

NSGold Corporation

Interim Unaudited Condensed
Consolidated Financial Statements
March 31, 2016 and 2015
(expressed in Canadian dollars)

May 30, 2016

Management's Report

The accompanying interim unaudited condensed consolidated financial statements of **NSGold Corporation** (the "Company") are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's consolidated financial statements, and recommended their approval by the Board of Directors.

These financial statements have not been reviewed by the external auditors of the Company.

(signed) "*Johannes H.C. Van Hoof*"
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Glenn Holmes*"
Chief Financial Officer
Halifax, Nova Scotia

NSGold Corporation

Interim Unaudited Consolidated Statements of Financial Position

As at March 31, 2016 and December 31, 2015

(expressed in Canadian dollars)

	March 31, 2016 \$	December 31, 2015 \$
Assets		
Current assets		
Cash and cash equivalents	75,405	101,433
Sales tax	24,846	21,979
Prepaid expenses (note 4)	7,839	5,250
	<hr/>	<hr/>
	108,090	128,662
Investment in NSX Silver Inc.	9,379	9,379
Resource properties (note 5)	2,174,597	2,161,797
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	2,292,066	2,299,838
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Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	46,723	37,135
Equity (note 9)	2,245,343	2,262,703
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	2,292,066	2,299,838
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Going concern (note 1)		

Approved by the Board of Directors

(signed) "Johannes H.C. Van Hoof", Director

(signed) "Glenn Holmes", Director

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

NSGold Corporation

Interim Unaudited Consolidated Statement of Changes in Equity For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

	Number of common shares	Share capital (note 9) \$	Contributed surplus (note 9) \$	Deficit \$	Total \$
Balance – December 31, 2014	4,355,377	4,515,281	722,827	(3,481,052)	1,757,056
Net loss for the period	–	–	–	(22,855)	(22,855)
Shares issued for cash, net of issue costs	3,529,411	290,814	–	–	290,814
Shares issued in settlement of debt obligation	3,688,476	313,521	–	–	313,521
Balance – March 31, 2015	11,573,264	5,119,616	722,827	(3,503,907)	2,338,536
Balance – December 31, 2015	11,573,264	5,119,616	732,827	(3,589,740)	2,262,703
Net loss for the period	–	–	–	(17,360)	(17,360)
Balance – March 31, 2016	11,573,264	5,119,616	732,827	(3,607,100)	2,245,343

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

NSGold Corporation

Interim Unaudited Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

	March 31, 2016 \$	March 31, 2015 \$
Operating expenses		
Consulting fees	12,250	14,334
Professional dues	2,114	2,652
Insurance	1,312	2,250
Professional fees	260	–
Interest on amount due to related party	–	1,453
Other	2,138	2,166
	<hr/>	<hr/>
	(18,074)	(22,855)
Other income		
Interest income	714	–
	<hr/>	<hr/>
Net income (loss) and comprehensive loss for the periods	(17,360)	(22,855)
Net income (loss) per share – basic and diluted (note 9)	(0.002)	(0.002)
Weighted average outstanding common shares – basic and diluted	11,573,264	9,167,302

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

NSGold Corporation

Interim Unaudited Consolidated Statement of Cash Flows For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

	March 31, 2016 \$	March 31, 2015 \$
Cash provided by (used for) the following		
Operating activities		
Net income (loss) for the periods	(17,360)	(22,855)
Net change in working capital balances related to operations		
Decrease (increase) in sales tax	(2,867)	(4,582)
Decrease (increase) in prepaid expenses	(2,589)	(1,650)
Increase (decrease) in accounts payable and accrued liabilities	(3,212)	(23,702)
	<u>(26,028)</u>	<u>(52,789)</u>
Investing activities		
Net expenditures on resource properties	—	(43)
Financing activities		
Proceeds from issuance of common shares, net of issue costs	—	254,314
Net change in cash for the periods	(26,028)	201,482
Cash – Beginning of periods	<u>101,433</u>	<u>29,272</u>
Cash – End of periods	<u>75,405</u>	<u>230,754</u>
Cash and cash equivalents is comprised of:		
Cash	10,405	30,754
Short-term investments	65,000	200,000
	<u>75,405</u>	<u>230,754</u>

