



**WHITEHORSE**  
**GOLD CORP.**

TSXV: WHG

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

# Whitehorse Gold Corp.

## Unaudited Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

		As at September 30,	As at December 31,
	Notes	2021	2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 8,651,269	\$ 1,592,505
GST receivables		329,586	43,611
Deposits and prepayments	3	73,939	19,583
		<b>9,054,794</b>	<b>1,655,699</b>
<b>Non-current Assets</b>			
Reclamation deposit		15,075	15,075
Deposits and prepayments	3	102,779	-
Property and equipment	4	779,664	14,822
Mineral property interests	5	20,868,766	13,406,867
<b>TOTAL ASSETS</b>		<b>\$ 30,821,078</b>	<b>\$ 15,092,463</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables		\$ 2,476,498	\$ 170,808
Accrued liabilities		140,976	70,350
Flow-through share premium liability	6	364,603	-
Current portion of lease obligations	7	26,278	-
		<b>3,008,355</b>	<b>241,158</b>
<b>Non-current Liabilities</b>			
Lease obligations	7	19,708	-
<b>Total Liabilities</b>		<b>3,028,063</b>	<b>241,158</b>
<b>EQUITY</b>			
Share capital	8	20,879,163	6,797,010
Reserves	8	667,080	56,988
Retained earnings		6,246,772	7,997,307
<b>Total Equity</b>		<b>27,793,015</b>	<b>14,851,305</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 30,821,078</b>	<b>\$ 15,092,463</b>

Approved on behalf of the Board:

(Signed) Kevin Weston

Director

(Signed) Lorne Waldman

Director

See accompanying notes to the unaudited condensed consolidated interim financial statements

# Whitehorse Gold Corp.

## Unaudited Condensed Consolidated Interim Statements of (Loss) Income and Comprehensive (Loss) Income

(Expressed in Canadian dollars)

	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
<b>Operating expenses</b>					
Salaries and benefits		\$ 276,996	\$ (83,470)	\$ 813,600	\$ 15,271
Investor relations		106,352	5,000	238,644	5,697
Filing and continuous listing		10,567	2,946	76,633	2,946
Professional fees		23,849	88,295	72,602	97,305
Office and administration		64,825	14,536	131,515	44,365
Depreciation		3,018	865	11,635	911
Share-based compensation	8	160,505	-	394,128	-
		<b>646,112</b>	<b>28,172</b>	<b>1,738,757</b>	<b>166,495</b>
<b>Other income and expenses</b>					
Impairment reversal of mineral property interests		-	-	-	11,714,944
Interest expense		(2,154)	(53,150)	(2,154)	(132,904)
Foreign exchange loss		(3,799)	(391)	(9,624)	(362)
		<b>(5,953)</b>	<b>(53,541)</b>	<b>(11,778)</b>	<b>11,581,678</b>
<b>Net (loss) income and comprehensive (loss) income for the period</b>		<b>\$ (652,065)</b>	<b>\$ (81,713)</b>	<b>\$ (1,750,535)</b>	<b>\$ 11,415,183</b>
<b>(Loss) income per common share attributable to equity holders of the Company</b>					
<b>Basic and diluted (loss) income per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.04)</b>	<b>\$ 0.67</b>
<b>Weighted average number of common shares - basic and diluted</b>		<b>52,681,589</b>	<b>20,000,001</b>	<b>47,805,891</b>	<b>16,923,078</b>

See accompanying notes to the unaudited condensed consolidated interim financial statement

