

VIVA GOLD CORP.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

Reader's Note:

These unaudited interim condensed consolidated financial statements of Viva Gold Corp. have been prepared by management and have not been reviewed by the Company's auditor

Viva Gold Corp.

Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	January 31, 2019	October 31, 2018
		\$	\$
		(Unaudited)	
ASSETS			
Current Assets			
Cash and cash equivalents	3	402,461	415,406
Receivable and prepayments		248,503	28,585
		650,964	443,991
Cash – restricted	4	81,679	81,667
Exploration and evaluation assets	5	749,523	749,409
TOTAL ASSETS		1,482,166	1,275,067
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	281,495	217,389
Loan payable	6	285,541	266,667
		567,036	484,056
Asset retirement obligation	7	162,972	162,948
TOTAL LIABILITIES		730,008	647,004
SHAREHOLDERS' EQUITY			
Common shares	8	4,248,182	3,533,775
Shares subscribed	8	-	19,980
Cumulative translation adjustment		453,893	3,687
Contributed surplus	8	6,846	304,423
Deficit		(3,956,763)	(3,233,802)
TOTAL SHAREHOLDERS' EQUITY		752,158	628,063
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,482,166	1,275,067

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board:

“Gary MacDonald”
Gary MacDonald, Director

“James Hesketh”
James Hesketh, Director

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

Viva Gold Corp.

Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

		For the three months ended January 31,	
	Note	2019	2018
		\$	\$
OPERATING EXPENSES			
Exploration cost	5	383,991	235,856
Management fees	6	22,179	21,740
Office costs		5,212	7,298
Professional fees	6	24,718	18,866
Share based payments	6 & 8	146,970	196,864
Investor relations		108,287	29,042
Transfer agent and filing fees		11,148	7,400
Travel expenses		1,654	6,814
		(704,159)	(523,880)
Interest expense	6	(18,874)	-
Interest income		72	42
NET LOSS		(722,961)	(523,838)
OTHER COMPREHENSIVE INCOME (LOSS): Items that may be reclassified to profit or loss			
Exchange losses arising on translation of foreign operations		3,159	(31,851)
COMPREHENSIVE LOSS		(719,802)	(555,689)
BASIC AND DILUTED LOSS PER SHARE		(0.04)	(0.03)
Weighted average number of shares outstanding		20,515,674	15,997,950

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

Viva Gold Corp.

Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

	Number of shares	Share capital \$	Shares Subscribed \$	Cumulative Translation Adjustment \$	Contributed Surplus \$	Deficit \$	Total Equity \$
Balance as at October 31, 2017	10,254,167	1,218,507	546,750	(4,665)	375,000	(1,423,542)	712,050
Private placements	4,204,000	1,051,000	(546,750)	-	-	-	504,250
Financing cost incurred	12,800	(51,524)	-	-	-	-	(51,524)
Shares issued for accrued compensation	2,000,000	375,000	-	-	(375,000)	-	-
Share based payments	-	-	-	-	196,864	-	196,864
Exchange differences arising on translation of foreign operations	-	-	-	(31,851)	-	-	(31,851)
Net loss	-	-	-	-	-	(523,838)	(523,838)
Balance as at January 31, 2018	16,470,967	2,592,983	-	(36,516)	196,864	(1,947,380)	805,951
Balance as at October 31, 2018	18,836,077	3,533,775	19,980	3,687	304,423	(3,233,802)	628,063
Private placement	1,955,986	723,715	(19,980)	-	-	-	703,735
Financing cost incurred – Cash	-	(6,808)	-	-	-	-	(6,808)
Financing cost incurred – Warrants	-	(2,500)	-	-	2,500	-	-
Share based payments	-	-	-	-	146,970	-	146,970
Exchange differences arising on translation of foreign operations	-	-	-	3,159	-	-	3,159
Net loss	-	-	-	-	-	(722,961)	(722,961)
Balance as at January 31, 2019	20,792,063	4,248,182	-	6,846	453,893	(3,956,763)	752,158

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

Viva Gold Corp.

Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

	For the three months ended January 31,	
	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Net loss	(722,961)	(523,838)
Share based payments	146,970	196,864
Changes in working capital		
Receivable and prepayments	(220,016)	(14,145)
Accounts payable and accrued liabilities	65,727	(254,729)
Interest payable	18,874	1,667
Cash flow used in operating activities	<u>(711,406)</u>	<u>(594,181)</u>
FINANCING ACTIVITIES		
Proceeds from private placement, net of costs	<u>696,927</u>	452,726
Cash flow from financing activities	<u>696,927</u>	452,726
INCREASE (DECREASE) IN CASH	(14,479)	(141,455)
Impact of foreign exchange	1,534	(30)
CASH AND CASH EQUIVALENTS - Beginning	<u>415,406</u>	574,026
CASH AND CASH EQUIVALENTS - Ending	<u>402,461</u>	432,541
Non-cash transactions:		
Conversion of accounts payable into loan	-	250,000
Shares issued for accrued compensation	-	375,000
Finders' warrants issued	2,500	-

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

VIVA GOLD CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. Nature of Operations and Going Concern

Viva Gold Corp. (“Viva” or the “Company”) was incorporated under the Business Corporation Act (British Columbia) on September 24, 2009. The address of the Company’s corporate office and principal place of business is Suite 302, 8047 199 Street, Langley, British Columbia, Canada, V2Y 0E2.

The Company’s business is the acquisition, exploration and development of precious metal properties. It is currently advancing its 100% owned Tonopah Project, located in the Walker Lane Trend in Western Nevada.

These interim condensed consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Viva is an exploration stage company and as at January 31, 2019 had an accumulated deficit of \$3,956,763. Management of the Company does not expect that its current cash position will be sufficient to meet all of its operating requirements, financial commitments, and business development priorities during the next twelve months. Accordingly, the Company will need to obtain financing in the form of debt, equity, or a combination thereof for the next twelve months to continue to operate. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. These conditions indicate the existence of material uncertainty that may give rise to significant doubt about Viva’s ability to continue as a going concern.

2. Basis of Presentation

Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, and based on the principles of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended October 31, 2018, which include all of the Company’s significant accounting policies, and have been prepared in accordance with the same methods of application.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors of the Company on March 28, 2019.

Basis of Measurement

These interim condensed consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Significant Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

VIVA GOLD CORP.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

January 31, 2019

*(Expressed in Canadian dollars)**(Unaudited – Prepared by Management)*

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended October 31, 2018.

3. Cash and Cash Equivalents

	January 31, 2019	October 31, 2018
	\$	\$
Cash at bank	391,468	404,413
Guaranteed investment certificates	10,750	10,750
Deposits	243	243
	402,461	415,406

4. Restricted Cash

The Company has reclamation bonds with the Bureau of Land Management in the State of Nevada to insure the completion of future Asset Retirement Obligations (Note 7) as estimated utilizing a standardized reclamation cost estimating system for the State of Nevada. During the year ended October 31, 2018, the Company replaced 50% of its cash backed reclamation bonds with reclamation surety bonds through Lexon Insurance. The Company pays an annual surety premium for this insurance. These cash deposits are not releasable until such time that sufficient reclamation has been completed.

	January 31, 2019	October 31, 2018
	\$	\$
Opening balance	81,667	159,860
Refund	-	(76,198)
Impact of foreign exchange	12	(1,995)
	81,679	81,667

VIVA GOLD CORP.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

January 31, 2019

*(Expressed in Canadian dollars)**(Unaudited – Prepared by Management)***5. Exploration and Evaluation Assets**

The Company acquired the Tonopah Project in March 2017. The Tonopah Project is an advanced stage exploration/evaluation project located on the Walter Lake Trend of Western Nevada.

A continuity of the Company's exploration and evaluation assets is as follows:

	January 31, 2019	October 31, 2018
	\$	\$
Opening balance	749,409	735,210
Impact of foreign exchange	114	14,199
	<u>749,523</u>	<u>749,409</u>

The following is a summary of exploration expenditures incurred by the Company on the Tonopah Project:

	For the three months ended	
	January 31	
	2019	2018
	\$	\$
Consulting	44,024	11,130
Drilling	237,915	126,482
Environmental	929	10,076
Permits	931	-
Salaries	22,179	21,740
Samples	45,718	-
Supplies/General	3,371	4,452
Technical Reports	12,060	55,083
Travel	16,864	6,893
	<u>383,991</u>	<u>235,856</u>

6. Related Party Transactions

- a) The Company is party to a consulting service agreement, dated April 10, 2017, with Kalex LLC ("Kalex"), an entity owned by James Hesketh, the Company's director, president and CEO. During the period ended January 31, 2019, the Company incurred \$44,358 (2017 - \$43,480) in management fees/salaries. The Compensation of Mr. Hesketh is equally divided between management fees in the statement of loss and as salaries within exploration expenditures. As at January 31, 2019, \$74,579 (October 31, 2018 - \$116,944), included in accounts payable and accrued liabilities, was balance due to Kalex. As of January 1, 2019 monthly management fees/salaries payable under this agreement were reduced to US\$8,333.33 from US\$12,500.
- b) Avisar Chartered Professional Accountants, ("Avisar") a firm where the CFO is a founder and principal, provides bookkeeping, treasury, and financial reporting services to the Company. During the period ended January 31, 2019, the Company incurred accounting fees of \$17,557 (2017 - \$12,380) to Avisar. As at January 31, 2019, \$5,460 (October 31, 2017 - \$23,740), included in accounts payable and accrued liabilities, was balance due to Avisar.

VIVA GOLD CORP.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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- c) The Company is a party to a loan agreement for a principal amount of \$250,000 with a Company affiliated with a director of the Company. The loan bears interest at 8% per annum and was payable on December 21, 2018. The agreement allowed for the maturity date of the loan to be extended for a further one year for a fee of 5% of the principal amount. The Company exercised the extension option and as a result, the loan is now due on December 21, 2019. During the period ended January 31, 2019, the Company recognized interest expense, including the loan extension fee, of \$18,874 (2017 - \$1,667). As at January 31, 2019, total interest accumulated on the loan amounted to \$23,041.
- d) During the period ended January 31, 2019, share based payments related to the incentive stock options (Note 8) granted to related parties amounted to \$128,359.
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7. Asset Retirement Obligation

A continuity of the Company's Asset Retirement Obligation is as follows:

	January 31, 2019	October 31, 2018
	\$	\$
Opening balance	162,948	159,860
Impact of foreign exchange	24	3,088
	<u>162,972</u>	<u>162,948</u>

8. Share Capital**Common Shares**

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

On November 13, 2018, the Company closed the second tranche of its non-brokered private placement of 1,955,986 units for total proceeds of \$723,715. Each subscriber received a unit at a price of \$0.37 consisting of one common share and one share purchase warrant exercisable at \$0.47 per share until November 13, 2020. An officer of the Company acquired 54,000 units in the private placement for gross proceeds of \$19,980, which the Company had received during the year ended October 31, 2018. In conjunction with the private placement, the Company paid cash commissions of \$6,808, and also issued 12,000 warrants to the finders on the same terms as the other subscribers. The fair value of these warrants issued to the finders amounted to \$2,500 and was determined using the Black-Scholes option pricing model using the following assumptions: expected dividend yield: 0%; expected life: 2 years; expected stock price volatility: 110%; risk-free rate: 2.31%.

Escrow Shares

As of January 31, 2019, there were 1,315,000 common shares of the Company held in escrow.

Stock Options

On December 13, 2018, the Company issued 1,025,000 stock options to its directors, officers, employees, and consultants. The options are exercisable at \$0.29 per share and have a term of three years with 50% vesting immediately and 25% for each year following the award date. The fair value of these stock options was

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determined using the Black-Scholes option pricing model using the following assumptions: expected dividend yield: 0%; expected life: 3 years; expected stock price volatility: 110%; risk-free rate: 2.06%. During the period ended January 31, 2019, total share based payments expense related to these stock options amounted to \$114,137.

On January 18, 2018, the Company granted a total of 1,050,000 stock options to directors, officers, employees, and consultants. The options are exercisable at \$0.50 per share and have a term of three years with 50% vesting immediately and 25% for each year following the award date. The fair value of these stock options was determined using the Black-Scholes option pricing model using the following assumptions: expected dividend yield: 0%; expected life: 3 years; expected stock price volatility: 105%; risk-free rate: 1.87%. During the period ended January 31, 2019, total share based payments expense related to these stock options amounted to \$32,833.

A continuity of the Company's incentive stock options is as follows:

	January 31, 2019	Weighted average
	# of Options	exercise price
		\$
Outstanding, beginning of the period	1,050,000	0.50
Granted	1,025,000	0.29
Outstanding, end of the period	2,075,000	0.40
Vested, end of the period	1,300,000	0.42

The details of stock options outstanding as at January 31, 2019 are as follows:

Number of Options	Exercise Price (\$)	Expiry Date	Remaining Life (Years)
1,050,000	0.50	January 18, 2021	1.97
1,025,000	0.29	December 13, 2021	2.87
2,075,000	0.40		2.41

Warrants

A continuity of the Company's warrants is as follows:

	January 31, 2019	Weighted average
	# of Warrants	exercise price
		\$
Outstanding, beginning of the period	3,931,350	0.38
Granted	1,967,986	0.47
Outstanding, end of the period	5,899,336	0.41

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Details of share purchase warrants outstanding as at January 31, 2019 are as follows:

Number of Warrants	Exercise Price (\$)	Expiry Date	Remaining Life (Years)
2,896,800	0.35	November 7, 2019	0.77
1,034,550	0.47	October 26, 2020	1.74
1,967,986	0.47	November 13, 2020	1.79
5,899,336	0.41		1.28