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

NSGold Corporation

Notes to Interim Unaudited Condensed Consolidated Financial Statements For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

1 Nature of operations and going concern

Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due. As at March 31, 2016, NSGold Corporation (the “Company” or “NSGold”) had an accumulated deficit of \$3.6 million. The Company has no income or cash flow from operations. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Such circumstances may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company’s ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of properties. These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and consolidated statements of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

General information

NSGold, formerly Kermode Capital Ltd. (“Kermode”), is a development stage enterprise. The Company’s principal business activity is the acquisition and exploration of resource properties. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable.

On June 18, 2010, Kermode closed the Share Exchange Agreement with NSGold to acquire all 10,000 issued and outstanding common shares of NSGold by the issuance of 11,000,000 common shares of Kermode. Concurrently, Kermode completed an amalgamation with NSGold (NSGold was continued from the Canada Business Corporations Act to the British Columbia Business Corporations Act (“BCBCA”), following which Kermode completed a short form vertical amalgamation with NSGold under the BCBCA) and changed its name to NSGold Corporation.

The Company’s shares are listed on the TSX Venture Exchange with the symbol NSX.

2 Basis of presentation

a) Basis of preparation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada (“GAAP”) as set out in the CPA Canada Handbook – Accounting – Part 1 (“CPA Canada Handbook”) which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Board of Directors approved the consolidated financial statements for issue on May 30, 2016.

NSGold Corporation

Notes to Interim Unaudited Condensed Consolidated Financial Statements

For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

2 Basis of presentation (continued)

b) Basis of measurement

These consolidated financial statements have been prepared under a historical cost basis, except for certain financial assets which are recorded at fair value.

c) Use of estimates and judgments

The preparation of the consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current as well as expected economic conditions. Actual results may differ from these estimates. The more significant areas requiring the use of management estimates and assumptions are discussed below:

Recoverability of resource properties

At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Company does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through the use of, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates.

Impairment of investments

The Company follows the guidance of International Accounting Standards ("IAS") 39 "Financial Instruments - Recognition and Measurement" to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health and short-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flows.

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Notes to Interim Unaudited Condensed Consolidated Financial Statements

For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

3 Significant accounting policies

These financial statements have been prepared using the same accounting policies and methods of computation as the annual financial statements of the Company for the year ended March 31, 2015. Refer to note 3 – Significant Accounting Policies, of the Company’s annual consolidated financial statements for the year ended March 31, 2015 for information on accounting policies, as well as, new accounting standards not yet effective.

4 Prepaid expenses

	March 31, 2016 \$	December 31, 2015 \$
Prepaid insurance	7,839	5,250

5 Resource properties

	Mooseland \$	Other \$	Total \$
Balance at December 31, 2014	2,140,024	5,385	2,145,409
Exploration costs incurred	15,128	1,260	16,388
Year ended December 31, 2015	2,155,152	6,645	2,161,797
Exploration costs incurred	12,800	–	12,800
Year ended March 31, 2016	2,167,952	6,645	2,174,597

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Notes to Interim Unaudited Condensed Consolidated Financial Statements

For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

5 Resource properties (continued)

Mooseland and other Nova Scotia Properties

On April 14, 2010, the Company entered into a formal purchase agreement with Globex Mining Enterprises Inc. ("Globex") to acquire a 100% interest in the advanced-stage exploration property referred to as the Mooseland Gold Property ("Mooseland Property") located 70 kilometres northeast of the city of Halifax, Nova Scotia and five secondary properties ("Secondary Properties") all located in the Province of Nova Scotia.

Under the terms of the purchase agreement the Company has paid a total of \$750,000 to Globex. There are no further payments due under the purchase agreement.

Globex also holds a gross metal royalty equal to 4% of all metals produced from the Mooseland Property and the Secondary Properties. In addition, Globex has the right to receive a 5% interest in the issued and outstanding share capital of the Company at the time of production in the event that any of the Mooseland Property or the Secondary Properties, as applicable, enters into production.

