



CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended
December 31, 2022 and 2021

(Stated in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **White Gold Corp.**

Opinion

We have audited the consolidated financial statements of **White Gold Corp.** (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated financial statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in this report:

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$124,850,517 as at December 31, 2022. Management assesses E&E Assets for indicators of impairment at each reporting period. The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators;
- Evaluating the intent for the E&E Assets through discussion and communication with management;
- Reviewing the Company's recent expenditure activity; and
- Obtaining supporting of title to ensure mineral rights underlying the E&E Assets are in good standing.

Going Concern

The consolidated financial statements have been prepared on a going concern basis. Historically, the Company has been loss making and has raised capital to fund costs. Accumulated deficit shown in the consolidated statements of financial position totaled \$27,407,811 as at December 31, 2022. We included the going concern assumption as a key audit matter as it relies

on existing cash reserves to cover necessary expenditure.

In assessing the appropriateness of the going concern assumption used in preparing the consolidated financial statements, our procedures included, amongst others:

- Reviewing the management's cashflow projection covering twelve month from December 31, 2022 based on budgets and forecasts;
- Understanding what forecast expenditure is committed and what could be considered discretionary;
- Considering the liquidity of existing assets on the balance sheet; and
- Considering potential downside scenarios and the resultant impact on available funds.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

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

In preparing the consolidated 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 Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Shaohua Huang.

Mao & Ying LLP

Vancouver, Canada,
May 1, 2023

Chartered Professional Accountants

White Gold Corp.
Consolidated Statements of Financial Position
As at December 31, 2022 and 2021
(Stated in Canadian Dollars)

| | 2022 December 31 | 2021 December 31 |
|---|-----------------------|-----------------------|
| Assets | | |
| Current assets | | |
| Cash & cash equivalents | \$ 6,128,051 | \$ 9,645,803 |
| Amounts receivable [Note 4] | 111,778 | 122,953 |
| Prepaid expenses | 41,733 | 162,591 |
| | 6,281,562 | 9,931,347 |
| Non-Current assets | | |
| Property, plant & equipment | 10,466 | 14,951 |
| Exploration and evaluation assets [Note 5] | 124,850,517 | 117,651,219 |
| | 124,860,983 | 117,666,170 |
| Total Assets | \$ 131,142,545 | \$ 127,597,517 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 214,730 | \$ 239,622 |
| Accrued liabilities | 15,335 | 35,107 |
| Due to related parties [Note 6] | 528,099 | 132,092 |
| Flow-through share premium liability [Note 7] | 406,160 | 910,277 |
| | 1,164,324 | 1,317,098 |
| Non-Current liabilities | | |
| Contingent liability & advance royalty [Note 8] | 6,275,799 | 7,713,936 |
| Deferred income tax liability [Note 12] | 6,455,000 | 4,927,000 |
| | 12,730,799 | 12,640,936 |
| Total liabilities | 13,895,123 | 13,958,034 |
| Shareholders' equity | | |
| Share capital [Note 7] | 138,143,590 | 134,161,945 |
| Contributed surplus | 6,511,643 | 5,781,939 |
| Accumulated deficit | (27,407,811) | (26,304,401) |
| Total Shareholders' Equity | 117,247,422 | 113,639,483 |
| Total Liabilities and Shareholders' Equity | \$ 131,142,545 | \$ 127,597,517 |

Nature of operations [Note 1]

Approved on behalf of the Board: (Signed) "Maruf Raza"
Maruf Raza, Director

(Signed) "David D'Onofrio"
David D'Onofrio, Director

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

White Gold Corp.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

| | December 31, 2022 | December 31, 2021 |
|---|---------------------|---------------------|
| Expenses | | |
| Interest and bank charges | \$ 9,190 | \$ 5,639 |
| Advance royalty accretion expense [Note 8] | 70,097 | 87,077 |
| Contingent liability fair value adjustment [Note 8] | (1,689,126) | (1,884,787) |
| Consulting fees | 248,233 | 306,742 |
| Depreciation | 4,485 | 6,408 |
| Salary and wages | 175,372 | 946,701 |
| Marketing, office and administration | 574,796 | 818,435 |
| Insurance | 56,814 | 50,200 |
| Travel expenses | 46,158 | 66,579 |
| Conferences and events | 114,087 | 110,679 |
| Professional fees | 72,126 | 75,236 |
| Stock based compensation [Note 7] | 729,704 | 740,919 |
| Transfer agent & regulatory | 150,456 | 229,644 |
| Loss before undernoted items | 562,392 | 1,559,472 |
| Interest expense (income) | (76,705) | (35,161) |
| Deferred income tax expense (recovery) [Note 12] | 617,723 | (311,607) |
| Net loss and comprehensive loss for the year | \$ 1,103,410 | \$ 1,212,704 |
| Basic and diluted loss per share [Note 7] | \$ (0.01) | \$ (0.01) |
| Weighted average shares outstanding | 149,978,523 | 134,790,363 |

