



(FORMERLY NORDIC GOLD CORP. AND FIRESTEEL RESOURCES INC.)

Condensed Consolidated Interim Financial Statements

(Unaudited, Expressed in Canadian dollars)

**For the three and six months ended
July 31, 2019 and 2018**

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Management of Nordic Gold Inc. is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed consolidated interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by CPA Canada (Chartered Professional Accountants of Canada) for a review of interim financial statements by an entity's auditor.

Nordic Gold Inc.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited, Expressed in Canadian dollars)
For the period ended

	July 31, 2019	January 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	1,625,990	1,528,767
Amounts receivable	1,074,380	3,235,447
Prepaid expenses	474,212	358,019
Inventory	2,559,994	2,633,691
Total current assets	5,734,576	7,755,924
Non-current assets		
Property, plant and equipment (Note 4)	53,817,427	49,977,667
Reclamation bonds	4,836,830	4,978,374
Exploration and evaluation assets	1,691,021	1,691,021
Equity instruments	-	9,000
Total non-current assets	60,345,278	56,656,062
TOTAL ASSETS	66,079,854	64,411,986
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	15,806,380	14,316,122
Gold forward sale derivative liability (Note 5)	63,392,509	3,788,325
Convertible debentures	389,241	-
Total current liabilities	79,588,130	18,104,447
Non-current liabilities		
Convertible debentures	-	524,616
Gold forward sale derivative liability (Note 5)	-	47,968,380
Decommissioning and rehabilitation provision	12,359,904	11,276,045
Total non-current liabilities	12,359,904	77,873,488
SHAREHOLDERS' EQUITY		
Share capital	18,663,026	18,648,026
Accumulated other comprehensive income	(321,744)	(320,394)
Contributed surplus	2,719,968	2,719,968
Deficit	(46,929,430)	(34,509,102)
TOTAL SHAREHOLDERS' EQUITY	(25,868,180)	(13,461,502)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	66,079,854	64,411,986

Nature of Operations and Going Concern (Note 1)

Approved on September 30, 2019 on behalf of the Board:

"Brian Wesson"

Brian Wesson, Director

"Clyde Wesson"

Clyde Wesson, Director

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

Nordic Gold Inc.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited, Expressed in Canadian dollars)
For the six months ended

	Three months ended July 31,		Six months ended July 31,	
	2019	2018	2019	2018
Expenses				
Management and consulting	196,952	145,950	315,015	326,165
Professional fees	110,014	42,482	271,243	150,126
Transfer agent and filing fees	4,721	2,440	12,846	14,773
Shareholder information	28,733	33,152	24,000	69,598
Share-based compensation	-	511,000	-	573,000
Travel	177,088	133,947	241,224	151,861
Office and general	25,032	(64,443)	35,512	32,835
Total expenses	548,540	804,528	899,840	1,318,358
Other (income)/expenses				
Interest expense	10,453	1,315	19,647	34,199
Foreign exchange	(23,305)	(227,355)	(17,779)	(443,764)
Accretion interest	5,832	13,560	11,576	26,990
Loss on valuation of embedded derivative liability	-	89,698	(135,375)	100,493
Loss on valuation of gold forward sale derivative liability	8,060,992	4,731,692	11,635,804	8,337,050
Interest income	(349)	-	(2,385)	-
Loss on equity investments	-	-	9,000	106,000
Total other (income)/expenses	8,053,623	4,608,910	11,520,488	8,160,968
Net loss for the period	8,602,163	5,413,438	12,420,328	9,479,326
Currency translation adjustment	2,790	46,339	1,350	45,774
Comprehensive loss for the period	8,604,953	5,459,777	12,421,678	9,525,100
Basic and diluted loss per common share	0.04	0.04	0.06	0.07
Weighted average number of common shares outstanding	195,680,740	146,042,955	195,674,110	143,783,727

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

Nordic Gold Inc.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited, Expressed in Canadian dollars)
For the six months ended

	July 31, 2019	July 31, 2018
Cash flows from operating activities		
Net loss for the period	12,420,328	9,479,326
Items not affecting cash:		
Accretion expense	(11,576)	(26,990)
Interest expense	(19,647)	(12,398)
(Gain)/loss on valuation of embedded derivative liability	135,375	(100,493)
Loss on valuation of gold forward sale derivative liability	(11,635,804)	(8,337,050)
Unrealized foreign exchange gain/(loss)	23,305	686,353
Loss on equity investments	(9,000)	(106,000)
Share based compensation	-	(573,000)
	902,982	1,009,748
Change in non-cash working capital items:		
Amounts receivable	(2,161,067)	267,355
Prepaid expenses	116,193	(118,441)
Accounts payable and accrued liabilities	(1,490,258)	(170,957)
Net cash flows used in operating activities	(3,535,132)	987,705
Cash flows from investing activities		
Investment in property, plant and equipment	2,653,627	5,150,111
Net cash flows used in investing activities	2,653,267	5,150,111
Cash flows from financing activities		
Proceeds from exercise of stock options	(15,000)	-
Net cash flows from financing activities	(15,000)	-
Effects of exchange rate changes on cash	91,106	(937,555)
Net decrease in cash during the period	97,223	(5,200,260)
Cash at the beginning of the period	1,528,767	17,120,211
Cash at the end of the period	1,625,990	11,919,951

