and provide a return to the Company and its shareholders.

In business combinations, it generally requires time to obtain the information necessary to identify and measure the following as of the acquisition date:

- a) The identifiable assets acquired and liabilities assumed;
- b) The consideration transferred in exchange for an interest in the acquiree;
- c) The resulting goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete.

During the measurement period, the Company will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Company will also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date.

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### *Estimates of useful lives of property and equipment*

Management's judgment involves consideration of intended use, industry trends and other factors in determining the expected useful lives of depreciable assets and to determine depreciation methods.

### *Estimates of useful lives of intangible property*

Management's judgment involves consideration of intended use, industry trends and other factors in determining the expected useful lives of intangible property and to determine depreciation methods.

### *Cash generating units and impairment of non-financial assets*

Judgment is required to assess the Company's determination of cash generating units ("CGU") for the purpose of impairment testing. The process to calculate the recoverable amount of a cash generating unit requires use of valuation methods such as the discounted cash flow method which uses assumptions of key variables including future cash flows, discount rate and terminal growth rates.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **Presentation of Financial Statements**

These financial statements have been prepared using the revised definition of materiality, which focuses on the idea that if information is omitted, misstated or obscured, it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

### **Foreign Currency**

These consolidated financial statements are presented in United States dollars. The functional currency of the parent company is the Canadian dollar. The subsidiary determines its own functional currency and items included in the financial statements are measured using that functional currency.

### Transactions and Balances in Foreign Currencies

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

### Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into US Dollars at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in earnings and recognised as part of the gain or loss on disposal.

### **Property, Plant and Equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised to write off the cost of the property and equipment less their residual values over their useful lives using the straight-line method at various rates. The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period, with the effect

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of any changes in estimate accounted for on a prospective basis.

### Depreciation rates:

Vehicles	5 years
Laboratory equipment	5 years
Office furniture and equipment	3 years
Computer equipment and software	3 years
Processing facilities	Units of production
Equipment	Units of production
Tools	Units of production

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Intangible Assets

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised to expense the cost of the intangible asset less their residual value over a five-year period, using the straight-line method.

### Impairment of Property, Plant and Equipment and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent of other group assets.

If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount of a cash-generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the cash-generating unit is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognized as income immediately.

### Lease accounting policy

At inception of a contract, the Company assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date. The assets are depreciated over the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of future economic benefits.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease obligation. The lease obligation is subsequently measured at amortized cost using the effective interest rate method.

The Company did not record any lease assets at June 30, 2021.

### **Loss per Share**

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis includes the additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding equity instruments were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period.

### **Share-based compensation**

From time to time, the Company grants stock options and restricted share units to employees and non-employees. An individual is classified as an employee, versus a non-employee, when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value of stock options, measured using the Black-Scholes option pricing model at the date of grant, is charged to the consolidated statement of loss and comprehensive loss over the vesting period. Performance vesting conditions and forfeitures are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of loss and comprehensive loss over the remaining vesting period.

Equity instruments granted to non-employees are recorded in the consolidated statement of loss and comprehensive loss at the fair value of the goods or services received, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for a share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are recorded in equity reserves until exercised. Upon exercise, shares are issued from treasury and the amount previously recorded in equity reserves is reclassified to share capital along with any consideration paid.

## **ENVIROGOLD GLOBAL (CAN) LTD.**

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### **Income Taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

#### *Current Income Tax*

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

#### *Deferred Income Tax*

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### **Financial Instruments**

All financial assets not classified at amortized cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss ("FVTPL"). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The Company classified cash and accounts receivable at amortized cost and accounts payable at amortized cost.

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Impairment of financial assets:

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

#### **4. ACQUISITION OF CONTROLLED ENTITIES**

In accordance with IFRS 3 - Business Combinations, a transaction is recorded as a business combination if the significant assets, liabilities, or activities are acquired constitute a business. A business is defined as an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return, lower costs, or other economic benefits. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The acquisitions of EnviroGold Global Pty Ltd (Incorporated in Australia) and EnviroGold Global US Inc (Incorporated in USA), were recorded as an asset acquisition whereby the fair value of the consideration paid for the net assets acquired was allocated to the fair value of the identifiable assets acquired and liabilities assumed.

In March 2021 this group of entities advanced this business strategy by undertaking a range of transactions:

- The Company acquired 100% of share capital of EnviroGold Global Pty Ltd and 100% of share capital of EnviroGold Global US Inc, from Mr David Cam, by way of issue of 35,957,512 shares in the Company.
- These transactions established the EnviroGold Global (CAN) Ltd consolidated group as an emerging business, developing remediation technology with a list of mine remediation prospects.

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Acquisition of Controlled entities.

