TSX-V: WHG

Audited Consolidated Financial Statements

For the six months ended December 31, 2020 and the period from incorporation on November 27, 2019 to June 30, 2020

(Expressed in Canadian Dollars)

Deloitte.

Deloitte LLP
939 Granville Street
Vancouver, BC V6Z 1L3
Canada

Tel: 604-669-4466
Fax: 778-374-0496
www.deloitte.ca

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Whitehorse Gold Corp.

Opinion

We have audited the consolidated financial statements of Whitehorse Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and June 30, 2020, and the consolidated statements of (loss) income and comprehensive (loss) income, changes in equity and cash flows for the six months ended December 31, 2020 and for the period from incorporation on November 27, 2019 to June 30, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and June 30, 2020, and its financial performance and its cash flows for the six months ended December 31, 2020 and for the period from incorporation on November 27, 2019 to June 30, 2020 in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of $640,137 and used $471,283 cash in its operating activities during the six months ended December 31, 2020. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jayana Darras.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
March 25, 2021

Whitehorse Gold Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Notes		December 31, 2020		June 30, 2020
ASSETS					
Current Assets					
Cash		**$**	**1,592,505**	$	419,860
GST receivables			**43,611**		1,058
Deposits and prepayments			**19,583**		-
			1,655,699		420,918
Non-current Assets					
Reclamation deposit			**15,075**		15,075
Property and equipment	4		**14,822**		13,838
Mineral property interests	5		**13,406,867**		11,820,000
TOTAL ASSETS		**$**	**15,092,463**	$	12,269,831
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables		**$**	**170,808**	$	15,179
Accrued liabilities			**70,350**		2,918
Payables due to former parent company	6		**-**		114,290
Promissory notes due to former parent company	6		**-**		3,500,000
Total Liabilities			**241,158**		3,632,387
EQUITY					
Share capital	7		**6,797,010**		-
Share-based compensation reserve	7		**56,988**		-
Retained earnings			**7,997,307**		8,637,444
Total Equity			**14,851,305**		8,637,444
TOTAL LIABILITIES AND EQUITY		**$**	**15,092,463**	$	12,269,831

Approved on behalf of the Board:

(Signed) Mark Cruise

Director

(Signed) Lorne Waldman

Director

See accompanying notes to the consolidated financial statements

Whitehorse Gold Corp.

Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

(Expressed in Canadian dollars)

	Notes	Six months ended December 31, 2020	From incorporation on November 27, 2019 to June 30, 2020
Operating expenses			
Professional fees		**$ 230,890**	$ 9,010
Salaries and benefits	6	**95,303**	98,741
Filing and listing		**68,054**	-
Office and administration		**69,813**	29,829
Investor relations		**38,891**	697
Depreciation	4	**1,424**	46
Share-based compensation	7	**43,773**	-
		548,148	138,323
Other income and expenses			
Impairment reversal of mineral property interests	5	**-**	11,714,944
Interest expense	6	**(80,766)**	(79,754)
Foreign exchange (loss) gain		**(11,223)**	29
		(91,989)	11,635,219
Net (loss) income and comprehensive (loss) income for the period		**$ (640,137)**	$ 11,496,896
Loss per common share attributable to equity holders of the Company			
Basic and diluted (loss) income per share		**$ (0.03)**	$ 0.89
Weighted average number of common shares - basic and diluted		**25,294,749**	12,870,371

See accompanying notes to the consolidated financial statements

Whitehorse Gold Corp.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Six months ended December 31, 2020	From incorporation on November 27, 2019 to June 30, 2020
Cash (used in) provided by			
Operating activities			
Net (loss) income for the period		**$ (640,137)**	$ 11,496,896
Interest expense	6	**80,766**	79,754
Depreciation	4	**1,424**	46
Impairment reversal on mineral property interests	5	**-**	(11,714,944)
Share based compensation	7	**43,773**	-
Unrealized foreign exchange loss (gain)		**11,223**	(29)
Changes in non-cash operating working capital			
Receivables		**(42,553)**	(643)
Prepaids and deposits		**(19,583)**	-
Accounts payable and accrued liabilities		**128,340**	13,375
Payables due to former parent company		**(34,536)**	34,536
Net cash used in operating activities		**(471,283)**	(91,009)
Investing activities			
Mineral property interest			
Capital expenditures		**(1,478,931)**	(851)
Plant and equipment			
Additions	4	**(2,408)**	(13,884)
Cash acquired through share-exchange	3	**-**	25,575
Net cash (used in) provided by investing activities		**(1,481,339)**	10,840
Financing activities			
Promissory note			
Proceeds	6	**-**	500,000
Repayments of principal	6	**(3,500,000)**	-
Payments of interest	6	**(160,520)**	-
Funds raised from private placement	7	**6,797,010**	-
Net cash provided by financing activities		**3,136,490**	500,000
Effect of exchange rate changes on cash		**(11,223)**	29
Increase in cash		**1,172,645**	419,860
Cash, beginning of the period		**419,860**	-
Cash, end of the period		**$ 1,592,505**	$ 419,860