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

White Gold Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

| | Number of shares | Amount \$ | Contributed surplus \$ | Deficit \$ | Total equity \$ |
|--|---------------------|--------------------|------------------------------|---------------------|--------------------|
| Balance at December 31, 2020 | 131,898,308 | 122,169,345 | 5,159,267 | (25,091,697) | 102,236,915 |
| Private Placement - July 2021 | | | | | |
| Private placement | 5,347,862 | 3,900,433 | 284,879 | - | 4,185,312 |
| Share issuance costs | - | (329,305) | 35,893 | - | (293,412) |
| Flow-through share premium liabilities | - | (571,983) | - | - | (571,983) |
| Private Placement - December 2021 | | | | | |
| Private placement | 11,093,750 | 9,000,000 | - | - | 9,000,000 |
| Share issuance costs | - | (27,510) | - | - | (27,510) |
| Flow-through share premium liabilities | - | (918,054) | - | - | (918,054) |
| Shares issued - Options exercised | 1,250,000 | 939,019 | (439,019) | - | 500,000 |
| Stock based compensation | - | - | 740,919 | - | 740,919 |
| Net loss for the year | - | - | - | (1,212,704) | (1,212,704) |
| Balance at December 31, 2021 | 149,589,920 | 134,161,945 | 5,781,939 | (26,304,401) | 113,639,483 |
| Private Placement - December 2022 | | | | | |
| Private placement | 10,910,780 | 4,416,870 | - | - | 4,416,870 |
| Share issuance costs | - | (29,065) | - | - | (29,065) |
| Flow-through share premium liabilities | - | (406,160) | - | - | (406,160) |
| Stock based compensation | - | - | 729,704 | - | 729,704 |
| Net loss for the year | - | - | - | (1,103,410) | (1,103,410) |
| Balance at December 31, 2022 | 160,500,700 | 138,143,590 | 6,511,643 | (27,407,811) | 117,247,422 |

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

White Gold Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

| | December 31, 2022 | December 31, 2021 |
|---|-----------------------|-----------------------|
| Operating activities | | |
| Net loss for the year | \$ (1,103,410) | \$ (1,212,704) |
| Items not involving cash | | |
| Depreciation | 4,485 | 6,408 |
| Stock based compensation | 729,704 | 740,919 |
| Fair value adjustment and accretion expense | (1,619,029) | (1,797,710) |
| Deferred income tax expense (recovery) | 617,723 | (311,607) |
| | (1,370,527) | (2,574,694) |
| Change in non-cash components of working capital | | |
| Amounts receivables | 11,175 | (2,546) |
| Prepaid expenses | 120,858 | (118,443) |
| Accounts payable and accrued liabilities | (44,664) | 34,778 |
| Due to related parties | 241,008 | (450,418) |
| Cash used in operating activities | (1,042,150) | (3,111,323) |
| Investing activities | | |
| Exploration and evaluation assets | (6,863,407) | (4,659,534) |
| Cash used in investing activities | (6,863,407) | (4,659,534) |
| Financing activities | | |
| Net proceeds from private placements | 4,387,805 | 12,864,389 |
| Net proceeds from exercise of options | - | 500,000 |
| Cash provided by financing activities | 4,387,805 | 13,364,389 |
| Increase (decrease) in cash and cash equivalents | (3,517,752) | 5,593,532 |
| Cash and cash equivalents – Beginning of the year | 9,645,803 | 4,052,271 |
| Cash and cash equivalents – End of the year | \$ 6,128,051 | \$ 9,645,803 |
| Interest paid | - | - |
| Income tax paid | - | - |

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

1. Nature of operations

The Company was incorporated on March 26, 1987 under the provisions of the Company Act of British Columbia and was transitioned to the Business Corporations Act (British Columbia) on September 30, 2005. The Company changed its name to “G4G Capital Corp.” on January 23, 2015 and the common shares (the “Common Shares”) were traded on the TSX Venture Exchange (the “TSXV”) under its symbol “GGC”. The Company is classified as a ‘Junior Natural Resource-Mining’ company’.

The Company then changed its name to “White Gold Corp.” on December 19, 2016 and in connection with its rebranding, the Company registered to continue its corporate existence in the Province of Ontario.

The Company’s head office is located at 82 Richmond Street East, Toronto, Ontario, Canada and the common shares of the Company (the “Common Shares”) are listed on the TSX Venture Exchange (the “TSXV”) under the symbol “WGO”.

White Gold Corp. is in the business of acquiring and exploring mineral properties. As of December 31, 2022, the Company owned several properties in the Yukon’s White Gold District in Canada (the “White Gold District”). The properties range from grass roots to more advanced exploration projects and the Company is continuing with exploration activities on its properties.

There has been no determination whether properties held contain mineral resources or mineral reserves that are economically recoverable. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable mineral resources and mineral reserves, confirmation of the Company’s interest in the properties, the ability to obtain the necessary financing to complete development, and future profitable production or proceeds from disposition.

Due to the global outbreak of the novel coronavirus (COVID-19), there is potential that Company’s operations could be adversely affected. The Company cannot accurately predict the impact COVID-19 will have on its business and operations and the ability of others to meet their obligations within the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations. To date, the Company’s exploration program on its mineral properties has been executed as planned and the Company’s exploration activities continue as planned.

The consolidated financial statements were approved by the Board of Directors on May 1, 2023.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

2. Basis of Presentation (continued)

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries 0814117 BC Ltd. and Selene Holdings Limited Partnership. All inter-company transactions and balances have been eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the reported amount of the Company's assets, liabilities, expenses, and related disclosures. Assumptions and estimates are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company's consolidated financial statements are prepared.

Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgments in order to ensure that consolidated financial statements are presented fairly and in accordance with IFRS.

Critical accounting estimates are those that have a significant risk of causing material adjustments and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustments. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include: the recoverability of the carrying value of exploration and evaluation assets, the recognition of contingent liability and advanced royalty and the recoverability, going concern assumption and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and assumptions.