The Acquisition of EnviroGold Global Pty Ltd has been accounted for as an asset acquisition as follows:

Fair Value of Purchase Consideration	
17,978,756 Shares in the company at 6.74 cents each	\$ 1,211,149
Assets and Liabilities acquired	
Cash	13,587
Trade and other receivables	717,208
Other assets	5,776
Trade and other payables	(71,275)
Contract liabilities	(19,254)
Borrowings	(896,921)
	<u>(250,879)</u>
intangibles acquired	<u>1,462,028</u>
	<u>\$ 1,211,149</u>

The consideration paid is based on the fair value of the Company's shares issued, which is considered to be the best estimate of the fair value of assets and liabilities acquired. The shares issued are valued at 6.7 cents being the value subscribed by third party investors to invest in the Company. The intangibles acquired comprise the project prospects and customer relationships held by EnviroGold Global Pty Ltd.

The Acquisition of EnviroGold Global US Inc has been accounting for as an asset acquisition as follows:

Fair Value of Purchase Consideration	
17,978,756 Shares in the company at 6.74 cents each	\$ 1,211,149
Assets and Liabilities acquired	
Cash	506,761
Other assets	10,020
Trade and other payables	(714,256)
	<u>(197,475)</u>
intangibles acquired	<u>1,408,624</u>
	<u>\$ 1,211,149</u>

The consideration paid is based on the fair value of the Company's shares issued, which is considered to be the best estimate of the fair value of assets and liabilities acquired. The shares issued are valued at 6.7 cents being the value subscribing by third party investors to invest in the Company. The intangibles acquired comprise the project prospects and customer relationships held by EnviroGold Global US Inc.

The subsidiary companies' financial statements used in the preparation of these consolidated financial statements have been prepared at the same date as the consolidated financial statements, using the same accounting policies. There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities of the Group.

## ENVIROGOLD GLOBAL (CAN) LTD.

Notes to the Condensed Interim Consolidated Financial Statements

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### 5. EQUIPMENT

	Cost	June 30, 2021 Accumulated Amortization	Net Book Value
Laboratory Equipment	25,163	-	25,163

During the period ended June 30, 2021, \$nil (December 31, 2020 - \$nil) was recorded as depreciation expense.

### 6. INTANGIBLE ASSETS

Intellectual property relating to the remediation technology – at cost

	As at June 30, 2021	As at December 31, 2020
Intellectual property	1,932,505	-
Project prospects and customer relationships	2,870,650	-
Total	4,803,155	-

As set out in note 1, these intangible assets were acquired as part of the corporate structure and business establishment of the EnviroGold Global group of entities controlled by Mr David Cam. The intellectual property relates to the application of advanced electrochemical and surface probe techniques and the novel application on electrical charges on flotation chemistry. A patent is pending for improved process for recovery of refractory metals.

	As at June 30, 2021	As at December 31, 2020
Movement in intangibles		
Opening balance		-
Required on acquisition of controlled entities	4,803,155	-
Foreign Exchange Effects on intangibles	2,109	-
Amortisation	(216,533)	-
Total	4,588,731	-

Amortisation will be charged over the estimated useful life of the intangible assets from the date of use. Intangible assets will be assessed annually for impairment.



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### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	December 31, 2020
	\$	\$
Trade payables	302,184	-
Accrued liabilities	190,962	291,997
	493,146	291,997

### 8. SHARE CAPITAL

#### a) Authorized Capital

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

#### b) Issued and Outstanding Common Shares

	Common Shares #	Amount \$
December 10, 2020	-	-
Issue of shares on incorporation	100	8
December 31, 2020	100	8
Issued in payment for debt (i)	45,571,069	288,689
Acquisition of subsidiaries (ii)	35,957,512	2,422,296
Acquisition of intellectual property (iii)	28,686,845	1,932,505
Issued in payment for debt (iv)	13,622,352	917,677
Issued for cash (v)	3,713,257	250,238
Share-based payment for services (vi)	264,849	17,842
June 30, 2021	127,815,984	5,829,255

#### Shares Issued during the period ended June 30, 2021

- (i) On March 16, 2021, the Company issued 45,571,069 common shares at prices between \$0.005 per share and \$0.02 per share in resolution of debts of \$288,689. These debts were incurred by related parties, at the inception of the Company and the share price to convert the shares was pre-determined.
- (ii) On March 16, 2021, the Company issued 35,957,512 common shares at a price of \$0.067 per share to acquire all the shares in the Australian subsidiary and the United States subsidiary. This balance was recorded as an intangible asset for project prospects and customer relationships.
- (iii) On March 16, 2021, the Company issued 28,686,845 common shares at a price of \$0.067 per share to acquire intellectual property assets. This balance was recorded as an intangible asset for intellectual property.
- (iv) On March 16, 2021, the Company issued 13,622,352 common shares at a price of \$0.067 per share to settle debt owed to third parties.
- (v) On March 16, 2021, the Company issued 3,713,257 common shares at a price of \$0.067 per share to raise funds of \$250,238.
- (vi) On March 16, 2021, the Company issued 264,849 common shares at a price of \$0.067 per share in resolution of debts of \$17,842.

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### Shares Issued during the period ended December 31, 2020

On December 11, 2020, the Company issued 100 shares for cash proceeds of \$8.