See accompanying notes to the consolidated financial statements

Whitehorse Gold Corp.

Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars, except for share figures)

	Notes	Share capital		Share-based compensation reserve	Retained earning	Total equity
		Number of shares	Amount			
Balance, November 27, 2019						
Share issuance on incorporation		1	$ -	$ -	$ -	$ -
Shares issuance in exchange for net assets acquired from former parent	3	20,000,000	-	-	(2,859,452)	(2,859,452)
Net income			-	-	11,496,896	11,496,896
Balance, June 30, 2020		**20,000,001**	**$ -**	**$ -**	**$ 8,637,444**	**$ 8,637,444**
Shares cancelled for rounding impact upon completion of the Arrangement	7	**(102)**	**-**	**-**	**-**	**-**
Shares issuance in private placement	7	**22,656,698**	**6,797,010**	**-**	**-**	**6,797,010**
Share-based compensation	7	-	-	**56,988**	**-**	**56,988**
Net loss			**-**	**-**	**(640,137)**	**(640,137)**
Balance, December 31, 2020		**42,656,597**	**$ 6,797,010**	**$ 56,988**	**7,997,307**	**14,851,305**

See accompanying notes to the consolidated financial statements

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”).

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 commenced trading on the TSX Venture Exchange (the “TSXV”) under the symbol “WHG” on November 25, 2020.

On February 12, 2020, Whitehorse Gold entered into a share exchange agreement with New Pacific, whereby Whitehorse Gold acquired all of the issued and outstanding shares (the “Tagish Shares”) of Tagish Lake Gold Corp. (“Tagish Lake”), which owns a 100% interest in the Project (Note 3).

On July 22, 2020, New Pacific announced that it intended to, directly or indirectly, distribute the Company’s common shares to its shareholders on a pro rata basis by way of the Arrangement.

The purpose of the Arrangement was to reorganize New Pacific into two separate publicly traded companies:

(1) New Pacific, which remains listed on the Toronto Stock Exchange after closing of the Arrangement and is focused on its Bolivian mining projects; and
(2) Whitehorse Gold, which owns and is focused on developing the Project, and has its common shares listed for trading on the TSXV.

The Arrangement was approved by the New Pacific shareholders on September 30, 2020. New Pacific obtained the final order with respect to the Arrangement from the Supreme Court of British Columbia on October 7, 2020. The Arrangement was completed on November 18, 2020.

On February 1, 2021, the Company filed a notice of change year end pursuant to Section 4.8 of National Instrument 51-102 *Continuous Disclosure Obligations* on its SEDAR profile. The financial year end of the Company was changed from June 30 to December 31. Accordingly, the comparative figures for the consolidated statements of comprehensive (loss) income and comprehensive (loss) income, consolidated statement of change in equity, consolidated statement of cash flows and the related notes to the consolidated financial statements are for the period from incorporation on November 27, 2019 to June 30, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Going Concern Basis

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The policies applied in these consolidated financial statements are based on IFRS in effect as of December 31, 2020. These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

The consolidated 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 six months ended December 31, 2020, the Company incurred a loss of $640,137 and used $471,283 cash in operating activities. Operating losses in relation to exploration activities is expected to continue in the next few years. 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 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. Furthermore, the current outbreak of COVID-19 has caused disruption to global economic conditions which may adversely impact the Company's results. COVID-19 has also potential negatively impact on the stock markets which could adversely impact the Company's ability to raise capital.

These consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

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

(b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Tagish Lake.

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 subsidiaries are eliminated on consolidation.

(c) Business Combination under Common Control

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. The consideration for the acquisition is accounted for as an equity transaction in the consolidated statement of changes in equity.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash, and short-term money market instruments that are readily convertible to cash with original terms of three months or less. The Company has no cash equivalent at December 31, 2020 or June 30, 2020.

(e) Plant and Equipment

Plant and equipment are initially recorded at cost, including all directly attributable costs to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Plant and equipment are subsequently measured at cost less accumulated depreciation and applicable impairment losses. Depreciation is computed using the straight-line method based on the nature and estimated useful lives as follows:

Computer software	5 Years
Office equipment	5 Years

Subsequent costs that meet the asset recognition criteria are capitalized while costs incurred that do not extend the economic useful life of an asset are considered repair and maintenance, which are accounted for as an expense recognized during the period. The Company conducts an annual assessment of the residual balances, useful lives, and depreciation methods being used for plant and equipment and any changes are applied prospectively.

(f) Mineral Property Interests and Exploration and Evaluation Costs

The cost of acquiring mineral rights and properties either as an individual asset purchase or as part of a business combination, other than acquisition of assets between entities under common control (Note 2(c)), is capitalized and represents the property's fair value at the date of acquisition. Fair value is determined by estimating the value of the property's reserves, resources and exploration potential. Mineral rights and properties acquired in an acquisition of assets between entities under common control are recorded at New Pacific's, the former parent company, historical cost for such assets.

Exploration and evaluation costs, incurred associated with specific mineral rights and properties prior to demonstrable technical feasibility and commercial viability of extracting a mineral resource, are capitalized. When a positive economic analysis of the mineral deposit is completed, the capitalized costs of the related property are transferred to mineral property and depreciated using the units of production method on commencement of commercial production.

(g) Impairment or Impairment Recovery of Long-lived Assets

Long-lived assets, including mineral property interests, plant and equipment are reviewed and tested for impairment when indicators of impairment are considered to exist. Impairment assessments are conducted at the level of cash-generating units ("CGU") or at the individual asset level, whichever is the lowest level for which identifiable cash inflows are largely independent of the cash flows of other assets. An impairment loss is recognized for any excess of carrying amount of a CGU over its recoverable amount, which is the greater of its fair value less costs to sell and value in use. For mineral properties and processing facilities, the recoverable amount is estimated as the discounted future net cash inflows expected to be derived from expected future production, metal prices, and net proceeds from the disposition of assets on retirement, less operating and capital costs. Impairment losses are recognized in the period they are incurred.

For exploration and evaluation assets, indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditures in the specific area is neither budgeted nor planned, and exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources.

Impairment losses are reversed if there is evidence the loss no longer exists or has been decreased. This reversal is recognized in net income in the period the reversal occurs limited by the carrying value that would have been determined, net of any depreciation, had no impairment charge been recognized in prior years.

(h) Share-based Compensations

The Company makes share-based compensation, including stock options, to employees, officers, directors, and consultants.

For equity-settled awards, the fair value is charged to the consolidated statements of income and credited to equity, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest. The fair value of the stock options granted to employees, officers, and directors is determined at the date of grant using the Black-Scholes option pricing model with market related input. The fair value of stock options granted to consultants is measured at the fair value of the services delivered unless that fair value cannot be estimated reliably, in which case such fair value is determined using the Black-Scholes option pricing model. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values.

At each statement of financial position date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management’s best estimate of the awards that are ultimately expected to vest is computed (after adjusting for non-market performance conditions). The movement in cumulative expense is recognized in the consolidated statements of (loss) income and comprehensive (loss) income with a corresponding entry within equity. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

(i) Income Taxes

Current tax for each taxable entity is based on the taxable income at the substantively enacted statutory tax rate at financial position date and includes adjustments to taxes payable or recoverable in respect to previous periods.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized, except:

- where the deferred tax asset or liability relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been substantively enacted by the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) (Loss) earnings per share

(Loss) earnings per share is computed by dividing net (loss) income attributable to equity holders of the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. For stock options, the number of additional shares for inclusion in diluted earnings per share calculations is determined when the exercise price is less than the average market price of the Company's common shares; the stock options are assumed to be exercised and the proceeds are used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share.

(k) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition:
On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"), in which case transaction costs are expensed as incurred.

Subsequent measurement of financial assets:
Subsequent measurement of financial assets depends on the classification of such assets.

I. Non-equity instruments:
IFRS 9 includes a single model that has only two classification categories for financial instruments other than equity instruments: amortized cost and fair value. To qualify for amortized cost accounting, the instrument must meet two criteria:
   i. The objective of the business model is to hold the financial asset for the collection of the cash flows; and
   ii. All contractual cash flows represent only principal and interest on that principal.
All other instruments are mandatorily measured at fair value.

II. Equity instruments:
At initial recognition, for equity instruments other than held for trading, the Company may make an irrevocable election to designate it as either FVTPL or fair value through other comprehensive income ("FVTOCI").

Financial assets classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is included in finance income.

Financial assets classified as FVTPL are measured at fair value with changes in fair values recognized in profit or loss. Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in other comprehensive income (“OCI”). Dividends from that investment are recorded in profit or loss when the Company's right to receive payment of the dividend is established unless they represent a recovery of part of the cost of the investment.

Impairment of financial assets carried at amortized cost:
The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

Subsequent measurement of financial liabilities
Financial liabilities classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization using the effective interest method is included in finance costs.

Financial liabilities classified as FVTPL are measured at fair value with gains and losses recognized in profit or loss.

The Company classifies its financial instruments as follows:
- Financial assets classified as amortized cost: cash, and GST receivables; and
- Financial liabilities classified as amortized cost: trade and other payables, accrued liabilities, promissory notes, and due to related parties.

Derecognition of financial assets and financial liabilities:
A financial asset is derecognized when:
- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Gains and losses on derecognition of financial assets and liabilities classified as amortized cost are recognized in profit or loss when the instrument is derecognized or impaired, as well as through the amortization process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. In this case, a new liability is recognized, and the difference in the respective carrying amounts is recognized in the consolidated statement of loss (income) and comprehensive (loss) income.

Offsetting of financial instruments:
Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

Fair value of financial instruments:
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

(l) Significant Judgments and Estimation Uncertainties

Many amounts included in the consolidated financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated statement of financial position.

Areas of significant judgment include:
- Capitalization of expenditures with respect to exploration and evaluation and development costs to be included in mineral rights and properties.
- Recognition, measurement and impairment or impairment reversal assessment for mineral rights and properties.
- Recording of assets acquired and obligations assumed through common control transactions at their existing book values from the controlling parties' perspective.

Areas of significant estimates include:
- Valuation input and forfeiture rates used in calculation of share-based compensation.

3. ACQUISITION

On February 12, 2020, the Company entered into a share exchange agreement with its former parent, New Pacific, pursuant to which New Pacific transferred to the Company all the issued and outstanding Tagish Shares in the authorized share structure of Tagish Lake in exchange for (1) an aggregate of 20,000,000 fully-paid and non-assessable common shares in the Company; and (2) a promise to pay the sum of $3,000,000 to New Pacific on demand ("Share Exchange Promissory Note").

The transaction was a combining of entities under common control thus excluded from the scope of IFRS 3 *Business Combination*. In accordance to the Company's accounting policy, Tagish Lake's asset acquired and obligations assumed through the transaction were recorded at their book value on New Pacific's record. The difference between Tagish Lake's net assets acquired and the Share Exchange Promissory Note was recognized in the consolidated statement of changes in equity.

(Expressed in Canadian dollars, except for share figures)

The book value and assets acquired and obligations assumed through the transaction as at February 12, 2020 are summarized as below:

	Notes	As at February 12, 2020
Cash		$ 25,575
Receivables		415
Reclamation deposit		15,075
Mineral property interests	5	104,205
Accounts payable and accrued liabilities		(4,722)
Net assets acquired		**140,548**
Share Exchange Promissory Note		(3,000,000)
Difference recognized in equity		**$ (2,859,452)**

4. PLANT AND EQUIPMENT

Cost	Office equipment	Computer software	Total
Balance as at November 27, 2019	$ -	$ -	$ -
Additions	-	13,884	13,884
Ending balance as at June 30, 2020	-	13,884	**13,884**
Additions	2,408	-	2,408
Ending balance as at December 31, 2020	**2,408**	**13,884**	**16,292**
Accumulated depreciation, amortization and depletion			
Balance as at November 27, 2019	-	-	-
Depreciation, amortization and depletion	-	(46)	(46)
Ending balance as at June 30, 2020	-	(46)	**(46)**
Depreciation, amortization and depletion	(40)	(1,384)	(1,424)
Ending balance as at December 31, 2020	**(40)**	**(1,430)**	**(1,470)**
Carrying amounts			
Balance as at June 30, 2020	-	13,838	13,838
Ending balance as at December 31, 2020	**$ 2,368**	**$ 12,454**	**$ 14,822**

(Expressed in Canadian dollars, except for share figures)

5. MINERAL PROPERTY INTERESTS

The Project (formerly referred to as Tagish Lake Gold Project), covering an area of 170.3km^2, is located in the 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. Whitehorse Gold, through Tagish Lake, holds a 100% interest in the Project.