Use of Judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's consolidated financial statements include the assumption regarding economic recoverability and probability of future economic benefits of exploration and evaluation expenditures.

3. Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance, to be cash equivalents.

Exploration and Evaluation of Assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off in the statement of operations. Interest on borrowings incurred to finance mining assets is capitalized until the asset is capable of carrying out its intended use.

A mineral property is reviewed for impairment at each financial statement date or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value.

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

3. Significant Accounting Policies (continued)

Exploration and Evaluation of Assets (continued)

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable have not been recorded. Option payments are capitalized as property costs or recorded as recoveries when the payments are made or received.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permitting to complete the development and future profitable production or proceeds from the disposition thereof.

Contingent liabilities

Contingent liabilities represent the contingent considerations associated with the asset acquisition of the Kinross properties (Note 5). The Company has elected to account for the contingent consideration based on IFRS 3.39 and recognised the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the Kinross properties. The contingent consideration is within the scope of IFRS 9 and therefore is measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

Site Rehabilitation Obligations

Site rehabilitation obligations are recognized when a legal or constructive obligation arises. The liability is recognized at the present value of management's best estimate of the site rehabilitation obligation. The estimate is discounted to the present value using a discount rate specific to the obligation. When the liability is initially recorded, the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. The liability is accreted to its present value at each reporting period, and the capitalized cost is amortized on the same basis as the related asset. Upon settlement of the liability, the Company may incur a gain or loss.

At present, the Company has determined that given the early stage of exploration on its mineral properties, it has no reclamation costs and therefore no provision for site rehabilitation has been made.

Impairment of Long-Lived Assets

Property, equipment and mineral properties are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less direct costs to sell, and the asset's value in use (being the present value of the expected future cash flows of the asset). An impairment loss is recognized in the statement of operations for the amount by which the carrying amount exceeds its recoverable amount.

Foreign Currency Translation

The Company's functional and presentation currency is the Canadian dollar. The accounts recorded in foreign currencies have been translated into Canadian dollars on the following basis:

- (a) monetary assets and liabilities at the rate of exchange in effect at the balance sheet date;
- (b) non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and
- (c) revenue and expenses at the exchange rates prevailing on the date of the transaction.

Gains and losses on translation are included in income or expense in the period in which they occur.

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

3. Significant Accounting Policies (continued)

Share-based Payments

The Company uses a fair value-based method of accounting for stock warrants and options to employees, including directors, officers and consultants. The fair value is determined using the Black-Scholes Option Pricing Model on the date of grant, with assumptions for risk-free interest rate, volatility, expected forfeiture and life of the options or warrants. The cost is measured at the date of grant and each tranche is recognized on a graded-vesting basis over the applicable vesting period as an increase in share-based payments expense and the contributed surplus reserves account. On the exercise of the stock options, the proceeds received by the Company, together with the respective amount from the contributed surplus reserves, are credited to share capital.

Flow-through shares

Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("Flow-through tax liability"). Renunciation is retrospective and the view is that the obligation is fulfilled when eligible expenditures are incurred.

Income Taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is not recognized in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income 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 enacted or substantively enacted by the end of the reporting period.

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial assets

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL). The Company determines the classification of its financial assets at initial recognition.

i. Fair value through profit or loss ("FVTPL")

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost, or fair value through other comprehensive income.

The Company's cash & cash equivalents are classified as FVTPL.

ii. Amortized cost

Financial assets are classified as amortized cost if the financial assets are not classified at FVTPL, and both of the following criteria are met: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent solely payments of principal and interest. Financial assets at amortized cost are initially recognized at the amount expected to be received, net of any transaction costs incurred. The Company recognizes a loss allowance for expected credit losses when applicable, based upon management's judgment.

Financial liabilities

Financial liabilities are classified as either: fair value through profit or loss, or amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are measured at amortized cost unless they fall into one of the following categories: the instruments are required to be classified as FVTPL, the Company has opted them to be classified as FVTPL. Financial liabilities classified at amortized cost are recognized at the amount required to be paid, with an appropriate provision recognized when applicable, based upon management's judgment.

The Company's accounts payable, accrued liabilities, due to related parties, and advance royalty are classified at amortized cost.

ii. Fair value through profit or loss ("FVTPL")

Financial liabilities are classified as fair value through profit or loss if they are derivatives or cannot be classified as amortized cost. The Company currently does not have any derivatives. Any gains or losses on financial liabilities classified at FVTPL are recognized in the consolidated statement of operations in the period in which they arise.

The Company's contingent liability is classified as FVTPL.

Transaction costs

Transaction costs associated with financial instruments classified as FVTPL, are expensed as incurred, while transaction costs associated with all other classifications of financial instruments are included in the initial carrying value of the asset or liability.

Initial recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified as current liabilities if payment is due within 12 months, otherwise they are presented as non-current liabilities.

Subsequent measurement

Instruments classified as amortized cost are measured using the effective interest rate method. Instruments classified as FVTPL and FVOCI are measured at fair value with any changes in their fair values recognized in the period in which they arise, in the consolidated statement of operations or other comprehensive loss respectively.

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized only when its obligations are discharged, cancelled, or expired. The difference between the carrying amount of the financial instrument at the time of derecognition and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of operations.