# Whitehorse Gold Corp.

## Unaudited Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
<b>Cash used in</b>					
<b>Operating activities</b>					
Net (loss) income for the period		\$ (652,065)	\$ (81,713)	\$ (1,750,535)	\$ 11,415,183
Interest expense		2,154	53,150	2,154	132,904
Depreciation	4	16,379	865	27,458	911
Impairment reversal on mineral property interests		-	-	-	(11,714,944)
Share based compensation	8	160,505	-	394,128	-
Unrealized foreign exchange loss		3,799	391	9,624	362
Changes in non-cash operating working capital					-
GST Receivables		(210,153)	(15,801)	(285,975)	(16,444)
Deposits and prepayments		(42,480)	-	(54,356)	-
Inventory		64,368	-	-	-
Accounts payable and accrued liabilities		13,620	88,153	114,749	101,528
Payables due to former parent company		-	-	-	34,536
<b>Net cash (used in) provided by operating activities</b>		<b>(643,873)</b>	<b>45,045</b>	<b>(1,542,753)</b>	<b>(45,964)</b>
<b>Investing activities</b>					
Mineral property interests					
Capital expenditures		(4,193,049)	(275,335)	(5,212,379)	(276,186)
Property and equipment					
Additions		(638,072)	-	(762,174)	(13,884)
Cash acquired through share-exchange		-	-	-	25,575
<b>Net cash used in investing activities</b>		<b>(4,831,121)</b>	<b>(275,335)</b>	<b>(5,974,553)</b>	<b>(264,495)</b>
<b>Financing activities</b>					
Promissory note					
Proceeds		-	-	-	500,000
Funds raised from private placement, net of share issuance costs	8	-	2,812,210	14,564,459	2,812,210
Exercise of options		-	-	28,876	-
Lease obligations					-
Repayments of principal	7	(5,487)	-	(5,487)	-
Payment of interests	7	(2,154)	-	(2,154)	-
<b>Net cash (used in) provided by financing activities</b>		<b>(7,641)</b>	<b>2,812,210</b>	<b>14,585,694</b>	<b>3,312,210</b>
<b>Effect of exchange rate changes on cash</b>		<b>(3,799)</b>	<b>(391)</b>	<b>(9,624)</b>	<b>(362)</b>
<b>(Decrease) increase in cash</b>		<b>(5,486,434)</b>	<b>2,581,529</b>	<b>7,058,764</b>	<b>3,001,389</b>
<b>Cash, beginning of the period</b>		<b>14,137,703</b>	<b>419,860</b>	<b>1,592,505</b>	<b>-</b>
<b>Cash, end of the period</b>		<b>\$ 8,651,269</b>	<b>\$ 3,001,389</b>	<b>\$ 8,651,269</b>	<b>\$ 3,001,389</b>

See accompanying notes to the unaudited condensed consolidated interim financial statements

# Whitehorse Gold Corp.

## Unaudited Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars, except for share figures)

	Notes	Share capital		Reserves			Total equity
		Number of shares	Amount	Share-based compensation	Warrant	Retained earning	
Balance, January 1, 2020		1	\$ -	\$ -	\$ -	\$ -	\$ -
Share issuance in exchange for net assets acquired from former parent		20,000,000	-	-	-	(2,859,452)	(2,859,452)
Net income and comprehensive income		-	-	-	-	11,415,183	11,415,183
Balance, September 30, 2020		20,000,001	\$ -	\$ -	\$ -	8,555,731	\$ 8,555,731
Share cancelled for rounding impact upon completion of the Arrangement		(102)	-	-	-	-	-
Shares issuance in 2020 private placement		22,656,698	6,797,010	-	-	-	6,797,010
Share-based compensation		-	-	56,988	-	-	56,988
Net loss and comprehensive loss		-	-	-	-	(558,424)	(558,424)
<b>Balance, December 31, 2020</b>		<b>42,656,597</b>	<b>\$ 6,797,010</b>	<b>\$ 56,988</b>	<b>\$ -</b>	<b>7,997,307</b>	<b>14,851,305</b>
Share-based compensation	8	-	-	463,513	-	-	463,513
Options exercised	8	91,667	47,320	(18,444)	-	-	28,876
Share issuance in 2021 Private Placement, net of share issue costs and flow-through share premium liability	8	9,933,325	14,034,833	-	165,023	-	14,199,856
Net loss and comprehensive loss		-	-	-	-	(1,750,535)	(1,750,535)
<b>Balance, September 30, 2021</b>		<b>52,681,589</b>	<b>\$20,879,163</b>	<b>\$ 502,057</b>	<b>\$ 165,023</b>	<b>6,246,772</b>	<b>27,793,015</b>

See accompanying notes to the unaudited condensed consolidated interim financial statements

# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

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*(Expressed in Canadian dollars, except for share figures)*

### 1. CORPORATE INFORMATION

Whitehorse Gold Corp. (the "Company" or "Whitehorse Gold") is a Canadian mining company engaged in exploring and developing mining properties, including its Skukum Gold Project (formerly referred to as Tagish Lake Gold Project) located in the Yukon Territory, Canada (the "Project"). Whitehorse Gold was incorporated under the *Business Corporations Act* (British Columbia) on November 27, 2019, primarily for the purpose of carrying out a spin-out by way of plan of arrangement (the "Arrangement") with New Pacific Metals Corp. ("New Pacific"), which was completed on November 18, 2020.

The head office, registered address and records office of the Company are located at 1066 Hastings Street, Suite 1750, Vancouver, British Columbia, Canada, V6E 3X1. The Company's common shares (each, a "Share" or a "Common Share") commenced trading on the TSX Venture Exchange (the "TSXV") under the symbol "WHG" on November 25, 2020.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

These unaudited condensed consolidated interim financial statements have been prepared in accordance with *IAS 34 – Interim Financial Reporting* as issued by the International Accounting Standards Board. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the six months ended December 31, 2020. These unaudited condensed consolidated interim financial statements follow the same significant accounting policies set out in Note 2 to the audited consolidated financial statements for the six months ended December 31, 2020 except for the following:

#### *Flow-through common shares*

Canadian income tax legislation permits companies to issue flow-through instruments whereby the income tax deductions generated by eligible expenditures of the Company, defined in the Income Tax Act (Canada) as qualified Canadian exploration expenses ("CEE"), are claimed by the investors rather than by the Company. Shares issued on a flow-through basis are typically sold at a premium above the market share price which relates to the tax benefits that will flow through to the investors. The Company issues flow-through shares as part of its equity financing transactions in order to fund exploration activities at the Project. The Company estimates the portion of the proceeds attributable to the premium as being the excess of the flow-through share price over the market share price of the common shares without the flow-through feature at the time of issuance. The premium is recorded as a liability which represents the Company's obligation to spend the flow-through funds on eligible expenditures and is amortized through the consolidated statement of (loss) income and comprehensive (loss) income as the eligible expenditures are incurred and renounced.

# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

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*(Expressed in Canadian dollars, except for share figures)*

### *Lease*

#### Lease Definition

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be implicitly or explicitly specified in a contract, but must be physically distinct, and must not have the ability for substitution by a lessor. A lessee has the right to control an identified asset if it obtains substantially all of its economic benefits and either pre-determines or directs how and for what purposes the asset is used.

#### Measurement of Right of Use ("ROU") Assets and Lease Obligations

At the commencement of a lease, the Company, if acting in capacity as a lessee, recognizes an ROU asset and a lease obligation. The ROU asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU asset is subsequently amortized on a straight-line basis over the shorter of the term of the lease, or the useful life of the asset determined on the same basis as the Company's plant and equipment. The ROU asset is periodically adjusted for certain remeasurements of the lease obligation, and reduced by impairment losses, if any.

The lease obligation is initially measured at the present value of the lease payments remaining at the lease commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate if the rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease obligation, when applicable, may comprise of fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Company is reasonably certain to exercise.

The lease obligation is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset.

#### Recognition Exemptions

The Company has elected not to recognize the ROU asset and lease obligations for short-term leases that have a lease term of 12 months or less or for leases of low-value assets. Payments associated with these leases are recognized as general and administrative expense on a straight-line basis over the lease term on the consolidated statement of (loss) income and comprehensive (loss) income.

# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

*(Expressed in Canadian dollars, except for share figures)*

### *(b) Going Concern Basis*

The unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. During the three and nine months ended September 30, 2021, the Company incurred a loss of \$652,065 and \$1,750,535, respectively, and used cash of \$643,873 and \$1,542,753, respectively, in operating activities. Operating losses in relation to exploration activities are expected to continue for the foreseeable future. The Company's ability to continue operations in the normal course of business is dependent on several factors, including the operating of its mineral property, as well as the ability to secure additional financing through the issuance of additional equity or debt. However, there is no certainty that the Company will be able to raise sufficient funds to conduct further exploration and development of its mineral property. The above conditions, along with other factors, indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The unaudited condensed consolidated financial statements of the Company were authorized for issue in accordance with a resolution of the Board of Directors (the "Board") dated on November 24, 2021.

### *(c) Basis of Consolidation*

These unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Whitehorse Gold (Yukon) Corp (formerly named as Tagish Lake Gold Corp). The Company has a single reportable segment.

Subsidiaries are consolidated from the date on which the Company obtains control up to the date of the disposition of control. Control is achieved when the Company has power over the subsidiary, is exposed or has rights to variable returns from its involvement with the subsidiary; and has the ability to use its power to affect its returns.

Balances, transactions, income and expenses between the Company and its subsidiary are eliminated on consolidation.

### 3. DEPOSITS AND PREPAYMENTS

	<b>September 30, 2021</b>	December 31, 2020
Deposits and prepayments related to exploration, and property and equipment	\$ 102,779	\$ -
Other deposits and prepaid expenses	73,939	19,583
Total	176,718	19,583
Non-current portion	(102,779)	-
	<b>\$ 73,939</b>	<b>\$ 19,583</b>



# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

(Expressed in Canadian dollars, except for share figures)

### 4. PROPERTY AND EQUIPMENT

Cost	Building	Office equipment	Computer software	Equipment and furniture	Machinery	Riqt-of-use assets	Construction in process	Total
Balance as at July 1, 2020	\$ -	\$ -	\$ 13,884	\$ -	\$ -	\$ -	\$ -	\$ 13,884
Additions	-	2,408	-	-	-	-	-	2,408
Ending balance as at December 31, 2020	\$ -	\$ 2,408	\$ 13,884	\$ -	\$ -	\$ -	\$ -	\$ 16,292
Additions	419,182	20,665	9,916	62,456	88,036	76,869	115,176	792,300
<b>Ending balance as at September 30, 2021</b>	<b>\$ 419,182</b>	<b>\$ 23,073</b>	<b>\$ 23,800</b>	<b>\$ 62,456</b>	<b>\$ 88,036</b>	<b>\$ 76,869</b>	<b>\$ 115,176</b>	<b>\$ 808,592</b>
<b>Accumulated depreciation and amortization</b>								
Balance as at July 1, 2020	\$ -	\$ -	\$ (46)	\$ -	\$ -	\$ -	\$ -	\$ (46)
Depreciation and amortization	-	(40)	(1,384)	-	-	-	-	(1,424)
Ending balance as at December 31, 2020	\$ -	\$ (40)	\$ (1,430)	\$ -	\$ -	\$ -	\$ -	\$ (1,470)
Depreciation and amortization	(3,548)	(2,039)	(3,352)	(6,246)	(2,729)	(9,544)	-	(27,458)
<b>Ending balance as at September 30, 2021</b>	<b>\$ (3,548)</b>	<b>\$ (2,079)</b>	<b>\$ (4,782)</b>	<b>\$ (6,246)</b>	<b>\$ (2,729)</b>	<b>\$ (9,544)</b>	<b>\$ -</b>	<b>\$ (28,928)</b>
<b>Carrying amounts</b>								
Balance as at December 31, 2020	\$ -	\$ 2,368	\$ 12,454	\$ -	\$ -	\$ -	\$ -	\$ 14,822
<b>Ending balance as at September 30, 2021</b>	<b>\$ 415,634</b>	<b>\$ 20,994</b>	<b>\$ 19,018</b>	<b>\$ 56,210</b>	<b>\$ 85,307</b>	<b>\$ 67,325</b>	<b>\$ 115,176</b>	<b>\$ 779,664</b>

# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

*(Expressed in Canadian dollars, except for share figures)*

### 5. MINERAL PROPERTY INTERESTS

The Project, covering an area of 170.3km<sup>2</sup>, is located approximately 55 kilometers south of Whitehorse, Yukon Territory, Canada, and consists of 1,051 mining claims hosting three identified gold and gold-silver mineral deposits: Skukum Creek, Goddell and Mount Skukum.

For the three and nine months ended September 30, 2021, total expenditures of \$5,914,207 and \$7,461,899, respectively (three and nine months ended September 30, 2020 - \$540,838 and \$541,689) were capitalized under the Project.

The continuity schedule of mineral property interest is summarized as follows:

<b>Cost</b>		<b>The Project</b>
Balance, July 1, 2020	\$	11,820,000
<u>Capitalized exploration expenditures</u>		
Geology Study		712,917
Drilling & Assaying		330,998
Camp service		200,432
Environmental study		163,625
Project management and support		144,749
Reporting and assessment		12,600
Permitting & Claims		21,546
Balance, December 31, 2020	\$	13,406,867
<u>Capitalized exploration expenditures</u>		
Geology Study	\$	1,424,053
Geophysics & Surveying		144,200
Drilling & Assaying		3,024,496
Camp service		1,669,599
Environmental monitoring		382,569
Project management and support		757,374
Permitting & Claims		59,608
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>20,868,766</b>

# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

*(Expressed in Canadian dollars, except for share figures)*

### 6. FLOW-THROUGH SHARE PREMIUM LIABILITY

Flow-through shares are issued at a premium, calculated as the difference between the price of a flow-through share and the price of a common share at that date, as tax deductions generated by the eligible expenditures are passed through to the shareholders of the flow-through shares once the eligible expenditures are incurred and renounced.