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

Nordic Gold Inc.Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited, Expressed in Canadian dollars)

	Shares #	Share Capital	Contributed Surplus	Deficit	AOCI	Shareholders' Equity	Non- Controlling Interest	Total Shareholders' Equity
Balance at January 31, 2018	87,625,773	8,297,744	1,968,295	(5,380,773)	(118,686)	4,766,580	4,783,172	9,549,752
Common shares issued	58,417,182	5,257,546	-	-	-	5,257,546	-	5,257,546
Acquisition of Marknad AB (40%)	-	-	-	-	-	-	(4,783,172)	(4,783,172)
Warrants expired	-	-	(90,000)	90,000	-	-	-	-
Share-based payments	-	-	573,000	-	-	573,000	-	573,000
Income/(loss) for the period	-	-	-	(9,479,326)	72,912	(9,406,414)	-	(9,406,414)
Balance at July 31, 2018	146,042,955	13,555,290	2,451,295	(14,770,099)	(45,774)	1,190,712	-	1,190,712
Balance at January 31, 2019	195,380,740	18,648,026	2,719,968	(34,509,102)	(320,394)	(13,461,502)	-	(13,461,502)
Share-based payments	300,000	15,000	-	-	-	15,000	-	15,000
Income/(loss) for the period	-	-	-	(12,420,328)	(1,350)	(12,421,678)	-	(12,421,678)
Balance at July 31, 2018	195,680,740	18,663,026	2,719,968	(46,929,430)	(321,744)	(25,868,180)	-	(25,868,180)

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

Nordic Gold Inc.

Notes to the Condensed Consolidated Interim Financial Statements

July 31, 2019 and 2018

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nordic Gold Inc., formerly Nordic Gold Corp. and formerly Firesteel Resources Inc. ("Nordic" or the "Company") is engaged in the development of the Laiva Mine in Finland and exploration and evaluation of a resource property in Canada. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "NOR" and is incorporated and domiciled in Canada.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. The Company has incurred operating losses since inception and currently has no source of operating cash flow. However, in order to continue as a going concern, the Company must generate sufficient operating cash flows, secure additional capital or otherwise pursue a strategic restructuring, refinancing or other transactions to provide it with additional liquidity.

Several adverse conditions and material uncertainties cast significant doubt upon the going concern assumption. The Company incurred a net loss during the 6 month period ended July 31, 2019 of \$12,421,678 (2018: \$9,525,100). As at July 31, 2019 the Company had cash and cash equivalents of \$1,625,990 (2018: \$11,919,951) and a working capital deficiency/(surplus) of \$73,853,554 (2018: (\$7,413,768)). In addition, the Company is in default with its primary lender (Note 5) whereby it was required to make a US\$1,500,000 payment by April 15 2019 and this amount has not been paid. Certain other amounts owed to the lender remain outstanding.

There can be no assurances that sufficient funding, including adequate financing, will be available to operate its property and to cover general and administrative expenses necessary for the maintenance of a public company. There is no guarantee that the Company will be able to continue to secure additional financing in the future, and if so, on terms that are favourable.

Realization values may be substantially different from carrying values as shown in these condensed interim consolidated financial statements. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

These consolidated financial statements were approved by the Board of Directors on September 30, 2019.

Nordic Gold Inc.

Notes to the Condensed Consolidated Interim Financial Statements

July 31, 2019 and 2018

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, (IAS 34) Interim Financial Reporting using policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Unless otherwise stated, these condensed interim consolidated financial statements have been prepared using the same accounting policies and method of computation as presented in Note 2 of the annual consolidated financial statements of the Company as at and for the year ended January 31, 2019.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instrument classification and measurement

Financial instruments recorded at fair value on the consolidated 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 of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's investments have been assessed on the fair value hierarchy described above and classified as Level 1. There is no change in levels during the year.

Fair values of financial assets and liabilities

The Company's financial instruments include cash, equity instruments, reclamation bond, accounts payable and accrued liabilities, convertible debentures and gold forward sale derivative liability. The fair value of accounts payable and accrued liabilities maybe less than their carrying value due to the liquidity risk (see Note 1).

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and reclamation bonds. Cash and cash equivalents consist of cash held at a Canadian bank. A substantial portion of the Company's amounts receivable is Input Tax Credit. The carrying amount of cash and cash equivalents, amounts receivable represents the maximum credit exposure.

Management monitors the exposure to credit risk on an ongoing basis and does not consider such risk significant at this time.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses. As at July 31, 2019, the Company had a cash balance of \$1,625,990 (2018: \$11,919,951) to settle current liabilities of \$79,588,130 (2018: \$1,958,056). See Note 1 for further details.

Nordic Gold Inc.