Expected Credit Loss Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the consolidated statements of loss and comprehensive loss as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected not to apply the requirements to recognize right-of-use assets and lease liabilities at initial recognition date in accordance with IFRS 16 for short-term leases and leases for which the underlying asset is of low value. Instead, the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

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

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3. Significant Accounting Policies (continued)

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 8 for further disclosures.

Contingent consideration, resulting from asset combinations, is valued at fair value at the acquisition date as part of the asset acquisition. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the discount factor (see Note 8 for details).

As part of the accounting for the acquisition of Kinross "White Gold Properties, contingent consideration was recognized at fair value the acquisition date and remeasured based on fair value at each reporting date. Future developments may require further revisions to the estimate. The maximum consideration to be paid is \$15,000,000. The contingent consideration is classified as other financial liability.

New Accounting Standards

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable and/or are not expected to have a significant impact on the Company's financial statements. The Company does not plan to adopt any of these standards before they become effective.

4. Amounts receivable

The Company has GST/HST recoverable from the Canadian government through its costs incurred to date. No allowance has been recorded, as the amounts have been historically collected in full.

5. Exploration and evaluation assets

| | White Gold Properties |
|-----------------------------------|----------------------------------|
| <u>Mineral property cost</u> | |
| Balance as at December 31, 2020 | \$ 112,991,685 |
| Acquisition/Staking/Renewal Cost | 95,008 |
| Exploration expenditures [Note 6] | 4,564,525 |
| Balance as at December 31, 2021 | \$ 117,651,219 |
| Acquisition/Staking/Renewal Cost | 532,614 |
| Exploration expenditures [Note 6] | 6,666,684 |
| Balance as at December 31, 2022 | \$ 124,850,517 |

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

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5. Exploration and evaluation assets (continued)

White Gold Properties (Yukon)

Ryan Option

On October 27, 2016, the Company entered into an agreement granting it the option (the "Option") to purchase 21 properties (the "Properties"), comprising approximately 12,301 quartz claims (the "Claims") located in the White Gold District from Shawn Ryan and Wildwood Exploration Inc., a corporation wholly owned by Mr. Ryan, a director and officer of the Company ("Wildwood"). The Claims are grouped in six project areas covering various prospective geological terrain in the White Gold District. The Properties represent all of Mr. Ryan's precious metal interests located in the White Gold District that are not in a current joint venture with third parties.

On December 13, 2016 White Gold Corp. completed the exercise of its option and acquired the claims across the 21 properties. Specifically, on October 28, 2016 the Company issued 1,000,000 shares (at fair value of \$0.71 per share) and paid cash of \$500,000 and on December 13, 2016 the Company issued 6,000,000 shares (at fair value of \$1.14 per share) and paid cash of \$3,000,000 and the company reimbursed \$40,000 for staking costs, completing the option payment requirements. An additional legal expenditure of \$10,560 has also been capitalized as acquisition costs directly related to acquisition of these properties.

The Properties are subject to a 2% net smelter royalty ("NSR") which will also be payable on each quartz claim staked by the Company (or any subsidiary or affiliate) in a specified area of influence during the five year period following October 27, 2016, of which 1% will be payable to Mr. Ryan and 1% is payable to a related party.

Kinross acquisition

On June 14, 2017 the Company successfully completed the acquisition of entities holding the White Gold, Black Fox, JP Ross, Yellow, and Battle properties (the "White Gold Properties") from Kinross Gold Corporation ("Kinross") for \$10 million in cash, the issuance to Kinross of 17.5 million common shares of the Company (at the value of \$ 2.10 per share) and up to \$15 million in deferred milestone payments specifically related to the advancement of the White Gold Properties (the "Acquisition").

Total expenditures of \$1,032,756, which includes legal fees, due diligence fee and financial advisory fees, has also been capitalized as acquisition costs directly related to acquisition of these properties.

Key estimates on the valuation of the Kinross "White Gold Properties" ("Former Kinross Properties") were made using discounted cash flow model of the contingent consideration and advance royalty including a discount rate of 25% for the \$15 million in deferred milestone payments and 25% discount rate for advance royalty payments. The milestone payments are originally estimated to commence in 2020 with production starting in 2025. The amounts included as part of the asset acquisition noted above are \$6,242,582 & \$383,003 for the milestone payments and advance royalty, respectively.

Certain of the Former Kinross Properties, consolidated into The White Gold Properties (Yukon), are subject to two annual advance royalty payments in the amount of \$100,000 and \$30,000, respectively, that are payable to a related party each year until the commencement of commercial production; these advanced royalty payables will be deducted from the pre-existing net smelter return royalties equal to 4%, 2% and 2%, respectively, each relating to different claims and each subject to different reduction options. The 4% net smelter return royalty can be reduced to 1% by making payments as follows: 1% (from 4% to 3%) by paying \$2,000,000; 1% (from 3% to 2%) by paying \$3,000,000; 1% (from 2% to 1%) by paying \$5,000,000. Furthermore, if either mineral reserves, measured mineral resources or indicated mineral resources are located on certain claims comprising the Former Kinross Properties and are disclosed in an NI 43-101 technical report then the Company will be obligated to pay a royalty equal to \$1.00 per gold ounce (using a cut off of 0.5g/t). Each of these royalties is held by an officer and director of the Company.

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5. Exploration and evaluation assets (continued)

As of December 31, 2022, the Company has incurred acquisition, additional claims, renewal and staking expenditures of \$532,614 (\$95,008 – December 31, 2021) and exploration expenditures on all Properties of \$6,666,684 (\$4,564,525 – December 31, 2021). \$335,892 of the \$532,614 expenditures was resulted from the remeasurement of the advanced royalty payments related to the White Gold Properties and QV Property (Note 8).