For the six months ended December 31, 2020, total expenditures of $1,586,867 (from incorporation on November 27, 2019 to June 30, 2020 - $851) were capitalized under the Project.

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

Cost	Note		The Project
Balance, November 27, 2019		**$**	**-**
Acquisition of the Project	3		104,205
Permitting			851
Impairment reversal			11,714,944
Balance, June 30, 2020		**$**	**11,820,000**
Capitalized exploration expenditures			
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**

During the period from incorporation on November 27, 2019 to June 30, 2020, significant changes with favourable effects on the Project have taken place after the Company acquired the Project (Note 3). The Company obtained a Class 1 exploration permit, commenced desktop technical studies and analysis of the project including an updated exploration plan. As a result, the Company reversed the previously recorded impairment on the Project to its recoverable amount, being its fair value less costs of disposal. The fair value was determined using a market approach based on the pricing parameters implied by the market value of selected comparable transactions involving the sale of similar companies or mineral properties. Specifically, the comparable in-situ resource multiples (Enterprise Value ("EV") per ounce of contained gold ("EV/R&R")) observed in comparable transactions has been used to estimate the fair value. As a result, the Company recognized an impairment reversal of $11,714,944 for the period from incorporation on November 27, 2019 to June 30, 2020.

(Expressed in Canadian dollars, except for share figures)

6. 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 consolidated financial statements are as follows:

	Note		**December 31, 2020**		June 30, 2020
Payables due to New Pacific	i	**$**	**-**	$	114,290
Promissory notes due to New Pacific	ii	**$**	**-**	$	3,500,000
Payables due to Silvercorp Metals Inc.	iii	**$**	**20,879**	$	-

i) New Pacific was the parent of the Company until the effective date of the Arrangement on November 18, 2020. The amounts due to New Pacific were related to invoices paid by New Pacific on behalf of the Company and accrued interest in accordance with the provisions of the Promissory Notes (as defined below). During the six months ended December 31, 2020, a total of $225,193 (from incorporation on November 27, 2019 to June 30, 2020 - $nil) salaries and benefits expense incurred and paid by the Company prior to New Pacific shareholders' approval of the Arrangement on September 30, 2020 was reimbursed by New Pacific. The payment was recorded as a net-off against operating expenses.

ii) The Company entered into a share exchange agreement with New Pacific on February 12, 2020 (Note 3), pursuant to which the Company acquired all of the issued and outstanding Tagish Shares. As partial consideration for the Tagish Shares, the Company issued the Share Exchange Promissory Note to New Pacific.

The Company issued an additional promissory note to New Pacific on February 12, 2020, in the principal amount of $500,000, the principal amount of which was used by the Company to meet its short-term operating needs (together with the Share Exchange Promissory Note, the "Promissory Notes").

The Promissory Notes are repayable on demand and bear an annual interest of 6%. During the six months ended December 31, 2020, a total of $80,766 (from incorporation on November 27, 2019 to June 30, 2020 - $79,754) interest expense for the Promissory Notes was recorded in the consolidated statement of (loss) income and other comprehensive (loss) income.

The Company repaid the principal and interest under each of the Promissory Notes in full on November 18, 2020.

iii) Silvercorp Metals Inc. ("Silvercorp") owns 26.99% interest in the Company. 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 six months ended December 31, 2020 were $56,305 (from incorporation on November 27, 2019 to June 30, 2020 - $nil).

(Expressed in Canadian dollars, except for share figures)

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

	Six months ended December 31, 2020	From incorporation on November 27, 2019 to June 30, 2020
Directors' share-based compensation	$ 9,911	$ -
Key management's salaries and benefits	187,875	57,271
Key management's share-based compensation	35,101	-
	$ 232,887	$ 57,271

7. SHARE CAPITAL

(a) Share Capital - authorized share capital

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

Concurrent with the completion of the Arrangement (Note 1), the Company closed a private placement equity financing for gross proceeds of $6,797,010 and issued 22,656,698 common shares of the Company on November 17, 2020.