### c) Share Options

The following is a summary of the Company's stock option activity:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2020	-	\$ -
Granted	250,000	0.20
Outstanding, June 30, 2021	250,000	0.20

During the period ended June 30, 2021, the Company recognized \$15,617 in share base payments for options granted during the year. The stock options were issued at an exercise price of CAD\$0.20, vest immediately and will expire on May 1, 2023. For the purposes of the 250,000 options, the fair value of each option was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100% using the historical price history of comparable companies in the industry segment; risk free interest rate of 1.75%; and an expected average life of two years.

As at June 30, 2021 the Company has the following options outstanding and exercisable:

Expiry Date	Exercise Price	Remaining Life (years)	Options Outstanding
May 1, 2023	CAD\$0.20	1.8	250,000

## 9. INCOME TAXES

This note has not been updated from December 31, 2020.

## 10. RELATED PARTY TRANSACTIONS

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of directors and key management personnel of the Company for the six-month periods ended June 30, 2021 and June 30, 2020 was:

	June 30, 2021	June 30, 2020
	\$	\$
Salaries and wages	133,359	-

As at June 30, 2021, \$25,685 (December 31, 2020 - \$291,997) is held in accrued liabilities and accounts payable relating to obligations to related parties in addition to the amounts shown as due to related parties.

All amounts due to related parties are unsecured, non-interest bearing and payable on demand.

## **ENVIROGOLD GLOBAL (CAN) LTD.**

Notes to the Condensed Interim Consolidated Financial Statements

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### **11. FINANCIAL INSTRUMENTS**

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 3. The Company's risk management is coordinated at its head office in Canada in close co-operation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

#### **a) Foreign Currency Risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates.

#### **b) Commodity Price Risk**

When the Company commences operations, its revenues, earnings, and cash flows will be directly related to the volume and price of metals sold and will be sensitive to changes in market prices over which it has little or no control. Although the Company is not currently exposed to commodity price risk through an existing operation, commodity prices will influence the economics of any project under consideration.

#### **c) Credit Risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company will limit its exposure to credit loss for cash by placing its cash with high-quality financial institutions and for trade receivables by performing standard credit checks. The Company has no credit risk at this time as it has not commenced operations.

#### **d) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. There can be no assurance that the Company will be successful in generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities (Note 1).

#### **e) Interest Rate Risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interests on the Company's convertible debentures are based on fixed rates, and as such, the Company is not exposed to significant interest rate risk.

#### **f) Sensitivity Risk**

The Company holds balances in Canadian and Australian dollars that give rise to foreign exchange risk. Based on management's knowledge and experience of the financial markets, the Company does not believe there would be any material movements because of changes in interest rates. The effect of a 10% change in the exchange rate between the Canadian and US dollars would affect the statement of operations by \$18,000 dollars. The effect of a 10% change in the exchange rate between the Australian and US dollars would affect the statement of operations by \$8,000 dollars.

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### **12. CAPITAL MANAGEMENT**

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. To maintain or adjust its capital structure, the Company may attempt to issue new shares or debt, dispose of assets, or adjust the amount of cash and cash equivalents. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

The Company reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the periods ended June 30, 2021 and December 31, 2020. The Company and its subsidiary are not currently subject to externally imposed capital requirements.

### **13. SUPPLEMENTAL CASH FLOW INFORMATION**

During the period ended June 30, 2021, the Company had the following non cash share transactions:

- (i) On March 16, 2021, the Company issued 45,571,069 common shares at prices between \$0.005 per share and \$0.02 per share in resolution of debts of \$288,689. These debts were incurred by related parties, at the inception of the Company and the share price to convert the shares was pre-determined.
- (ii) On March 16, 2021, the Company issued 35,957,512 common shares at a price of \$0.067 per share to acquire all the shares in the Australian subsidiary and the United States subsidiary. This balance was recorded as an intangible asset for project prospects and customer relationships.
- (iii) On March 16, 2021, the Company issued 28,686,845 common shares at a price of \$0.067 per share to acquire intellectual property assets. This balance was recorded as an intangible asset for intellectual property.
- (iv) On March 16, 2021, the Company issued 13,622,352 common shares at a price of \$0.067 per share to settle debt owed to third parties.
- (v) On March 16, 2021, the Company issued 264,849 common shares at a price of \$0.067 per share in resolution of debts of \$17,842.

### **14. SUBSEQUENT EVENTS**

Subsequent to June 30, 2021, the Company completed a non-brokered private placement of 8,201,413 units at CAD \$0.56 per unit, for gross proceeds of CAD \$4,592,791. Each unit was comprised of three common shares of the Company, and the units were converted into 24,604,239 common shares of the Company.

Subsequent to June 30, 2021, the Company was accepted for listing on the Canadian Securities Exchange. Certain shares were subject to an escrow agreement as a condition of the listing.

Subsequent to June 30, 2021, the Company completed its business combination of Range Energy Resources

**ENVIROGOLD GLOBAL (CAN) LTD.**

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Inc. (Range) through the issuance of 18,259,519 common shares of the Company. The acquisition resulted in a reverse takeover of Range by the Company.

Subsequent to June 30, 2021, the Company issued 14,433,252 stock options and 14,000,000 restricted stock units (RSUs). 2,500,000 of these RSU's vested on July 16, 2021, when the shares started trading on the CSE. The RSU's were converted into shares at that time.