Notes to the Condensed Consolidated Interim Financial Statements

July 31, 2019 and 2018

(Expressed in Canadian dollars)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's operations, net earnings or the value of financial instruments.

Foreign currency risk

Foreign exchange risk is the risk that variations in exchange rates between foreign currencies will affect the Company's operating and financial results. The Company is exposed to foreign currency risk as a 5% shift in foreign exchange rates would result in an impact of approximately \$42,697.

Interest rate risk

Interest rate risk is the risk that interest rate fluctuations will affect the Company's operating and financial results. Management does not believe that the Company is exposed to significant interest rate risk.

Commodity price risk

The nature of the Company's operations results in exposure to fluctuations in commodity prices. Commodity prices are impacted by global economic events that dictate the levels of supply and demand. Nordic's management continuously monitors commodity prices and may consider instruments to manage exposure to these risks when it deems appropriate.

The Company is exposed to commodity price risk with respect to the price of gold. Commodity price risk is defined as the potential impact on earnings and economic value due to price movements. The Company closely monitors prices of gold to determine the appropriate course of action to be taken by the Company. Price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the market price of gold.

4. PROPERTY, PLANT AND EQUIPMENT

	July 31, 2019	January 31, 2019
Balance at the beginning of the period	49,977,667	17,351,337
Additions	3,839,760	8,518,752
Acquisition	-	24,107,578
Balance at the end of the period	53,817,427	49,977,667

Nordic Gold Inc.

Notes to the Condensed Consolidated Interim Financial Statements

July 31, 2019 and 2018

(Expressed in Canadian dollars)

5. GOLD FORWARD SALE DERIVATIVE LIABILITY

In November 2017 and amended October 2018, the Company entered into a pre-paid Forward Gold Purchase Agreement (the "PPF Agreement") with PFL Raahe Holdings LP ("PFL"). Under the PPF Agreement, PFL advanced to the Company an amount of \$25,720,000 (USD\$20,600,000) (the "Gold Prepayment Amount") in one tranche as partial consideration for the purchase of a total of 67,155 ounces of gold. PFL will be entitled to purchase 67,155 ounces of the gold production from Nordic at market price, less a discount of USD\$500, from months 18 to 60 commencing on January 1, 2019. During the year an additional \$9,180,300 (USD\$ 7,000,000) was advanced to the Company and will be repaid as 22,315 additional ounces to the initial PPF Agreement under the same terms unless the funds advanced are repaid prior to June 30, 2019.

In addition, as part of the additional USD\$ 7,000,000 financing, the clause in the original agreement whereby PFL had the right to exchange the delivery of up to 24,000 ounces of gold for up to 270 million common shares of the Company in increments of 100 ounces for 1,125,000 common shares was exchanged for the following consideration:

- Issuance of shares equal to 19.99% of the issued and outstanding shares of the Company with PFL having the right to maintain that interest up to the point that the Company has raised \$CAD 10,000,000 in equity. 38,754,785 shares were issued during the year for consideration of \$4,257,064.
- 2.5% net smelter return on gold production from the Laiva Mine.
- Nordic making a payment of USD\$ 1,500,000 to PFL by April 15, 2019 (subsequently not paid)
- PFL is entitled to 50% of the revenue of gold sales generated from future gold ounces sold above \$USD 1,200 per ounce. (under the original agreement, it was \$USD 1,235 per ounce)

Payments required to be made under the terms of the PPF Agreement are outstanding.

The Gold Prepayment Amount has not been accounted for as deferred revenue as it does not meet the criteria for the own use exemption due to the uncertainty of delivery. Instead, the Gold Prepayment Amount is accounted for as a derivative under IAS 9, Financial Instruments. It is the Company's intention, if possible, to settle the obligations under the arrangement through gold production.

The derivative liability was initially recorded at fair value based on the value of the consideration paid to PFL and is re-measured at fair value on a recurring basis at each period end with changes in value being recorded within the statement of loss.

As at July 31, 2019 the revaluation and balance is as follows:

	July 31, 2019	January 31, 2019
Balance at the beginning of the period	51,756,705	22,049,708
Revaluation of derivative	11,635,804	20,526,697
Proceeds from gold prepayment option	-	9,180,300
Balance at the end of the period	63,392,509	51,756,705

Pursuant to the terms of the PPF Agreement, the Gold Repayment Amount is secured against the intergroup loans made by the Company to Nordic Mines Marknad AB and Nordic Mines Oy and all loans granted by the Company to Nordic Mines Marknad AB and Nordic Mines Oy. In addition, the Company has created and assigned to PFL a first ranking security interest in the following assets of Nordic Mines Oy: all bank accounts, the real estate mortgage notes and all rights and interests in the property of Nordic Mines Oy, whether real or leasehold, including its buildings and constructions, as well as other assets including furnishings and fixtures.

6. SUBSEQUENT EVENT

On September 20, 2019, the Company granted 2,400,000 incentive stock options to its directors, officers and consultants at an exercise price of \$0.05 and for a life of 5 years from the date of grant. These options vested immediately.