Upon completion of the Arrangement on November 18, 2020 (Note 1), the common shares of the Company previously owned by New Pacific was distributed to its shareholders on a pro rota basis. 102 common shares of the Company retained by New Pacific as a result of rounding were cancelled pursuant to the Arrangement.

(b) Share-based compensation

The Company has a stock option plan (the “Plan”). The Plan allows for the maximum number of common shares of the Company to be reserved for issuance under the Plan to be approximately 4,265,670 common shares, which represents 10% of the total number of common shares issued and outstanding, on a fixed basis, as at the date of implementation of the Plan.

The continuity schedule of stock options, as at December 31, 2020, 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**

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.

(Expressed in Canadian dollars, except for share figures)

The fair value of the options granted is $0.20 per common share and estimated using the Black-Scholes options pricing model with the following assumptions:

Risk free interest rate	0.27%
Expected life of option in years	2.75 years
Expected volatility	88%
Expected dividend yield	0.00%
Estimated forfeiture rate	10.00%
Share price at date of grant	$0.36

During the six months ended December 31, 2020, 3,450,000 options at an exercise price of $0.315 per share were granted to officers, directors, employees and consultants. These options have a life of ten years and are subject to a vesting schedule over a three - year term with 1/6 of the options vesting every six months from the date of grant.

For the six months ended December 31, 2020, a total of $43,773 (from incorporation on November 27, 2019 to June 30, 2020- $nil) were recorded as share-based compensation expense, and a total of $13,215 (from incorporation on November 27, 2019 to June 30, 2020- $nil) were capitalized under mineral property interests.

The following table summarizes information about stock options outstanding as at December 31, 2020:

	Exercise prices	Number of options outstanding as at 2020-12-31	Weighted average remaining contractual life (years)	Number of options exercisable as at 2020-12-31	Weighted average exercise price
$	0.315	3,450,000	9.88	-	$0.315

On March 3, 2021, the Company's Board approved the adoption of a new 10% “rolling” stock option plan, subject to TSXV and shareholder approval at the annual general meeting to be held on May 5, 2021.

8. FINANCIAL INSTRUMENTS

The Company manages its exposure to financial risks, including liquidity risk and credit risk a 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.

(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”).

(Expressed in Canadian dollars, except for share figures)

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 December 31, 2020 and June 30, 2020. Fair value of financial instruments measured at amortised cost approximate their carrying amount as at December 31, 2020 and June 30, 2020 due to 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 December 31, 2020, the Company had working capital of $1,415,541. 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:

	December 31, 2020		June 30, 2020
	Due within a year	**Total**	Total
Trade and other payables	**$ 170,808**	**$ 170,808**	$ 15,179
Accrued liabilities	**70,350**	**70,350**	2,918
Payables due to former parent company	**-**	**-**	114,290
Promissory notes due to former parent company	**-**	**-**	3,500,000
	$ 241,158	**$ 241,158**	$ 3,632,387

(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 and cash equivalents and receivables. 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 December 31, 2020, the Company had a GST receivables balance of $43,611.

(Expressed in Canadian dollars, except for share figures)

9. 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.

10. INCOME TAX

The income tax reconciliation is summarized below:

		Six months ended December 31, 2020		From incorporation on November 27, 2019 to June 30, 2020
Canadian statutory tax rate		**27.00%**		27.00%
(Loss) income before income taxes	**$**	**(640,137)**	$	11,496,896
Income tax (recovery) expense computed at Canadian statutory rates		**(172,837)**		3,104,162
Permanent items and other		**15,740**		
Change in unrecognized deferred tax assets		**157,097**		(3,104,162)
	$	**-**	$	-

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profit is probable. The ability to realize the tax benefits is dependent upon numerous factors, including the future profitability of operations in the jurisdiction in which the tax benefit arise. Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:

		December 31, 2020		June 30, 2020
Non-capital loss carry forward	**$**	**1,004,300**	$	8,067,156
Plant and equipment		**2,982,325**		2,994,739
Mineral property interests		**4,532,637**		18,469,089
Investment tax credit		**1,624,391**		1,624,391
	$	**10,143,653**	$	31,155,375

As of December 31, 2020, the Company has the following net operating losses, expiring various years to 2040 and available to offset future taxable income:

		Canada
2038		41,718
2039		202,167
2040		760,415
	$	1,004,300