IGO Properties

On October 15, 2018 the Company completed an acquisition from Independence Gold Corp. (“IGO”) of the Flow, Work Creek and Henderson property claims for \$35,000 cash and 160,000 common shares of the Company. Under the terms of the agreements to acquire the Properties, IGO will maintain: (i) a 1.0% NSR royalty over the claims comprising the Henderson property, which can be purchased by the Company at any time for \$2,000,000; and (ii) a 1.0% NSR royalty over the claims comprising the Flow/Work Creek property, which can be purchased by the Company at any time for \$1,000,000.

QV Property

On March 1, 2019 the Company completed an acquisition from Comstock Metals Ltd. the QV Gold Project (the “QV Property”). The property is comprised of 16,335 hectares (40,000 acres) in the Yukon’s White Gold District, received in exchange for payment of \$375,000 cash and the issuance of 1,500,000 common shares of the Company and 375,000 share purchase warrants. Each Warrant will be exercisable to acquire one additional common share of the Company for a period of three years at an exercise of \$1.50. The property is subject to a 2.0% underlying net smelter return royalty, of which 1.0% may be purchased for \$2,500,000. Annual cash advance payments of \$25,000, deductible against the royalty, are payable to a related party until commencement of commercial production.

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6. Related Party Transactions

Compensation of key management consists of the Board of Directors, CEO & President and CFO. Key management compensation which included cash & vesting accrual impacts of stock-based compensation, for the twelve months ended December 31, 2022 was \$536,330 (\$432,400 – December 31, 2021).

During the twelve months ended December 31, 2022, the Company also incurred the following related party transactions:

Ground Truth Exploration Inc., Dawson City, YT (“Ground Truth”), designed and managed exploration work completed by the Company for total billing in 2022 of \$4,485,448 (\$4,291,656 – December 31, 2021). Ground Truth is controlled by the spouse of a director of the Company. At December 31, 2022, \$396,007 of due to related parties was payable and accrued to Ground Truth (\$Nil – December 31, 2021).

\$240,000 in Office, Rent and Administration fees (\$240,000 – December 31, 2021) was paid and accrued to a company of which an officer is an officer and director of the Company.

\$120,000 (\$120,000 – December 31, 2021) was paid as compensation for consulting services rendered by a shareholder, who is also the beneficial owner receiving the royalty on the properties under the original Ryan Option.

The current portion of the advance royalty payments of \$109,601 (\$109,601 – December 31, 2021) on the Former Kinross Properties, and \$22,491 (\$22,491 – December 31, 2021) on the QV Property respectively, are due to an officer and director of the Company.

A total annual advance royalty payment of \$155,000 (\$155,000 – December 31, 2021) on the Former Kinross and QV Properties was made to an officer and director of the Company.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

Summary of Due to Related Parties as below:

| | |
|--|-------------------|
| Current portion of Advance Royalty payable [Note 8] | \$ 132,092 |
| Accounts payable & Accrued liabilities to Ground Truth | <u>\$ 396,007</u> |
| Total Current Portion | \$ 528,099 |

Total Long-Term Portion of Advance Royalty payable [Note 8] \$ 442,742

7. Share Capital

Authorized share capital

At December 31, 2022, the authorized share capital consisted of an unlimited number of common shares without par value.

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7. Share Capital (continued)

Common Shares Issued

[a] On July 29, 2021 the Company completed a brokered private placement consisting of the sale 1,302,000 of units ("July 2021 Units") at a price of \$0.65 per 2021 Unit, 2,538,462 of premium flow-through units ("July 2021 FT Units") at a price of \$0.87 per 2021 FT Unit, and 1,507,400 common shares issued as flow-through shares at a price of \$0.75 per 2021 FT Share ("July 2021 FT Shares", together with the 2021 Units and 2021 FT Units, the "July 2021 Offered Securities"), for aggregate gross proceeds to the Company of \$4,185,312 ("July 2021 Offering"). Each July 2021 Unit was comprised of one common share in the capital of the Company ("Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall entitle the holder thereof to purchase one Common Share at a price of \$0.80 until July 29, 2023. Each July 2021 FT Unit was comprised of one FT Share and one-half of one Warrant. The Company also issued to the Agents non-transferable compensation options (the "Compensation Options") equal to 6.0% of the number of July 2021 Offered Securities sold under the Offering excluding the President's List and 2.0% of the number of July 2021 Offered Securities sold under the Offering to subscribers on the President's List. Each Compensation Option entitles the holder to acquire one Common Share at a price equal to the following: (i) if the security sold is a July 2021 Unit, \$0.65 per Compensation Share; (ii) if the security sold is a July 2021 FT Unit, \$0.87 per Compensation Share; and (iii) if the security sold is a July 2021 FT Share, \$0.75 per Compensation Share, in each case, until July 29, 2023. Financing, legal and other expenses of \$329,305 were paid in relation to the private placement. A flow-through share premium liability of \$571,983 was recorded in connection with this private placement. As of December 31, 2022, the remaining premium liability resulted from un-spent exploration expenditures was \$Nil and a total amount of deferred income tax recovery of \$Nil was recognized as income to operations.

[b] On December 22, 2021, the Company completed a non-brokered private placement for aggregate gross proceeds of \$9,000,000 (the "December 2021 Offering") in which Agnico Eagle increased its partially-diluted ownership in the Company to 19.9%. The December 2021 Offering was comprised of: (i) 3,185,714 common shares in the capital of the Company (the "December 2021 Common Shares") at a price of \$0.70 per Common Share; (ii) 2,464,286 Common Shares issued on a "flow-through basis" (the "Tranche I FT Shares") at a price of \$0.98 per Tranche I FT Share; and (iii) 5,443,750 Common Shares issued on a "flow-through basis" (the "Tranche II FT Shares") at a price of \$0.80 per Tranche II FT Share. Legal fees and expenses of \$27,510 were paid in relation to the private placement. A flow-through share premium liability of \$918,054 was recorded in connection with this private placement. As of December 31, 2022, the remaining premium liability resulted from un-spent exploration expenditures was \$Nil and a total amount of deferred income tax recovery of \$910,277 was recognized as income to operations.

[c] During the year ended December 31, 2021, 1,250,000 common shares were issued from options exercised at an average of \$0.40 per common share, with fair value of \$439,019 being reallocated from contributed surplus to share capital respectively.

[d] On December 19, 2022, the Company completed a non-brokered private placement for aggregate gross proceeds of \$4,416,870 (the "December 2022 Offering") in which Agnico Eagle participated in the offering in order to maintain its partially-diluted ownership in the Company at 19.8%. The December 2022 Offering was comprised of: (i) 1,885,000 common shares in the capital of the Company (the "December 2022 Common Shares") at a price of \$0.38 per December 2022 Common Share; and (ii) 9,025,780 Common Shares issued on a "flow-through basis" (the "December 2022 FT Shares") at a price of \$0.41 per December 2022 FT Share. Legal fees and expenses of \$29,065 were paid in relation to the private placement. A flow-through share premium liability of \$406,160 was recorded in connection with this private placement. As of December 31, 2022, the remaining premium liability resulted from un-spent exploration expenditures was \$406,160 and a total amount of deferred income tax recovery of \$Nil was recognized as income to operations.

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

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7. Share Capital (continued)

Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share. Stock options and warrants are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

As the Company has recorded a loss in each of the periods presented, basic and diluted loss per share are the same since the exercise of warrants or options is anti-dilutive.

Stock Options

The Company has a stock option plan whereby it may grant options to its directors, officers and employees at exercise prices determined by the Board.

On July 5, 2018, the company issued 3,250,000 options and granted them to directors, officers, employees and consultants at an exercise price of \$0.95 per share, expiring on July 5, 2023. 25% of these options vest one year after the date of grant and 25% of the grant on each of the following one-year anniversaries.

On June 10, 2020, the company issued 3,750,000 options and granted them to directors, officers, employees and consultants at an exercise price of \$0.90 per share, expiring on June 9, 2025. 25% of these options vest one year after the date of grant and 25% of the grant on each of the following one-year anniversaries.

Total share-based compensation of \$729,704 was accrued for using graded vesting method and was charged to the statement of operations and comprehensive loss for the year ended December 31, 2022 (\$740,919 – December 31, 2021).

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7. Share Capital (continued)

The following table summarizes the continuity of the Company's stock options at December 31, 2022:

| | Number of Options | Average Exercise price | Expiry Date |
|-------------------------------------|----------------------|---------------------------|-------------|
| Balance at December 31, 2020 | 8,070,000 | \$ 0.80 | |
| Options exercised | (1,250,000) | \$ 0.40 | |
| Options forfeited | (262,500) | \$ 0.90 | |
| Options expired unexercised | (707,500) | \$ 0.43 | |
| Balance at December 31, 2021 | 5,850,000 | \$ 0.92 | |
| Options exercised | - | - | |
| Options forfeited | - | - | |
| Options expired unexercised | - | - | |
| Balance at December 31, 2022 | 5,850,000 | \$ 0.92 | |

The following table summarizes the outstanding and exercisable Company's stock options at December 31, 2022:

| Outstanding | | | | Exercisable | |
|-------------------|------------------|--|---------------------------------|------------------|---------------------------------|
| Exercise price \$ | Number of Shares | Weighted average remaining contractual years | Weighted average exercise price | Number of shares | Weighted average exercise price |
| \$ 0.95 | 2,400,000 | 0.50 | \$ 0.95 | 2,400,000 | \$ 0.95 |
| \$ 0.90 | 3,450,000 | 2.50 | \$ 0.90 | 1,725,000 | \$ 0.90 |

The fair value of these options was estimated using the Black-Scholes model on the date of measurement. The model requires the use of assumptions, and historical data has been used in setting these assumptions. The options were valued at a total of \$4,532,374 using the following assumptions at the issuance date:

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7. Share Capital (continued)

| Issue | Number of Options | Exercise price (\$) | Market price at issue (\$) | Expected Volatility (%) ^{*[1]} | Risk-free interest rate (%) | Expected life (Years) | Expected Forfeiture (%) | Dividend yield (%) | Fair value of Options (\$) |
|---------------|-------------------|---------------------|----------------------------|---|-----------------------------|-----------------------|-------------------------|--------------------|----------------------------|
| July 5, 2018 | 3,250,000 | 0.95 | 0.79 | 118 | 1.90 | 5.00 | - | - | 2,064,998 |
| June 10, 2020 | 3,750,000 | 0.90 | 0.85 | 109 | 0.28 | 5.00 | - | - | 2,467,376 |

^{*[1]} Based on historical volatility of the Company's publicly traded shares.

Warrants and Agent Warrants

| | Number of Warrants | Average Exercise price | Fair Value | Expiry Date |
|-------------------------------------|--------------------|------------------------|-------------------|---------------|
| Balance at December 31, 2020 | 375,000 | \$ 1.50 | \$ 336,722 | |
| Warrants issued July 29, 2021 | 2,139,564 | \$ 0.79 | \$ 320,772 | July 29, 2023 |
| Balance at December 31, 2021 | 2,514,564 | \$ 0.90 | \$ 657,494 | |
| Warrants Expired | 375,000 | \$ 1.50 | \$ 336,722 | |
| Balance at December 31, 2022 | 2,139,564 | \$ 0.79 | 320,772 | |

The weighted average remaining contractual years of outstanding warrants at December 31, 2022 is 0.57 years.

The fair value of the warrants and agent warrants were estimated on the date of measurement. The Black Scholes assumptions are as follows at the measurement date:

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7. Share Capital (continued)

| Issue | Number of Warrants | Exercise price (\$) | Market price (\$) | Expected Volatility (%) [1] | Risk-free interest rate (%) | Expected life (years) | Dividend yield (%) | Fair value of warrants |
|-------------------------------------|--------------------|---------------------|-------------------|-----------------------------|-----------------------------|-----------------------|--------------------|------------------------|
| Warrants March 1, 2019 | 375,000 | 1.50 | 1.49 | 96 | 1.77 | 3.00 | - | \$ 336,722 |
| Warrants July 29, 2021 [2] | 1,920,231 | 0.80 | 0.60 | 61 | 0.38 | 2.00 | - | \$ 284,879 |
| Agent Warrants July 29, 2021 [3] | 78,120 | 0.65 | 0.60 | 61 | 0.38 | 2.00 | - | \$ 14,627 |
| Agent Warrants July 29, 2021 [3] | 90,444 | 0.75 | 0.60 | 61 | 0.38 | 2.00 | - | \$ 14,476 |
| Agent Warrants July 29, 2021 [4] | 50,769 | 0.87 | 0.60 | 61 | 0.38 | 2.00 | - | \$ 6,790 |

[1] Based on historical Volatility.

[2] As the warrants were issued as part of the July 2021 Units and 2021 FT Units offering, the fair value was prorated between shares and warrants, using relative fair values.

[3] The agent warrants were issued as part of the July 2021 financing as compensation equal to 6% of the 2021 Units and FT shares issued.

[4] The agent warrants were issued as part of the July 2021 financing as compensation equal to 2% of the 2021 FT Units issued.

8. Contingent liability & advance royalty

Key estimates on the valuation of the Kinross “White Gold Properties” were made using discounted cash flow model of the contingent consideration including a discount rate of 25% for the \$15 million in deferred milestone payments and 25% discount rate for advance royalty payments. In the year ended December 31, 2022 management remeasured the estimated commencement dates of each milestone, to the dates listed in the below table. The terms of the deferred payments are summarized as follows:

- Milestone 1: payable upon announcement of a Preliminary Economic Assessment;
- Milestone 2: payable upon announcement of a Feasibility Study on the requisite properties; and
- Milestone 3: payable upon announcement of a positive construction decision.

Contingent Liability

| | Estimated commencement | Gross | Fair Value as at December 31, 2022 |
|-------------|------------------------|-----------------------------|------------------------------------|
| Milestone 1 | Year 2025 | \$5,000,000 | \$ 3,196,090 |
| Milestone 2 | Year 2028 | \$5,000,000 | \$ 1,464,982 |
| Milestone 3 | Year 2029 | \$5,000,000 | \$ 1,171,985 |
| | | Contingent Liability | \$ 5,833,057 |

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

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8. Contingent liability & advance royalty (continued)

The following table summarizes the continuity of the Company's contingent liabilities at December 31, 2022:

| Contingent Liability | |
|-------------------------------------|------------------|
| Balance at December 31, 2020 | 9,406,970 |
| Fair value adjustment | (1,884,787) |
| Balance at December 31, 2021 | 7,522,183 |
| Fair value adjustment | (1,689,126) |
| Balance at December 31, 2022 | 5,833,057 |

Advance Royalty

In June 2017, the Company acquired from Kinross, the White Gold Properties, with certain properties subject to two annual advance royalty payments in the amount of \$100,000 and \$30,000, respectively, that are payable to a related party each year until the commencement of commercial production, with a 25% discount rate used for estimating the value of future advance royalty payments.

In March 2019, the Company acquired from Comstock Metals, the QV Gold Project, subject to annual advance royalty payments of \$25,000, that is payable until commencement of commercial production, with a 25% discount rate used for estimating the value of future advance royalty payments.

In the year ended December 31, 2022, management remeasured the estimated remaining payment period of each advance royalty, to the dates listed in the below table.

The terms of the of the Company's advance royalty payments are summarized as follows:

| | Estimated remaining payment period | Remaining gross payments | Accretion Expense | Carrying Value | Current Portion | Long-term Portion |
|-----------------------------|---|---------------------------------|--------------------------|-----------------------|------------------------|--------------------------|
| Advance Royalty - \$30,000 | 2023-2031 | \$270,000 | \$12,862 | \$115,202 | \$26,612 | \$88,590 |
| Advance Royalty - \$100,000 | 2023-2031 | \$900,000 | \$46,718 | \$359,252 | \$82,989 | \$276,263 |
| Advance Royalty - \$25,000 | 2023-2032 | \$250,000 | \$10,517 | \$100,380 | \$22,491 | \$77,889 |
| Total | | | \$70,097 | \$574,834 | \$132,092 | \$442,742 |

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

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8. Contingent liability & advance royalty (continued)

The following table summarizes the continuity of the Company's advance royalties at December 31, 2022:

| | Advance Royalty |
|--|------------------------|
| Balance at December 31, 2020 | 391,768 |
| Accretion expense | 87,077 |
| Annual payments | (155,000) |
| Balance at December 31, 2021 | 323,845 |
| Accretion expense | 70,097 |
| Annual payments | (155,000) |
| Remeasurement of remaining payments (Note 5) | 335,892 |
| Balance at December 31, 2022 | 574,834 |

Total Long Term Contingent Liability & Advance Royalty **\$6,275,799**

9. Segmented information

The Company conducts all of its operations in Canada in one industry segment being the acquisition, exploration and development of resource properties.

10. Capital management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

In connection with the July 2021 Flow-through Private Placement, a flow-through share premium liability of \$571,983 was initially recognized. As of December 31, 2022, the remaining un-spent exploration expenditures was \$Nil while the remaining related premium liability was \$Nil.

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

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10. Capital management (continued)

In connection with the December 2021 Flow-through Private Placement, a flow-through share premium liability of \$918,054 was initially recognized. As of December 31, 2022, the remaining un-spent exploration expenditures was \$Nil while the remaining related premium liability was \$Nil.

In connection with the December 2022 Flow-through Private Placement, a flow-through share premium liability of \$406,160 was initially recognized. As of December 31, 2022, the remaining un-spent exploration expenditures was \$3,700,570 while the remaining related premium liability was \$406,160.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the twelve months ended December 31, 2022.

11. Financial instruments

The Company's financial assets consist of cash and cash equivalents and property bonds in the form of GICs. The Company's financial liabilities consist due to related parties, contingent liability and advance royalty, accounts payable and accrued liabilities. Amounts (GST/HST) receivable are not a financial instrument as they are a statutory and not a contractual right.

Due to related parties, accounts payable and accrued liabilities, and advance royalty are classified as measured at amortized cost.

Cash and cash equivalents, and contingent liability are classified as fair value through profit or loss. These instruments are carried at fair value, with the changes in the fair value recognized in the consolidated statement of operations in the period they arise.

The fair values of the Company's due to related parties, accounts payables and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments.

Fair Value Measurement

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

Level 1 – quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data.

At December 31, 2022 the levels in the fair value hierarchy into which the Company's financial instruments measured and recognized in the balance sheet at fair value are categorized are as follows:

| | |
|-------------------------|----------------|
| | Level 1 |
| Cash & cash equivalents | \$ 6,128,051 |
| | Level 3 |
| Contingent liabilities | \$ 5,833,057 |

The significant unobservable inputs used in the fair value measurement of the contingent liabilities include discount rate. A 2% increase (decrease) in the discount rate would result in an increase (decrease) in fair value of the contingent consideration liability by \$370,000.

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

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11. Financial instruments (continued)

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, approving and monitoring the risk management processes.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest risk and commodity price risk.

(a) Credit risk

Credit risk is the risk of an unexpected loss if the other party to a financial instrument fails to meet contractual obligations. The Company manages this risk as cash and cash equivalents are held in a major Canadian financial institution. The Company does not have any asset-backed commercial paper in its cash and cash equivalents.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss a decline in the fair value of the cash and cash equivalents is limited because they are generally held to maturity.

(d) Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company are directly related to the market price of its related commodity. The Company has not hedged any of its future related commodity sales. The Company closely monitors the price of its related commodity and its related cost of production to determine the appropriate course of action to be taken by the Company.

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12. Income Taxes

Reconciliation to statutory rates – The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates of 26.5% (2021: 26.5%):

| | 2022 | 2021 |
|---|---------------------|-------------------|
| Expected income tax benefit computed at statutory rates | \$ 292,404 | \$ 226,497 |
| Increase (decrease) in share issuance cost | (114,475) | (106,147) |
| Deductible and non-deductible items | 73,071 | 731,650 |
| Renouncement of flow-through tax benefits | (1,779,000) | (1,210,000) |
| Deferred income tax (expense) recovery | (1,528,000) | (358,000) |
| Deferred income tax recovery on flow-through premium | 910,277 | 669,607 |
| Net deferred income tax (expense) recovery | \$ (617,723) | \$ 311,607 |

Deferred tax assets - The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2022 and 2021 are presented below:

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Deferred tax assets | | |
| Non-capital loss and capital loss carry forwards | \$ 5,888,000 | \$ 5,364,000 |
| Resource pools and other assets | (12,417,000) | (10,479,000) |
| Share issuance costs | 74,000 | 188,000 |
| Net deferred tax asset (liabilities) | \$ (6,455,000) | \$ (4,927,000) |

At December 31, 2022, the Company has non capital losses carried forward for Canadian income tax purposes totalling approximately \$22,220,000, which will expire through to 2042 and may be applied against future taxable income.

13. Subsequent Events

On February 23, 2023, the company issued 5,800,000 options and granted them to directors, officers, employees and consultants at an exercise price of \$0.38 per share, expiring on February 1, 2028. 25% of these options vest one year after the date of grant and 25% of the grant on each of the following one-year anniversaries.