As at September 30, 2021, the Company has a flow-through share premium liability of \$364,603 (December 31, 2020 - \$nil) in relation to the flow-through shares issued in the 2021 Private Placements of Units and Flow-Through Units (as defined below) (Note 8(a)).

Below is a summary of the Flow-through Unit private placement and the related flow-through share premium liability generated:

	Flow-through Funds	Flow-through premium liability
Balance, January 1, 2020	\$ -	\$ -
Flow-through funds raised (note 8(a))	5,833,640	364,603
<b>Balance, September 30, 2021</b>	<b>\$ 5,833,640</b>	<b>\$ 364,603</b>

### 7. LEASES

The following table summarizes changes in the Company's lease obligations related to the Company's vehicle leases.

<b>Balance, January 1, 2021</b>	<b>\$ -</b>
New lease agreements entered	\$ 51,473
Interest accrual	2,154
Interest paid	(2,154)
Principal repayment	(5,487)
<b>Balance, September 30, 2021</b>	<b>\$ 45,986</b>
<b>Less: current portion</b>	<b>(26,278)</b>
<b>Non-current portion</b>	<b>\$ 19,708</b>

# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

*(Expressed in Canadian dollars, except for share figures)*

The following table presents a reconciliation of the Company's undiscounted cash flows to their present value for its lease obligations as at September 30, 2021:

Within 1 year	\$	30,609
Between 2 to 5 years		27,826
<b>Total undiscounted amount</b>		<b>58,435</b>
Less future interest		(12,449)
<b>Total discounted amount</b>	<b>\$</b>	<b>45,986</b>
<b>Less: current portion</b>		<b>(26,278)</b>
<b>Non-current portion</b>	<b>\$</b>	<b>19,708</b>

The lease obligations were discounted using the interest rates implicit in the lease agreements ranging between 3.9% to 6.85%.

### 8. SHARE CAPITAL

#### *(a) Share Capital - authorized share capital*

The Company has authorized share capital of unlimited number of common shares without par value.

On May 14, 2021, the raised aggregate gross proceeds of \$15,264,590 by way of private placement (the "2021 Private Placements"). The 2021 Private Placements consisted of: (i) a brokered private placement offering (the "Brokered Private Placement") of units (each, a "Unit") and flow-through units (each, a "Flow-Through Unit") for aggregate gross proceeds of approximately \$13,442,990; and (ii) a non-brokered private placement offering (the "Non-Brokered Private Placement") of Units and Flow-Through Units for aggregate gross proceeds of \$1,821,600. Under the 2021 Private Placements, the Company issued an aggregate of 6,287,300 Units and 3,646,025 Flow-Through Units.

The Units were priced at \$1.50 per Unit and Flow-Through Units at \$1.60 per Flow-Through Unit. Each Unit consists of one Share and one transferable Share purchase warrant (a "Warrant"). Each Flow-Through Unit consists of one flow-through Share and one Share purchase warrant (a "Flow-Through Warrant"). Each Warrant entitles the holder to acquire one Share from the Company at a price of \$2.00 per Share for a period of 60 months following closing of the 2021 Private Placements (the "Closing"). Each Flow-Through Warrant entitles the holder to acquire one Share from the Company at a price of \$2.10 per Share for a period of 60 months following Closing. In the event that the closing price of the Shares is greater than \$3.00 per Share on the TSXV for a period of 10 consecutive trading days at any time after the Closing, the Company may accelerate the expiry date of the Warrants and the Flow-Through Warrants by giving written notice to the holders thereof, in the form of a press release, and in such case the Warrants and the Flow-Through Warrants will expire 30 days thereafter.

The Brokered Private Placement was undertaken by BMO Nesbitt Burns Inc. (BMO Capital Markets) and Laurentian Bank Securities Inc. as co-lead agents and joint bookrunners, on behalf of a syndicate that included Red Cloud Securities Inc., Canaccord Genuity Corp. and Raymond James Ltd. (collectively, the "Agents").

# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

(Expressed in Canadian dollars, except for share figures)

In connection with the Brokered Private Placement, the Company paid the Agents a cash commission of \$446,579; and issued 286,249 warrants to the Agents. In connection with the Non-Brokered Private Placement, the Company paid aggregate finder's fees of \$9,180 and issued 6,000 warrants to the finders. The agents warrants and the finders warrants (collectively, the "Commission Warrants") entitle the holder to acquire one Share from the Company at a price of \$2.00 per Share for a period of 24 months from the Closing.

The securities issued in connection with the 2021 Private Placements had a holding period of four months and one day from the Closing.

Share issue costs related to the 2021 Private Placements totalled \$865,154, which included \$700,131 in cash commission, finder's fees, and other insurance costs, and \$165,023 Commission Warrants (note 8(c)).

### (b) Share-based compensation

On March 3, 2021, the Company's Board approved the adoption of a new 10% "rolling" stock option plan. The shareholders of the Company approved the new stock option plan at the Company's annual general meeting held on May 5, 2021.

For the three and nine months ended September 30, 2021, a total of \$160,505 and \$394,128, respectively, (three and nine months ended September 30, 2020 - \$nil and \$nil, respectively) were recorded as share-based compensation expense, and a total of \$17,624 and \$69,385, respectively (three and nine months ended September 30, 2020 - \$nil and \$nil) were capitalized under mineral property interests.

The continuity schedule of stock options, as at September 30, 2021, is as follows:

	Number of options	Weighted average exercise price
Balance, July 1, 2020	-	-
Options granted	3,450,000	\$ 0.315
Balance, December 31, 2020	3,450,000	0.315
Options granted	815,000	1.380
Options exercised	(91,667)	0.315
<b>Balance, September 30, 2021</b>	<b>4,173,333</b>	<b>\$ 0.523</b>

The following table summarizes information about stock options outstanding as at September 30, 2021:

Exercise price	Number of options outstanding at September 30, 2021	Weighted average remaining contractual life (Years)	Weighted average exercise price	Number of options exercisable at September 30, 2021	Weighted average exercise price
\$0.315	3,358,333	9.13	\$0.315	483,332	\$0.315
\$1.380	815,000	9.60	\$1.380	-	-
\$ 0.315 to \$1.38	4,173,333	9.22	\$0.523	483,332	\$0.315

# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

*(Expressed in Canadian dollars, except for share figures)*

During the three and nine months ended September 30, 2021, the Company granted nil and 815,000, respectively, stock options (three and nine months ended September 30, 2020 – nil and nil, respectively) to certain directors, officers and consultants having an exercise price of \$1.38, a term of 10 years, and vesting over a three-year period in 1/6 increments, beginning on the 6-month anniversary following the date of grant. The fair value of the options granted is \$0.74 per common share and estimated using the Black-Scholes options pricing model with the following assumptions:

	<b>Nine months ended September 30, 2021</b>
Risk free interest rate	<b>0.47%</b>
Expected life of option in years	<b>2.75 years</b>
Expected volatility	<b>84%</b>
Expected dividend yield	<b>0.00%</b>
Estimated forfeiture rate	<b>10%</b>
Weighted average share price at date of grant	<b>\$1.43</b>

The option pricing model requires the input of 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 estimate of the fair value of the Company's stock options. The Company's expected volatility is based on the historical volatility of the selected peer companies share price on the TSXV.

### *(c) Share purchase warrant*

The continuity schedule of share purchase warrant, as at September 30, 2021, is as follows:

	Number of warrants	Exercise Price
Balance, January 1, 2020	-	\$ -
Warrants granted (note 8(a))	10,225,574	\$2.00 to \$2.10
<b>Balance, September 30, 2021</b>	<b>10,225,574</b>	<b>\$2.00 to \$2.10</b>

The following table summarizes information about share purchase warrants outstanding as at September 30, 2021:

	Exercise price	Number of warrants outstanding at September 30, 2021	Expiry date
Warrant	\$2.00	6,287,300	May 14, 2026
Flow-Through Warrant	\$2.10	3,646,025	May 14, 2026
Commission Warrant	\$2.00	292,249	May 14, 2023
		10,225,574	

The Company applied residual method to allocate the proceeds received on sale of Unit and Flow-Through Unit between equity accounts. Based on the Company's share price at the closing date of 2021 Private Placement, the fair value of the Warrant and Flow-through Warrant were deemed to be \$nil.

# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

(Expressed in Canadian dollars, except for share figures)

The fair value of the Commission Warrants granted in connection with 2021 Private Placements (note 8(a)) is \$0.56 per Common Share and estimated using the Black-Scholes options pricing model with the following assumptions:

	<b>Nine months ended September 30, 2021</b>
Risk free interest rate	<b>0.32%</b>
Expected life in years	<b>2 years</b>
Expected volatility	<b>83.51%</b>
Expected dividend yield	<b>0.00%</b>

### 9. RELATED PARTY TRANSACTIONS

Related party transactions are made on terms agreed upon by the related parties. The balances with related parties are unsecured, non-interest bearing, and due on demand. Related party transactions not disclosed elsewhere in the condensed consolidated interim financial statements are as follows:

	Note	<b>September 30, 2021</b>	December 31, 2020
Payables due to Silvercorp Metals Inc.	i	<b>\$ 16,668</b>	\$ 20,879

- i) Silvercorp Metals Inc. ("Silvercorp") owns approximately 29.5% interest in the Company, on a non-diluted basis. Silvercorp and the Company share office space and Silvercorp provides various general and administrative services to the Company. Expenses in services rendered and incurred by Silvercorp on behalf of the Company for the three and nine months ended September 30, 2021 were \$55,229 and \$179,322, respectively (three and nine months ended September 30, 2020 - \$nil and \$nil).

The remuneration of directors and other members of key management personnel are as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Directors' fees	\$ 28,000	\$ -	\$ 80,000	\$ -
Directors' share-based compensation	44,544	-	102,433	-
Key management's salaries and benefits	194,954	45,000	677,007	97,500
Key management's share-based compensation	112,600	-	290,136	-
	<b>\$ 380,098</b>	<b>\$ 45,000</b>	<b>\$ 1,149,576</b>	<b>\$ 97,500</b>

### 10. FINANCIAL INSTRUMENTS

The Company manages its exposure to financial risks, including liquidity risk and credit risk in accordance with its risk management framework. The Company's Board has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

(Expressed in Canadian dollars, except for share figures)

### (a) Fair Value

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of inputs used in making the measurements as defined in IFRS 13 – *Fair Value Measurement* (“IFRS 13”).

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

The Company does not have any financial instruments that are measured at fair value on a recurring basis as at September 30, 2021 and December 31, 2020. Fair value of financial instruments measured at amortised cost approximate their carrying amount as at September 30, 2021 and December 31, 2020 due to their short-term nature.

### (b) Liquidity Risk

The Company has no operating revenues. Liquidity risk is the risk that the Company will not be able to meet its short-term business requirements. As at September 30, 2021, the Company had working capital of \$6,046,439. The Company’s ability to continue operations in the normal course of business is dependent on the Company’s ability to secure additional financing.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following summarizes the remaining contractual maturities of the Company’s financial liabilities:

	September 30, 2021			December 31, 2020	
	Due within a year	2-5 years	Total	Total	
Trade and other payables	\$ 2,476,498	\$ -	\$ 2,476,498	\$ 170,808	
Accrued liabilities	140,976	-	140,976	70,350	
Lease obligations	30,609	27,826	58,435	-	
	\$ 2,648,083	\$ 27,826	\$ 2,675,909	\$ 241,158	



# Whitehorse Gold Corp.

## Notes to Unaudited Condensed Consolidated Interim Financial Statements as at September 30, 2021 and for the three and nine months ended September 30, 2021

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*(Expressed in Canadian dollars, except for share figures)*

### *(c) Credit Risk*

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is primarily associated with cash, receivables, and deposits and prepayments. The carrying amount of financial assets included on the consolidated statement of financial position represents the maximum credit exposure.

The Company has deposits of cash that meet minimum requirements for quality and liquidity as stipulated by the Board. Management believes the risk of loss to be remote, as majority of its cash are held with major financial institutions. As at September 30, 2021, the Company had a GST receivables balance of \$329,586.

### **11. CAPITAL MANAGEMENT**

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal exploration and operating requirement on an ongoing basis, continue the investment in high quality assets along with safeguarding the value of its development and exploration mineral properties, and support any expansionary plans.

The capital of the Company consists of the items included in equity less cash and cash equivalents. Risk and capital management are primarily the responsibility of the Company's corporate finance function and is monitored by the Board of Directors. The Company manages the capital structure and makes adjustments depending on economic conditions. Significant risks are monitored and actions are taken, when necessary, according to the Company's approved policies.