As at March 31, 2016, if it were determined that the estimated fair value of the property should have been 20% higher or lower than the carrying value, this would result in an increase or decrease of the impairment charge or recovery by approximately \$434,000 (December 31, 2015 - \$431,000). The manner and amount of the ultimate realization of the Mooseland Property remains subject to significant uncertainty.

6 Accounts payable and accrued liabilities

	March 31, 2016	December 31, 2015
	\$	\$
Accounts payable	28,223	18,635
Accrued liabilities	18,500	18,500
	<u>46,723</u>	<u>37,135</u>

7 Compensation of key management

Key management includes NSGold's Directors, the President and Chief Executive Officer and the Chief Financial Officer. Compensation awarded to key management is summarized as follows:

	March 31, 2016	December 31, 2015
	\$	\$
Cash compensation and other benefits	11,250	37,750
Stock-based compensation	—	9,500
	<u>11,250</u>	<u>47,250</u>

Cash compensation and other benefits are included in consulting fees in the consolidated statements of income (loss).

As of March 31, 2016, \$3,750 (2015 - \$3,750) was due to these individuals.

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Notes to Interim Unaudited Condensed Consolidated Financial Statements

For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

8 Income taxes

a) Reconciliation of total tax recovery (expense)

	December 31, 2015 \$
Income (loss) before income taxes	(108,688)
Income tax rate	31%
Expected income tax recovery (expense)	33,693
Non-deductible stock-based compensation	(3,100)
Unrealized loss on available-for-sale securities	—
Unrealized deferred tax assets	(30,593)
Income tax recovery (expense)	—

b) Deferred tax

Components of the net deferred income tax asset (liability) are as follows:

	December 31, 2015 \$
Deferred income tax assets	
Non-capital losses carried forward	875,000
Deductible share issue costs	—
Deferred income tax liability	
Resource properties	(437,000)
Net deferred tax asset (liability)	438,000

The net deferred tax assets at December 31, 2015, has not been recognized as it is not probable that the net deferred tax asset will be realized.

c) Losses

The Company has Canadian non-capital tax losses of approximately \$2,829,000 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows:

	\$
For the year ending December 31, 2027	76,000
2028	29,000
2029	259,000
2030	1,009,000
2031	272,000
2032	146,000
2033	408,000
2034	398,000
2035	232,000

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Notes to Interim Unaudited Condensed Consolidated Financial Statements

For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

9 Share capital

a) Authorized capital stock

Unlimited number of common shares, without nominal or par value

Unlimited number of preferred shares, without nominal or par value, issuable in one or more series

	Number of shares	Amount \$
Common shares issued and fully paid		
Balance – December 31, 2014	4,355,377	4,515,281
Issued for cash, net of share issue costs	3,529,411	290,814
Issued in settlement of debt obligation	3,688,476	313,521
Balance – March 31, 2015 and March 31, 2016	<u>11,573,264</u>	<u>5,119,616</u>

b) Private placement

On January 30, 2015, the Company completed a non-brokered private placement and issued 3,529,411 shares at a price of \$0.085 per share, for aggregate gross proceeds of \$300,000. Each share is accompanied by one common share purchase warrant. Each warrant entitles its holder to acquire one additional common share of NSGold for three years at a price of \$0.125. Officers and directors of the Company subscribed for an aggregate of 1,420,117 shares.

c) Issuance of shares for debt

On January 30, 2015, the Company settled loan principal and interest aggregating \$313,521 owed to Van Hoof Industrial Holdings Ltd (“VHIH”) with the issuance of 3,688,476 NSGold common shares to VHIH at a price of \$0.085.

NSGold Corporation

Notes to Interim Unaudited Condensed Consolidated Financial Statements For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

9 Share capital (continued)

d) Warrants and other

The following table summarizes the changes in the Company's warrants:

	Expiry date	Exercise price \$	Number	Ascribed value \$
Balance – December 31, 2014			–	–
Issued pursuant to private placement financing	Jan. 30, 2018	0.125	<u>3,529,411</u>	–
Balance – December 31, 2015 and March 31, 2016			<u>3,529,411</u>	–

The fair value of warrants recognized has been estimated at the issue date using the residual method of valuation. Given the market price of the Company's common shares on the date of closing of the private placement was in excess of the \$0.085 unit price, the residual value assigned to the warrants is \$nil.

e) Options

The Company has adopted a stock option plan for directors, officers, employees and consultants of the Company, providing the Board of Directors with the discretion to issue options to purchase up to 400,000 common shares. The exercise price of the stock options is determined by the Board of Directors when the options are granted, but cannot be less than the closing price of the Company's shares on the TSX Venture Exchange on the business day immediately preceding the day on which the option is granted. The maximum exercise period of the stock options is ten years.

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Notes to Interim Unaudited Condensed Consolidated Financial Statements For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

9 Share capital (continued)

e) Options (continued)

The following table summarizes the changes in the Company's stock options:

	Weighted average exercise price \$	Number of options	Weighted average remaining life (years)	Expiry date
Balance – December 31, 2014	2.00	284,500		
Cancelled or expired during the year		(284,500)		
Granted during the year	0.085	97,500	9.2	May 28, 2025
Granted during the year	0.075	<u>110,000</u>	9.7	Dec 4, 2025
Balance – December 31, 2015 and March 31, 2016	0.08	<u>207,500</u>	9.4	

As at March 31, 2016, all options are vested and exercisable.

The estimated fair value of options has been estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options. The resulting weighted average fair value at the date of grant is \$0.05 for the stock options. The weighted average assumptions used in the pricing model for options issued during the year ended December 31, 2015 are as follows:

Risk-free interest rate	1.4%
Expected volatility	100%
Expected dividend yield	\$nil
Expected life	5 years

f) Contributed surplus

	\$
Balance – December 31, 2014	722,827
Stock-based compensation	<u>10,000</u>
Balance – December 31, 2015 and March 31, 2015	<u>732,827</u>

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Notes to Interim Unaudited Condensed Consolidated Financial Statements

For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

10 Related party transactions

Loan facility

The Company obtained a loan facility of up to \$500,000 from VHIH, a company controlled by Mr. Hans Van Hoof, Chairman of the Company. The loan facility was made available without any fees, options or warrants. The interest rate on the loan is 6% per annum and was repayable in full on January 30, 2015. As security for the repayment of the loan facility, the Company granted a security interest over its 187,581 common shares of NSX Silver.

On January 30, 2015, loan principal and interest aggregating \$313,521 was settled with the issuance of 3,688,476 NSGold common shares to VHIH at a deemed price of \$0.085, the same price as the issue price for the private placement. NSGold did not issue any warrants to VHIH in connection with the settlement of the loan. This was a non-cash transaction and was excluded from the statement of cash flows. Accrued interest of \$2,986 was included in accounts payable at March 31, 2016.

Other

During the three month period ended March 31, 2016, the Company incurred legal fees aggregating \$nil (March 31, 2015 - \$8,315) from a law firm of which one of the officers is a partner. These costs were recorded to share issue costs.

11 Supplemental cash flow information

During the period ended March 31, 2016, the Company incurred expenditures on resource properties of \$12,800 (2015 - \$nil) which were recorded as accounts payable.

12 Financial instruments

Credit risk

The Company manages credit risk by holding the majority of its cash with high quality financial institutions in Canada, where management believes the risk of loss to be low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company does not have sufficient working capital to carry out all budgeted programs in 2016 and must raise finance during 2016 to avoid disruption in planned expenditures (see note 1).

NSGold Corporation

Notes to Interim Unaudited Condensed Consolidated Financial Statements

For the periods ended March 31, 2016 and March 31, 2015

(expressed in Canadian dollars)

12 Financial instruments (continued)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

a) Interest rate risk

The Company has no significant exposure to interest rate risk on its lending and borrowing activities.

b) Price risk

The Company is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues

