

FORM 2B  
LISTING APPLICATION



Application for the listing of the common shares of Whitehorse Gold Corp. on the TSX Venture Exchange

As at November 18, 2020

*No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are the subject of this application.*

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## ITEM 2A: GLOSSARY

Unless otherwise indicated or the context otherwise indicates, the following definitions are used in this Listing Application. Capitalized terms not otherwise defined herein will have the meanings ascribed thereto in the policies of the TSX Venture Exchange (the "TSXV") and applicable securities laws. In the event of a conflict between a term defined in this glossary and a term defined in the policies of the TSXV, the definition of the TSXV will govern. Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

"**Arrangement**" has the meaning given to it under the heading "*Item 5 – Description of the Business – The Arrangement*".

"**Arrangement Agreement**" has the meaning given to it under the heading "*Item 5 – Description of the Business – Three-year History – The Arrangement*".

"**Audit Committee**" has the meaning given to it under the heading "*Item 19 – Audit Committees and Corporate Governance – Audit Committee*".

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Board**" means the board of directors of Whitehorse, as constituted from time to time.

"**Common Shares**" means the common shares without par value in the capital of Whitehorse.

"**Effective Date**" means November 18, 2020, the date that the Arrangement became effective.

"**Effective Time**" means the time on the Effective Date that the Arrangement became effective.

"**Escrowed Securities**" has the meaning given to it under the heading "*Item 14 – Escrowed Securities and Securities Subject to Restriction on Transfer*".

"**Exchange Bulletin**" means the final exchange bulletin of the TSXV accepting the listing of the Common Shares.

"**Final Order**" means the final order of the British Columbia Supreme Court approving the Arrangement.

"**Listing Application**" means this Form 2B Listing Application.

"**New Pacific**" means New Pacific Metals Corp., a TSX-listed company existing under the BCBCA.

"**New Pacific Shares**" means the common shares in the capital of New Pacific as constituted from time to time.

"**New Pacific Shareholders**" means the holders of New Pacific Shares.

"**New Pacific-Whitehorse Debt**" means the interest-bearing indebtedness of Whitehorse to New Pacific in the principal amount of \$3,500,000 that was fully repaid by Whitehorse on November 18, 2020, as further described under the heading "*Item 5 – Description of the Business – Three-year History – New Pacific-Whitehorse Debt*".

"**NI 43-101**" means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

"**NI 52-110**" means National Instrument 52-110 *Audit Committees*.

"**NI 58-101**" means National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

"**NP 58-201**" means National Policy 58-201 *Corporate Governance Guidelines*.

**"Options"** means stock options of Whitehorse granted pursuant to the Stock Option Plan.

**"Phase I Work Program"** means the Phase I work program for the Tagish Lake Gold Project, as described in the Tagish Lake Gold Project Technical Report.

**"Phase II Work Program"** means the Phase II work program for the Tagish Lake Gold Project, as described in the Tagish Lake Gold Project Technical Report.

**"Private Placement"** has the meaning given to it under the heading *"Item 5 – Description of the Business – Three-year History – The Private Placement"*.

**"Share Exchange Agreement"** has the meaning given to it under the heading *"Item 5 – Description of the Business – Three-year History – Share Exchange Agreement"*.

**"Shareholders"** means the holders of Common Shares.

**"Silvercorp"** means Silvercorp Metals Inc.

**"Stock Option Plan"** means the stock option plan of Whitehorse adopted by the Board on July 2, 2020, as amended and restated effective November 18, 2020.

**"Tagish Lake"** means Tagish Lake Gold Corp., a wholly-owned subsidiary of Whitehorse, existing under the BCBCA.

**"Tagish Lake Gold Project"** means the Tagish Lake Gold project in the Yukon Territory, Canada, wholly-owned by Tagish Lake.

**"Tagish Lake Gold Project Technical Report"** has the meaning given to it under the heading *"Item 5 – Description of the Business – Tagish Lake Gold Project"*.

**"Tagish Lake Shares"** has the meaning given to it under the heading *"Item 5 – Description of the Business – Three-year History – Share Exchange Agreement"*.

**"TSX"** means the Toronto Stock Exchange.

**"TSXV"** has the meaning given to it under the heading *"Item 2A – Glossary"*.

**"Whitehorse"** means Whitehorse Gold Corp.

## **ITEM 2B: NOTICE TO READERS**

This Listing Application contains certain forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the growth, results of operations, performance and business prospects and opportunities of Whitehorse.

All statements other than statements of historical fact are forward-looking statements. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology. These statements are only predictions. In addition, this Listing Application may contain forward-looking statements attributed to third party industry sources.

Forward-looking statements are necessarily based on estimates and assumptions made by management in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as factors that management believe are appropriate. Forward-looking statements in this Listing Application include, but are not limited to: expectations regarding the benefits of the Arrangement; expectations regarding the

proceeds of the Private Placement; expectations regarding Whitehorse's total available funds at the time of listing on the TSXV and anticipated uses thereof; expectations regarding Whitehorse's reporting issuer status; Whitehorse's anticipated capital structure, directors, officers and insiders; Whitehorse's anticipated future growth, results of operations, performance and business prospects and opportunities; the business objectives and related milestones of Whitehorse; the proposed timetable for the Phase I Work Program; expectations regarding future dividends and distributions; expectations regarding entering into of material contracts and investor relations agreements; expectations regarding escrow restrictions imposed on Whitehorse's securities; expectations regarding principal securityholders of Whitehorse and the identity and shareholdings thereof; expectations regarding compensation of directors, officers and employees of Whitehorse; and expectations regarding corporate governance and committees of the Board; and expectations regarding reliance on a waiver from the sponsorship requirements of the TSXV.

These forward-looking statements are based on the beliefs of the management of Whitehorse as well as on assumptions which management believes to be reasonable, based on information currently available at the time such statements were made. However, there can be no assurance that forward-looking statements will prove to be accurate. Such assumptions and beliefs include, among other things: the ability of Whitehorse to realize the benefits of the Arrangement; the discretion of management of Whitehorse and the Board to use the proceeds of the Private Placement and total available funds upon listing on the TSXV other than as disclosed herein; the ability of Whitehorse to complete the Phase I Work Program or Phase II Work Program on the timeline and budget disclosed herein; the ability of Whitehorse to execute its business plan successfully or as disclosed herein, such that the future growth, results of operations, performance and business prospects and opportunities of Whitehorse will be as anticipated; the ability of Whitehorse to maintain existing strategic partnerships and attract new partners; the ability for Whitehorse to obtain financing on acceptable terms; the ability for Whitehorse to retain skilled management and employees; and the ability for Whitehorse to develop and commercialize the Tagish Lake Gold Project.

Although management of Whitehorse believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Whitehorse cannot guarantee future results, levels of activity, performance, or achievements. Some of the risks and other factors, some of which are beyond the control of Whitehorse, which could cause results to differ materially from those expressed in the forward-looking statements contained in this Listing Application include, but are not limited to: Whitehorse may not be able to realize the benefits of the Arrangement; the anticipated costs to complete the Private Placement and Arrangement may exceed the current expectation of Whitehorse; the Board or management of Whitehorse may decide that the proceeds of the Private Placement and total available funds upon listing on the TSXV be used for purposes different than disclosed herein; there may be unexpected delays in the timeline for the Phase I Work Program; there may be unanticipated costs associated with the Phase I Work Program or the Phase II Work Program; Whitehorse may not be able to execute its business plan successfully such that the future growth, results of operations, performance and business prospects and opportunities of Whitehorse may not be as currently anticipated; Whitehorse may not be able to obtain future financing sufficient to fund its operations on terms acceptable to Whitehorse or at all; Whitehorse may not be able to retain or hire necessary management and personnel; and the impacts of the COVID-19 pandemic on the business and operations of Whitehorse.

This list is not exhaustive of the factors that may affect any of the forward-looking statements regarding Whitehorse. Forward-looking statements are statements about the future and are inherently uncertain. Actual events or results could differ materially from those projected in the forward-looking statements including as a result of the matters set out in this Listing Application generally and certain economic and business factors, some of which may be beyond the control of Whitehorse. Some of the important risks and uncertainties that could affect forward-looking statements are described under the heading "*Item 21 – Risk Factors*". Whitehorse does not intend, and does not assume any obligation, to update any of the forward-looking statements after the date of this Listing Application so as to conform such statements to actual results or to changes in the expectations of Whitehorse, other than as required by applicable securities law. For all these reasons, readers should not place undue reliance on the forward-looking statements contained herein, as Whitehorse's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect Whitehorse's business, or if Whitehorse's estimates or assumptions prove inaccurate. The forward-looking statements contained in this Listing Application are expressly qualified by this cautionary statement.

## **Reporting Currency**

Unless otherwise indicated, all references to "\$" or "Canadian dollars" in this Listing Application refer to Canadian dollars. Whitehorse's financial statements incorporated herein are reported in Canadian dollars and are prepared in accordance with International Financial Reporting Standards.

## **Market and Industry Data**

The market and industry data contained in this Listing Application are based upon information from independent industry and other publications and Whitehorse's management's knowledge of, and experience in, the industry in which Whitehorse operates. None of the sources of market and industry data has provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the listing of the Common Shares on the TSXV or this Listing Application. Market and industry data are subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. Whitehorse has not independently verified any of the data from third party sources referred to in this Listing Application or ascertained the underlying assumptions relied upon by such sources. References in this Listing Application to research reports or to articles and publications should not be construed as depicting the complete findings of the entire referenced report or article. The information in each report or article is expressly not incorporated by reference into this Listing Application.

## **Information Contained in this Listing Application**

The information contained in this Listing Application is given as at November 18, 2020, except where otherwise noted.

No person has been authorized to give any information or to make any representation in connection with the Arrangement, the Private Placement or other matters described herein other than those contained in this Listing Application and, if given or made, any such information or representation should be considered not to have been authorized by Whitehorse and should not be relied upon.

The information concerning each party contained in this Listing Application has been provided by management of that party. Although the parties have no specific knowledge that would indicate that any of such information regarding the other party is untrue or incomplete, the parties assume no responsibility for the accuracy or completeness of information or the failure by the other party to disclose events which may have occurred or may affect the completeness or accuracy of such information which are unknown to that party.

This Listing Application does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any Person in any jurisdiction.

Information contained in this Listing Application should not be construed as legal, tax or financial advice and readers are urged to consult their own professional advisers in connection therewith.

All financial information in this Listing Application has been prepared in accordance with IFRS, unless otherwise noted. The financial year end of Whitehorse is June 30.

Neither the Company's independent auditors, Deloitte LLP, nor any other independent accountant, has compiled, examined, or performed any procedures with respect to the Company's estimated consolidated working capital disclosed herein, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with, such financial information.

## **ITEM 3: SUMMARY**

The following is a summary of the principal features of this Listing Application and should be read together with the more detailed information and financial data and statements contained elsewhere in this Listing Application. This

summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere herein. Unless otherwise specified, the information in this Listing Application has been prepared on a pro forma basis assuming completion of the Arrangement and the Private Placement. Unless otherwise indicated, all currency amounts are stated in Canadian dollars. Capitalized terms used in this summary are defined in "*Item 2A – Glossary of Terms*."

### **Business of Whitehorse**

Whitehorse, through its wholly-owned subsidiary Tagish Lake, owns 100% of the Tagish Lake Gold Project, which is considered Whitehorse's material property. Upon listing on the TSXV, Whitehorse intends to focus on further exploration and development of the Tagish Lake Gold Project. The Tagish Lake Gold Project is a gold project located in the Yukon, Canada and is described in detail under the heading "*Item 5 – Description of the Business – Tagish Lake Gold Project*".

### **Listing of Securities**

Whitehorse is seeking to list the Common Shares on the TSXV. Whitehorse is authorized to issue an unlimited number of Common Shares. As of the date hereof, Whitehorse has 42,656,700 Common Shares issued and outstanding, which are held by New Pacific Shareholders and subscribers in the Private Placement. See "*Item 9 – Disclosure of Outstanding Security Data on a Fully Diluted Basis*" and "*Item 10 – Description of Securities to be Listed*".

### **The Arrangement**

Whitehorse was incorporated by New Pacific for purposes of completing the Arrangement. On August 25, 2020, Whitehorse and New Pacific entered into the Arrangement Agreement, pursuant to which, among other things, New Pacific distributed 100% of the Common Shares held by it (being 20,000,001 Common Shares) to New Pacific Shareholders on a pro rata basis (approximately 0.13 Common Shares per New Pacific Share held) on November 18, 2020. As at the date hereof, New Pacific Shareholders hold approximately 46.9% of the issued and outstanding Common Shares and the subscribers in the Private Placement hold approximately 53.1% of the issued and outstanding Common Shares. The New Pacific Shareholders of record as at August 20, 2020 approved the Arrangement at New Pacific's annual general and special meeting of shareholders held 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 Effective Date of the Arrangement was November 18, 2020.

Pursuant to the Plan of Arrangement giving effect to the Arrangement, New Pacific Shareholders of record as at immediately prior to the Effective Time received, for each New Pacific Share held immediately prior to the Effective Time of the Arrangement, one replacement New Pacific Share and approximately 0.13 of a Common Share, and as a result, hold shares in both New Pacific and Whitehorse. Holders of stock options and restricted share units of New Pacific did not receive equivalent securities in Whitehorse as a result of the Arrangement. The Arrangement did not affect the creditors of either Whitehorse or New Pacific (except with respect to the New Pacific-Whitehorse Debt).

See "*Item 5 – Description of the Business – Three-year History – The Arrangement*".

### **Private Placement**

On November 17, 2020, Whitehorse completed the Private Placement. Pursuant to the Private Placement, Whitehorse issued 22,656,699 Common Shares at a price of \$0.30 per Common Share for gross proceeds of \$6,797,010, including 11,092,333 Common Shares issued to insiders of New Pacific and Whitehorse. Completion of the Private Placement prior to the Effective Time was a condition to completion of the Arrangement. There were no finder's fees or commissions paid in connection with the Private Placement. After deducting expenses of the Private Placement and the Arrangement of \$0.13 million, the net proceeds of the Private Placement were \$6.67 million.

Following listing on the TSXV, Whitehorse expects to have the following total available funds:

Net Proceeds from the Private Placement	\$6.67 million
Repayment of New Pacific-Whitehorse Debt	\$(3.70) million
Estimated Consolidated Working Capital as at October 31, 2020	\$(0.15) million
<b>Estimated Total Available Funds</b>	<b>\$2.82 million</b>

Following listing on the TSXV, Whitehorse expects to use the total available funds for the following principal purposes:

<b>Purpose</b>	
Phase I Work Program for Tagish Lake Gold Project	\$0.68 million
Working Capital and Corporate Operating Expenses	\$1.06 million
<i>Employee Salaries and Benefits</i>	\$780,000
<i>Office Supplies and Services</i>	\$133,250
<i>Unallocated Working Capital</i>	\$150,000
Commencement of Phase II Work Program for Tagish Lake Gold Project	\$1.08 million
<b>Estimated Total Available Funds</b>	<b>\$2.82 million</b>

See "Item 6 – Financings" for further information regarding the Private Placement and the use of proceeds therefrom.

## **Risk Factors**

There are risks associated with the businesses of Whitehorse, including but not limited to: (i) the need for additional capital by Whitehorse, through financings and the risk that such funds may not be raised; (ii) the speculative nature of exploration and the stages of the properties or assets of Whitehorse; (iii) the effect of changes in commodity prices; (iv) reliance on management; (v) the potential for conflicts of interest; and (vi) other risks associated with Whitehorse as described in "Item 21 – Risk Factors" of this Listing Application.

## **Financial Information**

### *Select Financial Information from Audited Financial Statements*

The following selected financial information and management's discussion and analysis is derived from, and should be read in conjunction with, the audited consolidated financial statements of Whitehorse from incorporation on November 27, 2019 to June 30, 2020 and the notes thereto and the management's discussion and analysis for the period from incorporation on November 27, 2019 to June 30, 2020, attached hereto as Appendix "B" and "C", respectively, as well as the disclosure contained throughout this Listing Application.

	<b>From incorporation on November 27, 2019 to June 30, 2020</b>
Operating expenses	\$(138,323)
Interest expense	\$(79,754)
Impairment reversal of mineral property interests	\$11,714,944

Comprehensive income for the period	\$11,496,896
Total Assets	\$12,269,831
Total Liabilities	\$3,632,387

Comprehensive income for the period from incorporation on November 27, 2019 to June 30, 2020 was \$11,496,896, which mainly resulted from the impairment reversal of the Tagish Lake Gold Project and offset by operating expenses and interest expense. Operating expenses for the period from incorporation on November 27, 2019 to June 30, 2020 were \$138,323, comprised primarily of the following:

- (a) Professional fees for the period were \$9,010 related to the establishment of Whitehorse and spin-out related services with New Pacific, including the acquisition of the Tagish Lake Shares pursuant to the Share Exchange Agreement and the New Pacific-Whitehorse Debt.
- (b) Salaries and benefits expense for the period were \$98,741.
- (c) Office and administration expenses for the period were \$29,829.

Impairment reversal of mineral property interests for the period from incorporation on November 27, 2019 to June 30, 2020 was \$11,714,944 related to the Tagish Lake Gold Project. Interest expense for the period from incorporation on November 27, 2019 to June 30, 2020 was \$79,754 related to interest on the New Pacific-Whitehorse Debt.

*Select Financial Information from Unaudited Pro Forma Financial Statements*

The following selected unaudited pro forma financial information is derived from, and should be read in conjunction with, the unaudited pro forma combined financial statements of Whitehorse for the year ended June 30, 2020 and the notes thereto, attached hereto as Appendix "H", as well as the disclosure contained throughout this Listing Application.

	<b>For the year ended June 30, 2020</b>
Operating expenses	\$(698,598)
Comprehensive income for the period	\$10,936,621
Total Assets	\$15,320,551
Total Liabilities	\$18,097

**ITEM 4: CORPORATE STRUCTURE**

**Name, Address and Incorporation**

Whitehorse was incorporated as "Whitehorse Gold Corp." on November 27, 2019 under the BCBCA as a wholly-owned subsidiary of New Pacific. Its head office and registered office is located at Suite 1750 – 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1. Whitehorse's website is [www.whitehorsegold.ca](http://www.whitehorsegold.ca). Whitehorse is a reporting issuer in all of the provinces of Canada.

**Intercorporate Relationships**

Prior to completion of the Arrangement, Whitehorse was a wholly-owned subsidiary of New Pacific. Following the Arrangement, Whitehorse ceased to be a wholly-owned subsidiary of New Pacific and New Pacific no longer owns any Common Shares. As at the date hereof, Whitehorse has one subsidiary: Tagish Lake, which owns 100% of the Tagish Lake Gold Project. Tagish Lake was formed on November 30, 2000 under the BCBCA as a result of an amalgamation between Omni Resources Inc. and Trumpeter Yukon Gold Inc.

## **ITEM 5: DESCRIPTION OF THE BUSINESS**

### **General**

From incorporation until the date of the Share Exchange Agreement, Whitehorse had no active business. Since the date of the Share Exchange Agreement, Whitehorse has been working towards recommencing activities at the Tagish Lake Gold Project. The Tagish Lake Gold Project is considered Whitehorse's material property. Following listing on the TSXV, Whitehorse intends to focus on further exploration and development of the Tagish Lake Gold Project. The Tagish Lake Gold Project is described in detail under the heading "*Item 5 – Description of the Business – Tagish Lake Gold Project*".

### *Specialized Skill and Knowledge*

All aspects of Whitehorse's business activities require specialized skills and knowledge. Such skills and knowledge include the fields of geology, mining, metallurgy, engineering, environment issues, permitting, social issues, and accounting. Competition in the resource mining industry has made it more difficult to locate and retain competent employees in such fields.

### *Competitive Conditions*

Competition in the mineral exploration industry is intense. Whitehorse competes with other mining companies, many of which have greater financial resources and technical facilities for the acquisition and development of mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants.

### *Business Cycles*

The mining business is subject to mineral price and investment climate cycles. The marketability of minerals is also affected by worldwide economic and demand cycles. In recent years, the significant demand for minerals in some countries has driven increased commodity prices. It is difficult to assess if the current commodity prices are long-term trends, and there is uncertainty as to the recovery, or otherwise, of the world economy. If the global conditions weaken and commodity prices decline as a consequence, a continuing period of lower prices could significantly affect the economic potential of the Tagish Lake Gold Project.

### *Economic Dependence*

Whitehorse's business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise, license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

### *Employees*

Whitehorse currently has four employees: Kevin Weston, Steve Stakiw, Tim Kingsley and Wanjin Yang. Upon listing on the TSXV, Whitehorse expects to have approximately four employees. Jean Zhang will be a consultant of Whitehorse and will devote the time necessary to perform the duties and discharge the responsibilities required of a CFO and Corporate Secretary of a junior mining company such as Whitehorse.

### *Bankruptcy and Similar Procedures*

There have been no bankruptcy, receivership or similar proceedings against Whitehorse or Tagish Lake, or any voluntary bankruptcy, receivership or similar proceedings by Whitehorse or Tagish Lake, within the three most recently completed financial years or completed during or proposed for the current financial year.

### *Reorganizations*

Other than the acquisition of the Tagish Lake Shares pursuant to the Share Exchange Agreement and the completion of the Arrangement pursuant to the Arrangement Agreement, there have been no material reorganizations of Whitehorse or Tagish Lake within the three most recently completed financial years nor any material reorganizations of Whitehorse or Tagish Lake proposed for the current financial year.

### *Social Responsibility Policy*

Whitehorse has adopted a social responsibility policy ("**SRP**"), which sets out how Whitehorse incorporates safety, social, community, environmental and economic considerations into its business decisions and work programs. The SRP includes commitments by Whitehorse to (a) recognize traditional uses of lands and minimize long-term impact for future users; (b) ensure local communities and traditional users of lands benefit from Whitehorse's activities; (c) comply with regulations in jurisdictions where Whitehorse does business; (d) meet or exceed safety standards and regulations where Whitehorse does business through training, workforce involvement and risk management; (e) be responsible stewards of the environment by monitoring Whitehorse's activities and being proactive in the protection of air, water, land and wildlife; (f) develop operating plans that consider the ultimate responsible closure of Whitehorse's operations; (g) ensure Whitehorse's workplaces are free from harassment, discrimination and racism; and (h) strive to develop a diverse workforce representing all members of society.

### **Three-year History**

#### *Share Exchange Agreement*

On February 12, 2020, Whitehorse entered into a share exchange agreement (the "**Share Exchange Agreement**") with New Pacific, pursuant to which Whitehorse acquired all of the issued and outstanding shares of Tagish Lake (the "**Tagish Lake Shares**") for an aggregate purchase price equal to the fair market value of the Tagish Lake Shares. The purchase price was satisfied by Whitehorse issuing to New Pacific: (a) 20,000,000 Common Shares; and (b) a demand promissory note in the principal amount of \$3,000,000 (the "**Share Exchange Promissory Note**").

#### *New Pacific-Whitehorse Debt*

As described above, the New Pacific-Whitehorse Debt was primarily incurred in connection with Whitehorse's acquisition of the Tagish Lake Shares from New Pacific. The New Pacific-Whitehorse Debt was comprised of (a) the Share Exchange Promissory Note issued to New Pacific by Whitehorse in consideration for the acquisition of the Tagish Lake Shares under the Share Exchange Agreement, and (b) a promissory note issued to New Pacific by Whitehorse to cover short-term operating expenses (the "**Operating Promissory Note**"), and accrued but unpaid interest thereon. The Share Exchange Promissory Note was issued on February 12, 2020, had a principal amount of \$3,000,000, bore interest at 6% per annum and was repayable upon demand. The Operating Promissory Note was issued on February 12, 2020, had a principal amount of \$500,000, bore interest at 6% per annum and was repayable upon demand. On November 18, 2020, Whitehorse repaid the New Pacific-Whitehorse Debt in full using proceeds from the Private Placement. It was a condition to completion of the Arrangement that the New Pacific-Whitehorse debt be repaid prior to the Effective Time of the Arrangement.

#### *The Arrangement*

Whitehorse was incorporated by New Pacific for purposes of completing the Arrangement. On August 25, 2020, Whitehorse and New Pacific entered into an arrangement agreement (the "**Arrangement Agreement**"), pursuant to which, among other things, New Pacific distributed all of the Common Shares held by it (being 20,000,001 Common Shares) to New Pacific Shareholders (the "**Arrangement**") on a pro rata basis to the New Pacific Shareholders (approximately 0.13 Common Shares per New Pacific Share held) on November 18, 2020. As at the date hereof, New Pacific Shareholders hold approximately 46.9% of the issued and outstanding Common Shares and the subscribers in the Private Placement hold approximately 53.1% of the issued and outstanding Common Shares. The New Pacific Shareholders of record as at August 20, 2020 approved the Arrangement at New Pacific's annual general and special

meeting of shareholders held 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 purpose of the Arrangement and the related transactions is to reorganize New Pacific into two separate publicly-traded companies: (i) New Pacific, which will be an exploration and development company focused on the Silver Sand Project and the Silverstrike Project and (ii) Whitehorse, which will be an exploration and development company focused on the Tagish Lake Gold Project.

The Arrangement was subject to the satisfaction or waiver, as applicable, of certain conditions, including, without limitation, the following:

- (a) a special resolution of the New Pacific Shareholders will have been passed approving the Arrangement, in accordance with the Arrangement Agreement;
- (b) an ordinary resolution of the disinterested New Pacific Shareholders will have been passed approving the Private Placement, in accordance with the Arrangement Agreement;
- (c) the Final Order will have been obtained in form and substance satisfactory to each of New Pacific and Whitehorse;
- (d) the TSX will have approved (i) the Arrangement, including the substitutional listing of the replacement common shares of New Pacific, and (ii) the Private Placement, subject to customary post-closing conditions;
- (e) the TSXV will have approved the listing of the Common Shares, subject to customary post-closing conditions;
- (f) the Private Placement will have been completed prior to the Effective Time;
- (g) Whitehorse will have fully repaid the principal amount and any accrued interest under the New Pacific–Whitehorse Debt and there being no inter-company debt existing between New Pacific and each of Whitehorse and Tagish Lake as of the Effective Time;
- (h) all other consents, orders and approvals that are required, necessary or desirable for the completion of the Arrangement will have been obtained or received, each in a form acceptable to New Pacific; and
- (i) the New Pacific Shareholders will not have exercised Dissent Rights (as defined in the Arrangement Agreement) with respect to greater than 5% of the outstanding common shares of New Pacific.

On November 17, 2020, New Pacific announced via press release that the expected Effective Date of the Arrangement was November 18, 2020. On November 18, 2020, following satisfaction of the foregoing conditions, the Arrangement became effective.

Pursuant to the Plan of Arrangement giving effect to the Arrangement, New Pacific Shareholders of record as at immediately prior to the Effective Time received, for each New Pacific Share held immediately prior to the Effective Time of the Arrangement, one replacement New Pacific Share and approximately 0.13 of a Common Share, and as a result, hold shares in both New Pacific and Whitehorse. Holders of stock options and restricted share units of New Pacific did not receive equivalent securities in Whitehorse as a result of the Arrangement. The Arrangement did not affect the creditors of either Whitehorse or New Pacific (except with respect to the New Pacific-Whitehorse Debt).

The foregoing description of the Arrangement is qualified in its entirety by the text of the Arrangement Agreement and the Plan of Arrangement attached thereto, which is available on Whitehorse's SEDAR profile at [www.sedar.com](http://www.sedar.com). For further details regarding the Arrangement, please refer to New Pacific's management information circular dated August 27, 2020 available on New Pacific's SEDAR profile.

### *The Private Placement*

On November 17, 2020, Whitehorse completed a private placement (the "**Private Placement**") of 22,656,699 Common Shares at a price of \$0.30 per Common Share for gross proceeds of \$6,797,010, including 11,092,333 Common Shares issued to insiders of New Pacific and Whitehorse. Completion of the Private Placement prior to the Effective Time was a condition to completion of the Arrangement. There were no finder's fees or commissions paid in connection with the Private Placement. See "*Item 6 – Financings*" for further information regarding the Private Placement.

Other than the Arrangement, the Private Placement and the listing of the Common Shares on the TSXV, Whitehorse does not expect any material changes to its business to occur in the current financial year. On September 30, 2020, the requisite majority of "disinterested" New Pacific Shareholders approved the Private Placement.

### **Tagish Lake Gold Project**

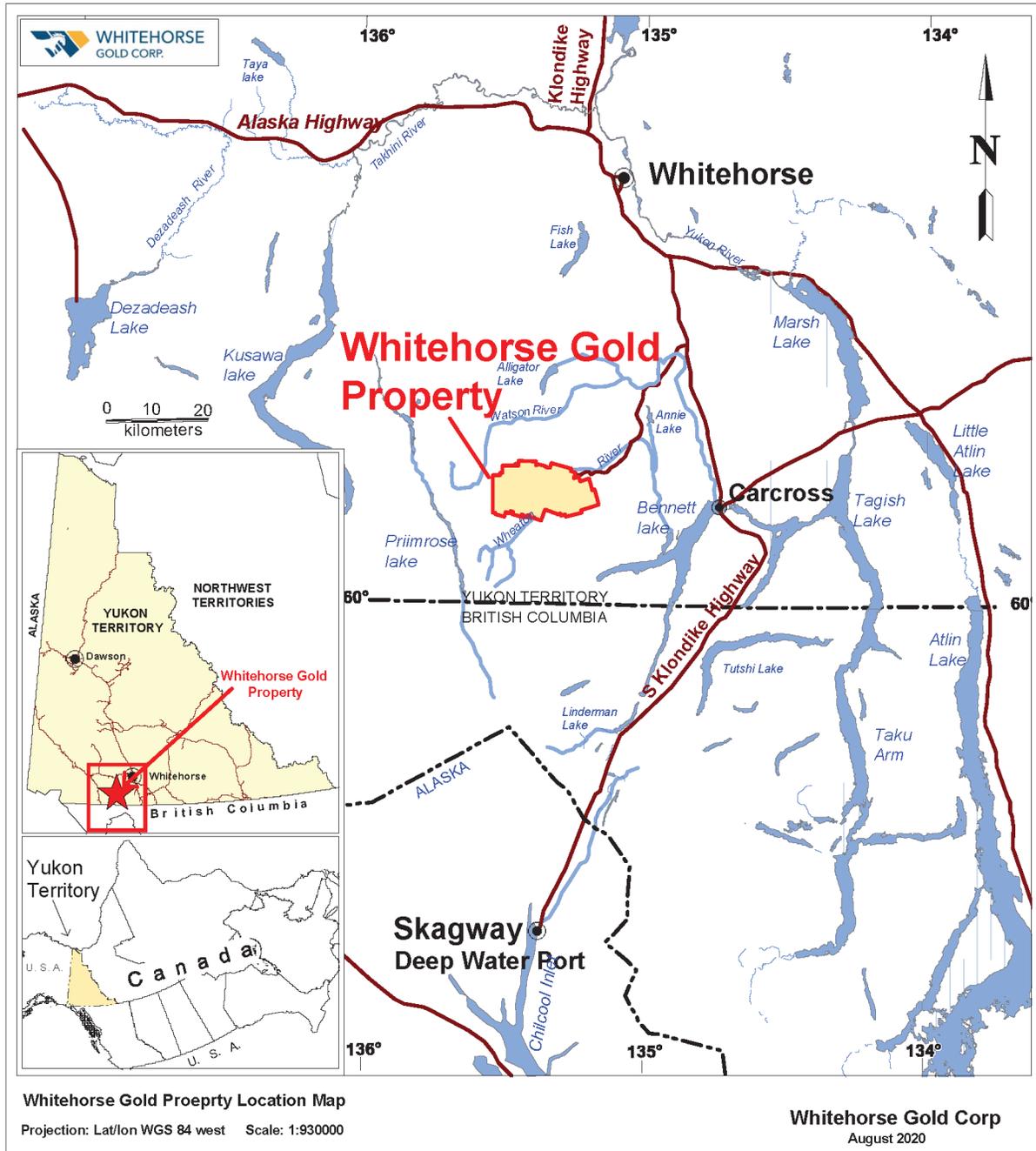
The Tagish Lake Gold Project is considered Whitehorse's material property. The most recent technical report on the Tagish Lake Gold Project filed in accordance with NI 43-101 is the technical report prepared by Ronald G. Simpson, P. Geo, of GeoSim Services Inc. dated effective as of October 1, 2020 entitled "Skukum Gold-Silver Project – NI 43-101 Technical Report – Whitehorse Mining District, Yukon Territory, Canada" (the "**Tagish Lake Gold Project Technical Report**").

The disclosure set out below (with the exception of the heading "*Proposed Timetable for Phase I Work Program*") regarding the Tagish Lake Gold Project (also referred to as the "**Property**" in this section) is based on, without material modification or revision, the disclosure in Tagish Lake Gold Project Technical Report, which has been incorporated by reference into this Listing Application. The Tagish Lake Gold Project Technical Report is available for review under Whitehorse's SEDAR profile at [www.sedar.com](http://www.sedar.com). The Tagish Lake Gold Project Technical Report contains more detailed information and qualifications than as set out below and readers are encouraged to review the Tagish Lake Gold Project Technical Report in its entirety. The following summary is subject to all of the assumptions, information and qualifications set forth therein.

#### *Property Description and Location*

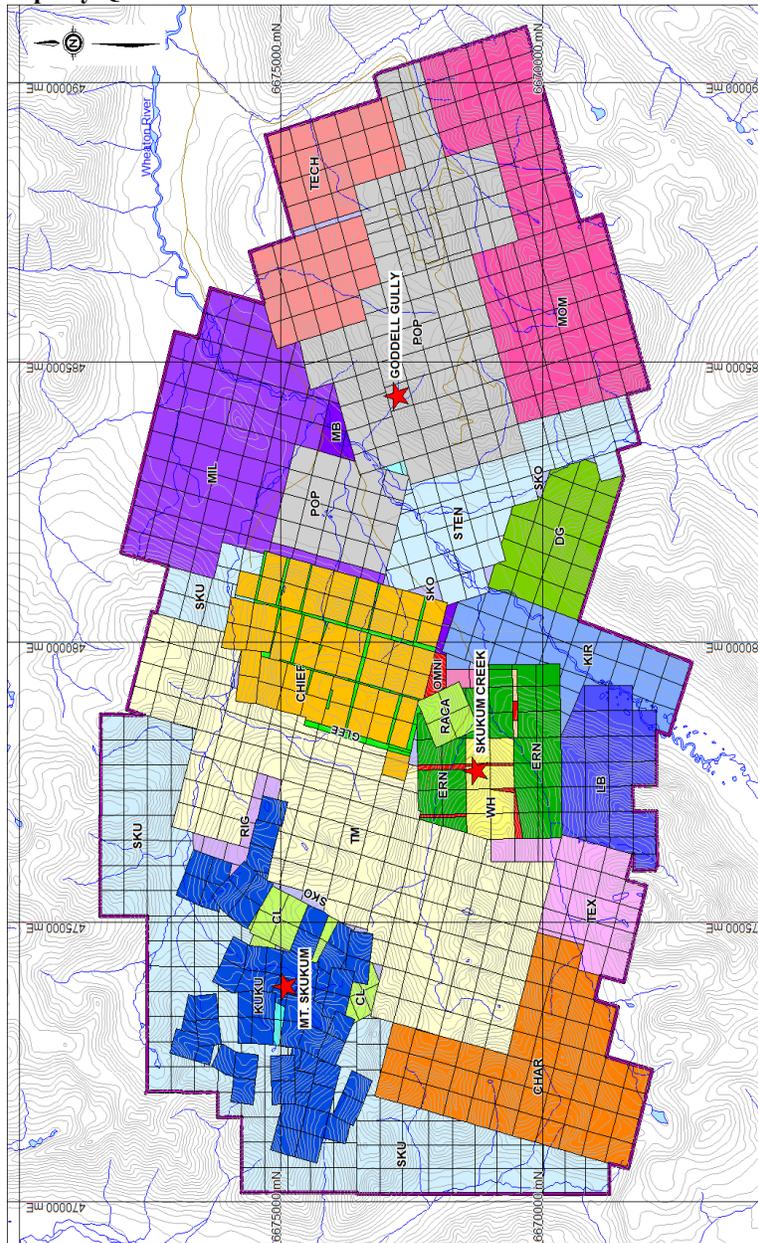
The Property is located approximately 80 kilometres south of Whitehorse, in the Whitehorse Mining District of the Yukon Territory, Canada (Figure 4-1). The Property's approximate center is 60°10'N latitude and 135°30'W longitude and falls on NTS mapsheets 105D03, 105D04, and 105D06.

Figure 4-1 General Location Map



The 170.3 km<sup>2</sup> Property consists of 1,051 full or fractional Quartz Mining claims which encompass the Skukum Creek gold-silver prospect, the Goddell gold prospect, the past-producing Mt. Skukum gold mine as well as a large number of gold showings (Figure 4-2). All Quartz claims are registered to Tagish Lake.

Figure 4-2 Skukum Property Quartz Claims



### Mineral Tenure

In the Yukon, all work undertaken on the surface for hard rock mineral claims and leases is regulated under the *Quartz Mining Act* (Yukon) through the Quartz Mining Land Use Regulation and is managed by the Mining Recorder's Office.

A mineral claim is a parcel of land located or granted for hard rock mining. A claim also includes any ditches or water rights used for mining the claim, and all other things belonging to, or used in, the working of the claim for mining purposes. The holder of a mineral claim is entitled to all minerals found in veins or lodes, together with the right to enter on, and use and occupy, the surface of the claim for the efficient and miner-like operation of the mines and minerals contained in the claim. Continued tenure to the mineral rights is dependent upon work performed on the claim or a group of claims. Renewal of a quartz claim requires \$100 of work be done per claim per year. Where work is not performed, the claimant may make a payment in lieu of work.

A Quartz Mining Lease is the most secure form of mineral title in the Yukon as the claims are held for a longer period of time (21 years instead of annually) and the claims are surveyed. A lease is applied for when a company is contemplating production and would like to advance their claims to lease. This relieves the company of the annual work requirement; there are, however, annual rental fees of \$200 per lease. Quartz Mining Leases are issued for 21 years and can be renewed for an additional 21-year term, provided that during the original term of the lease, all conditions of the lease and provisions of the legislation have been adhered to.

The Property consists of 1,051 contiguous quartz claims covering an area of approximately 17,030 hectares (Table 4-1) in the Whitehorse Mining District. All Quartz claims are in good standing and registered to Tagish Lake. The claims were first recorded between February 1971 and August 2011. Expiry dates range from April 28, 2021 to January 1, 2022.

**Table 4-1 Skukum Property Mineral Tenures**

<b>Claim Name</b>	<b>Claim Number(s)</b>	<b>Grant Number(s)</b>
CHAR	1-43	YC18781-YC18823
	44-52	YC19347-YC19355
CHIEF	2	YA74385
	12-27	YA74395-YA4410
	32-49	YA74415-YA74432
	52-68	YA74435-YA74451
CL	6-10	YC14135-YC14139
	13-18	YC14140-YC14145
	21-25	YC14148-YC14152
	29-30	YC14156-YC14157
DG	1-22	YB66982-YB67003
ERN	1-15	YA81543-YA81557
	16-22	YA85503-YA85509
	24-27	YA85511-YA85514
	30-33	YA85515-YA85518
GLEE	1-12	YA93875-YA93886
	16-20	YA93890-YA93894
	22	YA93896
	37-46	YA93911-YA93920
	59-80	YA93993-YA94014
KIR	1-33	YA92967-YA92999
KUKU	1-6	YA61199-YA61204
	9-21	YA61207-YA61219
	23-41	YA61221-YA61239
	43	YA61241
	45-48	YA61243-YA61246
	50	YA61624
	65-66	YA61639-YA61640
	97-100	YA61671-YA61674
	194	YA61768
	196-199	YA61770-YA61773
250-251	YA61824-YA61825	
282-283	YA61856-YA61857	
	22	YB97767
LB	1-13	YB67028-YB67040
	15-27	YB67042-YB67054
MB	1-3	YA94610-YA94612
MIL	1-69	YB67168-YB67234
MOM	3-10	YA81769-YA81776
	15-44	YA81781-YA81810

Claim Name	Claim Number(s)	Grant Number(s)
	47-48	YA81813-YA81826
	50	YA81816
	52	YA81818
	54	YA81820
	56	YA81822
	58	YA81824
	60	YA81826
	62-81	YA81828-YA81847
	82-89	YA82000-YA82007
OMNI	1-12	YA93743-YA93754
POP	1-14	Y5415-Y 75428
	15-70	YA81468-YA81523
	71-104	YA86194-YA86227
	101-102	YA93378-YA93379
	103-116	YA93382-YA93395
	117-118	YA94672-YA94673
PUP	29-30	YB97801-YB97802
	85	YA78390
RACA	8-11	Y 60275-Y 60278
RIG	1-8	YE33401-YE33408
SKO	1-3	YE32968-YE32970
	16-45	YE32983-YE33012
SKU	342-373	YE33259-YE33399
	378-406	YE33312-YE33342
	408	YE33342
	414-465	YE33348-YE33399
	480-495	YE33028-YE33043
	510-515	YE33058-YE33063
	516	YE54650
	517	YE33013
	518	YE33409
	700	YE33400
STEN	2	YA92923
	4	YA92925
	9-17	YA92930-YA92938
	19-45	YA92940-YA92966
TECH	1-4	YA82362-YA82365
	5	YB97764
	6	YB26465
	7-13	YA82368-YA82374
	14	YB97763
	15-18	YA82376-YA82379
	19-21	YA86013-YA86015
	22-40	YA92145-YA92163
TEX	1-22	YA92833-YA92854
TM	1-14	YB66868-YB66879
	16-20	YB66881-YB66885
	22-32	YB66886-YB66896
	35-117	YB66899-YB66981
	118-123	YC07981-YC07986
	126-133	YC07989-YC07996
TREE	1-5	YA82961-YA82965

Claim Name	Claim Number(s)	Grant Number(s)
WH	1-8	Y 75547-Y 75554

Royalties and Encumbrances

There are no existing royalties or encumbrances on the Property.

Permits & Environmental Liabilities

The Crown holds control of the surface rights on the Property, and as detailed under the heading "*Item 5 – Description of the Business – Tagish Lake Gold Project – Property Description and Location – Mineral Tenure*", Tagish Lake held claims and all work undertaken on the surface for hard rock mineral claims and leases is regulated under the *Quartz Mining Act* (Yukon) through the Quartz Mining Land Use Regulation and is managed by the Mining Recorder's Office.

The work permitting process in the Yukon is similar to the rest of Canada in that, although the claim holder has the right to explore for minerals, they must make all the necessary applications to Energy, Mines, and Resources and other environmentally applicable agencies prior to the commencement of work.

Exploration activities including drilling, trenching, blasting, cut lines, and excavating require a Mining Land Use Permit which must be approved under the *Yukon Environmental Socioeconomic Assessment Act* (Yukon). A Class I notification (number: C1Q00263 – Q2020\_0197) is currently in place for the Property and valid to July 14, 2021. The permit requires submittal of an annual report by March 31 of each year, summarizing activities performed in the preceding calendar year. Additional notification and permits including a new class 1 as well as a class 3/4 notification will be applied for as needed in support of planned expanded exploration activities in 2021–2022. If deemed necessary, a water license may also be obtained through the Yukon Water Board.

In 2019, New Pacific was issued a Directive from the Yukon Government Compliance Monitoring and Inspections ("YGCM") to stop the discharge of waste from the 1300 Portal at Skukum Creek. The discharge of waste was defined as the water leaving the 1300 portal, for which New Pacific did not have a Water License in place to cover this discharge.

New management of Whitehorse approached YGCM in July to discuss the issue and seek a resolution. Following numerous meetings, a meeting on August 25, 2020 led to an agreement between Whitehorse and YGCM whereby YGCM would issue a Directive to Whitehorse with compliance dates to be mutually agreed upon. At the meeting, stopping the discharge of waste was defined as either stopping the flow of water or treating the water so that it met the previous water license discharge limits. The previous water license under which the portal was developed was developed taking into consideration of the downstream assimilative capacity and the metal loadings in the receiving waters.

The YGCM has since issued the new directive and Whitehorse has until September 2021 to comply. Whitehorse is working with a water quality consultant on developing a suitable water treatment method to be implemented at the portal.

Comments on heading "*Item 5: Description of the Business – Tagish Lake Gold Project – Property Description and Location*"

The quartz claims held by Tagish Lake are valid and are sufficient to support estimation of Mineral Resources. To the extent known there are no other significant factors and risks besides noted in the report that may affect access, title, or the right or ability to perform work on the property.

## *Accessibility, Climate, Local Resources, Infrastructure, and Physiography*

### Accessibility

The Property can be accessed by 84 kilometres of all-weather road from Whitehorse, Yukon Territory. Road access from Whitehorse is gained by traveling southeastward on the Alaska Highway for 19 kilometres to Carcross Corner, then south on the South Klondike Highway a further 22 kilometres to the Annie Lake turnoff. The 28-kilometre Annie Lake road is a government-maintained 2 lane gravel road that heads west to the Wheaton River. From the Wheaton River Crossing, a 4-wheel drive ("4WD") non-maintained gravel road continues southwestward to the Property and on to the Tagish Lake camp. Total travel time from Whitehorse is approximately one hour and 15 minutes.

The camp is located in the north-central portion of the Property, from which numerous roads and trails provide final access to the individual deposits and showings. The last two bridges on the camp access road have been removed so access is currently limited to 4WD vehicles and is dependent on water levels. The permitting process has been initiated to restore bridge access to the camp. Alternatively, the Property can be reached by helicopter from the Whitehorse airport, which is 55 kilometres to the north-northwest of the Property.

### Climate

The region is semi-arid, with an average annual precipitation of 163 millimetres, primarily as rain during the summer. Snow accumulation rarely exceeds 150 centimetres. Temperatures range from  $-30^{\circ}\text{C}$  in winter to  $30^{\circ}\text{C}$  in the summer. Permafrost is prevalent throughout the area. North facing slopes are frozen year-round, with permanent snow-ice fields on the higher peaks, including Mt. Skukum. South facing slopes thaw to depths of rarely more than 1 metre during the summer. The operating season for exploration activities is typically from early May to early October.

### Local Resources and Infrastructure

The Property is located 84 km south-southwest of Whitehorse, with good vehicle access. This provides excellent access to an experienced and skilled labour force as well as the necessary services and suppliers required to support exploration programs. Whitehorse has a population of approximately 25,000 residents. Facilities include a commercial airport with regular air service through Air Canada and Air North airlines, fixed wing aircraft bases, two helicopter bases, a hospital, police station, service stations, grocery stores, accommodation, and restaurants. Industrial services include tire repair, propane sales, welding and machine shops, heavy equipment repair and rental, and freight and trucking companies. Heavy equipment and a mining-oriented labour force are available for contract exploration and mining work. Key industries in the region are tourism and mining. Currently access to the property is limited to 4WD vehicles and is dependent on water levels on Becker Creek and the Wheaton river. Bridges over these two water crossings have been removed. Access is also available via helicopter from Whitehorse.

The Property hosts the past producing Mt. Skukum gold mine. The past producing mine is located 9 kilometres from the mill on the northern flank of Mt. Skukum. There has been underground exploration and development undertaken on the Main Cirque, Lake and Brandy zones. The Main Cirque Zone portal is at an elevation of 1,635 metres, while the Lake Zone portal is at an elevation of 1,750 metres. Production was limited to the Main Cirque Zone.

While in production the mine facilities consisted of a mill with a 270 tpd capacity, a service complex, a camp facility, a tailings pond and electric generators (Figure 5-1 and Figure 5-2). The camp facility and electric generators were removed when the mine closed in 1988. The tailings pond dam was breached to prevent accumulation of surface water behind the structure. Topography is suitable for expansion of the estimated 700,000 tonne-capacity of the tailings pond, or for this area to be used for waste rock storage. However, no recent (post-2012) engineering studies have been undertaken and there is no guarantee that the areas for potential mine waste disposal, or water treatment and processing plants will be deemed viable for future mining operations.

Figure 5-1 Camp and Mill Site – July 2011

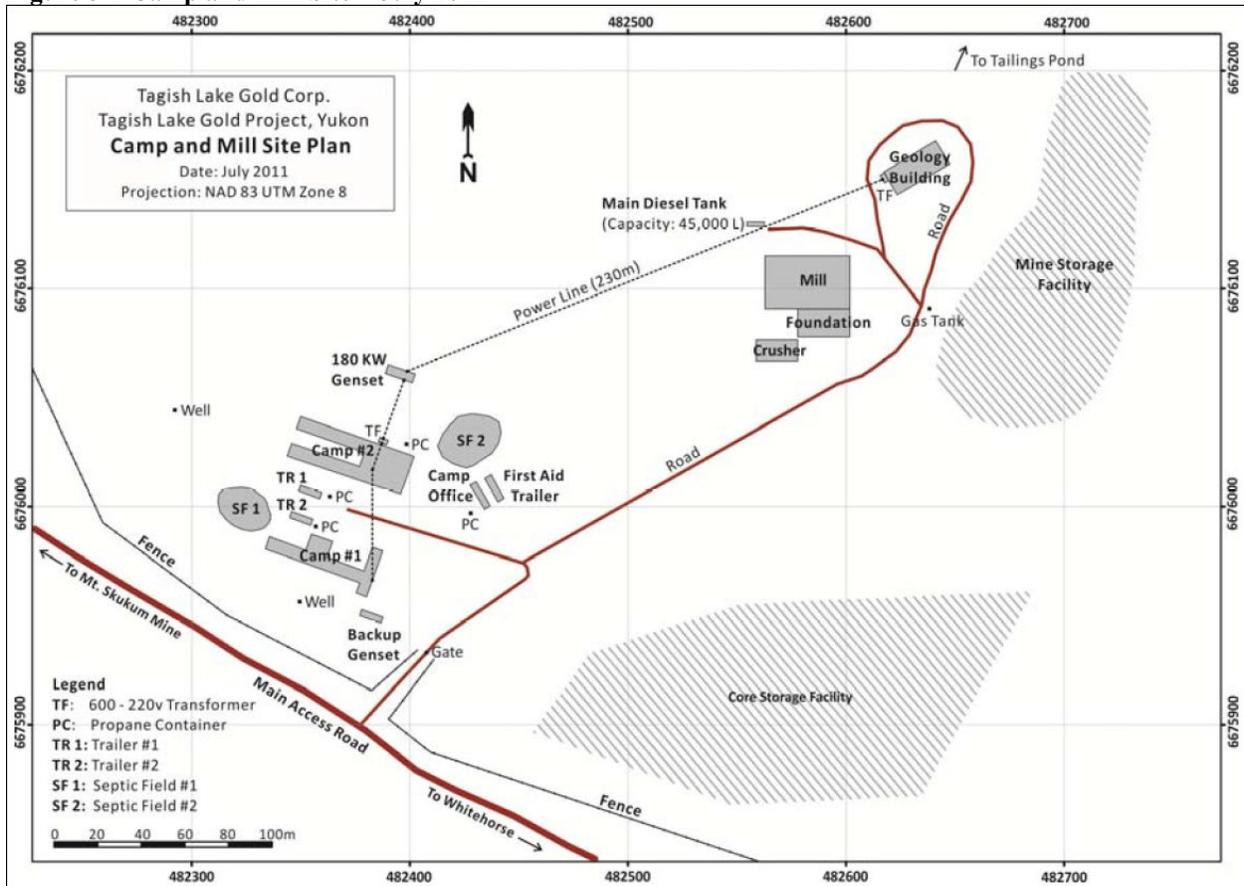


Figure 5-2 Photo of Mill Complex - July 2013



Exploration drifts were driven on the Skukum Creek prospect and the Goddell Gully prospect. These underground workings were used to assist in the exploration of the mineralized zones at depth.

At Skukum Creek, an adit has been driven at the 1,300 metre elevation in the footwall and parallel to the Rainbow Zone and affords access to the Rainbow, Kuhn, Rainbow 2 and Berg Zones. The distance from the portal to the end of the workings in the Rainbow 2 Zone is approximately 1,040 metres. Drifting has been completed along the Rainbow, Kuhn, Rainbow 2 and Berg Zones. Various facilities, such as a maintenance shop, water supply sump, and drainage have been established on that level. An adit has also been driven at the 1,350 metre elevation of the Rainbow Zone which provides a drift of 200 metres in length, a footwall cross-cut, and drawpoints connecting the two. A decline driven at -15% from the 1,300 level provides access to the 1,275, 1,250, and 1,225 levels. A raise connects the 1,300 and 1,350 levels in the Rainbow Zone and a vertical ventilation raise connects all levels with the surface at an elevation of approximately 1450 metres. Two raises connect the 1300 and 1350 levels within the Rainbow and Kuhn main mineralized zones. The latter provides the only access to the 1350 sub-level within the Kuhn Zone. Raises have been initiated at the Rainbow 2 and Berg Zones.

At the Goddell prospect, a decline was driven at -15% from approximately the 1,015 metre elevation on surface down to the 900 metre elevation in 1996. The purpose of the decline was to provide a location for diamond drilling to further test the prospect at depth.

A site office and trailer camp that accommodated 25 people in previous exploration programs, was expanded in 2011 to accommodate 50 people. The existing core yard has been expanded for additional storage of up to 100,000 metres of core. A 180 kilowatt (kW) diesel generator installed in May 2011, was the main electrical power source for the camp, with two 40 kW standby generators. After 2011 all generators were removed. The camp facility has two water wells that have previously served as the primary water source.

Since 2012 the site has remained on care and maintenance. In November 2014, the camp was shut down completely due to bridge damage and two bridges leading to camp have been removed. In 2015, further cleanup of the site included the sale of old vehicles and equipment.

### Physiography

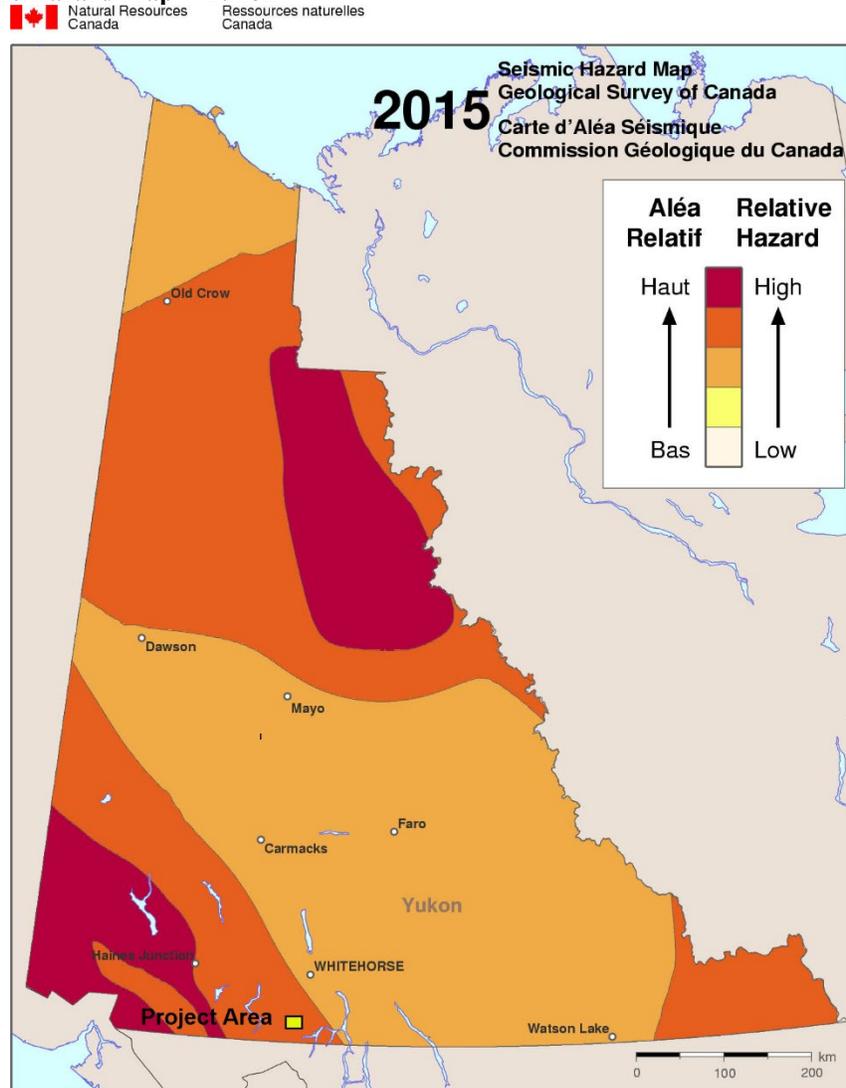
The Property is located within the Boundary Ranges of the Coast Mountain physiographic division. Topography covered by the claims is characterized by steep, rugged mountains. Elevations on the property range from 1,000 metres up to 2,260 metres above sea level. The Wheaton River valley is broad and flat, flanked by steep mountain slopes. Mountaintops consist of mainly rolling, high upland plateaus covered with glacial till and felsenmeer. On a regional scale, outcrop exposure is relatively uncommon.

Valley bottoms are typically underlain by glaciofluvial sediments, with a thickness in excess of 5 metres. Lower slopes above the valley floor are draped by colluvial apron sediments. Slopes above the valley floor to the tree line are populated by forests of spruce, balsam fir, poplar and willow. The tree line occurs at approximately 1,350 metres and above this elevation alpine grasses, low shrubs and a variety of mosses prevail.

### Regional Seismicity

The Property is located in the south western Yukon where the level of recorded historical seismic activity is moderate to high (Figure 5-3).

Figure 5-3 Seismic Hazard Map – Yukon



### History

#### Historical Exploration and Development

The Property has been the subject of exploration activities, and some production mining at Mt. Skukum, over its history. The history of work is difficult to follow, as the Property has undergone many ownership changes and wide-ranging exploratory work has been completed on many parts of the Property, ranging from regional geochemical surveys to detailed drilling and underground exploration and development. Exploration and development are principally linked to the three known deposits of the Property, namely Mt. Skukum, Skukum Creek and Goddell Gully. The only production mining on the property occurred at the Mt. Skukum deposit, detailed below. Skukum Creek and Goddell Gully have exploratory underground workings and underground drilling however neither deposit nor any other prospect on the property has had any significant mineral production. These deposits as well as other notable prospects and showings are presented in Figure 6-1 and described below.

#### *Mt. Skukum (Lake Zone)*

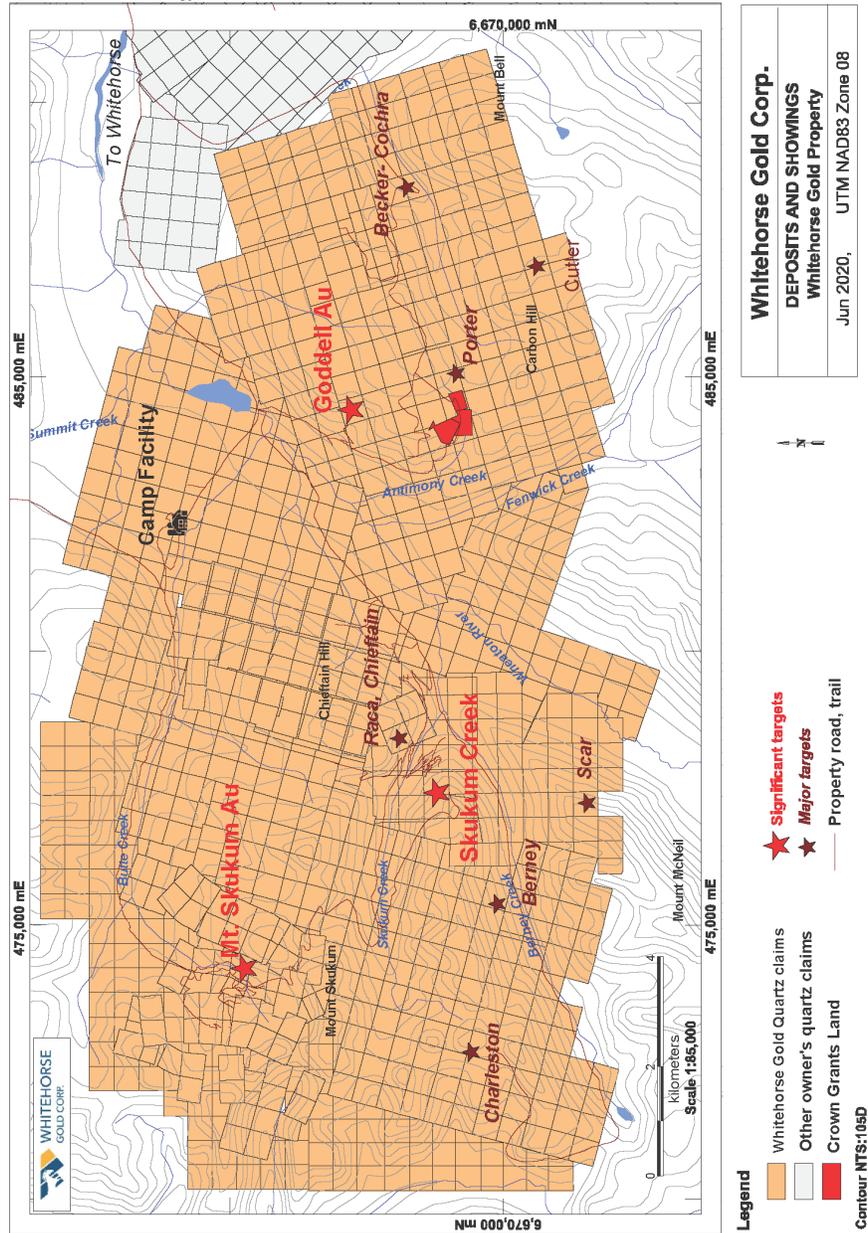
In 1980, Agip Canada Ltd. ("Agip") conducted a regional reconnaissance level stream sediment sampling survey which located a strong gold anomaly at the head of Butte Creek. This area was staked in 1981 and subsequent

exploration by Agip delineated five more strong gold-in-soil anomalies in the area of the Cirque Zone. In 1984, a joint-venture agreement between Erickson Gold Mines Ltd (later, Total Erickson / Total Energold) and Agip was completed to develop a mine and mill. In 1984, an adit was driven into the Main Cirque Vein (Mortimer, 1987).

Production mining was carried out between February 1986 and August 1988. During this period a total of 233,400 tons of ore were processed in the plant, recovering approximately 2,481 kilograms (79,750 tr. oz.) of gold (Total Energold, 1999).

The Lake Vein (or Lake Zone) was discovered in 1982 as the regional exploration program in the Mt. Skukum Complex was expanded. At the Lake Zone, drilling up to 1988 delineated three vertically plunging shoots of gold bearing vein material within a mineralized structure; approximately 550 metres in strike length. Regional prospecting suggested the host structure continues to the south, although in this region it is covered by talus.

Figure 6-1 Deposits and Showings



There were various versions of historical mineral reserve estimates of the Mt. Skukum deposit. The most frequently cited historical reserve estimate is an unpublished report by Macdonald of Agip in 1988 regarding the Lake Veins. There was inadequate supporting data for the author to validate the estimate and the author does not consider the estimate to be reliable for public disclosure. The Lake Veins are mentioned in this section for the sole reason that the prospect has high exploration potential in the Lake Veins area.

The Brandy Zone was identified in 1982 by soil geochemistry and prospecting. Between 1983 and 1988, a total of five veins were encountered by diamond drilling and trenching (Westervelt, 1988).

Many other smaller veins and anomalous zones are also known. Though generally small and of limited strike potential, some carried substantial gold and silver grades. Examples in the immediate Mt. Skukum area include the Fox, Pika, Marmot, Wolverine, Wanda, K-9, Falls, and Gully Veins (Naas, 2002). Surface geochemical and geophysical surveys, as well as diamond drilling have been performed by Mount Skukum Gold Mining Corporation ("MSGM") over these veins and zones. Exploration was also carried out in the Chieftain Hill and Charleston areas and is discussed under the heading "Item 5: Description of the Business – Tagish Lake Gold Project – History – Historical Exploration and Development – Other Areas".

A summary of the drilling performed during the Agip/Total Erickson/Total Energold/MSGM period is presented in Table 6-1 (Zhang, 2012).

**Table 6-1 Summary of Drilling – Mt. Skukum (1982-1989)**

Total Number of Drill holes completed	Total amount of drilling completed (m)	Years of Drilling	Target Zones	Companies Involved
29	3,325.80	1982	Main Cirque	Agip
40	4,380.52	1983	Main Cirque, Brandy	Agip
61	6,097.50	1984	Brandy, Cirque, Lake	Agip
6	168.42	1985	Cirque	Ericson
72	8,864.96	1986	Brandy, Cirque, Lake	Mount Skukum Gold Mining
153	17,125.47	1987	Evening, Ocean, Midnight, Pika, Falls, Lake, Cirque, Fox, Wunder, Brandy, Gully	Mount Skukum Gold Mining
106	12,373.45	1988	Ocean, Morning, Pika, Tango, Lake, Cirque, Fox, Kiwi, Brandy, Sulphide	Mount Skukum Gold Mining
14	3,214.73	1989	Ocean, Tango, Goat	Mount Skukum Gold Mining
3	576.38	1991	Ocean	Wheaton River Mineral
5	608.08	1997	Ocean	Omni

In 1991, Wheaton River Minerals Ltd. ("**Wheaton**") purchased 100% of the Mt. Skukum claim group and the 270 tpd mine from MSGM. Wheaton completed three diamond drill holes totaling 576.38 metres targeting the Ocean Vein (Naas, 2003).

In September 1993, Wheaton negotiated an agreement with Omni Resources Inc. ("**Omni**"), whereby Omni could acquire all of Wheaton's claims within a 10-mile radius of Omni's Skukum Creek property (which would include the Mt. Skukum deposit). The option was for 12 months and called for a cash payment of \$400,000 by Omni to Wheaton.

Omni never exercised this option, but Wheaton agreed that Omni would have right of first refusal on the Mt. Skukum claims if Wheaton decided to sell its interest any time in the future (Naas, 2001).

In September 1994, Omni purchased a 100% interest in the 820 Mt. Skukum claims plus the 270 tpd mill for 1,600,000 shares of Omni together with \$300,000 which would be paid out of smelter return proceeds of \$3.00 per dry ton from ore processed at the MSGM mill (Naas, 2001). It is not known if the purchase was completed through an exercise of Omni's right of first refusal.

From 1995 to 1999, Omni added to their claim package in the Mt. Skukum area through claim staking (Naas, 2003). Omni completed 5 diamond drill holes in 1997 totaling 608.08 metres targeting the Ocean Vein. In August 2000, Trumpeter Yukon Gold Inc. ("**TYG**") conducted a one-day traverse in the Mt. Skukum area for purposes of assessment credit. Three rock samples were collected with no significant results obtained (Naas 2000). In November 2000, TYG amalgamated with Omni to form Tagish Lake. In 2001, Tagish Lake relocated and resampled several of the smaller veins in the Mt. Skukum area. A total of 50 rock samples and one silt sample were collected. Sampling reportedly confirmed historic grades (Naas, 2003).

As part of the Tagish Lake's 2003 exploration work, a data compilation program of the Lake Zone drilling was carried out to capture the data into digital format for future use (Naas, 2004a). Only drilling pertaining to the Lake Zone was digitized at that time. In 2009, rock sampling was carried out as part of a Property wide geochemical sampling program by Yukon-Nevada Gold Corp. and Northwest Geological Exploration and Mining Bureau for Non-Ferrous Metals of the People's Republic of China ("**NWME**") personnel.

#### *Skukum Creek*

The Skukum Creek area was originally staked in 1922 to cover anomalous gold and antimony showings and included driving a 41-metre adit and considerable trenching (Forster et al, 1986). In 1930-1931, J Stenbraten improved road access, conducted trenching and drove a 30-metre adit. In 1964, Yukon Antimony Corporation became interested in the area for its copper and antimony potential. Between 1964 and 1967, Yukon Antimony staked claims in the area, including ground covering the veins at Skukum Creek. Work included the construction of a road to gain access to the main showings and to explore the veins with several bulldozer trenches. The Skukum Creek area was staked again in 1973 by W. Kuhn for El Paso Mining and Milling Company who mapped and sampled in 1974 but returned the claims to Kuhn in 1976. In 1977 Com-Am Resources acquired the claims, marked out a new grid and resampled old trenches. In 1980, the claims were transferred from Kuhn to Skukum Gold Inc. ("**Skukum Gold**") and subsequently transferred in 1984 to Omni (Robinson, 1988).

In 1985, Omni undertook a detailed exploration program at Skukum Creek. Work included geological mapping, trenching, soil sampling, diamond drilling and reverse circulation drilling which outlined ten anomalous gold zones, including the Rainbow, Kuhn, Ridge and Sterling zones (Forster et al, 1986). During the 1986 field season, the focus was on diamond drilling and detailed mapping of the Rainbow, Kuhn, and Sterling zones. Fifty-three (53) diamond drill holes totaling 8,301 metres were drilled (Montgomery, 1987). In January 1987, an adit was collared at the 1,300 metre elevation level. Between April and July, 823 metres of underground work was completed. A 2.8 metre by 3.5 metre adit was driven along the footwall side of the Rainbow Zone and extended to the Kuhn Zone. Two crosscuts were driven through the Rainbow Zone to provide access to the mineralized horizon and to provide a location for underground diamond drilling from the hanging wall side of the vein. A total of 7,446 metres of diamond drilling in 80 drill holes tested the Rainbow and Kuhn Zones in 1987 (69 underground and 11 from surface) (Robinson, 1988). In 1988, Skukum Gold and Omni entered into a joint venture to bring Skukum Creek to production. Underground work in 1988 included 1,571 metres of tunneling which included a decline from the 1,300 metre level to the 1,218 metre level; collaring and driving the 1,350 metre level at Rainbow; driving a raise at Kuhn from the 1,300 metre level to the 1,350 metre level; drifting and sampling along the Rainbow and Kuhn veins at the 1,300 metre and 1,350 metre levels; and diamond drilling.

A total of 1,416 metres of diamond drilling in 13 drill holes tested the Kuhn, Rainbow and Sterling Zones from underground. At surface, 24 diamond drill holes totaling 5,165 metres tested the Kuhn and Sterling Zones. Surface mapping and geophysical surveying were conducted at the Taxi Zone.

Bacon, Donaldson and Associates carried out metallurgical testing of the Skukum Creek mineralization in 1988 initially under the direction of Orocon Inc. and later under the direction of Melis Engineering Ltd. ("**Melis Engineering**"). Testing determined that the optimal treatment would be cyanidation of ground up mineralization followed by flotation of a bulk sulphide concentrate from the cyanide tailings resulting in gold recoveries of 90-98% and silver recoveries of 93-98% (Wong and Beattie, 1988).

In June 1991, the Property reverted back to Omni, as Skukum Gold failed to uphold its portion of the joint venture agreement to put the property into production. In August of 1991, Wheaton purchased the assets of Mt. Skukum Gold Mining Corp., which included the neighboring Mt. Skukum property and mill. Wheaton also entered into an agreement with Omni to purchase the Skukum Creek property with the intent to bring the property into production. In 1993, Wheaton contracted Melis Engineering to determine if bioleaching could be used for pre-treatment of flotation concentrate ahead of cyanidation as a means of recovering refractory mineralization from Skukum Creek. Results of this testwork reported recoveries of 92% for gold and 95% for silver (Melis, 1993). By 1994, Wheaton backed out of this agreement and the Skukum Creek claims, along with the Mt. Skukum claims and mill, were transferred to Omni.

In 1995, Omni acquired a 70% interest in the nearby Goddell property from Arkona Resources. With this acquisition, Omni had consolidated three gold deposits and numerous gold showings into a single property, now referred to as the Skukum property. In 1996, TYG negotiated an agreement with Omni in which TYG could acquire 50% interest in Omni's Skukum property. The option was exercised in 1997. During 1996, Omni de-iced and de-watered the underground workings at Skukum Creek and drove a 100-metre-long drift off the 1,225 metre level crosscut to provide a location for diamond drilling. Fifteen drill holes totaling 1,647 metres tested the down dip extension of the Rainbow Zone. The results of the program extended the mineralized zone 40 metres to 170 metres deeper to the 1,050 metre elevation. In 1997, seven surface diamond drill holes totaling 2,739 metres tested the Ridge and Rainbow East Zones. At the Ridge Zone, a new mineralized horizon named the Ridge 2 Zone (also reported as Zone 2) was discovered. At the Rainbow East Zone, 350 metres to the northeast of the Rainbow Zone, drilling encountered mineralization similar to that at Rainbow (Omni referred to this zone as the Raca, but was changed to Rainbow East in 2002, so not to confuse the showing with the original Raca copper showing, 500 metres to the northeast). Also, during 1997, B.Y.G. Natural Resources Inc. contracted Process Research Associates Ltd. to carry out a preliminary flotation/cyanide leach study on Rainbow Zone mineralization. Overall recoveries were 88.7% for gold and 90.7% for silver. It was suggested that some of the gold and silver were refractory and therefore recommended investigation into pretreatment by bio-oxidation or pressure oxidation before cyanidation (Tse, 1997). In 1998, exploration consisted of geological mapping, contour and grid-controlled soil sampling, HLEM geophysical survey and diamond drilling at favorable mineralized targets identified by previous exploration programs. A total of 56 rock and 164 soil samples were collected. Five drill holes totaling 1,321.90 metres tested the Taxi (1), Golden Eagle (1), Bonanza (1) and Polaris Zones (2). Although highly anomalous values were returned from the rock and soil sampling, no significant results were obtained from the drilling program (Wesa, 1998). In 1999, Tagish Lake consolidated the Property information through a data compilation program. This was followed by resource estimation carried out by Micromine Pty. of Perth, Australia, and reported in Naas and Rodger (1999). As part of this work, Laurion Consulting Inc. of Vancouver was contracted to undertake metallurgical studies on reject material from a drill core grade verification study (Fox, 1999). Results showed that a flotation concentrator and cyanide leach plant would give a 75% gold recovery and 72% silver recovery. Using a pressure oxidation system, the gold and silver recovery would increase to around 92%.

In 2001, Tagish Lake undertook a program of detailed geological mapping and sampling in the Taxi Zone, reconnaissance sampling in the Raca Zone and surface diamond drilling in the Ridge Zone (four drill holes, 1,502.35 metres). Rock sampling in the Taxi Zone of well-mineralized veins returned significant precious metal grades. In 2002, Tagish Lake rehabilitated the underground workings and carried out 2,502.52 metres of underground diamond drilling in 15 drill holes on the Rainbow, Sterling and Kuhn Zones. Drilling of the Sterling and Kuhn Zones confirmed structural interpretation of the deposit, as well as continuation of the Kuhn Zone mineralization shoot. Coincident with this work was a regional structural and alteration study, as well as surface and underground mapping and sampling (Naas, 2003). In 2002, MineTech International Limited ("**MineTech**") was commissioned to complete a resource estimate of the gold resources for the Skukum Property, including Goddell Gully. Details of this estimate are presented under the heading "*Item 5: Description of the Business – Tagish Lake Gold Project – History – Historical Mineral Resource Estimates*". During 2003, 1,054 cubic metres of slashing was carried along the main drift on the 1,300 metre level. The drift was slashed from the portal to a position near the first drill station on the Kuhn crosscut, a linear distance of approximately 420 metres. A new drift was collared at this point and driven 166 metres southwest. During the work, a new shear zone hosting quartz-sulphide vein was encountered and named Rainbow 2 Zone. Subsequently,

a further 60 metres was driven to accommodate a remuck bay and a diamond drill station. A total of 248 metres was drilled in 5 holes from two locations. Results from drilling confirmed the high-grade nature of the vein along strike and dip, though in places the vein appears to have been replaced by a post-mineral dyke.

The 2005 exploration program on the Skukum Creek gold-silver prospect, completed between February 22 and May 1, 2005, included 913 metres of underground diamond drilling in 14 drill holes with minor detailed underground geological mapping. A total of 620 metres of underground diamond drilling in twelve holes was completed on the Rainbow 2 Zone to determine the continuity and grade of mineralization discovered in 2003 while completing an underground drift to provide drill access to the Ridge Zone (Ridge Access Drift). More detailed mapping of the drift exposure, at a scale of 1:100, was undertaken for correlation with the drill data. Two underground diamond drill holes, totaling 293 metres, were completed to verify the depth extent of mineralization in the northeastern Kuhn Zone, a similar sub-parallel dilational shear zone to the Rainbow 2 Zone.

During the spring of 2006, the access drift situated on 1,308 metre level was extended for an additional 400 metres further southwest to establish drill platforms for underground drilling to trace southwestern extensions of the Rainbow 2 and Kuhn mineralized zones. Underground diamond drilling was completed between May 25 and November 7, 2006 and consisted of underground diamond drilling of 72 holes (SC06-39 through SC06-110) from 16 drill stations totaling 6,445.44 metres and with collection of 2,384 core samples. Geological mapping of the underground workings was also carried out (Naas, 2007). The drill program was designed to trace the Rainbow 2 mineralized zone further west-southwest, with a goal to delineate new resources in this zone by determining the continuity and grade of mineralization. During this program designated drill holes would be extended with the goal of verifying the extent of mineralization in the west-southwestern part of the Kuhn Zone. This drilling would also be used to explore the areas between the Rainbow 2 and Kuhn Zones, which included testing the newly discovered Berg Zone (Naas, 2007). A metallurgical test program was completed by Cantest Ltd. of Burnaby, BC. Tests included grinding and flotation to produce bulk sulphide concentrates, as well as cyanidation of the flotation concentrates to determine gold and silver recovery. Additional tests included cleaner flotation to evaluate possible concentrate quality, and ore characterization tests, including head assays, acid base accounting for environmental issues, specific gravity and bond work index determination. Settling tests were also conducted on flotation tailings. Test results are summarized below (O'Connor, 2006):

- Flotation Recovery: gold 96%, silver and lead 88%, zinc 84%;
- Grade of concentrate: 75g/t Au, 3000 g/t Ag, 7% Pb and 5% Zn; and
- Cyanidation of concentrate: up to 90% for gold and 87% for silver from concentrate.

In November 2006, Tagish Lake again contracted MineTech to complete an update of the resource of the Skukum Creek deposit based on additional drilling carried out in the Rainbow 2 and Berg Zones since the 2003 resource estimate. Details of this estimate are presented under the heading "*Item 5: Description of the Business – Tagish Lake Gold Project – History – Historical Mineral Resource Estimates*". During 2007 and 2008, Tagish Lake continued to focus on expanding the potential in the Rainbow 2 and the Berg Zones. This involved further drifting in both the footwall access and along the Rainbow 2 and Berg Zones. Approximately 570 metres of drifting in this area was completed during 2007. Mapping and sampling of the Rainbow 2 and Berg drifts was also carried out. Underground diamond drilling followed with a total of 16 drill holes (SC07-111 to SC07-126) from two drill stations, for a total of 2,125.98 metres and 559 samples collected (Note: SC07-124 to SC07-126 were completed in early 2008). No technical report of the work conducted during this time was available to the author. Details are based on Tagish Lake news releases and a memorandum supplied by New Pacific. Assay plans and a geological plan map of the workings were also made available by New Pacific. Concurrent with the exploration Tagish Lake requested EBA Engineering Consultants Ltd. to prepare a feasibility level Tailings Management Plan for the Skukum Property. The plan outlines containment of the ten-year mine life tailings that requires the construction of three tailings containment structures and two spigot discharge structures prior to commencement of mill processing operations and placement of tailings (EBA, 2007). Additionally, metallurgical testing and rock characterization study was conducted by Process Research Associates (PRA). The work was done as part of the variability program for the Skukum Creek deposit. Samples from the Rainbow 2 and Berg Zones were taken to confirm test procedures developed for the Rainbow Zone. The rock

characterization included physical and chemical determinations and environmental analysis. The results suggest that these waste rocks will not be the source of detrimental environmental effects (PRA, 2007).

Table 6-2 presents a summary of the exploration work carried out on the Skukum Creek deposit prior to 2011 (Zhang, 2012)

**Table 6-2 Drilling and Drifting - Skukum Creek Deposit (1985 - 2008)**

Total Number of Drill holes completed	Total amount of drilling completed (m)	Years drilling and/or underground development completed	Amount of Drift Completed (m)	Companies Involved
23 (s)	2,322.61 (s)	1985	0	Aurum
55 (s)	8,301.47 (s)	1986	0	Aurum
69 UG and 11(s)	2,624.03 (s)4,821.97 (UG)	1987	823; collar the 1300m portal	Aurum and Omni Resources Inc.
13 UG 24 (s)	1,416 (UG)5,165 (s)	1988	1,571; collar the 1350 m portal	Skukum Gold Inc. and Omni Resources Inc.
15 UG	1,647 UG	1996	100	Omni Resources Inc.
7 (s)	2,739 (s)	1997	ND	Omni Resources Inc.
5 (s)	1,321.9 (s)	1998	ND	Omni Resources Inc.
4 (s)15 UG	1,502.35 (s)2,502.52 UG	2001	ND	TLGC
5 UG	248 UG	2003	586	TLGC
14 UG	913.4 UG	2005	ND	TLGC
72 UG	6,446.21 UG	2006	400	TLGC
13 UG	1,783.4 UG	2007	570	TLGC
3 UG	342.6 UG	2008	0	TLGC
<b>TOTALS 129 (s)219 UG</b>	<b>23,976.36 (s)20,121.1 UG</b>	<b>1985-2008</b>	<b>4,050</b>	<b>Various</b>

*Goddell Gully*

First recorded exploration in the Goddell area was in 1898 with the discovery of the Porter and Empire Showings, followed in 1906 with the discovery of the Becker-Cochran and Goddell antimony showings.

The Porter-Fleming and Becker Cochran Showings are located some 1.7 and 3.8 kilometres, respectively, from the current Goddell Gully gold deposit, but their history of exploration are often linked and have been included within this section. This area of the property has also been referred to as Carbon Hill and includes the aforementioned showings, as well as other areas including Antimony Creek, Horseshoe Gulch and Goldpan Gully.

At the Porter-Fleming Showing, trenching was undertaken between 1898 and 1905 but no records of results of this work were found. From 1906 to 1915, 335 metres of underground development was carried out. A short adit was driven at the Goddell Showing at this time and some trenching completed between 1906 and 1910. The Becker-Cochran Showing had been worked intermittently between 1906 and 1940. Trenching and two short adits were driven with lengths quoted as 30.5 metres and 27.4 metres. Work was also performed at other showings on Carbon Hill in this same time period although detailed reports are missing. These include hand trenching at the Carbon Showing and hand trenching at the Empire Showing.

Between 1964 and 1967, Yukon Antimony acquired or staked claims over Becker-Cochran, Goddell, and Porter-Fleming Showings. At Becker Cochran, exploration over this period included 567 metres of diamond drilling and driving of three adits on two levels that totaled 160 metres of crosscuts and 270 metres of drifting. The second level is 46 metres below the uppermost. Work at the Becker-Cochran Showing defined a mineralized antimony-bearing shear zone approximately 350 metres long. Widths varied 1.5 metres to 7 metres and a vertical extent of 120 metres was reported (Hylands, 1966). Underground maps reveal that as many as three parallel zones coexist in a sheeted

fashion. Cross cutting late dykes and faults were estimated to represent 30% of lateral development and caused mineralized systems to be lost for substantial distances.

A trench was excavated using both a bulldozer and shovels during 1964. It measured 7 by 3 metres. Sampling in this trench returned antimony values ranging from 2.5% to 27.5% (true width of the sampled structure is not known). The material was both mineralized gouge and quartz vein bearing stibnite. Arsenic red and yellow stains were pervasive. A bulk sample was collected from the trench and sent out for independent metallurgical test-work at two laboratories, reported head grades from the two labs were 9.52% and the other at 11.78% antimony, results from the testwork are unknown (Hylands, 1966). Berglynn (now Arkona) staked the Becker-Cochran area in 1974 and optioned the property to Belmoral Mines the same year. Belmoral conducted mapping, geochemical sampling and reserve calculation drilling. In 1976, Con-Am Resources Ltd. ("**Con-Am**") optioned the property and carried out a 1,255.5 metre diamond drilling program the following year on the stibnite mineralized zone at Becker Cochran and the Empire Showing. Con-Am also staked the Goddell area in 1976 (Con-Am, 1977).

In 1984, Berglynn staked claims from Goddell to Becker Cochran, as well as ground to the south on Carbon Hill. During the same year, the three Crown Grants over the Porter veins were purchased by B. Wilson, who then also staked several claims surrounding the Crown Grants. The Crown Grants were transferred to Skukum Gold in 1989. In 1985, Berglynn completed a 1,632 soil sampling program that covered a 3.4 by 4.9 kilometre area from Goddell Gully to Becker Cochran. Five anomalous areas were defined with gold values in the 600 to 1,500 ppb Au range (Doherty, 1986). The anomalies are distinct and covered areas of approximately 900 by 200 metres in mostly overburden covered areas of gentle topography. One gold-antimony anomaly was localized over the Becker-Cochran antimony showing, the others were located in areas far removed from previously known mineralization (Hulstein, 1986). Stream sediment and talus fine samples were collected from the MOM claims (located south of the Goddell and Becker-Cochran Showings). Three consecutive talus fine samples anomalous gold values in one area of shearing and rhyolite dykes within altered granodiorite on the west face of Carbon Hill (Garagan, 1987). In 1986, a program of geological mapping and rock sampling was designed to follow-up on the five anomalies outlined from the previous soil sampling survey. Adit No. 3 at the Becker-Cochran Showing and the Goddell adit were rehabilitated for mapping and rock sampling. Sampling within the Becker-Cochran adit returned background gold values (Garagan, 1987). In 1987, an exploration program was undertaken to assess the previously determined targets and work them to a drill target stage, then test the high priority targets by diamond drilling. Prior to drilling, a VLF-EM survey was undertaken along roads over the Goddell Fault extensions. At Goldpan Gully, 4.1 kilometres of VLF-EM surveying was undertaken along grid lines spaced 100 metres apart. Bulldozer trenching was undertaken at Horseshoe Gulch, from which 29 samples were taken (Coster, 1988). Eleven drill holes totaling 2,854.47 metres tested the Goddell Fault at relatively shallow depths (920-1280 metres elevation) along a strike length of 250 metres. Three drill holes totaling 818.08 metres tested the Horseshoe Gulch area, but returned low gold values. Two drill holes totaling 483.72 metres tested the Goldpan Gully area, but results returned low gold values and failed to explain the VLF-EM and geochemical anomalies (Coster, 1988). Drilling in 1988 tested the structure as deep as the 800 metre elevation (above sea level), below the 1987 anomalous drill intersections. Four drill holes totaling 1,976.33 metres were completed (Doherty, 1989). This new gold zone is now referred to as the PD Zone (Rodger, 1997).

In 1990, seven drill holes totaling 1,573.08 metres were drilled to the south of the main Goddell structure over a strike length of 250 metres. This zone was referred to as the Golden Tusk Zone (Rodger, 1997). Arkona (formally Berglynn) and 276 Taurus Ventures Ltd. ("**Taurus**") entered into a joint venture in 1994. The following year, Omni negotiated an agreement with Arkona and Taurus to acquire a 70% interest in the claim group covering the Goddell, Porter and Becker-Cochran Showings. Exploration in 1995 consisted of five drill holes into the PD Zone, totaling 2,855.4 metres. Drilling results outlined a mineralized zone extending 200 metres in length by 100 metres in depth with an average width of 5 metres (Doherty, 1996). In 1996 TYG and Omni negotiated an agreement for which TYG could acquire 50% interest in Omni's Skukum Property. The primary focus of the agreement was to develop the PD Zone of the Goddell Gully deposit. A 3.5 metre by 4.0 metre decline was collared in late 1996, with 780 metres of underground workings and 9,242.55 metres of underground diamond drilling completed by September 1997. The PD Zone was explored over a 400 metre strike length and a vertical extent of 170 metres, from an elevation of approximately 870 metres down to 700 metres (Rodger, 1997). On surface, during 1996, Omni drilled two diamond drill holes (510.23 metres) near the Porter-Fleming Showing and encountered only weak values of antimony (266.7 ppm Sb over 0.9 metres) and background levels of gold. One drill hole, which totaled 887.58 metres in length, was drilled at Becker-Cochran to test for possible gold mineralization at depth. No significant gold grades were encountered, but results did include some elevated Sb and Ag values (Elliot, 1996). In 1999, TYG consolidated the Property information base

through a data compilation program. This was followed by resource estimation carried out by Micromine Pty. of Perth, Australia, and reported in Naas and Rodger (1999).

In December 2000, TYG and Omni amalgamated into Tagish Lake. In 2002, MineTech was commissioned to complete a resource estimate of the gold resources for the Skukum Property, including Goddell Gully. Details of this estimate are presented under the heading " *Item 5: Description of the Business – Tagish Lake Gold Project – History – Historical Mineral Resource Estimates*". In 2003, exploration at Goddell Gully consisted of:

- data compilation and integration to digital format of the Carbon Hill area;
- core relogging and sampling of historical drill core: 34 holes, 801 samples;
- line cutting: 2,985 metres of grid for an anticipated IP and magnetometer survey;
- surface diamond drilling: 3 drill holes, GG03-1, GG02-2, and GG03-2A (3 drill pads) totaling 974.74 metres, 368 samples; and
- GPS surveying: sub-metre accuracy of roads, important monuments and exploration sites on Carbon Hill.

Core relogging of historical diamond drill core from the Goddell Gully Deposit was undertaken based on the observation of previously unsampled mineralized drill core in drill hole 97-56, an underground drill hole located to the west of the main PD Zone. Results of this infill sampling indicated that historical sampling had not identified all significant mineralization within the core. Prior to the relogging program, drill holes 97-31 and 97-42 had no sample data from the interpreted up-dip extension of the PD Zone. Likewise, drill hole 97-37 only had sporadic sampling with unbracketed significant results. These drill holes, on their respective sections, cross the PD Zone at its upper elevations. Sampling during 2003 was successful in locating significant gold occurrences in all three holes (Naas, 2004). In 2003 diamond drilling was carried out to test the area where resampled historical drill core had identified gold mineralization (Naas, 2004a). In 2004, Tagish Lake completed two drill holes (GG04-3 and GG04-4) at the western strike extent of the Goddell shear zone. A total of 818.29 metres of NQ core was drilled with the collection of 144 samples. No significant gold mineralization was encountered other than two narrow intervals. In 2009, rock sampling was carried out as part of a property-wide geochemical sampling program by Yukon-Nevada Gold Corp. Table 6-3 presents a summary of the exploration work carried out on the Skukum Creek deposit prior to 2011 (Zhang, 2012)

**Table 6-3 Drilling and Drifting - Goddell Gully (1985 - 2008)**

Total Number of Drill holes completed	Total amount of drilling completed (m)	Years drilling and/or underground development completed	Amount of Drift Completed (m)	Companies Involved
13 (s)	2,857.19 (s)	1987	0	Berglynn Resources Inc. and Skukum Gold Inc.; Skukum Ventures
4 (s)	1,976.33 (s)	1988	0	Skukum Gold
7 (s)	1,573.08 (s)	1990	0	Skukum Gold
5 (s)	2,855.4 (s)	1995	0	Aurum
40 UG	9,242.55 (UG)	1996-1997	780	Trumpeter Yukon Gold and Omni Resources
3 (s)	974.74 (s)	2003	0	TLGC
2(s)	~900 (s)	2004	0	TLGC and Yukon Government
3 UG	342.6 UG	2008	0	TLGC
TOTALS 34 (s) 40 UG	~11,136.74 (s) 9,242.55 UG	1987-2004	780	Various

*Other Areas*

Chieftain Hill and Raca Zone

Some of the earliest claims in the Wheaton River area were reportedly staked on Chieftain Hill. Several were reportedly surveyed and taken to lease but no records are available. The earliest work is reported to be trenching undertaken between 1906 and 1910 on the Morning and Evening Veins (Naas, 2003). The Raca Zone occurrence occurs on the south-facing cliffs of Chieftain Hill, directly across from the Skukum Creek Deposit. The Raca Zone is sometimes associated with exploration associated with the Skukum Creek Deposit although there should be a distinction made between the Raca copper occurrence higher up on the cliffs with the gold-silver vein occurrences identified by drilling at lower elevations. The latter area has also been termed "Rainbow East" in some reports to make the distinction.

In 1964, Yukon Antimony acquired or staked claims over much of Chieftain Hill (including the Raca showing). Yukon Antimony constructed a tote trail and conducted bulldozer trenching in 1964-1965. Exploration at the Raca copper showing consisted of mapping, rock chip sampling and an IP survey followed by three diamond drill holes from 1967-1968. Rock sampling returned 0.05% to 1.12% Cu with an average of 0.42%. The IP survey indicated a large strong anomaly approximately 730 metres by 1220 metres. Diamond drilling above the main showing intersected pyritic volcanics and granodiorite with low Cu values. The third hole was abandoned in alluvium (Freeze, 1986).

The Raca Showing was restaked by Secord Investments Ltd. and Laura Developments Ltd. in 1971 with further rock sampling carried out in 1972 that returned an average of 0.11% Cu and 24 g/t Ag (Minfile 105D023). It was sold to Chatham Resources Ltd. (later renamed to Westmount Resources Ltd.) in 1973. A bulk sample collected during this period returned an average grade of 0.11% Cu and 24 g/t Ag (Freeze, 1986).

During 1985, Westmount conducted further soil and rock chip sampling over the RACA claims, focusing in on the precious metal potential of the area. Also in 1985, Omni drilled a single reverse circulation drill hole near Skukum Creek below the Raca occurrence to test the strike extension of the newly discovered gold-silver bearing Rainbow-Road Zone (Forster et al, 1986). The following year this hole was extended by diamond drilling (Omni corporate files, 1986). The work by Omni focused on the structurally controlled gold-silver mineralization found at lower elevations than the surface exposures of copper mineralization (Naas, 2002). In 1986, Agip/Total Energold relocated the Morning and Evening Veins to an area with anomalous contour soil samples. The area was referred to as the Morning Gulch (Naas, 2002). In 1987, the Evening Grid was surveyed to cover the area of the Morning and Evening Veins after prospecting led to the discovery of the Johnny B. Vein in Morning Gulch. Subsequent geological mapping at 1:1,000 scale on the grid lead to discovery of many quartz-calcite veins including the Ocean, Better B., and Pristine Veins. Soil geochemistry, prospecting, trenching, detailed mapping and ground geophysics were conducted over the grid area. Seven diamond drill holes totaling 894.18 metres were drilled to test the Evening, Pristine, Better B., Johnny B. and Ocean Veins (Reddy and McDonald, 1989). Exploration in 1988 included 901.92 metres of diamond drilling in eight holes, trenching, rock sampling and an HLEM geophysical survey. Holes 88-398, -399, -407 and -412 were drilled to test the Ocean Vein and holes 88-408, and -411 were drilled to test the Morning Vein. The HLEM survey indicated a continuation of the Ocean structure 300 metres to the east of the outcrop exposure. One bulldozer trench was excavated on the HLEM trace of the Ocean Vein and a 0.7 metre wide fault zone oriented at 076/84NW with anomalous gold and silver values was revealed. The Ocean Vein remained open in all directions in 1988 (Naas and Rodger, 1999). Exploration in 1989 included grid establishment, HLEM and ground magnetic surveys, limited prospecting and diamond drilling totaling 1,803.97 metres in seven holes. With this drilling, the Ocean Vein had been tested along a strike length of 580 metres with a dip extent from 1,250 metre to 900 metre elevation. Significant intersections were found to decrease in width to the east. (Reddy and McDonald, 1989).

Wheaton tested the Ocean Vein in 1991 with three diamond drill holes totaling 1,033.5 metres (Doherty, 1992). In 1997, Omni undertook a five drill hole, 608 metre diamond drill program to test the eastward extension of the Ocean Vein. The vein was reportedly intersected between 40-50 metres below surface (Elliott, 1997). A drill program was also completed at the Raca Zone by Omni, with three drill holes totaling 847.65 metres (RACA97-1 to RACA97-3) (Omni corporate files, 1997). As part of Tagish Lake's exploration program in 2001, the Raca Zone was investigated through a one-day traverse in the Raca copper occurrence (6 rock samples) and infill sampling of the Omni drill holes (RACA97-1 to RACA97-3). As part of Tagish Lake's 2002 exploration program, Chieftain Hill was included as part of the structural and alteration study of the Property, by D. Rhys and Dr. J. Lang. In 2009, rock sampling was carried

out as part of a Property wide geochemical sampling program by Yukon-Nevada Gold Corp. and NWME personnel (Johnson and Jinsheng, 2009).

#### Charleston Trend

Prior to 1907, C. Weik staked the Charleston Vein area. To the west, a group of 12 claims was also staked, but no records are available. The Charleston claim was purchased by M. Watson from J. Hume in 1912 and was optioned to Slate Creek Mining Company in 1921 that carried out the development of the two adits (61 metres and 30 metres). Surface sampling at the time reported assays averaging 11.31 g/t Au, 291.4 g/t Ag over an average of 1.05 metres (true width) along a strike length of 250 metres. The claim was surveyed and taken to lease in the 1950's (Naas, 2003).

From 1964-1967, while Yukon Antimony was active in the Wheaton River area, they staked several claims immediately south of the Charleston mining lease (Naas, 2003).

Immediately north of the Charleston Mining Lease to the west of Skukum Creek, in the Twist-Watusi area, the NAT Joint Venture (Armco Mining Exploration and Chevron Canada Ltd.) staked ground in 1979 but allowed their claims to lapse by 1980 (Naas, 2003). From 1981 to 1984, Agip continued to add to their Mt. Skukum land package by staking north of the Charleston area, covering the Twist and Watusi Showings. Preliminary surface exploration over the entire Charleston trend was carried out during this time (Naas, 2003). In 1984, the Charleston Mining Lease was optioned to Shakwak Exploration Co. who also staked claims surrounding the Lease. Shakwak rehabilitated old trenches at the Charleston Vein as well as excavated several new ones. A new zone was located 105 metres south (McDonald, 1985). Mapping, sampling, and further trenching was carried out from 1985-1989 by Shakwak with joint venture partners Island Mining and Exploration Co. Ltd. (1987-88) and Total Energold Corp (1988-89) (Naas, 2003). Trenching by Island Mining in 1986 extended the Charleston Vein 430 metres to the south, and located several other veins (Naas, 2003). Total Energold sampled the Charleston Vein on surface over its exposed strike length in 1988 and rehabilitated the adits in 1989 (Borntraeger, 1990). Kerr-Addison performed grid-controlled geochemical surveys, contour sampling and trenching at the Twist Zone north of the Charleston Vein in 1985-1986. In 1987 and 1988, Pacific Trans-Ocean mapped, trenched, sampled, and carried out ground geophysical surveys. Northern Minerals Ltd. continued exploration of the Twist Zone with further trenching and VLF surveying in 1989.

No further work was carried out until 1997 when Omni staked the DUKE claims over the Twist Zone, over which limited rock sampling was carried out (Omni, corporate files, 1997). In 2000, the Charleston mining lease and the Shakwak claims lapsed and Tagish Lake (then TYG) restaked the area as the current CHAR claims, consolidating what has historically been a complex land position for the first time (Naas, 2003). Exploration in 2001 by Tagish Lake included prospecting of the Charleston trend. Work included the collection of 50 rock samples and 1 stream sediment sample. In 2009, rock sampling was carried out as part of a Property wide geochemical sampling program by Yukon-Nevada Gold Corp. and NWME personnel (Johnson and Jinsheng, 2009).

#### Berney Creek

The Berney Creek Lineament has been interpreted as the western extension of the fault system, which hosts the Rainbow and Kuhn Zones (Dussell, 1987). The fault marks the southern fault boundary of the Mt. Skukum Complex and places Cretaceous granitic basement rocks to the south in fault contact with Skukum Group volcanics to the north (Naas and Rodger, 1999). In 1983, the area was geologically mapped and sampled. Nineteen chip and 94 talus fines were analyzed for gold, silver, copper, and mercury with generally poor results (Dussell, 1987). Most prospecting and sampling was carried out in the vicinity of the Berney Creek Lineament. In 1986 a program consisting of geological mapping, soil and rock sampling and general prospecting carried out within the Berney Creek area. Weak and discontinuous quartz veining containing base metal sulphides were located in three zones along the lineament (Dussell, 1987). All these showings are weak, discontinuous and localized within granodiorite in the vicinity of the Berney Creek Lineament (Naas and Rodger, 1999). In 2009, rock sampling was carried out as part of a property-wide geochemical sampling program by Yukon-Nevada Gold Corp. and NWME personnel (Johnson and Jinsheng, 2009).

### Historical Mineral Resource Estimates

There are numerous historical estimates of mineral resources of the deposits on the Property that have been completed by in-house professionals of numerous companies as well as third-party consultants since the late 1980's. The most recent estimates were made by Minetech in 2003 on the Skukum Creek deposit and Goddell Gully deposit and a 2007 resource update on the Skukum Creek deposit.

The 2003 resource estimates for Skukum Creek and Goddell Gully were prepared by D. Roy and P. Hannon of Minetech and documented in the Technical Report entitled "Resource Report, Tagish Lake Gold Corporation., Skukum Creek and Goddell Gully Deposits" and dated June 9, 2003.

The 2007 resource estimate update for Skukum Creek was also prepared by D. Roy and P. Hannon of Minetech and documented in the Technical Report entitled "Tagish Lake Gold Corp, Resource Report Update, for the Skukum Property, Wheaton River, Yukon, Canada" and dated August 27, 2007.

A summary of the key assumptions, parameters and methods used to prepare the historical estimates at Skukum Creek (2003, and 2007 update) and Goddell Gully (2003) are presented *Item 5: Description of the Business – Tagish Lake Gold Project – History – Historical Mineral Resource Estimates*. The historical estimates in this section use the categories set out in section 1.2 of NI 43-10. The historical resource estimates in this section have been upgraded and replaced with a current mineral resource estimate prepared by a Qualified Person. These historical estimates are not to be relied upon. Since the completion of the historical estimates, additional work has been carried out at Skukum Creek (diamond drilling and underground development) and Goddell Gully (diamond drilling) by a previous operator and New Pacific. Current resource estimates for Skukum Creek and Goddell Gully have been prepared by a Qualified Person using all available data, updated models and run at current metal prices. The current resource estimates are presented under the heading "*Item 5: Description of the Business – Tagish Lake Gold Project – Mineral Resource Estimate*".

#### *2003 Historical Resource Estimate: Skukum Creek and Goddell Gully*

For Skukum Creek, all sample data were collected as of the end of 2002, totaling 5,135 gold samples and 4,885 silver samples. For Goddell Gully, there were 3,949 core samples in total. At Skukum Creek, specific gravity was estimated using inverse distance weighting. At Goddell, an average specific gravity value of 2.7 t/m<sup>3</sup> was used as no specific gravity sampling had been carried out.

Drilling and channel samples were downhole composited or regularized over one metre intervals. Equivalent gold grades were calculated for each composited silver sample; however, gold and silver grades were calculated separately for each block. At this time, metal prices were assumed as US\$300 per troy ounce gold and US\$4.50 per troy ounce silver. The equivalent grade was equal to the silver grade multiplied by the ratio US\$4.50/US\$300 or 0.015. Top-cuts of 32 g/t Au and 1,300 g/t Ag were applied to Skukum Creek blocks. A top-cut of 45 g/t Au was applied to Goddell Gully blocks.

Cross sections were created to show geology and the equivalent gold grades at 25 metres apart in the Rainbow and Kuhn Zones, and 50 metres apart in the Ridge Zone. Shear zone geology and an outline of "higher grade" material (greater than 5 g/t Au equivalent) within the shear zone were created to develop the wireframe model. The high-grade outline model was used to construct a block model with dimension of 2m<sup>3</sup>, sub-blocked five times across strike and twice down-dip. Concurrently, a polygonal resource estimate was carried out, consisting of calculating the average grade of all samples within each section that were within the outline. Calculating the area of each section and multiplying that by the section width and average specific gravity gave the mass of each section. Measured resources were identified as blocks that were within 15 metres from two underground channel samples. Indicated resources were identified as blocks that were within the outline and were less than 25 metres away from at least two samples and Inferred resources were within the outline and within 40 metres of channel or core results.

At Goddell Gully, the same procedure for outlining geology was used as for outlining geology at Skukum Creek. An outline value was created using 5 g/t Au as a guide for the outline's outer limits. East-west sections were created at section spacing of 50 metres, except for a 100 metre portion over which a 25 metre spacing was used. Two zones

were outlined and a specific gravity of 2.7 t/m<sup>3</sup> was used. A block model was constructed with block dimensions of 2 m<sup>3</sup>. Each block was subdivided five times across the strike dimension and twice in the vertical dimension to allow finer geological resolution. A polygonal method was used to estimate resources. Indicated resource was defined as within 15 metres of sampling and Inferred resources within 25 metres of sampling.

A summary of the total Skukum Creek and Goddell Gully resources are presented in Table 6-4 and Table 6-5 at a range of cut-off grades. These historical estimates have been upgraded and replaced with current mineral resource estimates prepared by a Qualified Person. These historical estimates are not to be relied upon.

**Table 6-4 2003 Historical Resource Estimate, Skukum Creek Deposit (after Roy and Hannon, 2003)**

Cut-off Grade (Au Eq g/t)	Measured Resources:			Indicated Resources:			Inferred Resources		
	Tonnage (t)	Au Grade (g/t)	Ag Grade (g/t)	Tonnage (t)	Au Grade (g/t)	Ag Grade (g/t)	Tonnage(t)	Au Grade (g/t)	Ag Grade (g/t)
3	220000	5.46	226	870,000	5.73	173	150,000	5.15	169
4	190000	5.81	240	770,000	6.18	185	130,000	5.69	187
5	160000	6.52	257	640,000	6.84	203	90,000	6.53	225
6	130000	7.39	279	510,000	7.61	226	70,000	7.14	260
7	110000	8.14	296	410,000	8.33	247	60,000	7.83	289
8	92000	8.91	309	340,000	9.06	268	51,000	8.34	307
9	78000	9.68	319	280,000	9.65	287	45,000	8.76	325
10	65000	10.52	325	240,000	10.21	305	40,000	8.99	338

**Table 6-5 2003 Historical Resource Estimate, Goddell Gully Deposit (after Roy and Hannon, 2003)**

Cut-off Grade (Au g/t)	Indicated Resources:		Inferred Resources:	
	Tonnage (t)	Au Grade (g/t)	Tonnage (t)	Au Grade (g/t)
3	400,000	9.55	350,000	8.11
4	360,000	10.26	310,000	8.75
5	320,000	11.02	280,000	9.21
6	260,000	12.25	210,000	10.28
7	220,000	13.44	170,000	11.16
8	180,000	14.56	150,000	11.86
9	150,000	16.05	113,000	12.81
10	110,000	18.24	82,000	14.15

*2007 Historical Resource Estimate: Skukum Creek*

A summary of the procedure and details of the 2007 Skukum Creek resource estimate prepared by Roy and Hannon (2007) of MineTech is presented below. The resource estimate focused on the Rainbow 2 and Berg Zones that were discovered after the 2003 resource estimate.

The resource estimate was based upon all sample data collected as of the end of 2006. At this time, gold equivalent was calculated based on metal prices of gold at US\$650 and silver at US\$13 per troy ounce to establish cut-off grade for the purpose of outlining mineralized zones and reporting resources, but block value was estimated separately for gold and silver. Top-cut values were set at 35 g/t for gold and 350 g/t for silver. An average specific gravity of 2.83 was used. Mineralized zones were interpreted on paper and then digitized in computer. A cut-off grade of 2 g/tonne of gold-equivalent over a minimum horizontal width of 1.2 metres was used. Separate two-dimensional block models were created for each zone. Block dimensions were 5 metres by 5 metres (in the East and Elevation directions). Block thickness values (North direction) were calculated during the estimation process. The geometry of each zone was constrained by the geological outlines. Grade estimation was carried out using inverse distance weighting with a power of two. Horizontal thickness values were calculated for each drilling intercept and inverse distance weighting with a power of three was used to estimate block thickness values. Block specific gravity values were also estimated using inverse distance weighting with a power of two.

Indicated resource was defined as within the outlined geology and within 20 metres of at least two drilling intercepts, and Inferred resource as within the outlined geology but within 40 metres of at least one drilling intercept. There was no Measured resource category as there was no supporting drifting/raising and underground sampling.

A summary of the total Skukum Creek resources is presented in Table 6-6 at a range of cut-off grades. These historical estimates have been upgraded and replaced with current mineral resource estimates prepared by a Qualified Person. These historical estimates are not to be relied upon.

**Table 6-6 2007 Historical Resource Estimate, Skukum Creek Deposit (after Roy and Hannon, 2007)**

Cut-off Grade (Au Eq g/t)	Measured Resources:			Indicated Resources:			Inferred Resource		
	Tonnage (t)	Au Grade (g/t)	Ag Grade (g/t)	Tonnage (t)	Au Grade (g/t)	Ag Grade (g/t)	Tonnage (t)	Au Grade (g/t)	Ag Grade (g/t)
0	260,000	4.7	193	1,170,000	5.3	145	303,000	5.1	124
1	250,000	4.9	200	1,140,000	5.4	149	299,000	5.3	126
2	230,000	5.2	215	1,100,000	5.6	154	288,000	5.5	132
3	220,000	5.3	221	1,000,000	6	164	251,000	6.1	145
4	195,000	5.8	240	880,000	6.5	174	206,000	6.8	155
5	160,000	6.6	261	740,000	7.2	191	160,000	8.2	189

Roy and Hannon (2007) noted that the Rainbow 2 zone appears to be related to the Rainbow Zone. The Rainbow 2 zone tapers out toward the east end of the zone. The Rainbow 2 and the Ridge Zone may either be contiguous or closely related. They also note that the Rainbow 2 is more extensive than the Berg Zone.

*Geological Setting and Mineralization*

Regional Geology

The Skukum property area is situated within the Wheaton River/Bennett Lake map sheet (Hart and Radloff, 1990). The district covers the boundary between the Stikine and Nisling Terranes, of the Intermontane Superterrane (or Intermontane Belt) of the Canadian Cordillera (Naas, 2007).

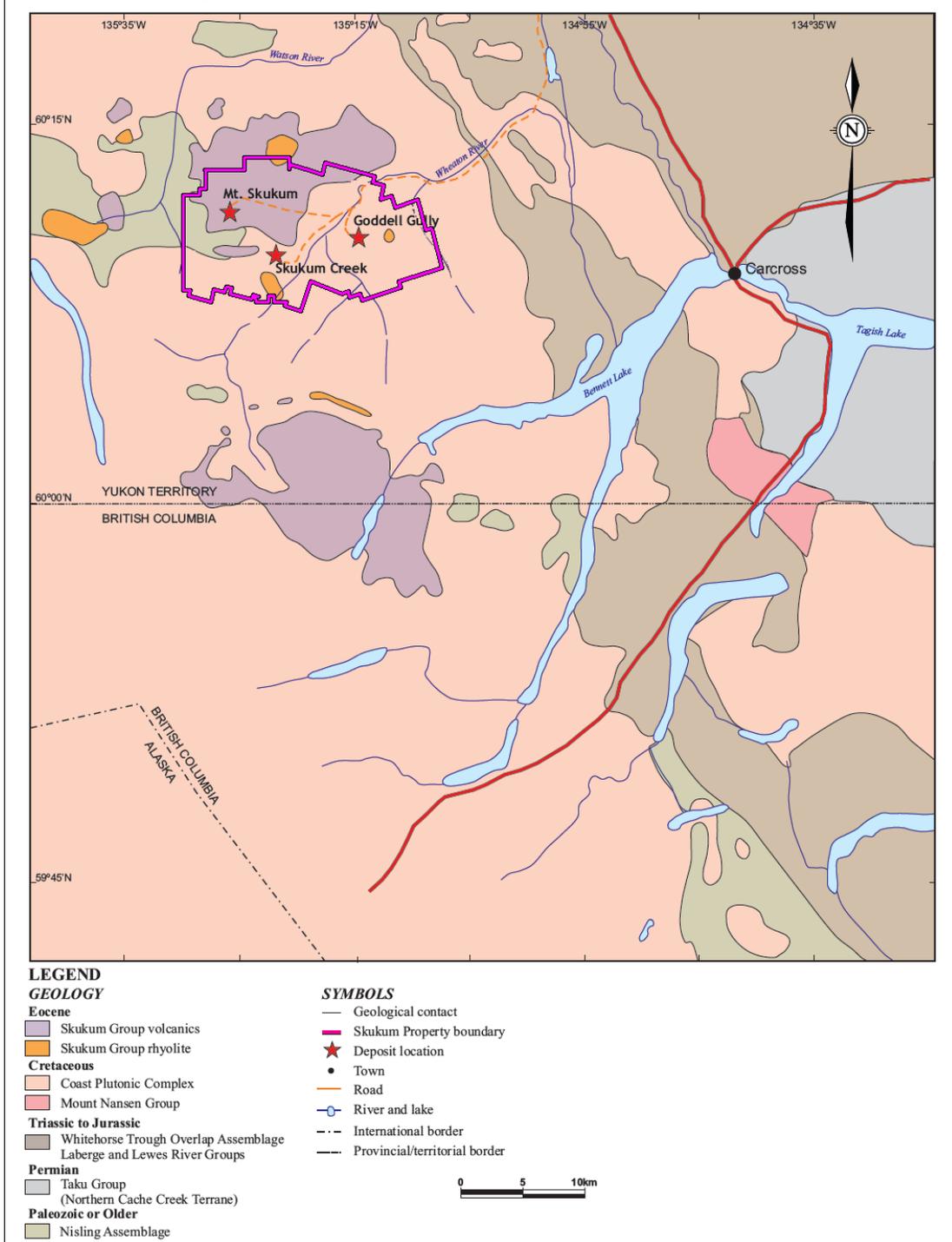
The regional geological setting of the Skukum project area is described in Hart and Radloff (1990), from which the following information is summarized. The project area is located within the Intermontane belt of the Canadian Cordillera. Oldest rocks in the area comprise domains and screens of probable Paleozoic gneiss, assigned to the Nisling Terrane by Hart and Radloff (1990), and Jurassic andesitic volcanic and siliciclastic sedimentary rocks of the Stikine Terrane and Whitehorse Trough overlap assemblage (Figure 7-1) (Naas, 2007).

Stratigraphic and contact relationships are commonly obscured by the many intrusions associated with the Coast Plutonic Complex. Strata of the Jurassic Whitehorse trough are affected by a series of open to tight, northwest trending folds that probably formed in Upper Jurassic to Lower Cretaceous time, approximately coeval with activity of the Skeena Fold Belt to the south in British Columbia. The folds are superimposed on earlier, probably pre-Triassic, metamorphic fabrics and the northwest trending Tally-Ho shear zone, a major Late Triassic shear zone that is developed approximately 15 kilometres to the northeast of the project area and which forms the easternmost limit of exposures of the Nisling Terrane (Naas, 2007).

Mesozoic plutonic rocks, which underlie much of the project area, separate the Jurassic units and Nisling Assemblage into isolated domains and screens. Major intrusions include the Alligator Quartz Monzonite and the late Triassic or early Jurassic K-feldspar megacrystic Bennett Granite that are widespread east of the Wheaton River in the Skukum project area (Figure 7-1). The most abundant rock types in the region comprise metaluminous Cretaceous intrusions of the Coast Plutonic Complex, which are subdivided into several plutonic suites by Hart and Radloff (1990). The dominant Cretaceous suites in the project area include the Mt. McIntyre plutonic suite (96 to 119 Ma), comprising the Mt. Ward granite and Carbon Hill quartz monzonite (Figure 7-1), and the Whitehorse plutonic suite (116 to 119 Ma), locally represented by the Mt. McNeil granodiorite pluton (Figure 7-1). Isolated accumulations of mid- to late-

Cretaceous volcanic rocks of intermediate composition of the Mt. Nansen Group are present regionally and are approximately coeval with the Coast Plutonic Complex. In the Skukum project area, these rock types occur on the eastern flanks of Carbon hill and southeast of Goddell Gully near the Becker-Cochran deposit (Figure 7-1), where they comprise green tuff and tuff breccia that unconformably overlie the Bennett Granite and Jurassic strata (Figure 7-1) (Naas, 2007).

Figure 7-1 Regional Geology



Late Cretaceous and Early Paleocene brittle dextral displacement associated with widespread dextral displacement throughout the Cordillera is related to reactivation of the Triassic Tally-Ho shear zone. This phase of displacement formed a brittle fault system, termed the Llewellyn fault by Hart and Radloff (1990), which exploited parts of the earlier Tally-Ho structure. Subsidiary faults generated during this tectonic episode may subsequently have been remobilized during Eocene volcanic activity to locally form caldera-bounding structures; these may also have acted as permeable structural sites for the formation of the late-volcanic vein deposits hosted by faults and shear zones in the Skukum project area (Naas, 2007).

Pre-Tertiary rock types in the region are unconformably overlain by at least four Late Paleocene to Early Eocene volcanic complexes that form the Skukum Group, and are intruded by numerous associated rhyolite and andesite dykes. In the project area, these are the youngest exposed rocks and are represented by the Early Eocene Mount Skukum volcanic complex, a caldera sequence that underlies western portions of the project area (Figure 7-1). The complex comprises a bimodal sequence of subaerial volcanic and volcanoclastic rocks with a total thickness that locally exceeds 800 metres, and an areal extent of approximately 200 km<sup>2</sup>. Exposures of the complex adjacent to the study area near the Skukum Creek deposits and in the Chieftain Hill area (Figure 7-1) are composed mainly of massive to poorly bedded, plagioclase porphyritic andesitic flows and tuff (McDonald et al, 1990, Naas, 2007).

Rocks of the Mt. Skukum Volcanic Complex rocks are locally separated from pre-Tertiary rock types by east- to northeast-trending, curved faults such as the Berney Creek fault and Wheaton lineament that may have been active synchronously with volcanism and which potentially form caldera-bounding structures (Figure 7-1) (Hart and Radloff, 1990). These structures, which locally may represent reactivated older faults, and parallel faults within the volcanic complex are host to or control probable synvolcanic vein and shear zone hosted Au-Ag mineralization in the district (Naas, 2007).

Regionally, most of the tectonic and magmatic events have or may have been accompanied by respective metallogenic assemblages (Mihalynuk et al, 1997). In particular, Upper Triassic arc rocks of the Whitehorse Trough are lithologically and temporally equivalent to those hosting important copper-molybdenum-gold porphyry deposits in southern British Columbia. Early Jurassic intrusive rocks are also known to host copper-gold mineralization in the central-western Yukon (Minto and Williams Creek deposits; Tafti and Mortensen, 2004). Cretaceous plutons produce copper skarns where they cut Upper Triassic carbonates in the Whitehorse copper belt (Mihalynuk et al, 1997), as well as copper-gold porphyry mineralization. The southern end of this belt may extend into the Skukum area. Epithermal gold-silver mineralization related to volcanic rocks forms a distinct belt extending from north to south across southern Yukon; this incorporates the Mount Nansen cluster of epithermal gold deposits and occurrences related to 100 Ma Mount Nansen volcanics, the Laforma epithermal gold deposit related to the Carmacks Group volcanics (75 Ma), and finally the Mt. Skukum gold prospect, further south, related to Tertiary volcanic rocks (55 Ma). The emplacement of some of these volcanic rocks are responsible for both epithermal and possibly related copper-porphyry deposits (i.e., the Laforma gold veins and the Casino copper-molybdenum-gold deposit), suggesting the respective epithermal-porphyry transitions (Naas, 2007).

#### Local and Property Geology

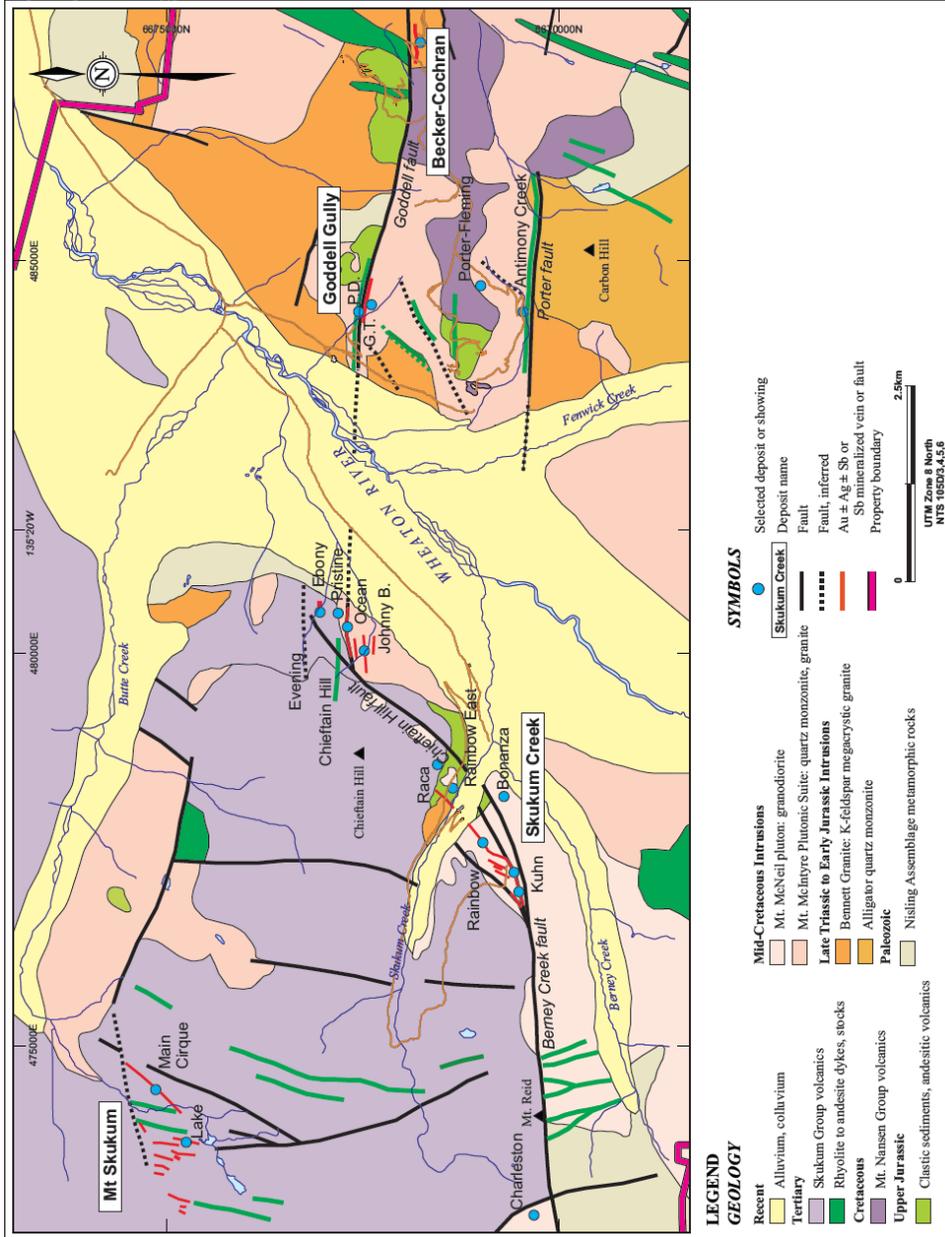
The geology of the Property area was described in several papers (Wheeler, 1961; Doherty and Hart, 1988; Hart and Radloff, 1990) and summarized by Lang et al. (2003). The Wheaton River area covers the boundary between the Stikine and Nisling Terranes, of the Intermontane Superterrane (or Intermontane Belt) of the Canadian Cordillera. The rocks consist of Paleozoic gneiss assigned to the Nisling Terrane, and Jurassic andesite and siliciclastic rocks of the Stikine Terrane and Whitehorse Trough overlap assemblage, respectively.

The older rocks were intruded by late Triassic or early Jurassic K-feldspar megacrystic Bennett Granite (175 Ma), and then by metaluminous Cretaceous intrusions of the Coast Plutonic Complex including the most abundant Whitehorse Plutonic Suite (116-119 Ma), locally represented by the Mt. McNeil granodiorite pluton and associated rocks, and the Mt. McIntyre plutonic suite (96-119 Ma); the latter includes the Mt. Ward granite and Carbon Hill quartz monzonite. Intermediate Cretaceous volcanic rocks of the Mt. Nansen Group, thought to be approximately coeval with the Coast Plutonic Complex, are present regionally, and in the property area occur east of the Wheaton River (Lang et al., 2003).

As noted by Lang et al (2003), the early Eocene Mount Skukum volcanic complex, part of the widespread late Paleocene to early Eocene felsic to intermediate volcanism of the Skukum Group (Smith, 1982 and 1983; Pride, 1986),

is a caldera sequence that underlies the western portion of the district. The Mount Skukum complex consists of up to 800 metres of mainly porphyritic andesitic flows and tuff exposed over an area of approximately 200 km<sup>2</sup>. These volcanic rocks are locally separated from pre-Tertiary rocks by curved, east- to northeast-trending structures such as Berney Creek fault and Wheaton lineament (coincident with the Wheaton River valley on Figure 7-1 that have been inferred to be syn-volcanic, caldera-bounding faults (Hart and Radloff, 1990). These and parallel structures host gold-silver mineralization in the district (Naas, 2007).

Figure 7-2 Property Geology



## *Stratigraphy*

### Proterozoic to Paleozoic Metamorphic Formations

Metamorphic rocks of the Nisling Terrane underlie the western extent of the property (Charleston area) and occur as isolated roof pendants in the Chieftain Hill and Goddell areas of the property. These metamorphics are comprised of three units, the Nisling and Nasina assemblages as well as undifferentiated gneiss (Naas, 2007).

#### *Nisling Assemblage*

This assemblage is comprised of rusty-brown weathering, competent, non-fissile biotite-muscovite-quartz-feldspar schist, quartzite, and marble. A planar foliation is well developed parallel to compositional layering. Compositional layering is observed in the schists and quartzites from 1-2 centimetres wide and from 1 to 100 metres wide in the marbles (Naas, 2007).

#### *Nasina Assemblage*

These rocks are very similar to the Nisling Assemblage in composition but distinguishable by graphitic, commonly garnet-bearing quartz schists and lesser marble. The best exposures are seen to the west of Mt. Skukum. The rocks are also well foliated but fissile due to partings on the graphitic layers. The typical lithology is garnet-muscovite, garnet-graphite schists and carbonaceous quartzite (Naas, 2007).

#### *Undifferentiated Gneiss*

Feldspar-hornblende orthogneiss with minor biotite, epidote, and chlorite are found on Chieftain and Carbon Hills in the Wheaton River area. This unit is not in actual contact with the other two but has been included in the Nisling Terrane based on descriptions and other relationships determined by other workers (Naas, 2007).

#### *Jurassic volcanic and siliciclastic rocks*

Pebble conglomerate is present in several drill holes completed historically at the eastern end of the Rainbow Zone, immediately southwest of Skukum Creek. The unit is composed of clast-supported conglomerate with rounded clasts of chert and quartzite in a pale green sericitic matrix. This unit probably belongs to the Jurassic Tantalus Formation (cf., Hart and Radloff 1990). It is present in an area of no outcrop and core is incomplete and partially lost for the holes containing this unit, so its contact relationships and orientation could not be assessed. Conglomerate that has been mapped along the southeastern flanks of Chieftain Hill by Mt. Skukum Mines (unpublished mine maps; Hart and Radloff 1990), and which is intercalated with Jurassic volcanic rocks, may also correlate with this unit (Naas, 2007).

Diamond drill holes drilled in the Rainbow East Zone (RACA97-1 to RACA97-3) first pass through thick, recent talus of fresh Tertiary volcanic rocks, and then intersect pale grey, sericite-pyrite  $\pm$  magnetite altered, locally plagioclase  $\pm$  pyroxene porphyritic volcanic rocks of probable intermediate composition. Main rock types include massive, grey lapilli to block tuff and tuff breccia, and massive porphyritic flows or subvolcanic intrusive rocks. These units are distinct from the fresh Tertiary volcanic units present in talus higher on the slope. Their altered state, close spatial association with Jurassic conglomerate of the Tantalus Formation that is present immediately across Skukum Creek, and occurrence of Cretaceous intrusive rocks within them suggest that they may correlate with Jurassic pyritic andesitic volcanic rocks present on the eastern flank of Chieftain Hill two kilometres to the northeast (Figure 7-1). Since these volcanic units are present in an area of poor exposure under talus, their contact relationships with adjacent rock types are not well defined but recent surface mapping by New Pacific in 2011 indicates has identified a thrust contact between the volcanic units.

## *Tectonic Structures*

Rocks at the Skukum Creek deposit have been affected by several phases of faulting, and Jurassic and older rocks have also been subjected to regional penetrative strain manifested by one or more phases of foliation development

and, locally, by folding (Lang and Rhys, 2002). In particular, foliation is developed in K-feldspar granite on the north-east side of the Skukum Creek, which is assigned to the Bennett Granite (Naas, 2007).

Faults and shear zones developed in the Skukum property area comprise predominantly east- and north-east trending structures in all rock types, and additional significant north trending faults developed in the Mt. Skukum Volcanic Complex. Major north-west trending, Cordillera-parallel faults and shear zones are not well represented in the area, apart from some north-west trending lineaments defined by valleys and drainages, which do not accommodate regionally significant displacements but which may have local significance (Lang and Rhys, 2002) (Naas, 2007).

Major faults in the property area probably form part of a single, anastomosing and bifurcating fault system. These structures include the Berney Creek and Chieftain Hill faults developed on the west side of the Wheaton River valley, and the Porter and Goddell faults developed to the east. All of these structures are spatially associated with rhyolite and andesite dykes, and with Au-Ag+Sb and Sb mineralization (Naas, 2007).

Lang and Rhys (2002) assign the local shear zones occurred in the Skukum Creek deposit area to the Berney Creek fault system. The Berney Creek fault occurs on surface as a rusty, east-northeast trending lineament running along the southern, upper part of Mt. Reid ridge for up to 5 kilometres southwest of the Skukum Creek deposit. It dips vertically or steeply to the southeast. The fault locally defines, or occurs near, the contact between rocks of Mt. Skukum volcanic complex to the north and Cretaceous granodiorite to the south. Multiple fault strands over a width of several hundred metres contain slivers of Tertiary volcanic rocks and conglomerate and Cretaceous granodiorite. Rapid thickening of the Skukum Creek volcanic rocks to the north of the fault, their dip away from this structure, and the occurrence of several rhyolite and andesite dykes within the fault zone that may in part represent feeders to the volcanic rocks suggest that this structure may have been active synchronously with volcanism and may therefore form a caldera bounding fault (McDonald et al, 1990; Hart, 1992). Between several hundred metres and 1 kilometre of north side down displacement are estimated by McDonald et al (1990), based on the thickness of the Mt. Skukum volcanic rocks to the north (Naas, 2007).

The Berney Creek fault curves to more northeasterly trends at the Skukum Creek deposit and may be continuous with the Chieftain Hill fault system on the northeast side of the Skukum Creek. Northeast trending splays and fault steps off the north side of the Berney Creek fault at its northeastern, bending end may include the Kuhn and Rainbow (and possibly other) faults, which are host to mineralization at the Skukum Creek deposit (Naas, 2007).

Other significant faults within the property area include the Chieftain Hill fault system and Wheaton lineament, Goddell fault, Porter fault. In particular, the Chieftain Hill fault system is defined by a set of northeast trending, vertical to steeply southeast dipping faults developed along the eastern and southeastern flanks of the Chieftain Hill, possibly as the northern continuation of the Berney Creek fault. The Chieftain Hill fault system is parallel and developed approximately 400 metres southeast of the Wheaton lineament, a linear, northeast trending, 30 kilometres long feature defined by Hart and Radloff (1990) based on air photo enhanced Landsat TM imagery. Its southwestern end is interpreted to pass through the eastern flanks of the Chieftain Hill (Naas, 2007).

The Goddell fault is a steeply dipping, east-southeast trending fault system that is developed in pre-Tertiary rocks over a minimum 5 kilometre strike length east of the Wheaton River valley. Like other east trending faults in the area, the structure is intruded by rhyolite and andesite dykes along its length and has associated Au-Sb and Sb mineralization occurred as the Goddell Gully and Becker-Cochran prospects, respectively. The Porter fault is parallel to and developed 2 kilometres south of the Goddell fault and also controls andesite and rhyolite dykes (Naas, 2007).

### *Igneous Rocks*

Numerous types of intrusive rock of widely variable composition and texture are identified on the Property. In general, three igneous complexes can be conditionally distinguished within the property, namely, (1) Triassic-Jurassic Bennett Granite Stock, (2) Cretaceous multiphase intrusions of the Coast plutonic complex (gabbro, monzonite/diorite, granodiorite, quartz monzonite, monzonite-porphry, and various granites), and (3) Tertiary volcanics and related subvolcanic dykes and stocks of the Mt. Skukum Volcanic Complex (Naas, 2007).

### Triassic-Jurassic Bennett Granite Stock (K-Feldspar megacrystic biotite-hornblende granite)

Diamond drill holes completed in the Rainbow East Zone on the northeast side of Skukum Creek (holes RACA97-1 to 3) intersected a foliated K-feldspar megacrystic granite, which based on textural and mineralogical similarity, is interpreted to be the Bennett granite which is widespread in the region. Doherty and Hart (1988) report a U-Pb zircon age for the Bennett granite of about 220 Ma, although other U-Pb dates in the region return approximately 175 Ma (J. K. Mortensen, pers. comm. 2002, in Lang and Rhys, 2002). This unit is easily distinguishable by the presence of pink euhedral K-feldspar megacrysts up to several centimetres across in greenish-gray medium- to coarse-grained, equigranular groundmass (Naas, 2007).

### Cretaceous Coast Plutonic Complex

As noted above, multiphase intrusions of the Coast Plutonic Complex in the property area are subdivided into several plutonic suites (Hart and Radloff, 1990). The dominant Cretaceous suites include the Mt. McIntyre plutonic suite (96 to 119 Ma), comprising the Mt. Ward granite and Carbon Hill quartz monzonite, and the Whitehorse plutonic suite (116 to 119 Ma), locally represented by the Mt. McNeil granodiorite pluton. Isolated accumulations of mid- to late-Cretaceous volcanic rocks of intermediate composition of the Mt. Nansen Group are present regionally and are approximately coeval with the Coast Plutonic Complex. On the Property, these rock types occur on the eastern flanks of Carbon Hill and southeast of Goddell Gully near the Becker-Cochran deposit, where they comprise green tuff and tuff breccia that unconformably overlie the Bennett Granite and Jurassic strata (Figure 7-2) (Naas, 2007).

***The Mt. McIntyre plutonic suite (96 to 119 Ma) comprises the Mt. Ward granite and Carbon Hill quartz monzonite intrusives (Naas, 2007).***

Hornblende-biotite quartz monzonite (Carbon Hill pluton of Mt. McIntyre Plutonic Suite):

This is the main host rock to the Goddell Gully and Porter fault zones on the east side of the Wheaton River valley. Hart and Radloff (1990) report a poorly constrained K-Ar date of  $96 \pm 15$  Ma for this intrusion, which is broadly consistent with 107 to 110 Ma U-Pb zircon results obtained from other plutons of the same plutonic suite in the area. It is a medium-grained, equigranular reddish-pink rock with subequal K-feldspar and plagioclase and about 20% combined hornblende and biotite. It is moderately magnetic, but less so than the Mt. McNeil stock. It has invariably been affected by strong alteration where close to the Goddell Gully and Porter fault zones. No temporal relationships were observed with other intrusions except for cross-cutting Tertiary rhyolite and andesite dykes (Naas, 2007).

***The Whitehorse plutonic suite (116 to 119 Ma) forms the Mt. McNeil pluton and is represented by gabbro, monzonite/diorite, granodiorite (major intrusive phase), quartz monzonite, monzonite-porphry, and various granites (Naas, 2007).***

Gabbro:

Gabbro was for the first time encountered during the 2006 drilling program, in drill hole SC06-52 (interval 138-145 metres) drilled to explore the area south of the Rainbow 2 and Kuhn mineralized zones. This is a medium-grained, equigranular meso- to melanocratic dark-gray rock, with nearly equal amounts of clinopyroxene and amphibole (mafic index is about 60%); the presence and abundance of amphibole reveals possibly transalkalic composition of the rock. This rock is found in contact with the McNeil granodiorite and is apparently crosscut by the latter (Naas, 2007).

Biotite-pyroxene monzonite/diorite:

This rock type was observed in the Skukum Creek area, in vicinity to and especially immediately north of the Rainbow and Rainbow 2 mineralized zones. The rocks are dark-gray, fine- to medium-grained, and equigranular. Mafic minerals (clinopyroxene, amphibole, and biotite) together make up 30 to 35% of the rock. Quartz is locally present in minor (<5%) concentrations. The rock exhibits very irregular textures, with coarser- and finer-grained, more or less meso- and melanocratic sectors, locally – with clots of mafic minerals, variously sized mafic enclaves and xenoliths – possibly indicating a processes of hybridism, magma mingling/mixing. The rocks are crosscut by McNeil

granodiorite, quartz monzonite, monzonite-porphyry, and younger Tertiary dykes (andesites to rhyolites) (Naas, 2007).

Biotite-hornblende granodiorite (Cretaceous Mt. McNeil pluton):

Within the Skukum project area, the Mt. McNeil pluton underlies the valley of Berney Creek, Mt. Reid and the south side of Skukum Creek, immediately to the south of the Mt. Skukum volcanic complex. Hart and Radloff (1990) report a 111 Ma U-Pb zircon age from the pluton in the Skukum project area. The rocks are gray in color (from dark-gray to light-gray), mesocratic, medium- to coarse-grained, equigranular to seriate, and are characterized by large, euhedral amphibole grains that are mostly 3 to 6 millimetres (up to 1 centimetre) long. They typically contain approximately 10% hornblende, 5% biotite, 25 to 30% quartz, 30 to 35% plagioclase, and 20% K-feldspar, providing an IUGS classification as biotite-hornblende granodiorite. Fresh rock contains abundant magnetite. Partially disaggregated cognate xenoliths of fine-grained monzonite/diorite are common. Hornblende and biotite have been at least partially replaced by greenish chlorite in even the freshest samples. Granodiorite is crosscut by quartz monzonite, monzonite-porphyry, and younger Tertiary dykes (andesites to rhyolites). Alteration is pervasive and much stronger close to major shear zones (Naas, 2007).

Weakly porphyritic quartz monzonite:

This rock type forms small dykes up to several metres thick and traceable for many tens of metres, crosscutting the Mt. McNeil granodiorite. It has characteristic pale-pink color, meso- to leucocratic appearance, fine-to-medium-grained weakly porphyritic texture, with plagioclase phenocrysts. Mafic minerals (20-30%) include both amphibole and biotite. Several northeast trending dykes of quartz monzonite have been mapped in the western part of the Rainbow 2 and Kuhn Zones. Contacts between the quartz monzonite and the granodiorite are distinct. The quartz monzonite is crosscut by monzonite-porphyry, andesite and rhyolite dykes (Naas, 2007).

Despite of the similarity in rock names, the weakly porphyritic quartz monzonite and the Carbon Hill pluton hornblende-biotite quartz monzonite are easily distinguishable by their color, equigranular versus porphyritic texture, and general appearance (Naas, 2007).

Porphyritic hornblende monzonite to quartz monzonite ("**monzonite-porphyry**"):

This unit is present as irregular bodies and dark dykes within the Mt. McNeil pluton in the vicinity of the Skukum Creek deposits. The rock is gray to dark-gray in color and typically has a salt and pepper texture that reflects subequal concentrations of euhedral hornblende prisms and equant, white plagioclase phenocrysts. The groundmass is dark and fine-grained. Some variations on this rock type contain minor quartz. Plagioclase phenocrysts form approximately 40% of the rock, and locally exceed 50%. The moderate response to K-feldspar staining is consistent with monzonite. This rock type is common in the Skukum Creek area, but it was not observed at Goddell Gully or Chieftain Hill. The rock locally contains minor cognate diorite xenoliths, but their concentration is markedly less than in the Mt. McNeil granodiorite. It commonly contains inclusions of the Mt. McNeil granodiorite and weakly porphyritic quartz monzonite (the latter are more frequent) but is cut by andesite and rhyolite dykes (Naas, 2007).

Biotite granite:

This rock was observed by Lang and Rhys (2002) and described as a medium-grained, equigranular intrusive rock that occurs locally in the Taxi Zone and in drill holes south of the Kuhn Fault. No significant alteration or distinctive fabric has been noted in this unit. Dykes of this rock type crosscut the Mt. McNeil granodiorite, but were not observed in contact with other intrusions. The rock is moderately magnetic, and the only mafic phase is biotite. It is cut locally by chlorite or sericite veinlets (Naas, 2007).

Aplites and Pegmatites:

Small dykes and dykelets of fine-grained equigranular aplites and coarse-crystalline pegmatites are widespread cutting through the Mt. McNeil granodiorite in the Skukum Creek area. According to Lang and Rhys (2002), these dykes are

most abundant in areas that are also cut by biotite granite dykes, to which they might be related. They are late magmatic features that are cut by minor shear zones and altered. Sometimes small aplite dykes grade to a core of pure quartz, a pattern common to aplites in many systems (Naas, 2007).

Considering a geological history of emplacement of the rocks allocated to the Coast Plutonic Complex in the Skukum Creek area, a missed member is apparent, namely, late mafic dykes that are very common in many multiphase intrusive suites following the youngest granites. In this regard, it will not be surprising, if a follow-up study reveals some andesite dykes currently considered to represent the Tertiary subvolcanic formations are in fact late mafic dykes accompanying the Cretaceous intrusives (Naas, 2007).

### *Tertiary Volcanic and Subvolcanic Rocks*

#### Andesite dykes

These intrusions are widespread throughout the project area but are generally most common within or adjacent to major fault zones (cf. rhyolite dykes below). The most common types are either dark grey aphyric, or have a porphyritic texture defined by hornblende and plagioclase. Both types of dyke may be altered and locally mineralized. The andesites were observed to cut most of the pre-Tertiary phaneritic intrusive rocks, but with respect to rhyolites it can only be said that some andesite dykes are older than some rhyolite dykes. Several types of andesite dykes are probably present in the area, but work was inadequate for full delineation. Andesite dykes that intrude pre-Tertiary rocks in the area may represent subvolcanic feeders to the Mt. Skukum volcanic complex (Naas, 2007).

#### Dacite dykes

Dacite dykes are also widespread in the area; in particular, dacite forms the large Portal Dyke striking roughly north (north-east) and found just east of the Rainbow mineralized zone. Dacite is a brown to brick-brown aphanitic rock, with small plagioclase phenocrysts and quite common small vugs filled in by chlorite and epidote (Naas, 2007).

#### Rhyolite dykes

These subvolcanic intrusions comprise a diverse group of felsic dykes that are variable in mineralogy, texture, and their spatial and temporal relationships to hydrothermal alteration and mineralization. Rhyolite dykes were observed to cut most intrusions on the property but have variable timing relative to andesites as noted above, suggesting multiple pulses of both intrusive types. Like the andesite dykes, rhyolite dykes commonly have a spatial association with, or are developed within, major east- and northeast-trending fault systems. In the Skukum Creek area and at Chieftain Hill, the most typical appearance of the includes a light beige to light grayish-green color, and a aphanitic texture with up to 10% clear, rounded to square and locally resorbed quartz phenocrysts mostly <3 to 4 millimetres in size. Prominent flow banding is well developed near the contacts of many of the larger dykes (Naas, 2007).

Three distinctive quartz  $\pm$  K-feldspar porphyritic dykes that are present in the Goddell Gully area along the Goddell fault belong to the rhyolite dyke group. These have been termed the North, Central and South marker dykes in old drill logs, based on a consistent and predictable distribution along strike. The North and South Marker dykes lack flow banding and have a higher concentration of K-feldspar phenocrysts and more variable concentrations of quartz phenocrysts than the Central Marker dyke. The Central Marker dyke has well-developed flow banding, overall texture, equant quartz phenocrysts, and alteration and disseminated pyrite that makes it much more like the mineralized rhyolite dykes at Skukum Creek. The relative age of the three rhyolite dykes at Goddell was not established (Naas, 2007).

A single, narrow spherulitic rhyolite dyke was observed in the Ridge Zone. It is characterized by spherules <4 millimetres in size and several percent disseminated pyrite; the age of this intrusion relative to other types of rhyolite dyke is unknown but similar intrusions at Mount Skukum were considered by McDonald et al (1990) to be among the youngest rock types in the area (Naas, 2007).

### Zoned Andesite-Dacite dykes

Zoned andesite-dacite dykes were apparently firstly observed during the 2006 Phase V drilling program in the western parts of the Rainbow 2 and Kuhn mineralized zones (DDH SC06-48, SC06-53 to SC06-55). In most cases, dacite occupies central ("core") position in the zoned dykes and exhibit quite sharp (less often gradual) contacts to the "rimming" andesites. These relationships can be considered as revealing intra-chamber magmatic differentiation rather than successive emplacement of various rock types. Visually, the andesites and dacites found in the zoned dykes are indistinguishable from those forming "regular" dykes composed of one rock type. The only difference is that the zoned dykes are much thicker than the "regular" ones. Furthermore, the zoned dykes apparently evolve into the less thick "regular" ones along strike and down-dip (Naas, 2007).

### Composite Andesite-Rhyolite and Andesite-Dacite-Rhyolite dykes

Composite andesite-rhyolite and andesite-dacite-rhyolite dykes represent something different from the zoned andesite-dacite dykes mentioned above. The difference is that these rock types are found in crosscutting relationships rather than in gradual transitions. In other words, these complex dykes were likely formed by subsequent intrusion of portions of magma with different composition; these intrusions were controlled by multiple re-activation of the same controlling tectonic structures. In all cases, rhyolite appears to be younger than other rock types (dykes). It is important that the largest dykes identified on the prospect (namely, the Rainbow 2, Kuhn, and possibly Rainbow dykes) represent this type of composite dykes, with perhaps earlier zoned andesite-dacite and/or unzoned andesite dykes intruded by rhyolite dykes (Naas, 2007).

### Post-hydrothermal amygdaloidal andesite dykes

These occur in several places at Skukum Creek; one of them was intersected by SC06-52 (interval 110 to 125 metres) south of the Kuhn Zone. They tend to be fresh and undeformed, even where located close to known mineralization, and are consequently interpreted as post-hydrothermal. These dykes range up to several metres in width. They have a fine-grained to aphanitic, dark-coloured groundmass, and are distinguished by white to clear amygdules infilled by quartz and/or calcite. Similar dykes were interpreted to be the latest stage of intrusive activity in the vicinity of the Mount Skukum mine (McDonald et al, 1990) (Naas, 2007).

### Mineralization

#### *Mt. Skukum*

Mineralization within the Mt. Skukum area is restricted to gold veins that occur in shear and fault zones located on the caldera margin, along major cross-cutting faults and in local, complex faults zones associated with collapse of the nested calderas (Figure 7-3). Productive veins in the Mt. Skukum area consists of electrum-bearing quartz-calcite-sericite veins (Naas, 2004).

### Main Cirque Zone

The mined-out Main Cirque Vein is hosted within porphyritic andesite cut by various andesite dykes (Figure 7-3), and in particular a 2 to 60 metre wide steeply dipping rhyolite dyke along the north south trending Main Cirque Fault Zone. The ore zone was approximately 200 metres long, 80 metres in depth and on average 5 metres wide. Mineralization consisted of multiple emplacement electrum- and native silver-bearing quartz-calcite-sericite veins with marginal stockwork and gouge zones. The stockwork veins locally coalesced to form near vertical shoots of massive quartz-carbonate veins. Veins typically occur as 0.5 to 25 metre wide zones of stockwork veinlets 5 millimetres to 2 metres wide, which crosscut rhyolite and porphyritic andesite dykes and hydrothermal breccias. All massive veins narrow at depth and bottom out in quartz-carbonate stockworks (McDonald et al, 1989).

### Lake Zone

The Lake Zone consists of two interconnected veins of different orientations hosted in gently west-dipping propylitically altered porphyritic andesite and pyroclastic andesite rocks. The veins occur as massive, fine to coarse

grained quartz-calcite-sericite veins, re-cemented vein breccias, vein-wallrock breccias, hydrothermal breccias and stockwork. Accessory minerals include generally <1% combined pyrite, pyrrhotite, sphalerite, galena, rhodochrosite, rhodonite and visible electrum (Naas, 2004).

Drilling and underground development indicates a 50° dipping, 020° trending vein (and associated secondary subparallel veins and splays) interconnects with a vertical 012° vein. The former has a drill indicated strike length of 650 metres, and 230 metre vertical extent. Thickness of the vein varies widely from 0.1 to 10.1 metres, averaging 0.6 metres. The southerly portions of the vein average about 2.5 metres. The latter vein (012° trend) originates to the south as vertical splay. Moving along strike to the north, the vein is generally narrow and discontinuous for 125 metres, until it diverges and becomes thicker and more continuous for the next 250 metres until it intersects the surface. This vein is 0.1 to 7 metres thick, averaging 0.45 metres (McDonald et al, 1989).

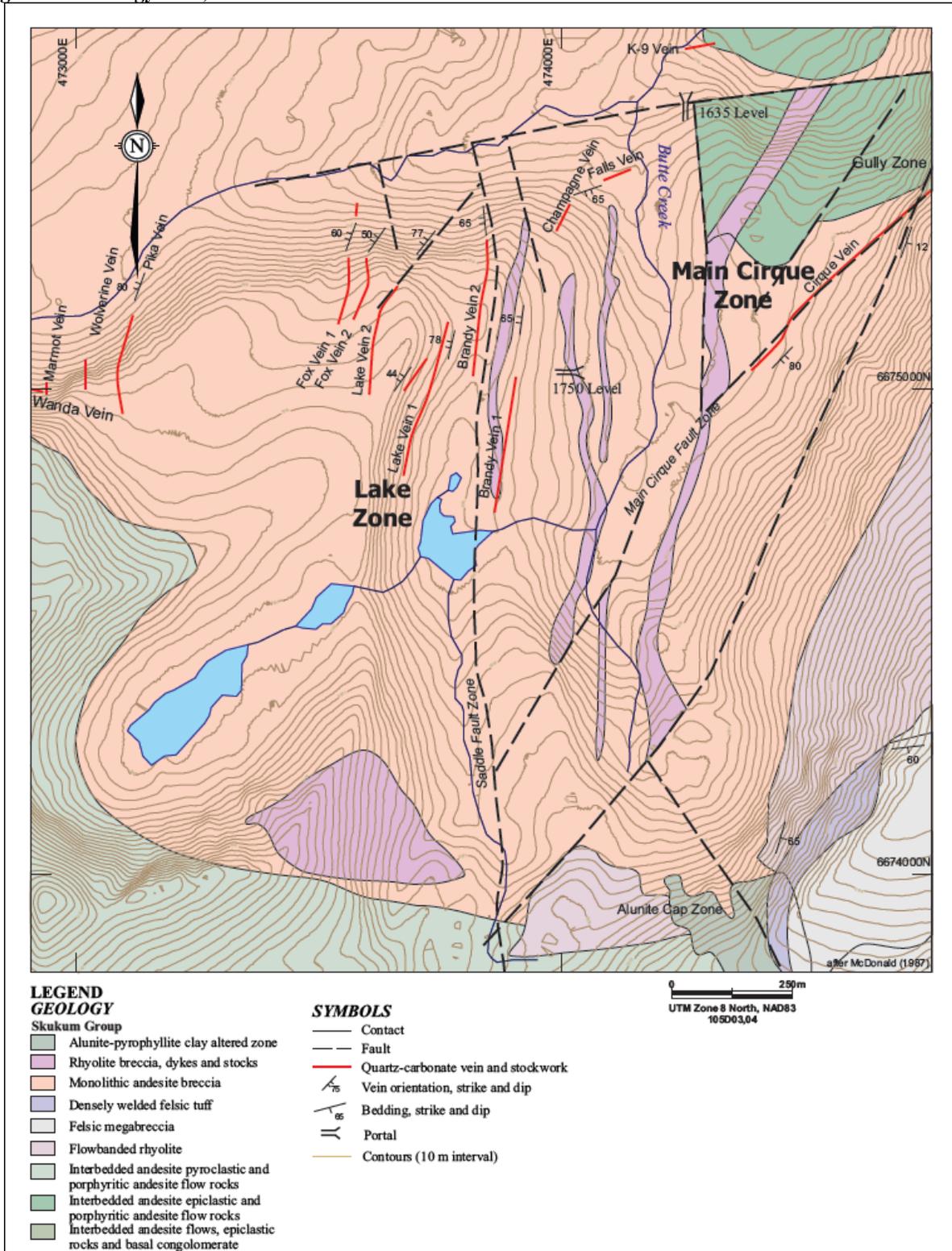
#### Brandy Zone

The Brandy Zone comprises a series of six subparallel gold-bearing quartz-calcite veins striking 014° and dipping 55-70° west. The veins occur over 150 metres width and a 650 metre strike length. Veins are hosted in flat-lying porphyritic andesite flows and tuffs, which are crosscut by numerous steeply dipping rhyolite and andesite dykes and form part of the Brandy Zone structure. The veins consist of quartz, calcite, sericite and visible electrum. Epidote and chlorite are common as alteration in the wallrock or in vein breccias where the vein material forms the matrix for altered wallrock fragments. The veins range from 0.08 to 2 metres thick and average 0.2 metres (McDonald et al, 1989).

#### Other Zones

The numerous other veins occurring in the Mt. Skukum area show similar characteristics to the primary veins. All veins are typically quartz-calcite-sericite veins and stockworks with very fine-grained electrum and sulphides. Grades in several of the veins (e.g. Wolverine, Marmot) may contain economic gold (+silver) grades but often show a very erratic distribution of grade. Gold-silver ratios are typically 1:1 to 1:3 (Naas, 2004).

Figure 7-3 Geology Plan, Mt. Skukum Area



### Skukum Creek

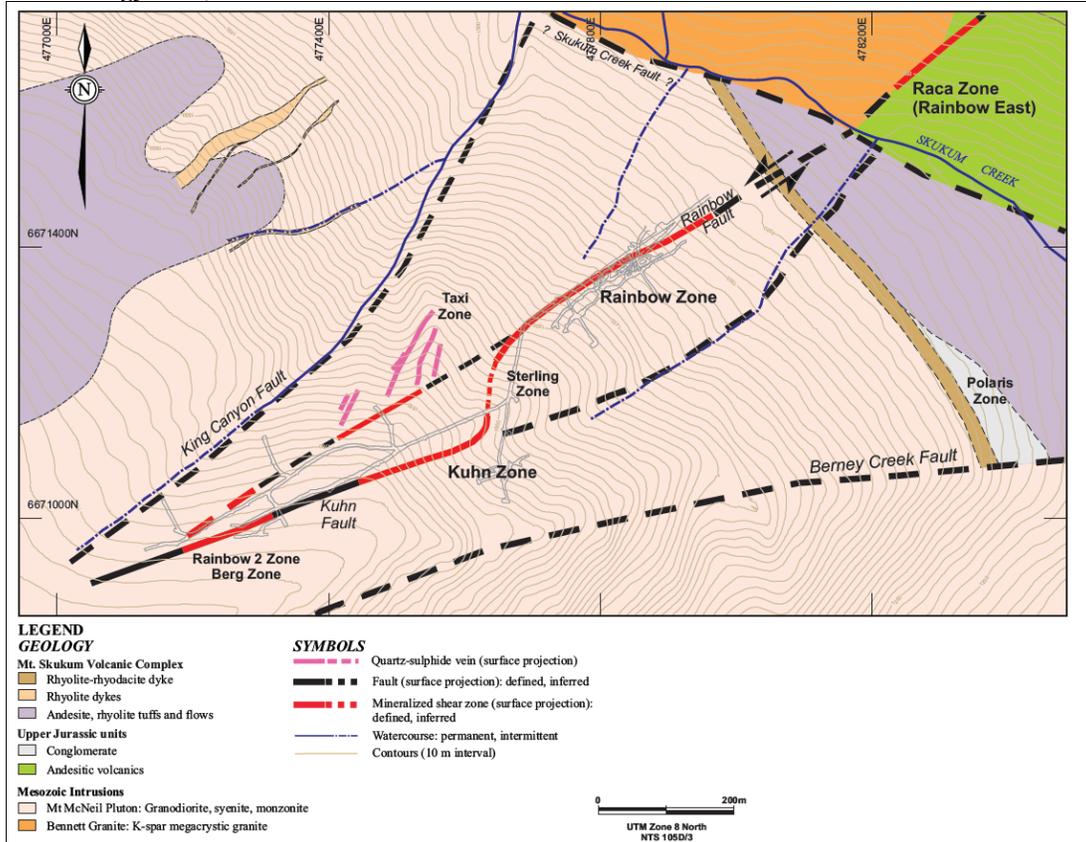
In the Skukum Creek area, zones of mineralization are hosted primarily by a series of linked, northeast-trending faults that may represent splays off the Berney Creek fault system (Figure 7-4). The Rainbow and Kuhn zones occur along parallel, northeast-trending faults of the same name that are defined by intermixed andesite and rhyolite dykes, monolithic and polyolithic phreatomagmatic breccias, semi-brittle shear zones and quartz-sulphide veins. These two zones are linked by the north-trending Sterling Zone, a dilational step-over that connects the eastern end of the Kuhn Zone with the western end of the Rainbow Zone (Naas, 2007).

Within the Rainbow and Kuhn Zones, mineralization occurs in quartz-sulphide veins that are intimately associated with an anastomosing network of shear zones that cross and/or are developed along dyke contacts. Multiple generations of veins are present including early veins incorporated as fragments into cataclasites and younger veins that overprint cataclastic breccias (Naas, 2007).

Mineralization in the Ridge and Ridge 2 Zones may occur at or near the junction of the Kuhn and King Canyon faults. This may be a zone of dilation and splays that links the two structures. Rainbow 2 may represent an extension of the Rainbow Zone. North-northeast trending, steeply dipping quartz-sulphide extension veins in the Taxi zone, and similar veins developed throughout the underground workings, have orientations consistent with formation during sinistral displacement along the Rainbow and Kuhn faults (Naas, 2007).

Sulphide mineralization occurs primarily as pyrite, arsenopyrite, galena, sphalerite, and chalcopyrite. There is commonly an early stage of pyrite-arsenopyrite without associated precious metals. Gold at Skukum Creek occurs mostly as electrum and minor to trace native gold and is directly related to a late stage of galena-stibnite mineralization that replaces earlier arsenopyrite-pyrite-sphalerite. Silver is hosted predominantly in freibergite, with trace to minor native silver and argentite with trace amounts occurring within galena, chalcopyrite, stibnite and sphalerite (Naas, 2005, 2007).

Figure 7-4 Geology Plan, Skukum Creek Area



*Goddell Gully*

Golden Tusk - PD Zone

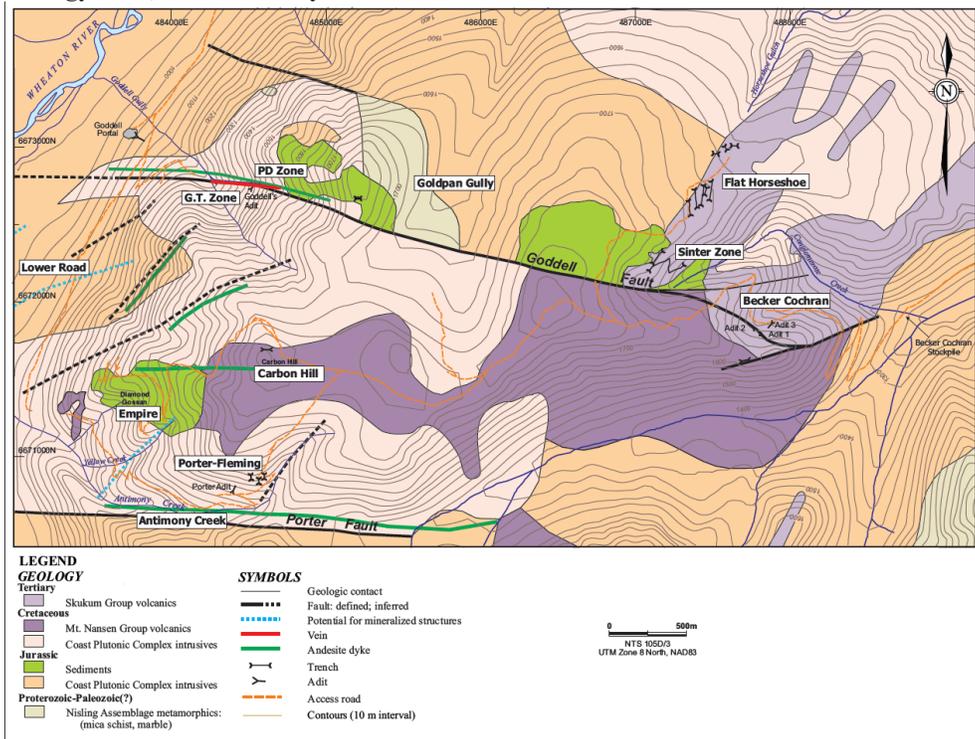
Gold mineralization in the Goddell Gully area occurs within and south of the main strands of the Goddell fault. Different parts of this area have been assigned various names; exposures of mineralization at surface south of the main fault have been termed the GT (Golden Tusk) Zone, whereas deeper, higher grade intersections at depths of 300 to 700 metres below surface and drilled from the underground workings have been called the PD Zone (Figure 7-5). The two areas are separated by a gap in drilling and may be continuous. Both are of similar style. Mineralization is open in the PD Zone on several sections, and potential exists for the identification of further mineralization of similar style (Naas, 2004).

Gold mineralization in the PD Zone that has been intersected from underground drilling occurs principally to the south of the rhyolite dykes and main cataclastic strands of the Goddell fault system, along the southern margin of the fault. Gold mineralization in this area is associated with:

- a) disseminated, fine-grained acicular arsenopyrite-arsenian pyrite that are pervasively disseminated, primarily in andesite dykes and locally in cataclastic shear zones; and,
- b) quartz-sphalerite-stibnite extension and shear veins, which commonly have a spatial relationship to the disseminated mineralization (Naas, 2004).

Mineralization is principally associated with the disseminated arsenopyrite style which occurs as pervasive disseminations that are often localized in dykes adjacent to shear zones or are spatially associated with widely spaced quartz-sphalerite-stibnite extension veins of the second mineralization style. Where the extension veins are developed, envelopes of abundant dark grey disseminated arsenopyrite commonly surround them and extend from 0.5 to 4 centimetres outward from the veins, indicating a genetic link and contemporaneity between the two mineralization styles. Mineralization in cataclastic breccias also locally occurs where andesite fragments contain disseminated acicular arsenopyrite (Naas, 2004).

**Figure 7-5 Geology Plan, Goddell Gully-Becker Cochran**



## *Other Areas*

### Charleston

The Charleston Vein is hosted by Cretaceous granodiorite cut by Tertiary rhyolite and andesite dykes. The vein is from 0.15 to 2 metres thick, strikes 135° to 160°, dips 30° to 45° NE and has been traced for 900 metres (Minfile 105D-020). The vein is vuggy with thick chlorite seams and up to 5% galena, pyrite and minor sphalerite and chalcopyrite. The host rock is sericitized for up to 1.5 metres from the vein boundary and chlorite alteration occurs up to 25 metres from the vein. The vein has been traced north to the Twist Zone, where it is hosted in a graphitic shear, and along strike to the south for a total strike length of 1.7 kilometres (Naas, 2001).

### Chieftain Hill

The Better B. Vein, Evening Vein, Johnny B. Vein and Ocean Vein are situated in Cretaceous quartz monzonite to granodiorite intrusives (Figure 7-2). All trend approximately east-west and have a near vertical dip. These veins lie topographically below, and to the southeast of a large fault (approximately 60° trend). Across the fault and to the northwest lies the Morning Vein, which trends 90° and dips steeply to the north. This vein is topographically higher than the previously mentioned veins and emplaced for the most part in porphyritic andesite of the Eocene Mt. Skukum Volcanic Complex (Naas, 2001).

The Ocean Vein is a quartz-sulphide vein within a sheared envelope of intensely altered granodiorite intruded by several andesite and rhyolite dykes and cross cut by faulted zones. Intersections are characterized by a hanging wall fault gouge or breccia and some intersections have a rhyolite dyke along the footwall contact. The vein has an intense silicic, argillic and phyllically altered envelope of granodiorite. The vein is typically comprised of 60 to 80% quartz or brecciated quartz fragments with sulphide filling fractures or forming a sulphide and chlorite-rich matrix. Sulphide minerals include pyrite, galena, sphalerite, arsenopyrite and chalcopyrite (Reddy and McDonald, 1989).

### Porter-Fleming

Mineralization at the Porter showing is found in many veins. The veins are hosted in faults and tensional openings that locally parallel fine-grained dykes including rhyolite dykes (Figure 7-2). The largest surface vein is traced for 40 metres before disappearing under the talus cover. Vein widths varies from 0.05 to 0.9 metres and have principal orientations of 100° and 130° with dips of 10° to 60° to the north. Mineralogy of the vein consists of quartz-stibnite-sphalerite and malachite-staining, probably due to the presence of tetrahedrite. Barite occurs in some veinlets. A small surface vein is found 30 metres uphill from the adit portal and exposed over 7 metres, of which 3 metres are mineralized with quartz-barite-hematite-stibnite-sphalerite-galena-tetrahedrite. Vein attitude is 105°/90°; width is 10 to 20 centimetres. A vein is found in the underground drift, consisting of two 3 metre segments. One segment parallels the tunnel and is 7-10 centimetres thick. The second vein strikes at a high angle to the tunnel and is 10 to 15 centimetres thick, comprised of mainly quartz-stibnite-sphalerite and minor tetrahedrite (malachite-stained). Other minerals reported from here include galena, zinkerite, chalcostilbite, plagioclase, and covellite (Minfile 105D026). Outcrop is sparse and additional veins are probably present. The 100° orientation mentioned above parallels the Porter Shear lying 200 metres to the south. A similar shearing direction was mapped as three separate shears 26 metres apart in the underground cross-cut (Naas, 2004).

### Becker-Cochran

Mineralization occurs in lenses of quartz and barite within a broad shear zone cutting a rhyolite plug, argillite, conglomerate and quartz monzonite (Figure 7-2). The shear zone trends 120° and is characterized by black, fine-grained pyrite, massive stibnite, along with sphalerite and traces of realgar, orpiment, galena, and tetrahedrite in a quartz-barite gangue. On surface the zone has been traced for 30 metres with an attitude of 120°/75°SW and is identified by a weathered grey gangue with red and yellow streaks and massive sulphide boulders. The shear zone is described as 70% clay-like gouge and 30% hard, siliceous, antimony-bearing rocks (CME, 2000). Trenching to the northwest has identified stibnite in primarily quartz type veins. Drifting underground traverses this same area (Naas, 2004).

### Carbon Hill

This showing is reported to lie approximately 1 kilometre north-northeast of the Porter- Fleming showing on the crest of Carbon Hill (Figure 7-2). The vein is described as being 0.61 metres in width in a small open cut. The texture is described as banded with barite, some quartz, blades and masses of stibnite, minor sphalerite and jamesonite. Host rocks are andesite and rhyolite. The vein material was traced southeast with float for about 150 metres indicating a strike direction of 115° (Naas, 2004).

### Empire Showing

Several veins of up to 0.75 metres thickness are reported to occur. No structural data or historical assays are available (Naas, 2004).

The showing occurs in granitic rocks intruded frequently by intermediate dykes. Fault structures are also common (Con-Am, 1977). The showing lies adjacent the area known as the Diamond Gossan and above Antimony Creek (Figure 7-2). A prospector, K. Lumsden, communicated in 1964 (Fawley, 1964) that old cuts are sloughed but that blocks of almost massive stibnite up to 40 pounds in weight were beside some of the pits and that there were many small dumps of stibnite. The area was diamond drilled during 1977 (Naas, 2004).

### *Deposit Types*

Mineralization at the Skukum Property are generally thought to represent different expressions of one or more Low to Intermediate sulfidation Epithermal system, though other deposit models including intrusion related mineralization (Goddell – Chieftan areas) may also be valid. Occurrences are typically structurally controlled (fault/shear/joint) gold ± silver ± base metal (± lead ± zinc ± copper ± antimony) bearing veins, vein breccias or mylonites.

Exploration to date has outlined three principle precious metal deposits:

- a) Mt. Skukum: gold ± silver deposit (includes the past producing Main Cirque vein as well as the Lake and Brandy zones);
- b) Skukum Creek: gold-silver deposit; and,
- c) Goddell Gully: gold deposit.

This mineralization includes:

- a) epithermal vein systems at the Mt. Skukum mine, and Skukum Creek; and,
- b) probable intrusion-related, Au-Ag-Sb-As mineralization that formed principally within pre-Tertiary igneous rocks to the southeast of the volcanic complex and which include the Chieftain Hill and Goddell areas.

Future exploration programs on the property will seek to expand the existing defined resources at Mt. Skukum, Skukum Creek and Goddell Gully primarily through diamond drilling. Various geophysical (Magnetics and Induced Polarization), geochemical and spectral exploration techniques will be applied to evaluate and rank the many occurrences on the property in order to prioritize exploration drilling of various targets.

### Mt. Skukum

The Mt. Skukum deposit is located 2.5 kilometres north-northwest of Mt. Skukum within the Mt. Skukum Volcanic Complex. The deposit is a structurally controlled epithermal gold deposit hosted in Eocene volcanics. Low temperature auriferous quartz-calcite-adularia veins occur along brittle fractures and faults with little shearing and appear to be formed at shallow levels. Both gold grade and zone thickness change dramatically along strike and down-dip with frequent swelling and pinch-out. The deposit currently consists of the Lake Zone and Brandy Zone. The Main Cirque Vein was mined out in 1988 (Naas, 2004 and Zhang, 2012).

### Skukum Creek

The Skukum Creek deposit is located outside the Mt. Skukum Volcanic Complex, 5.25 kilometres southeast of the Lake Zone, on the south side of Skukum Creek. It is a structurally controlled, polymetallic gold-silver, deep epithermal vein deposit hosted in Mid-Cretaceous Mt. McNeil granodiorite. In the Skukum Creek area, zones of mineralization are hosted primarily by a series of linked, northeast-trending faults that may represent splays off the Berney Creek fault system. The Rainbow and Kuhn zones occur along parallel, northeast-trending faults of the same name that are defined by intermixed andesite and rhyolite dykes, monolithic and polyolithic phreatomagmatic breccias, semi-brittle shear zones and quartz-sulphide veins. These two zones are linked by the north-trending Sterling zone, a dilational step-over that connects the eastern end of the Kuhn zone with the western end of the Rainbow zone (Naas, 2007).

Within the Rainbow and Kuhn zones, mineralization occurs in quartz-sulphide veins that are intimately associated with an anastomosing network of shear zones that cross and/or are developed along dyke contacts. Multiple generations of veins are present including early veins incorporated as fragments into cataclases and younger veins that overprint cataclastic breccias (Naas, 2007).

Mineralization in the Ridge and Ridge 2 zones may occur at or near the junction of the Kuhn and King Canyon faults. This may be a zone of dilation and splays that links the two structures. Rainbow 2 may represent an extension of the Rainbow zone. North-northeast trending, steeply dipping quartz-sulphide extension veins in the Taxi zone, and similar veins developed throughout the underground workings, have orientations consistent with formation during sinistral displacement along the Rainbow and Kuhn faults (Naas, 2007).

Sulphide mineralization occurs primarily as pyrite, arsenopyrite, galena, sphalerite, and chalcopyrite. There is commonly an early stage of pyrite-arsenopyrite without associated precious metals. Gold at Skukum Creek occurs mostly as electrum and minor to trace native gold and is directly related to a late stage of galena-stibnite mineralization that replaces earlier arsenopyrite-pyrite-sphalerite. Silver is hosted predominantly in freibergite, with trace to minor native silver and argentite with trace amounts occurring within galena, chalcopyrite, stibnite and sphalerite (Naas, 2005).

### Goddell Gully

The Goddell deposit is located outside the Mt. Skukum Volcanic Complex, 10.5 kilometres to the east of Mt. Skukum and 7 kilometres east-northeast of the Skukum Creek deposit. It is a structurally controlled shear-hosted gold deposit. Mineralization is associated with altered andesite dykes within the shear zone. The shear zone is located within Mid-Cretaceous Carbon Hill granodiorites. The main gold bearing zone, which does not outcrop at surface, is referred to as the PD Zone (Naas, 2004).

The mineralization is more strictly associated with structural controls as the gold mineralization is found to occur in a variety of lithologies. Sulphides associated with the deposit include pyrite, stibnite, sphalerite, arsenopyrite and jamesonite. Mineralization is principally located within fine acicular arsenopyrite-pyrite-lithic-quartz-sericite-carbonate breccias and stockwork veinlets. The presence of acicular arsenopyrite crystals within sulphide breccias is an indication of gold mineralization.

The main deposit is located quite deep and appears to thicken with depth as compared to the sulphide breccia intersections found closer to surface. Also, gold grades tend to increase at depth whereas the mineralization nearer surface is found more as stibnite-rich pods within the fault zone (Rodger, 1996).

### *Exploration*

No exploration has taken place on the property since 2011.

New Pacific undertook an exploration program on the Property during 2011 which consisted of:

- data compilation

- rock sampling
- soil sampling
- geological mapping
- additional sampling of historical drill core
- surface and underground diamond drilling
- metallurgical testing
- refurbishment of underground workings
- camp upgrades

Details and results of the exploration program presented in this section are summarized from the report "Exploration Report for 2011" by A. Zhang (2012). Field camp upgrades have been discussed under the heading "*Item 5: Description of the Business – Tagish Lake Gold Project – Accessibility, Climate, Local Infrastructure, and Physiography – Physiography*". Diamond drilling and metallurgical testing undertaken by New Pacific are reported under the headings "*Item 5: Description of the Business – Tagish Lake Gold Project – Drilling*" and "*Item 5: Description of the Business – Tagish Lake Gold Project – Mineral Processing and Metallurgical Testing*", respectively.

Exploration completed prior to 2011 was undertaken by previous owners and is discussed under the heading "*Item 5: Description of the Business – Tagish Lake Gold Project – History*".

Whitehorse Gold exploration programs will be planned build on the work completed in 2011 and detailed below. Exploration programs will continue with historic data compilation, review and 3-D modeling. Resource expansion drilling is planned for all three or bodies, Mt. Skukum, Skukum Creek and Goddell Gully. Various geophysical (Magnetics and Induced Polarization), geochemical and spectral exploration techniques will be employed to evaluate and rank the many occurrences on the property in order to prioritize exploration drilling of various targets.

#### Data Compilation

New Pacific reviewed all the available historical drill data including drill plans, sections, drill logs and assays results, and compiled all available drill data into digital format (access database or excel spreadsheet). The objective was to establish adequate data storage to facilitate further activities of exploration and potential development of the Mt. Skukum gold deposit. The compilation work comprised of digitizing geology plans to GIS format files and entering non-digital drill data (collar, survey, geology and assay) into digital format.

#### *Procedure*

Historical maps, drill logs and assay results were collected from the storage of Tagish Lake in North Vancouver, BC and the Tagish Lake camp site data storage room. Prior to digitizing, the source maps were examined to establish their respective datum and coordinate system. For most maps, the datum and coordinate system were NAD27 and UTM Zone 8, respectively. For some historic maps without labeled UTM grid, reference points were used by selecting topographic and other known monuments (surveyed pins, adit collars, etc.).

All maps were digitized in original coordinate system NAD27 UTM 8 North, then transformed to NAD83 UTM 8 North. Both geology and topography contours were digitized from separate map units, and integrated to single digital files of different geology features (contacts, faults, rock or strata units, vein outcrops, rock sample locations, drill collars, trenches, underground development and roads, etc.). For the area west of the Wheaton River valley, digital topo maps of 10 metre contour interval were set up by digitizing all topography maps of scales from one to one thousand and ten thousand.

## *Results*

In addition to the 158 holes of the Lake Vein completed from 1986 to 1988 and compiled by CME in 2003, drill holes completed from 1982 to 1985 and after 1988 for both the Lake Zone and other zones were compiled by New Pacific into an Access database, bringing the total number of holes captured to 363 holes. The database comprises four tables: collar, survey, geology and assay. It was observed that acid-etch test was used to test the dip of drillhole path in therefore no azimuth measurements apart from the collar azimuth were recorded. The collar azimuths were assumed to be constant down hole.

For the area immediately around the Mt. Skukum gold deposit, geology plan maps of one to one thousand scale were available with elevation contours at 5 metre interval. This area is about 5.2 square kilometres. Geology features, roads and contours were digitized to create an integrated topographic and geology plan map.

The area to the west of the Wheaton River valley is approximately 164 square kilometres. One to ten thousand scale topo maps with elevation interval of ten metres were digitized and a 3D DTM file is created using Surpac mining software.

The 1750 metre level drift of the Lake Zone and the 1635 metre level drift of the Main Cirque Zone were digitized, and 3D solids were created using Surpac mining software.

### Rock Sampling

Surface rock sampling was carried out at the Raca Zone-Chieftain Hill, Goddell Gully, Antimony Creek, Charleston-Tango, and Mt. McNeil with the aim to confirm historical exploration results and evaluate the mineralization potential. A total of 319 rock samples were taken with the majority from the Raca-Chieftain Hill area. Details are reported in Zhang (2012) and summarized below.

#### *Raca Zone - Chieftain Hill*

Surface prospecting was aimed to confirm historical exploration results and assess the economic potential of the area. Five traverses of Raca-Chieftain Hill area were completed that were approximately 1.0 kilometre long each (Zhang, 2012).

Rock chip samples were typically collected over lengths of 10 metres each. Grab samples were taken where there was insufficient outcrop for a chip sample. Chip samples typically weighed approximately five kilograms each while grab samples were about 3 kilograms. During sampling, geology along each traverse was observed and information of rock type, contacts, alteration, mineralization and structure features was recorded.

A total of 258 rock chip samples and 17 grab samples were collected from the 5 traverses.

#### *Goddell Gully*

Five rock chip samples were taken from the dykes and fractures, and one sample (GD-003) from an andesite dyke with quartz veining returned anomalous values of Ag, Pb and Zn. It is speculated that these dykes and altered fractures in monzonite are the splay structures from the major Goddell Gully shear zone. The PD Zone could be where the splays merge into the major shear zone.

#### *Antimony Creek*

Eleven (11) samples were collected from a road cut in the Antimony Creek area. Two samples returned anomalous precious metal values.

Cha New Pacific conducted a short field visit of the Charleston and Tango Veins. The program was designed to follow up on gold-silver mineralization reported in historical exploration results and to evaluate the mineralization potential of economic importance.

*Charleston Trend*

New Pacific conducted a short field visit of the Charleston and Tango Veins. The program was designed to follow up on gold-silver mineralization reported in historical exploration results and to evaluate the mineralization potential of economic importance. Twelve chip samples were collected from this Charleston Vein (Table 9 1) and one chip sample from across the Tango Vein. Intervals reported represent true thickness of the vein structure.

**Table 9-1 Analytical Results of Chip Samples at Charleston Vein**

Sample ID	East	North	Elev	Interval (m)	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	As (ppm)
CH-001	472460	6670523	1893	0.40	7.00	25.2	20	591	152	235
CH-002	472473	6670490	1898	0.60	5.20	16.5	80	666	134	120
CH-003	472462	6670482	1908	0.60	7.30	24.3	74	159	168	320
CH-004	472473	6670476	1909	0.50	0.52	3.0	54	108	372	130
CH-005	472467	6670480	1907	0.70	1.31	9.0	106	258	488	65
CH-006	472464	6670476	1906	0.30	0.03	2.8	146	129	1442	230
CH-007	472465	6670477	1906	0.50	0.18	2.3	22	57	216	105
CH-008	472465	6670478	1907	0.70	7.45	49.1	60	1374	116	140
CH-009	472465	6670479	1907	0.30	0.28	4.4	110	378	1292	100
CH-010	472465	6670471	1912	0.30	0.24	18.3	54	72	8530	35
CH-011	472463	6670482	1911	0.80	1.77	80.8	206	3258	714	65
CH-012	472465	6670471	1911	0.50	0.18	2.0	214	180	2512	15

*Mt. McNeil*

A helicopter aided fieldtrip was made to the top of the peak and five rock chip samples were taken from the rhyolite with weathered brownish colour. Five rock samples were collected but did not return any anomalous values.

Soil Sampling

Soil sampling was undertaken at Carbon Hill and the Raca Zone.

*Raca Zone - Chieftain Hill*

Soil sampling was carried out in the Raca Zone-Chieftain Hill area in areas of little to no outcrop. Soil samples were normally collected from 20 to 30 centimetres below surface from the C horizon and contained in-situ rock debris (writ comm A Zhang, 2013). A total of 25 soil samples and 2 talus samples were collected from this area, 22 of which were from a single traverse to confirm an historical gold-in-soil anomaly reported by MSGM in 1986. Four consecutive anomalous gold values from 165 to 310 ppb Au collected from traverse 3 confirmed the gold-in-soil anomaly.

*Carbon Hill*

Sampling at Carbon Hill was carried out testing for the presence of anomalous base and precious metals associated with the Porter Shear structure. A total of 155 soil samples were taken over a 100 metre by 40 metre grid area on the flatter terrain. Where the terrain became steep, soil samples were taken from two traverses along contour at a sample spacing of 40 metres. Sample collection was the same described above. No anomalous values were reported from these samples.

Geological Mapping

Geological mapping was undertaken with surface rock and soil sampling. The main focus of mapping was in the Raca Zone-Chieftain Hill area, although additional geological observations were made at the Goddell Gully and Porter areas.

### *Raca Zone - Chieftain Hill*

Geological observations in the Raca area have provided clues to dating the mineralization of the Raca Zone and the Rainbow Zone. The unconformity between the Tertiary pyroclastic flows and the underlying Jurassic megacrystic feldspar intrusion and andesitic volcanic rocks truncated the Raca Zone and associated rhyolite dyke. No similar mineralization was found in the pyroclastic flows to the north, but the extension of the Raca Zone is very likely buried under the thrust plane above which are the Chieftain Hill Tertiary volcanic flows. The rhyolite dyke in the Raca Zone is well cleaved and fractured, whereas the dykes in the Tertiary volcanics are fresh and solid. The felsic and intermediate dykes in the Rainbow Zone were also altered and contain narrow crackled sulphide veinlets.

### *Goddell Gully*

Surface prospecting consisted of a one-day traverse in Goddell Gully and its south side area with the objective to locate the potential surface outcrop of the projected PD Zone. No significant altered shear zone was discovered on the south side of the gully. Instead a few rhyolite and andesite dykes were discovered but the attitude and width of dykes are uncertain because of poor outcrop. A few narrow fractures in monzonite were spotted. These fractures are generally east-west trending, about 0.2 to 0.5 metres wide and contain narrow quartz veins with minor sulphide mineralization. On either side of the veins are half to one metre wide alteration halo.

### *Porter Shear*

The Porter shear structure underlies most of the Antimony Creek area. The structure trends about 110° and parallels the Goddell shear structure approximately two kilometres north. The structure is intensely altered with a width about one hundred metres. Alteration includes argillic and sericitic phases. Monzonite appears apple green when the feldspar grains were altered to sericite. Brown appearance is common when mafic minerals were converted to hematite which is then weathered to limonite. Within the structure hosted swarms of andesite and quartz feldspar porphyry dykes. A quartz vein is present which measures at least 200 metres in length and is in excess of 9 metres in width. A zone of about twenty metres wide with patchy malachite stains was located on the south side of the creek. This zone seems controlled by a near NE trending crosscutting fault. Historical chip sampling from this outcrop reportedly returned anomalous values of Ag and base metals. However, historically reported float of azurite and chalcopyrite were not located at the bottom of the creek. A pyritic halo with dimension of two hundred metres across was confirmed at the south slope. Historical contour soil sampling also indicated polymetallic anomalies of copper, molybdenum, lead, and zinc in the altered shear zone on the south slope of the creek. Based on the historical prospecting results and the field observations three drill sites were selected to test the depth mineralization potential of the structure (Zhang, 2012).

### Supplementary Core Sampling

#### *Goddell Gully*

Supplementary core sampling on historical drill core from Goddell Gully was initiated following a review of the historical drill database of Goddell.

All historical drill cores with samples of gold value greater than 1.0 g/t at the beginning or end of sample sequence were located at the site core yard, and one or more new samples of about one metre long each were marked immediately next to the historical sample intervals. A total of 171 samples were collected from 49 drill holes. Overall, the results of the supplementary sampling program indicated that the main mineralized intervals had been adequately sampled during previous exploration programs (Zhang, 2012).

#### *Raca Zone*

Initially, additional samples were collected from three historical drill holes based on the observation of strong alteration and mineralization in drill core that had not been sampled. Historical core sampling only occurred at the sheared quartz sulphide veins immediately at both the footwall and the hanging wall of the rhyolite dyke. The

megacrystic K-feldspar Bennett Granite from the footwall of the rhyolite dyke to the end of hole is extensively altered by various levels of sericitization, silicification and chloritization and shows associated disseminated pyrite.

A total of 27 samples of the altered granite were collected from the three historical holes.

During drilling at the Raca Zone in 2011 by New Pacific, a new zone (Zone 1) was encountered in the hanging wall of the Mesozoic (probably Jurassic) tuffaceous andesite sequence. The andesite bears strong pyrite-sericite alteration, and locally silicification and high concentrations of hydrothermal magnetite bands. This presence of this new zone led to a re-examination of historical drill holes RACA97-1 and RACA97-3. A total of 84 samples were collected from the projected area of the new zone (43 samples from RACA97-1 and 41 samples from RACA97-3). Samples from the initial sampling returned no significant results other than one anomalous gold value of 240 ppb Au (sample 7559 from the hole RACA97-2), sample interval was 0.9 meters, true thickness of zone is unknown.

Samples subsequently collected from the projected areas of Zone 1 drilled in 2011 returned for the most part, very low gold and silver values. This suggests Zone 1 may not extend down-dip from the discovery hole RACA11-01, or its orientation may be very different from the other mineralized structures.

### Underground Refurbishment

#### *Skukum Creek*

In 2011 refurbishment included de-icing, mucking, bolting and screening the drill sites and small portion at the intersection of the drift with the No.3 crosscut, and installation of ventilation and power cable.

#### *Goddell Gully*

During the rehabilitation of the decline, poor ground conditions were encountered at a distance of 130 metres from the portal. Soft, broken rock due to a series of crosscutting faults resulted in significant rock fall from the back as the water pressure was reduced. Due to the probability of more fault zones further down the decline, New Pacific deemed that refurbishment of the decline would not be "an effective and efficient consideration in terms of both monetary expenses and time consumption". The refurbishment work was halted in early August 2011 (Zhang, 2012).

#### *Drilling*

New Pacific undertook diamond drilling on the Property during 2011. Details and results of the drilling program presented in this section are summarized from the report "Exploration Report for 2011" by A. Zhang (2012). Work consisted of:

- diamond drilling: 51 drill holes totalling 12,487.77 metres;
- geological core logging of all drill holes; and,
- submission of 3,220 drill core samples for analysis excluding control samples.

Drilling completed prior to 2011 was undertaken by previous owners and is discussed under the heading "*Item 5: Description of the Business – Tagish Lake Gold Project – History*".

Drilling was performed by four drilling contractors: Earth Tek Drilling Ltd. and New Age Drilling Solutions Inc. both of Whitehorse, YT; G4 Drilling Ltd from Val-D'or, QC; and, Swick Mining Services Inc. of Sudbury, ON. Swick Mining Services was responsible for all underground drilling. A total of four rigs were used, one from each contractor. Drill core size was mainly NQ (47.6 millimetre diameter), except for some HQ (63.5 millimetre diameter) core which was drilled at the start of several of the deep drill holes.

A breakdown of the drilling totals by deposit or prospect is presenting in Table 10-1. A tabulation of drilling specifications is presented in

Table 10.2. Coordinates are reported in UTM Zone 8 North (NAD83 datum).

**Table 10-1 Summary of 2011 Drilling**

Deposit/Prospect	Location	Completed		Abandoned		Total	
		Quantity	Metres	Quantity	Metres	Quantity	Metres
Skukum Creek	Surface	6	3,169.51			6	3,169.5
	Underground	13	1,703.70	1	5.60	14	1,709.30
Raca	Surface	2	566.96	3	684.49	5	1,251.45
Chieftain Hill	Surface	1	346.83			1	346.83
Goddell	Surface	3	1,951.86	5	1,235.16	8	3,187.02
Mt. Skukum	Surface	16	2,482.66			16	2,482.66
Antimony Creek	Surface			1	341.00	1	341.00
Total		41	10,221.52	10	2,266.25	51	12,487.77

**Table 10-2 Drill Hole Locations**

Hole	Location (NAD 83 UTM Zone 8 North)			Orientation (°)		Length	Status
	Easting	Northing	Elevation (m)	Dip	Azimuth	(m)	
<b>Mt. Skukum (Lake Zone)</b>							
MS11-01	473575.29	6674704	1905.27	106	-50	81.00	completed
MS11-02	473574.99	6674704	1905.26	106	-66	100.53	completed
MS11-02A	473573.82	6674701	1905.27	106	-60	90.00	completed
MS11-03	473573.95	6674702	1905.32	96	-61	100.45	completed
MS11-04	473573.64	6674701	1905.24	117	-61	102.00	completed
MS11-05	473423.92	6674731	1926.42	106	54	345.00	completed
MS11-06	473423.92	6674731	1926.42	128	-51	206.00	completed
MS11-07	473423.92	6674731	1926.42	117	-55	210.00	completed
MS11-08	473440.64	6674748	1925.78	107	-56	243.00	completed
MS11-09	473433.41	6674768	1926.09	106	-59	200.10	completed
MS11-10	473506.88	6674865	1916.97	108	-55	189.00	completed
MS11-11	473529.07	6675111	1863.42	115	-53	111.00	completed
MS11-12	473667.89	6675073	1889.54	109	-50	138.00	completed
MS11-13	473578.03	6675142	1860.77	84	-62	106.58	completed
MS11-14	473575.7	6675142	1860.77	108	-58	90.00	completed
MS11-15	473506.47	6674865	1917.02	108	-64	170.00	completed
<b>Skukum Creek Underground</b>							
SC11-01-UG	477795.24	6671262	1302.92	11.4	-56.5	140.90	completed
SC11-02A-UG	477795.24	6671262	1302.92	14	-60.6	140.10	completed
SC11-03-UG	477795.06	6671263	1303.11	4.5	-55.5	110.50	completed
SC11-04-UG	477795.04	6671262	1303.04	8.4	-63	130.00	completed
SC11-05-UG	477794.98	6671262	1303.01	12.6	-69	134.50	completed
SC11-06-UG	477795.52	6671262	1302.99	19	-73.4	161.40	completed
SC11-07-UG	477793.43	6671262	1302.86	359.6	-70.3	131.40	completed
SC11-08-UG	477793.37	6671262	1302.86	358.3	-65.2	122.30	completed
SC11-09-UG	477792.87	6671260	1302.86	335.4	-76.5	134.40	completed
SC11-10-UG	477792.87	6671260	1302.86	332	-68.2	116.10	completed
SC11-11-UG	477793.2	6671261	1302.85	348.5	-62.5	101.10	completed
SC11-13-UG	477795.56	6671262	1303.22	22.5	-54	140.00	completed
SC11-14-UG	477793.8	6671263	1302	16	-51	5.60	abandoned
SC11-15-UG	477795.56	6671262	1303.22	17.5	-57	141.00	completed
<b>Skukum Creek Surface</b>							
SC11-01	477945.46	6671171	1444.59	327	-63.5	412.83	completed

Hole	Location (NAD 83 UTM Zone 8 North)			Orientation (°)		Length	Status
	Easting	Northing	Elevation (m)	Dip	Azimuth	(m)	
SC11-02	477945.45	6671171	1444.47	315	-74	551.44	completed
SC11-03	477945.49	6671172	1444.73	290	-65	449.55	completed
SC11-04	477945.88	6671172	1444.58	291	-70	617.50	completed
SC11-05	477945.95	6671172	1444.61	299	-75	632.12	completed
SC11-06	478102.3	6671141	1368.33	331	-60	506.07	completed
<b>Goddell Gully</b>							
GG11-01	484094	6672880	1188.27	110.5	-47.3	369.11	abandoned
GG11-02	484051.5	6672905	1176.31	110	-45	633.44	completed
GG11-03	484051.6	6672905	1176.32	107	-45	325.18	abandoned
GG11-04	484051.2	6672905	1176.24	110.5	-50	638.10	completed
GG11-05	483729.8	6673089	1017.31	180	-62	24.90	abandoned
GG11-06	484045.1	6672906	1175.95	143	-67	680.32	completed
GG11-09	484045.2	6672906	1175.66	108	-72	160.58	abandoned
GG11-10	484045.2	6672906	1175.94	108	-66	355.39	abandoned
<b>Raca Zone</b>							
RACA11-01	478317.68	6671615	1232.57	325	-61	350.55	completed
RACA11-02	478317.35	6671616	1232.57	325	-45	216.41	completed
RACA11-03	478498.32	6671509	1215.2	308	-56	170.14	abandoned
RACA11-04	478500.3	6671507	1215.06	308	-60	310.14	abandoned
RACA11-05	478394.39	6671572	1225.53	310	-68	204.21	abandoned
<b>Chieftain Hill</b>							
CFT11-01	478904.49	6672507	1791.92	120	-60	346.83	completed
<b>Antimony Creek</b>							
ATM11-01	483653.45	6670863	1350.08	167.5	-64	341.00	abandoned

Surface drill hole collars were surveyed using a dual frequency Trimble GNSS R8 RTK Base Station and receiver. Survey accuracy of this instrument configuration is expected to be less than 5 centimetres, according to the manufacture specifications. Existing control points were used where available. New control points were also established elsewhere on the Property to aid in future exploration. Underground drill holes were surveyed using a Nikon DTM522 Total Station. The surveying of underground holes is referenced to the control points 2389 (at 1300 level portal) and Omni 9 as back sights for the traverse. In addition, two temporary control points 1668 and 1669 (No.3 Crosscut) were set up by Underhill Geomatics of Whitehorse Surveyors in July 2011.

Downhole surveys were carried out by drillers using electronic single shot Reflex EZ- SHOTTM instrument. Surface drill holes were surveyed at 50 metre intervals and the end of hole. Underground drill holes were surveyed at 30 metre intervals and at end of hole.

#### Core Recovery

Diamond drill crews recorded imperial depth numbers determined from 10 foot drill rods and then converted to metric number. Both imperial and metric numbers as well as run numbers were recorded on a wooden core block at the end of each run. New Pacific personnel verified the depth numbers, cleaned cores with fresh water and re- aligned broken cores (Zhang, 2012).

Recovery is a measure of actual length against the interval drilled and calculated by dividing the measured sum of all pieces by the length of the interval of every run. It is reported as percent of the drilled interval.

The RQD is the measured sum of all pieces of core exceeding 10 centimetres over an interval divided by the calculated length of the interval and reported as a decimal. The artificial breaks made by drillers are discounted.

Overall, the core recovery was excellent in all holes (Table 10-3). Rock mass quality was generally good in intrusive and volcanic rocks with RQD higher than 0.75. However, the weak andesitic tuff with frequent fractures in the hanging wall of Raca zone resulted in poor rock mass quality with RQD lower than 0.5.

**Table 10-3 Summary of Core Recovery and RQD**

Deposit/Area	# of Holes	Average Core Recovery (%)	Average RQD
Skukum Creek UG	13	97.88	0.79
Skukum Creek SF	6	98.21	0.76
Raca	5	94.09	0.49
Chieftain Hill	1	97.88	0.8
Goddell	7	98.37	0.82
Antimony Creek	1	97.79	0.67
Mt Skukum	15	97.13	0.75

Mt. Skukum Lake Zone

The objective of drilling at the Lake Zone of Mt. Skukum was to confirm the high-grade nature of the mineralization of the Lake Zone, to infill drill the gap areas of historical data, and to define potential step-outs of the high grade pockets demonstrated by historical drilling. Sixteen (16) drill holes were completed totaling 2,482.66 metres. A total of 782 drill core samples were collected excluding control samples. A drill hole plan map of the area is presented in Figure 10-1 and a representative cross section is presented in Figure 10-2. Silver grades shown on the cross section have been rounded to the nearest whole number.

Figure 10-1 Drill Hole Plan, Lake Zone, Mt. Skukum Deposit

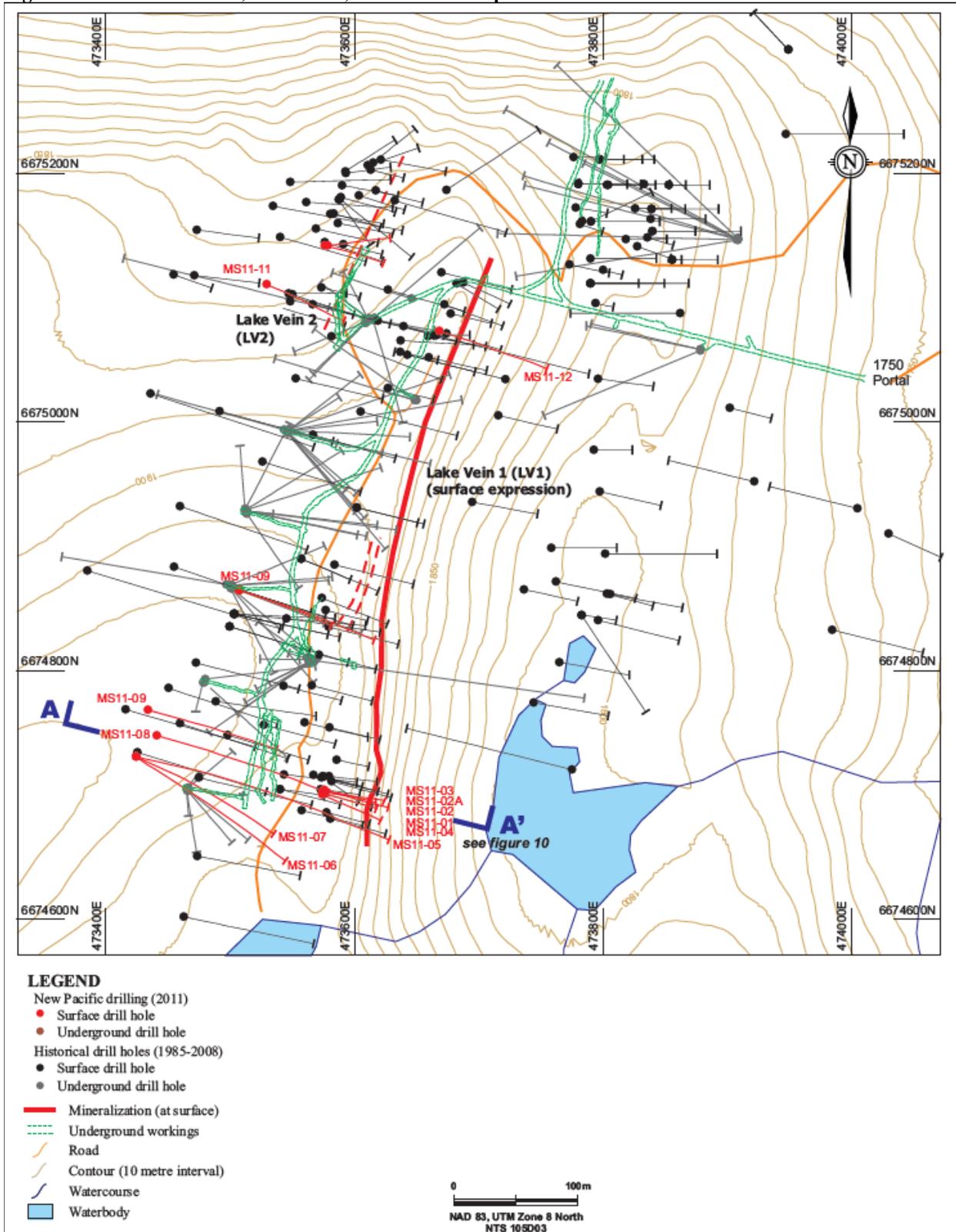
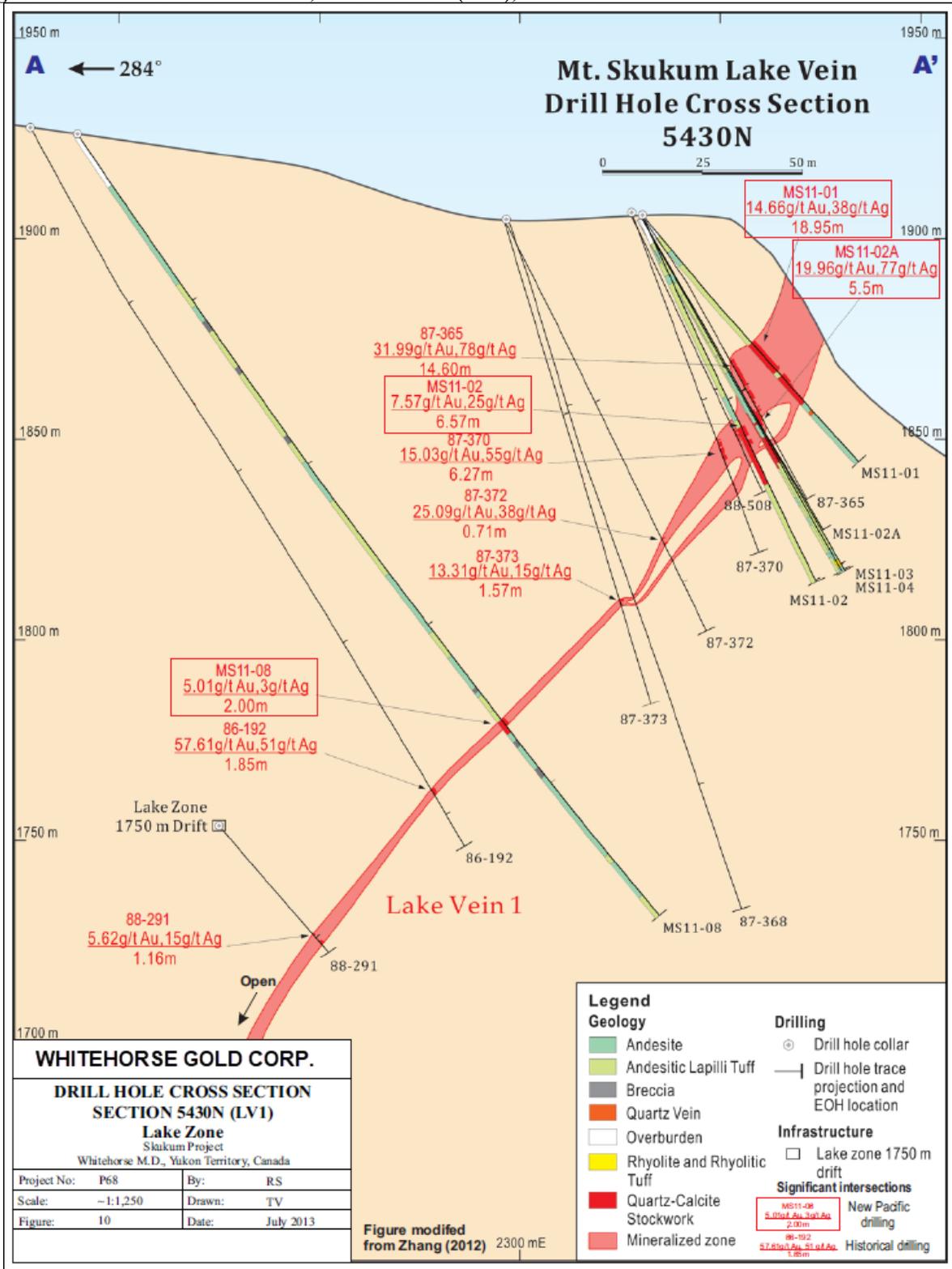


Figure 10-2 Drill Hole Cross Section, Section 5340N (LV1), Lake Zone



*Geology*

The dominant rock type cored is the porphyritic andesite flows and andesitic pyroclastic rocks of Tertiary age. The rocks are gently west dipping, propylitically altered along fractures and slight sericite alteration observed locally. Away from fractures are fresh andesite rocks with phenocrysts of plagioclase and hornblende in millimetres size. The rocks unanimously contain disseminated pyrrhotite and pyrite, locally the content of sulphide more than 10%. The Lake Zone consists of two separate subparallel quartz- calcite-sericite veins, breccias and stockworks. Drilling indicated two subparallel veins, LV1 and LV2, striking 014° and dipping west at 45 to 75° with strike extent more than 600 metres.

*Mineralization and Results*

The vein minerals consist of quartz, calcite, sericite and adularia and have features of high-level emplacement such as crustification, chalcedonic quartz, brecciation textures with well-formed cockscomb quartz, and calcite crystals. Large drusy cavities are common in framework supported breccias containing wall rock fragments and colloform layers of quartz. Veins can be divided into two types: early, blue-grey, pyrite-bearing chalcedonic quartz veins, and later gold-bearing coarser grained quartz-carbonate veins (McDonald, 1990). The early barren chalcedonic quartz occurs primarily as veinlets with minor pyritic selvages and envelopes and associated pervasive wall-rock alteration. The later, coarser grained, quartz-carbonate veins constitute most vein material in gold- bearing zones, cross cutting earlier chalcedonic veinlets, and form a final filling in fractures already partially filled by chalcedonic material. Ore minerals are electrum and native silver (McDonald, 1990).

The width of the mineralized veins average approximately 2 metres. However the veins may rapidly swell laterally to more than ten metres wide or pinch out as narrow veinlets or small stockworks with a sharp drop of gold grades (Figure 10-2). However, on strike or down dip the vein zones can easily be correlated based on the presence of quartz-calcite veins and stockworks. Because of the nature of the mineralization, more drilling is required to define the resource with better confidence and facilitate mining planning.

Significant intersections (>1.0 g/t Au) of the Lake Zone in are presented in Table 10-4. All intersection widths are core lengths, which is close to true width as the drill hole is almost normal to the dip and strike of the vein (Zhang, 2011)

**Table 10-4 Significant Intercepts - Lake Zone**

Hole	Interval (m)			Results	
	From	To	Length*	Au (g/t)	Ag (g/t)
MS11-01	41.15	60.10	18.95	14.66	37.9
including	41.15	53.40	12.25	21.13	50.0
MS11-02	56.00	62.57	6.57	7.57	24.8
including	57.58	59.00	1.42	21.80	70.5
MS11-02A	54.50	60.00	5.50	19.96	76.9
including	56.10	58.70	2.60	39.75	152.8
MS11-03	55.50	61.50	6.00	8.67	32.1
including	55.50	57.00	1.50	29.60	113.0
MS11-04	<i>no significant results</i>				
MS11-05	232.00	234.00	2.00	1.65	1.6
MS11-06	<i>no significant results</i>				
MS11-07	95.00	97.00	2.00	1.48	12.5
MS11-08	180.00	182.00	2.00	5.01	3.4
MS11-09	189.12	190.52	1.40	26.60	17.0
MS11-10	<i>no significant results</i>				
MS11-11	<i>no significant results</i>				
MS11-12	<i>no significant results</i>				
MS11-13	63.00	66.50	3.50	30.25	29.5
MS11-14	<i>no significant results</i>				
MS11-15	<i>no significant results</i>				

\* All intersection widths are core lengths, which are close to true widths as the drill holes are almost normal to the dip and strike of the vein

### Skukum Creek

A drill hole plan map is presented in Figure 10-3 and a representative cross section and longitudinal section is presented in Figure 10-4. The objective of the underground drilling program was to confirm and infill drill the high grade pocket of the Rainbow Zone near the bottom of the 1225 metre level ramp. The pocket was intended to be the target of the planned bulk metallurgy sampling. The drill rig was set up at the south end of the No.3 crosscut at the 1300 metre level drift. A total of 1,709 metres were drilled in 14 holes. The objective of the surface drilling was to test the down dip extension of the Rainbow Zone. A total of 3,169.50 metres were drilled in six drill holes. A total of 600 drill core samples were collected; 184 samples from surface drill holes and 416 samples from underground drill holes.

Silver grades reported on the cross section have been rounded off to the nearest whole number.

Figure 10-3 Drill Hole Plan, Skukum Creek Deposit

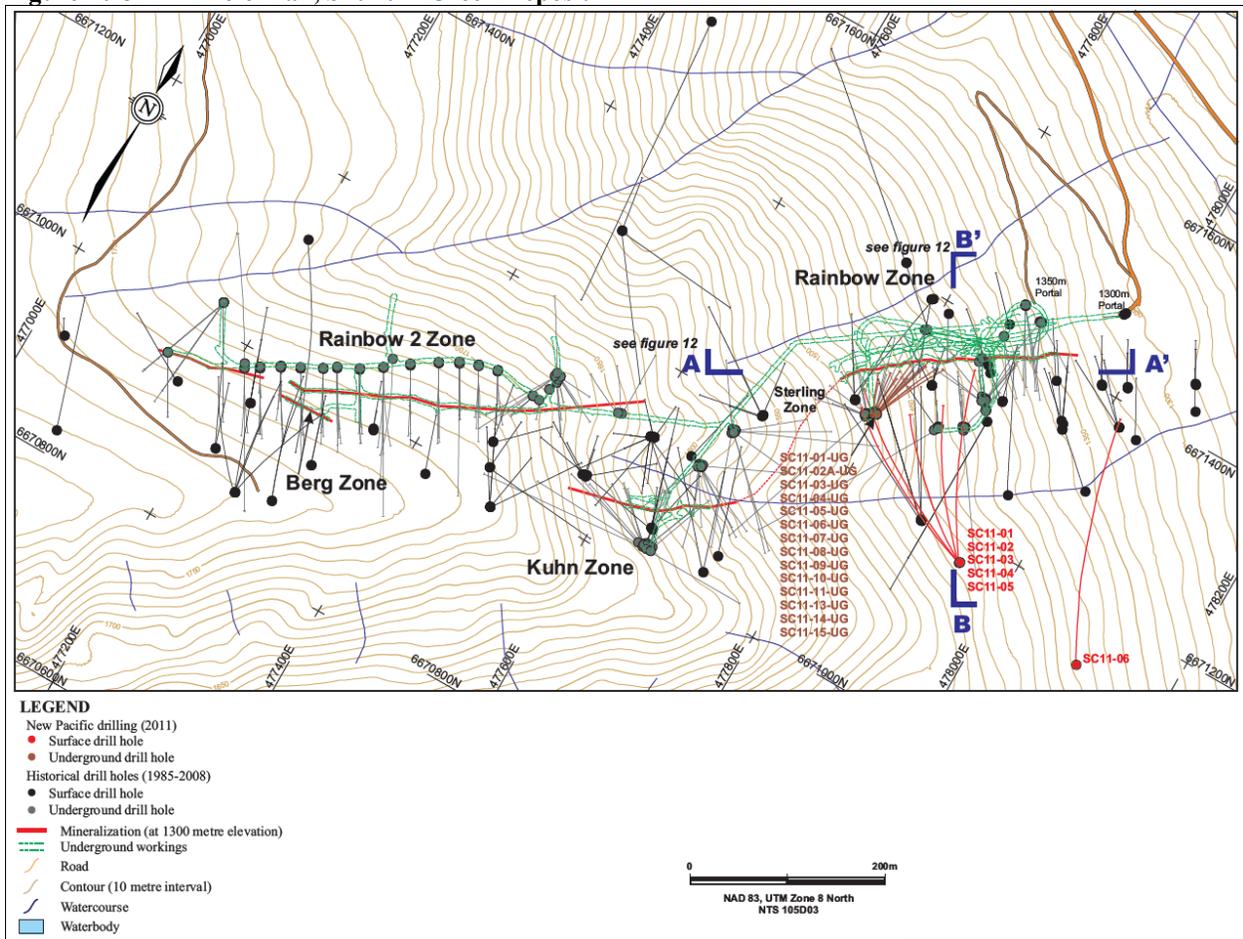
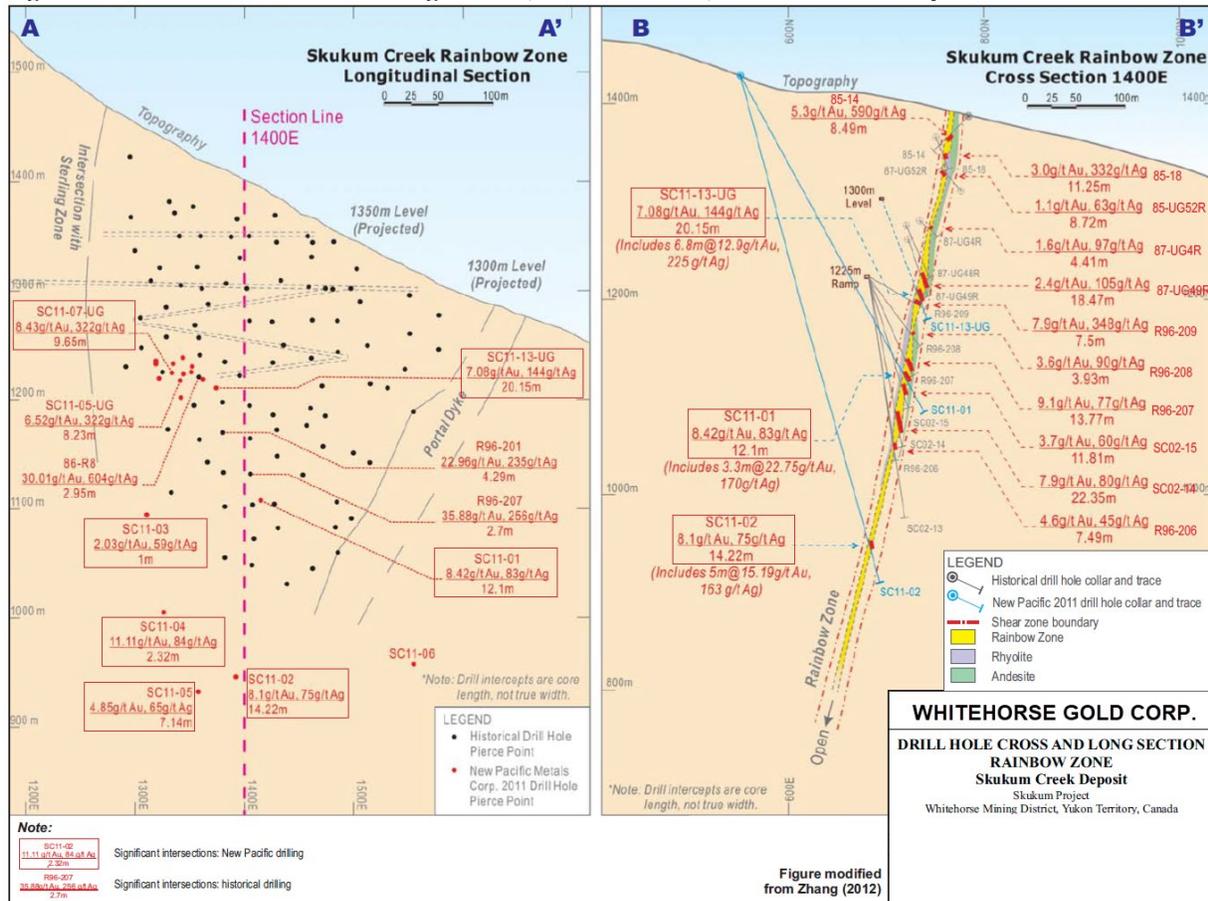


Figure 10-4 Drill Hole Cross and Long Section, Rainbow Zone, Skukum Creek Deposit



## Geology

The dominant lithology cored at Skukum Creek is coarse-grained and equigranular biotite-hornblende granodiorite of middle Cretaceous. Fresh granodiorite is very magnetic whereas close to and within the shear zones, alteration of sericite and chlorite is pervasive, and the rock is weakly magnetic to non-magnetic.

Dykes of andesite and rhyolite are very common within the shear zones. The dykes commonly experienced alterations of chlorite and sericite. Strong shear fabrics to brecciation are common in these dykes. Dykes are in lenticular shape on strike and downdip, with width normally in the range of a few metres and occasionally more than ten metres. Associated with the dykes are mineralized quartz sulphide veins and breccias.

The most important structure is the altered shear zones which hosts mineralization. The width of the hosting structure of the Rainbow Zone is normally about 10 to 30 metres wide, consisting of cleaved and altered rocks of granodiorite, andesite and rhyolite dykes, breccia zones and quartz sulphide veins. The overall strike of the shear structure is about 60 degrees and dipping southeast at 80 degrees.

Drill hole SC11-06 successfully penetrated through the Portal Dyke (dacite) with a core length of about 146 metres. The Rainbow Zone does not appear to continue on the east of the dyke as fresh and non-fractured granodiorite was encountered in the projected location of the Rainbow Zone. Another explanation is that the Rainbow Zone extension on the east side of the Portal Dyke might be offset from the projected position by faulting along the dyke, but testing this hypothesis requires further drilling (Zhang, 2012).

Both SC11-04 and SC11-05 encountered thick dacite dyke beneath the Rainbow mineralized zone in the depth range of 537.17 to 617.5 metres (end of hole) and 588.35-to 632.12 metres (end of hole), respectively. The dyke is very

similar to the Portal Dyke in terms of composition, texture and appearance. The relationship of the dacite dyke exposed in SC11-04 and SC11-05 with the Portal Dyke is unknown.

*Mineralization and Results*

The mineralization style at the Rainbow Zone and other zones at Skukum Creek is quartz sulphide veins with width from less than one metre to a few metres. Within the rhyolite dykes, narrow and braided quartz sulphide veinlets are common. The veins contain high grade of gold and silver as well as minor amount of base metals.

Sulphide minerals in the quartz sulphide vein include arsenopyrite, pyrite, and lesser amounts of sphalerite, galena, chalcopyrite, stibnite and tetrahedrite. The total content of sulphide is about 10 to 20%.

Underground holes targeted the high grade pocket of Rainbow Zone near the bottom of the 1225 metre level ramp, represented by historical drill holes 86-R8 and 87-UG17R which yielded significant intersections of 30.01 g/t Au and 603.6 g/t Ag over 2.95 metres and 11.24 g/t Au and 291.8 g/t Ag over 25.60 metres, respectively.

Intersections from the new underground drill holes show good continuity of mineralization with considerable variation of both grade and width. This demonstrates the spotty nature of the quartz-sulphide vein mineralization.

Mineralization remains open at depth of the Rainbow Zone. Drill hole SC11-02 returned an intersection (core length) of 8.10 g/t Au and 75.3 g/t Ag over 14.22 metres (including 15.19 g/t Au and 162.8 g/t Ag over 5.00 metres). This intersection is about 100 metres below the historical drill limit. The assay results also show a general trend of increasing gold grades and decreasing silver grades with increasing depth (Zhang, 2012).

Significant intersections are presented in Table 10-5. Intersection grades are based on a cut-off grade of 1 g/t Au and widths are reported as core lengths. Intersection true widths range from 50 to 80% of the core length, depending on the angle of the drill hole (Zhang, 2012).

**Table 10-5 Significant Intercepts - Skukum Creek**

Hole	Interval (m)			Results			
	From	To	Length *	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)
SC11-01-UG	85.76	90.00	4.24	3.23	135.6	0.59	0.65
SC11-02A-UG	88.90	91.17	2.27	3.30	93.6	0.58	0.54
SC11-03-UG	76.65	78.54	1.89	3.44	95.7	0.30	0.47
	81.51	82.55	1.04	1.93	90.4	0.68	0.72
SC11-04-UG	81.35	85.76	4.41	3.02	122.1	0.52	0.73
	87.65	89.21	1.56	4.99	126.7	0.28	0.43
	92.30	94.62	2.32	4.90	55.0	0.30	0.54
SC11-05-UG <i>including</i>	89.08	97.31	8.23	6.52	321.8	1.10	1.52
	90.48	93.10	2.62	16.63	853.3	2.51	2.94
	103.80	105.90	2.10	1.61	43.9	0.57	0.28
	109.00	110.00	1.00	5.10	27.0	0.13	0.18
SC11-06-UG	123.00	124.11	1.11	4.28	378.0	0.74	0.50
	142.08	143.08	1.00	1.18	3.2	0.01	0.18
SC11-07-UG <i>including</i>	81.83	91.48	9.65	8.43	322.3	1.18	1.63
	81.83	88.09	6.26	11.34	434.2	1.48	1.79
	101.72	103.96	2.24	16.00	406.9	1.54	2.66
SC11-08-UG	74.80	83.00	8.20	2.20	53.3	0.24	0.47
	86.60	89.00	2.40	2.63	11.1	0.07	0.20
SC11-09-UG	78.00	79.70	1.70	4.14	119.8	0.22	0.23
	83.90	91.25	7.35	2.34	22.4	0.14	0.19
	93.40	96.42	3.02	2.09	34.0	0.24	0.29
SC11-10-UG <i>including</i>	61.00	63.00	2.00	1.82	44.1	0.21	0.36
	65.00	71.10	6.10	2.75	34.1	0.16	0.43
	65.00	67.05	2.05	5.30	61.4	0.29	0.73

Hole	Interval (m)			Results			
	From	To	Length *	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)
SC11-11-UG	68.82	73.48	4.66	2.04	174.4	0.56	0.83
	75.48	77.48	2.00	1.27	28.0	0.21	0.40
SC11-13-UG <i>including</i>	103.00	123.15	20.15	7.08	144.0	0.71	0.99
	113.70	120.50	6.80	12.94	225.3	1.23	1.12
SC11-15-UG  <i>including</i>	94.42	95.00	0.58	5.85	198.0	0.86	1.41
	97.85	113.65	15.80	2.58	70.1	0.29	0.45
	105.52	107.58	2.06	5.67	53.4	0.23	0.52
SC11-01 <i>including</i>	368.30	380.40	12.10	8.42	82.6	0.47	1.72
	376.00	379.30	3.30	22.75	169.9	1.08	5.42
SC11-02 <i>including</i>	496.78	511.00	14.22	8.10	75.3	0.80	1.30
	504.00	509.00	5.00	15.19	162.8	1.81	2.56
SC11-03	384.69	385.69	1.00	2.03	59.0	2.35	1.72
SC11-04 <i>including</i>	437.50	439.82	2.32	11.11	83.9	0.14	0.74
	438.70	439.82	1.12	21.20	158.0	0.21	1.38
	465.73	466.94	1.21	1.70	36.9	0.20	1.62
SC11-05 <i>including</i>	516.40	523.54	7.14	4.85	65.2	0.54	1.11
	516.40	518.40	2.00	10.03	147.5	1.28	2.14
SC11-06	<i>no significant results</i>						

\* Intersection true widths range from 50 to 80% of the core length, depending on the angle of the drill hole

#### Goddell Gully

Diamond drilling at Goddell was designed to confirm the wide gold mineralization at the PD Zone and test the potential up and down dip as well as along strike. Eight (8) holes totaling 3187.02 metres were drilled with three completed to their planned depth; the others were abandoned due to various technical difficulties. A total of 913 core samples were collected excluding control samples.

A drill hole plan map is presented in Figure 10-5 and a representative cross section and longitudinal section is presented in Figure 10-6.

Figure 10-5 Drill Hole Plan, Goddell Gully Deposit

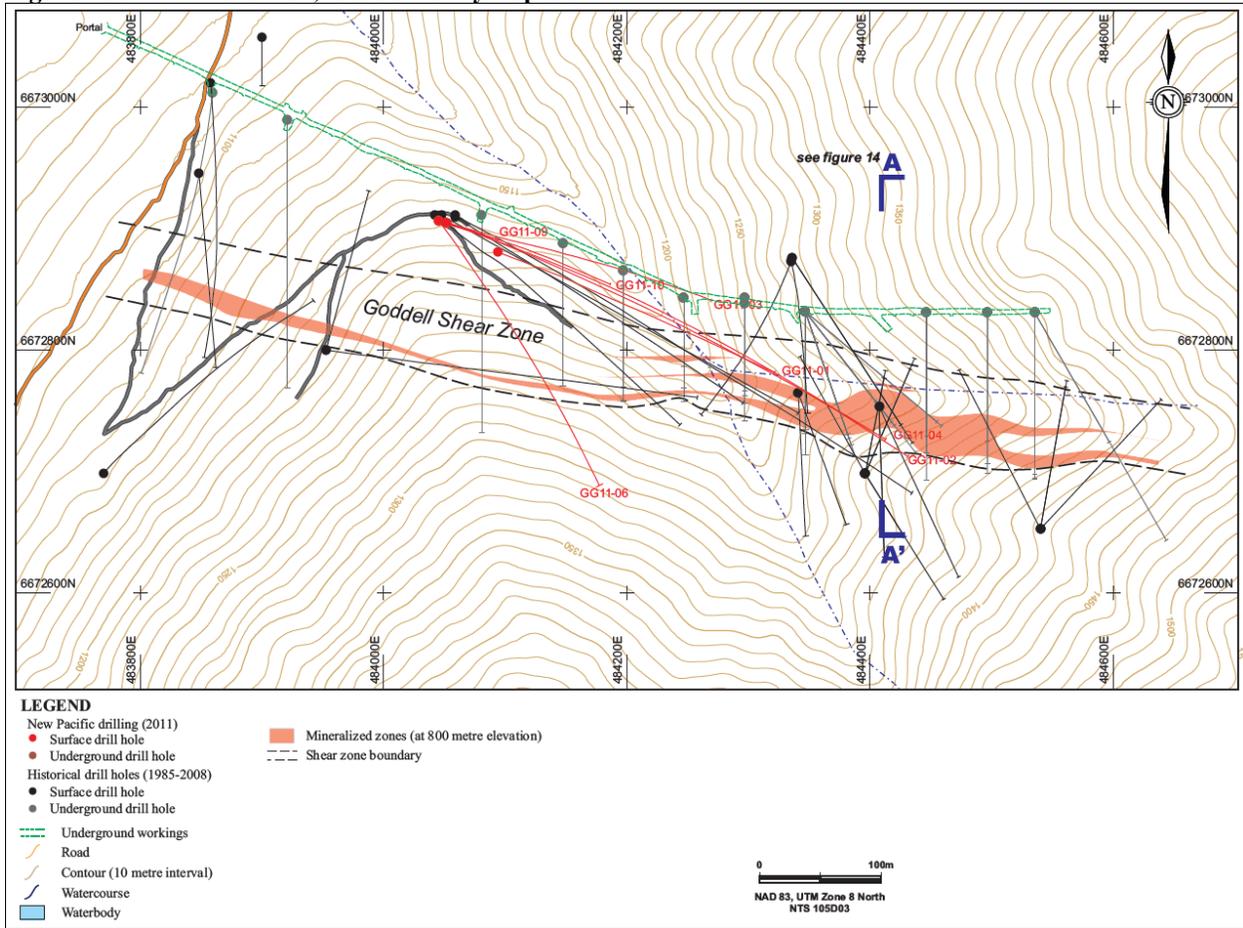
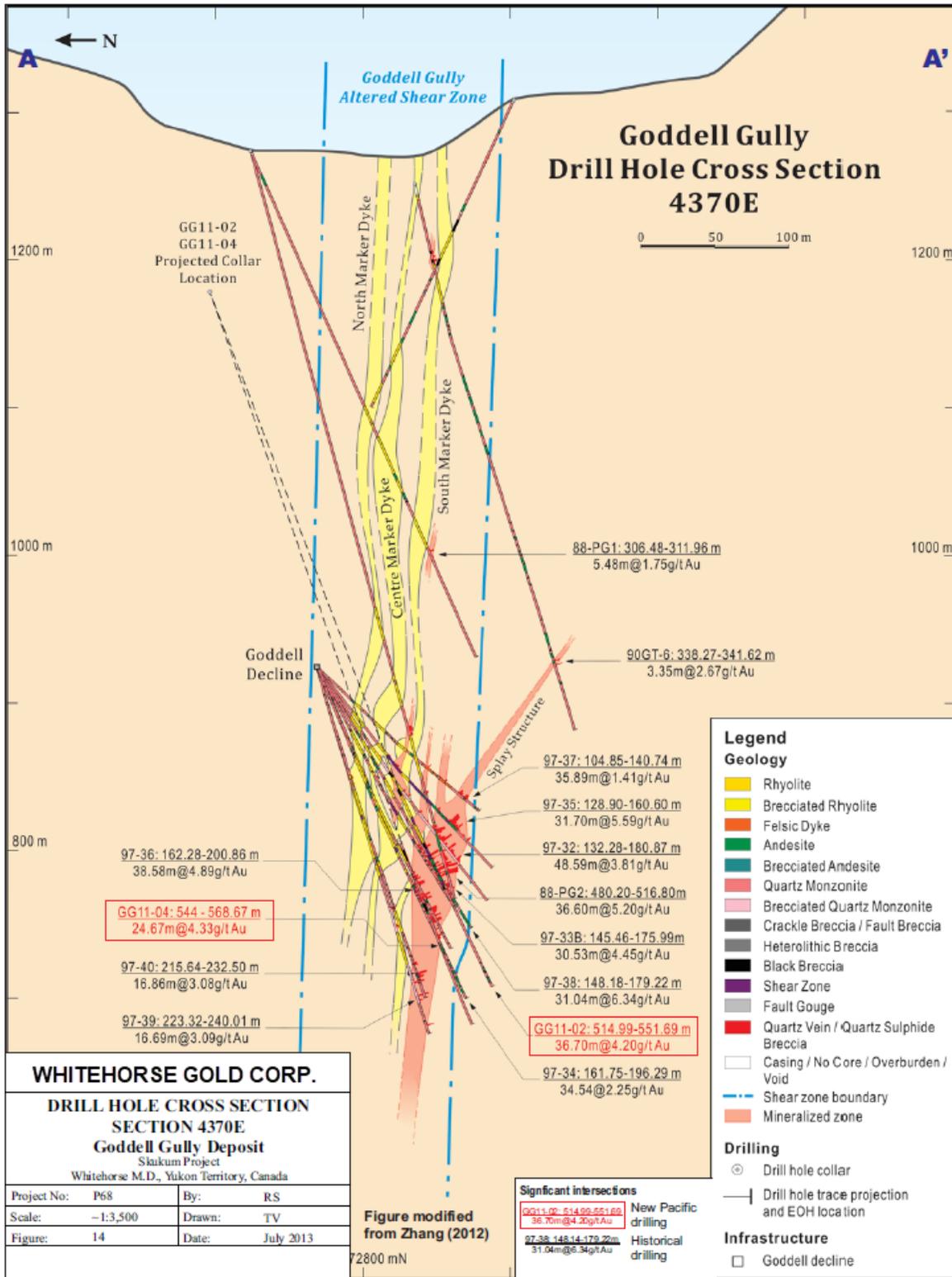


Figure 10-6 Drill Hole Cross Section, Section 4370E, Goddell Gully Deposit



## *Geology*

The leucocratic quartz monzonite is the dominant rock type encountered in drilling of the Goddell Gully area. Dykes of porphyritic rhyolite and andesite are also quite common especially within the major shear zone. Fresh monzonite is medium-grained and equigranular with sharp boundary of mineral grains. Close to the shear zone, sericite alteration is common, and the mineral grains became blurred. Within the shear zone, monzonite is strongly fractured and altered with most feldspar grains altered to sericite and carbonate, giving an apple green appearance. Biotite in monzonite was completely altered to carbonate and lesser sericite. Petrography study and SEM results (Lang and Rhys, 2002) indicated that the apple green colour is caused by massive sericite-muscovite clots with no green colour activators such as V, U or Cr. Dark ferromagnesian mineral grains in andesite dykes were altered to clots of chlorite, and rhyolite dykes also experienced more or less sericite alteration and silicification.

Three rhyolite dykes were identified and used as markers to help sectional interpretation in historical exploration documents. All these rhyolite dykes display porphyritic texture, and were referred to as quartz feldspar porphyry (QFP) in logging. During drilling in 2011, drill hole GG11-02 penetrated all the three porphyritic rhyolite markers. The north strand, from 360.95 metres to 371.92 metres, contains grains of feldspar and quartz as well as clasts of earlier rhyolite xenolith of similar composition and texture. It seems that some xenolith clasts experienced stronger alteration and display apple green color, but in drill hole GG11-04, the xenolith clasts display a grey color. The "Central Marker" rhyolite dyke, from 386.35 metres to 393.14 metres, in drill hole GG11-02, contains lesser disseminated sulphides and displays flow-banding structure. The "South Marker" dyke, from 460.27 metres to 503.5 metres, did not exhibit sulphides, banding structures or xenolith clasts. The thickness and position of the rhyolite marker dykes can vary dramatically on different sections along strike and make it difficult to ascertain which dyke is which. As a package, the of rhyolite dykes are emplaced within the Goddell Gully shear zone, are consistently present on surface and at depth, and act as a good guide to exploration drilling.

A black graphitic breccia zone, referred to as "Black Breccia", was encountered in the Goddell Gully shear zone. It may represent the most intensely ductile deformed rock of the shear zone and there are multiple such zones of various widths in the Goddell Gully shear structure. The mineral composition of the breccia is unknown as no petrology study has been done on it. However, the graphite is believed to be sourced from hydrothermal activities (Zhang, 2012).

## *Mineralization and Results*

Gold mineralization at Goddell is mainly characterized by abundant disseminated sulphides contained in intermediate to felsic dykes, breccias and cataclastic quartz monzonite within the Goddell shear zone. Rich, fine acicular arsenopyrite is the indication of high grade of gold. Other sulphides include pyrite and stibnite as well as minor sphalerite. When strongly altered and mineralized, andesite dykes contain abundant acicular arsenopyrite and the dyke shows a dark grey appearance with the original grain texture of dark minerals completely disappeared. A piece of such core (sample 8R292955) from the depth of 525.07 metres to 525.80 metres (0.83 metres) in drill hole GG11-02 returned a value of 90 g/t Au. Gold grades in breccia and cataclastic monzonite are relatively lower, likely determined by the amount of disseminated sulphides. When quartz monzonite is strongly altered and mineralized, grains of both plagioclase and K-feldspar were sericite altered and featured by abundant disseminated acicular arsenopyrite which is enriched as dark 0.5 centimetre dots. No fractures or shear fabrics were observed. The parent mineral of the arsenopyrite dots could be ferromagnesian bearing minerals such as hornblende and biotite.

Structural control played a key role in gold mineralization. Within the Goddell Gully shear zone, low grade gold mineralization is associated with breccia zones and on the contact of dykes with monzonite wall rock. Andesite and rhyolite dykes can be mineralized with minor disseminated arsenopyrite, but gold grade is generally low. Goddell Gully zone is also referred to as "GG Zone". The most important deposition sites for gold are the intersection area of the major Goddell shear structure and its splays in the footwall to the south. Gold mineralization in the structural intersection area was referred to as "PD Zone" in historical documents, and "Merge Zone" recently. The PD or Merge Zone is located to the south of the rhyolite dykes, characterized by a wide zone of mineralization (Figure 10-5). The longest intersection to date is from historical hole 97-41 grading 5.75 g/t Au over a core length of 64.69 metres. Significant intersections from the current drilling include 4.20 g/t Au over a core length of 36.70 metres (GG11-02) and 4.33 g/t Au over a core length of 24.67 metres (GG11-04).

Based on available drill data, the vertical extent of the Merge Zone is 100 to 150 metres, with a lateral extent of 300 to 400 metres. Further away from the structural intersection area, both width and grade of gold mineralization drop dramatically. Away from the major shear zone, the splays cut through quartz monzonite and present as a mineralized fracture from one to a few metres wide. The Golden Tusk Zone to the south of the major Goddell Gully shear zone could be the surface presence of the PD Zone. A few mineralized splay fractures were also encountered outside the major shear structure (i.e. GG11-06).

Significant intersections are presented in Table 10-6. Intersection grades are based on a cut-off grade of 1 g/t Au and widths are reported as core lengths. True widths were not reported by New Pacific but are estimated by the author to be 50% to 65% of the core length depending on the angle of the drill hole.

**Table 10-6 Significant Intercepts - Goddell Gully**

Hole	Interval (m)			Results
	From	To	Length *	Au (g/t)
GG11-01	327.42	328.43	1.01	4.05
	366.72	367.72	1.00	2.38
GG11-02	440.44	441.60	1.16	1.26
	447.60	448.80	1.20	1.54
	454.80	456.00	1.20	2.56
	482.17	483.35	1.18	1.10
	503.50	506.13	2.63	1.41
	507.68	508.75	1.07	1.01
including	514.99	551.69	36.70	4.20
	514.99	532.33	17.34	7.20
	557.13	557.70	0.57	1.06
GG11-04	378.33	378.91	0.58	1.18
	416.05	417.30	1.25	4.46
	466.37	467.50	1.13	1.08
	509.10	512.33	3.23	2.02
	516.79	517.79	1.00	7.50
	530.00	531.00	1.00	7.60
	534.43	535.16	0.73	1.78
	536.06	536.62	0.56	4.35
	540.69	541.34	0.65	4.00
	544.00	568.67	24.67	4.33
	including	544.00	552.00	8.00
579.00	580.00	1.00	1.35	
GG11-06	273.00	274.00	1.00	1.03
	275.00	276.65	1.65	5.04
	502.10	503.10	1.00	2.65

\* True widths are estimated to be 50% to 65% of the core length depending on the angle of the drill hole.

### Raca Zone

Drilling at the Raca Zone was designed to test the down-dip and on-strike continuity of the high grade mineralization reported by diamond drilling in 1997. A total of 1,251 metres were drilled in five holes of which only two holes reached the planned depth due to drilling technical difficulties. A total of 727 samples were collected excluding control samples.

### *Geology*

The dominant lithology encountered at Raca is the andesitic tuff and cherty conglomerate (Tantalus Formation) of late Jurassic as well as the early Jurassic mega crystal K-feldspar granite (Bennett Granite). The andesitic tuff shows porphyritic texture. It contains lots of disseminated pyrite and experienced more or less alteration of sericite. Magnetite bandings and clots of possible hydrothermal origin were noticed locally. The pebble of conglomerate is

well rounded chert and quartz of centimetres in size. Groundmass is strongly silicified and sericitized. The size of the K-feldspar grains in the Bennett Granite varies from less than one centimeter up to ten centimeters. The granite is highly fractured and bleached, unanimously experienced strong alteration of sericitation and silicification, and contains more or less disseminated sulphides. A rhyolite dyke about 10 metres wide emplaced along the contact between the andesitic tuff and the granite units. On both the hanging and foot walls of the rhyolite dyke are shear structures.

### *Mineralization and Results*

Quartz sulphide vein mineralization is hosted along the contact shear zones on hanging and footwalls of the rhyolite dyke, referred to as Zone 2 and Zone 3 respectively. Andesite dykes of various widths are also noticed along the shear zones. The mineralized veins are mostly brecciated. Sulphide minerals include pyrite, arsenopyrite, sphalerite and galena. In many ways the Raca Zone is very similar to the Rainbow Zone of the Skukum Creek gold-silver deposit, such as the hosting shear structure, association with felsic and intermediate dykes, and similar sulphide minerals. Historical documents suggest that the Raca Zone is the eastern extension of the Rainbow Zone, although this hypothesis has not been proven by sufficient drilling. The silver grades are higher and gold grades are much lower in the Raca Zone than those of the Rainbow Zone suggesting the two zones may be distinct.

A separate and new mineralized zone was recorded from the depth 115.20 metres to 116.78 metres (referred to as Zone 1) in the hole RACA11-01. Mineralization is characterized by stockwork veining of sulphides comprising pyrite, arsenopyrite, galena, sphalerite and minor chalcopyrite hosted in altered andesite. This interval returns a high silver grade of 1,280 g/t Ag over 1.58 metres (core length).

Significant intersections are presented in Table 10-7. Intersection grades are based on a cut-off grade of 50 g/t Ag and widths are reported as core lengths. True widths are estimated to be approximately 75% of the core length (Zhang, 2012).

**Table 10-7 Significant Intercepts - Raca Zone**

Hole	Interval (m)			Results	
	From	To	Length	Au (g/t)	Ag (g/t)
RACA11-01	115.20	116.78	1.58	1.91	1,280
	169.22	172.22	3.00	1.92	347
	193.42	194.08	0.66	1.06	248
RACA11-02	134.21	135.40	1.19	0.75	300
	183.58	184.46	0.88	0.19	190

\* True widths are estimated to approximately 75% of the core length.

### Chieftan Hill

A single drill hole (CFT11-01) was completed at Chieftain Hill with a total depth of 346.83 metres. The purpose of this drilling was to locate the source of the strong surface soil anomaly of gold. A total of 157 core samples were collected excluding control samples.

### *Geology*

The most common rock types encountered in the hole are Tertiary volcanic flows of andesitic pyroclastics and rhyolite. The composition of clasts in the pyroclastic flows is very complex, ranging from various small mineral and rock debris to large pyroclasts of diameters more than ten centimetres. Flow banding is obvious near the contact of rhyolite with pyroclastics. Alteration is generally weak except some oxidation and weathering along fractures. A few narrow fracture zones occurred along the contacts of different rock types.

### *Mineralization and Results*

A zone with disseminated pyrite was identified in the pyroclastic flows from the down hole depth of 60 metres to 83.8 metres. The amount of pyrite seems increasing to the lower part up to 5% with moderate sericitic alteration. However, analytical results did not return any anomalous values of metals from this mineralized interval.

No mineralized zone was identified by visual observation in the rhyolite flow. Geochemical analyses indicated anomalous values of gold, silver, lead and zinc from 199.39 metres to 242.00 metres (42.61 metres). Within the zone, is an intersection grading 0.27 g/t Au, 8.1 g/t Ag, 0.14% Pb and 0.24% Zn over a core length 14.12 metres (199.39-213.51m) including a single sample grading 1.98 g/t Au and 4.8 g/t Ag over 1.00 metres (200.39-201.39m). Metal values diminish sharply either way from this zone. This anomalous zone is very similar to the surface soil geochemical anomaly right above the hole and is likely the contributing source. The nature of this mineralization is still unknown.

### Antimony Creek

A single drill hole at Antimony Creek (ATM11-01) was designed to test the depth potential of the strongly altered Porter shear structure. The drill hole was terminated at a depth of 341 metres, approximately 200 metres short of the planned depth, due to technical difficulties. A total of 41 core samples were collected, excluding control samples.

### *Geology*

The dominant rock type encountered in the hole is monzonite of probably the mid- Cretaceous Mount McIntyre Plutonic Suite of the Coast Plutonic Complex. A few small dykes of andesite and rhyolite were also noticed. The dykes emplaced along fracture and shear zones. Reddish mega-crystals of K-feldspar are observed frequently. The size of some K-feldspar grains is up to more than 10 centimetres across the core and giving it appearance of "dyke". Fractured or sheared zones of various sizes are common all the way through the hole with the most intensely sheared section at the depth from 230 metres to 305 metres. The shear and fracture zones are part of the Porter structure. Alteration is pervasive with intensity increased near fractures and shear zones. Common altered minerals are chlorite from Fe-Mg bearing minerals such as biotite and hornblende. Plagioclase is mostly altered to sericite but K-feldspar grains remain fresh or experienced little alteration. In the strongly altered section around the depth 250 metres, both plagioclase and K-feldspar were altered to sericite and carbonate.

### *Mineralization and Results*

Between 1 to 3% disseminated sulphides were observed in association with the strongly sheared section from 250 metres to 305 metres down hole. Sulphide minerals are mostly pyrite with minor chalcopyrite. Analytical results from this section returned anomalous values of copper in the range of hundreds of ppm. Silver, lead, and zinc are low, in the range of background values. The results of this drill hole do not explain the Ag-As-Cu-Mo-Pb-Zn anomaly at surface. As the drill hole was terminated early due to drilling difficulties, the potential of the Porter Shear structure remains untested at depth.

### *Sample Preparation, Analyses, and Security*

This section includes information on sample preparation, analyses (including quality control) and security related to New Pacific's 2011 exploration program. Information is summarized from "Exploration Report for 2011" by A. Zhang (2012).

### Density Determinations

Specific gravity (SG) testing was performed on drill core at a frequency of one test for every box of mineralized intervals, and one test of every three boxes of unmineralized intervals. An Aquatronic™ Salter electronic digital balance was used for the testing. The capacity of the balance is five kilograms and accuracy one gram. Prior to everyday testing work, the balance is calibrated using a one-kilogram standard weight. The wire hanger was then hung and tared off.

At each testing, one piece of core with length about ten to twenty centimetres was weighed in air and in water separately. The depth numbers of the weighed interval, weight numbers, date and names of operators were recorded on a record sheet. The raw data was then entered into a spreadsheet for calculation of specific gravity using the following formula assuming the density of water is one gram per cubic centimeter:

$$\text{S.G.} = (\text{Dry Weight}) / [(\text{Dry Weight}) - (\text{Wet Weight})]$$

Summary of the testing results are given in Table 11-1, broken down to individual deposits, mineralized intervals, and rock types.

**Table 11-1 Specific Gravity Test Results**

Deposit	Interval	Rock Type	No. Tests	Minimum	Maximum	Average
				(g/cm <sup>3</sup> )	(g/cm <sup>3</sup> )	(g/cm <sup>3</sup> )
Mt. Skukum	Mineralized Zone	Quartz-Calcite Stockwork	11	2.60	2.79	2.68
	Unmineralized Zone	Andesitic rocks	159	2.18	3.16	2.68
Skukum Creek	Mineralized Zone	Quartz-Sulphide Veins and Breccia	30	2.15	3.35	2.87
	Unmineralized Zone	Granodiorite/andesite/rhyolite	312	2.26	3.07	2.67
Goddell	Mineralized Zone	Altered/Sheared QZMZ/dykes	22	2.66	2.93	2.77
	Unmineralized Zone	Quartz Monzonite/andesite	350	2.36	2.93	2.69

#### Analytical and Test Laboratories

Information from assessment reports indicates that drilling between 1983 and 1998 used several certified commercial labs including Chemex, Acme Analytical and Bondar Clegg Canada Ltd. ("**Bondar Clegg**").

During 1986 and 1987 Mt. Skukum drill samples were analyzed at the Mt. Skukum Mine laboratory.

In 2001 and 2002, Acme Analytical was the primary lab and Bondar Clegg was used for check assays. Both were ISO 9002 certified.

In 2003 and 2006, Acme Analytical and Eco Tech were used as primary laboratories and Assayers Canada was used as for check assays.

During the 2011 exploration program, analyses of soil, rock and core samples were performed by Eco-Tech of Kamloops, BC and ALS Minerals of North Vancouver, BC. Both laboratories are ISO 9001:2008 accredited providers of geochemical and environmental analytical services.

#### Sample Preparation and Analysis

##### *Field Preparation*

Prior to 2001 field preparation protocols were not documented.

##### 2001-2006 Drilling

CME Consulting limited was supervising the exploration programs during this period. At the end of each drill shift, the drill contractor transported the drill core to the core handling facilities at the camp. Boxes were transported with lids securely nailed down to prevent potential core loss. At the core handling facility, all drill core was washed, re-

aligned and photographed. Core logging included core recovery percentages, rock quality percentages and geological descriptions. CME geologists marked sample intervals in preparation of core cutting/splitting. From the cut/split core, one half of each sample was placed in individual plastic sample bags while the other half was returned to the core box. Core boxes were racked in down hole sequence within the security of the core logging facility. Sample bags were secured with flagging tape and CME standard and blank quality control samples were inserted into the sample sequence. All samples were then bagged into rice sacks or 28 litre secure pails for transport. Core during the cutting and logging process was at all times within eyesight of CME personnel or was locked in a secure building.

CME personnel transported the rice sacks to Greyhound Courier in Whitehorse for direct delivery to the laboratory.

### 2011 Drilling

Drill core was delivered to the camp geology building by the drilling contractors each day. Geology staff cleaned and re-aligned the cores prior to core logging. Core recovery and rock quality designation ("**RQD**") were measured before geological logging. After logging, geologists marked sample intervals in the mineralized zones. Sample length ranged from one to two metres but was sensitive to changes in rock type, structure, alteration, and mineralization. One to two additional samples were marked in the immediate hanging and footwall to bracket potential mineralized zones. Photos of both dry and wet core were taken after logging and sample marking.

All core samples were sawn into two equal halves, one half for submission for analysis and the other for storage at the on-site core yard. Samples for analysis were bagged in pre-numbered plastic bags with one pre-numbered tag in the bag. Standard reference material and blank samples were inserted into the normal sample sequence at frequency of one standard and one blank every thirty routine samples. The sample bags were then sealed securely with staples and delivered to the sample preparation lab of Eco-Tech Laboratories Ltd. (a part of the Stewart Group) in Whitehorse, YT by New Pacific personnel. Each sample delivery batch normally contained approximately one hundred samples.

Due to the acquisition of Stewart Group by ALS Group in July 2011, subsequent sample batches were delivered to the ALS Minerals preparation facility in Whitehorse, YT.

### *Laboratory Preparation*

#### 2001-2008 Drill Programs – Precious Metal Assay

At Acme Analytical Laboratories, drill core and rock samples were crushed 75% -10 mesh or -200 mesh. Reject and pulp duplicate splits are taken from two samples in every 34 to monitor sub-sampling variation. One quarter to two assay ton splits are weighed. STD Au-I (Au reference material), STD Ag-2 (Ag reference material) or STD FA-1OR (Au, Pt, Pd, Rh reference material) and a blank are added to each analytical batch to monitor accuracy. Results are reported in imperial (oz/t) or metric (g/mlmt) measure. For metallics testing, 500t gm is pulverized and sieved through a 150 or 200 mesh screen. The oversize material on the screen is weighed and assayed in total. A 1 or 2 assay ton split of the undersize fraction is also assayed.

#### 2011 Drill Program

Preparation of soil, rock and core samples were performed by Eco-Tech Laboratories Ltd. ("**Eco-Tech**") and ALS Minerals ("**ALS**"). Both laboratories are ISO 9001:2008 accredited providers of geochemical and environmental analytical services.

Soils were prepared by drying and sieving through an -80 mesh screen to obtain a -80 mesh fraction. Samples unable to produce adequate -80 mesh material are screened at a coarser fraction. A 250 gram sub sample of the minus fraction is pulverized on a ring mill pulveriser until 95% passes a -140 mesh screen. The pulverized sub sample is rolled, homogenized, and bagged in a pre-numbered bag for analysis. A "barren" gravel blank is prepared before each job as a "sample prep". This "blank" is analyzed for trace contaminants with the job samples.

Drill core and rock samples are dried and crushed such that at least 70% crushed material must pass through a -10 mesh screen. A 250 gram sub sample of the crushed sample is then pulverized so that 80% can pass through a -200

mesh screen. A barren gravel blank was prepared before each job in the sample prep to monitor for possible contamination along with the processed samples. The pulverized samples were then delivered to the analyzing laboratory, either Eco-Tech or ALS (Zhang, 2012).

### *Sample Analysis*

#### 2001-2002 Drill Program

All rock, stream sediment, and drill core samples were analyzed for gold and multi-elements by Acme Labs. Multi-elements were determined from a 0.50 gram sample by ICP-ES(Induced Coupled Plasma-Emission Spectrometer) analysis after digestion in a hydrochloric nitric acid solution and are reported in parts per million (ppm) or percent (%). Gold was analyzed by ICP-MS (Mass Spectrometer) techniques from a 10 gram sample after digestion in an aqua regia solution and is reported in parts per billion (ppb). Samples returning 2900 ppb gold and/or 2100 ppm silver were re-analyzed for gold and silver by fire assay of a 1 A.T. (assay ton) sample from the pulp. Results for both elements are reported in grams per tonne (g/t).

Acme Labs is a registered ISO 9002 laboratory and have three BC Certified Assayers on staff. Check analyses, including gravimetric determination of gold and silver, were carried out by Bondar Clegg Canada Ltd. of North Vancouver, British Columbia, an ISO 9002 registered company.

#### 2003-2006 Drill Programs

All drill core samples from the diamond drilling program were analyzed for gold and multi-elements by Eco-Tech. Historic re-sampled core samples were primarily analyzed at Eco-Tech, though several early samples were analyzed at Acme.

Multi-elements were determined from a 0.50 gram sample by ICP-ES (Induced Coupled Plasma-Emission Spectrometer) analysis after digestion in a hydrochloric-nitric acid solution and are reported in parts per million (ppm) or percent (%). Gold was analyzed by ICP-MS (Mass Spectrometer) techniques from a 10 gram sample after digestion in an aqua regia solution and is reported in parts per billion (ppb).

Acme and Eco-Tech's ICP suite of elements were slightly different, although only in rare or trace elements.

In all instances, regardless of analyzing laboratory, samples returning greater than 900 ppb gold and/or greater than 100 ppm silver were re-analyzed for gold and silver by fire assay of a 1 A.T. (assay ton) sample from the pulp. Results for both elements are reported in grams per tonne (g/t).

Drill core check samples were analyzed by Assayers Canada of Vancouver BC and Acme Labs. All samples were analyzed by 1 A.T. fire assay for gold.

#### 2011 Drill Program

Analyses of soil, rock and core samples were performed by Eco-Tech of Kamloops, BC and ALS Minerals of North Vancouver, BC. Sample analyses are summarized from Zhang (2012)

#### Gold Fire Assay

#### ***Eco-Tech***

All surface rock samples, soil samples and drill core samples were analysed using method Au2-30 method. A 30 gram sample is used with detection limits of 5 to 1,000 ppb Au. Overlimit samples were re-analyzed using method Au3-30 with detection limits of 0.03 to 100 ppm Au.

### *ALS Minerals*

A 30 gram sample of pulp sample is used (lab code Au-AA23). Detection limits for this method is 0.005 to 10.0 ppm Au. Overlimit samples were analyzed by gravimetric method (Au-GRA21) with detection limits of 0.05 to 1,000 ppm Au.

### Aqua Regia Digestion

#### *Eco-Tech*

Thirty-three (33) elements are analysed using aqua regia digestion (code AR/ES). Any base metal elements (Cu, Pb, Zn) that are overlimit (>1.0% or 10,000 ppm) and silver (>50 ppm) were immediately run as an ore grade assay (code BM2/A).

### *ALS Minerals*

Aqua regia ICP-AES (lab code ME-ICP41) was used for multi-element analyses. This method analyses a package of 35 elements. Any overlimit results for the elements listed below would re rerun by assay:

- If Ag $\geq$ 50 ppm, then run method Ag-OG46 (detection limit 1-1,500 ppm)
- If Cu $\geq$ 10,000 ppm, then run method Cu-OG46, (detection limit 0.001-40% )
- If Mo $\geq$ 10,000 ppm, then run method Mo-OG46, (detection limit 0.001-10% )
- If Pb $\geq$ 10,000 ppm, then run method Pb-OG46, (detection limit 0.001-20%)
- If Zn $\geq$ 10,000 ppm, then run method Zn-OG46, (detection limit 0.001-60%)

### Quality Assurance and Quality Control

Prior to 2001, QAQC was limited to internal laboratory checks.

Since 2001, QAQC programs were implemented for all drill core samples by CME. This consisted of two standard references (accuracy and bias) and two blanks (contamination) inserted for each 100 samples submitted to the laboratory for analysis. Each standard and blank consisted of a 150 gram sample size.

In 2011 New Pacific employed a quality control system to monitor the integrity of the database and to provide a measure of accuracy and confidence. The system consisted of reference materials, blanks and check samples and is summarized from Zhang (2012).

#### *Reference Standards*

IN 2001, CME standard sample (CME-1) was created by collecting approximately 150 kilograms of material from the Skukum Creek high-grade ore pile. The material was then sent to CDN Resource Laboratories of Richmond, British Columbia who prepared the material into a standard and packaged the material into 100 gram packets to eliminate possible settling of gold. Gold was determined to be 10.10 g/t Au with a standard deviation of 0.25 g/t Au. Silver was determined to be 1,421.3 g/t Ag with a standard deviation of 31.52 g/t Ag.

New Pacific prepared custom reference materials to be used during the exploration of the Property. The following description of the procedure for creating the reference materials was taken from Zhang (2012), however certificates of analyses and details of the statistical calculations were not available to the author.

Seven (7) pails of mineralized material, approximately 40 kg in weight, were taken from the Skukum Creek stockpile and sent to Eco-Tech for preparation and analysis. Each pail represented a different sample/reference material. The

sample material was prepared to 85% passing through -200 mesh. Each sample was the split to 10 sub-samples which were analysed for gold, silver, copper, lead and zinc. The mean and standard deviation of each sample were calculated by omitting the maximum and the minimum of each element, i.e., eight values were used for the calculation. The ten sub-samples were again mixed and homogenized (Zhang, 2012).

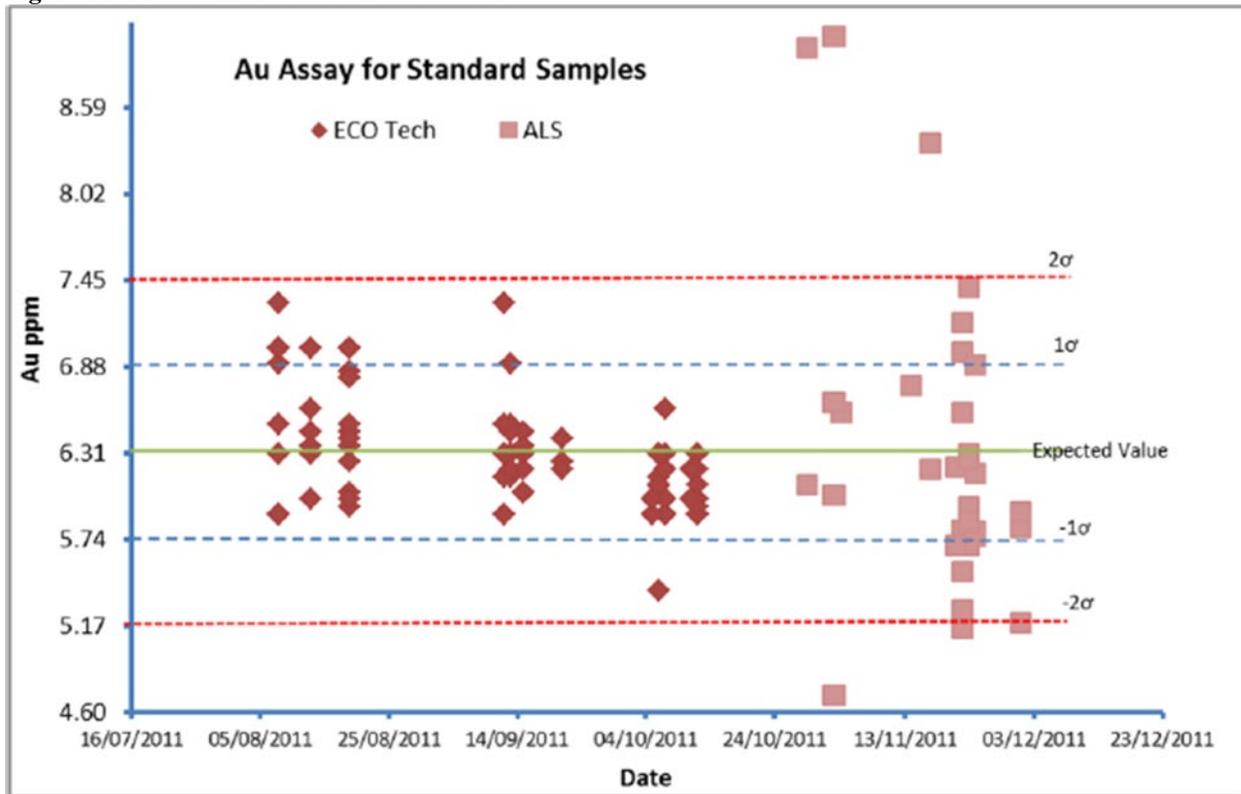
One New Pacific-prepared reference material ("Standard 1") was used during the 2011 exploration which had nominal values of:

- gold: 6.31 ppm Au ( $1\sigma = 0.57$  ppm Au);
- silver: 46.58 ppm Ag, ( $1\sigma = 1.33$  ppm Ag)

One standard sample of about 100 gram pulp was inserted to the normal sample sequence at every 30 samples prior to shipment to laboratory for analysis. The mean (expected value) for gold is 6.31 ppm with a standard deviation of 0.57. The mean (expected value) for silver is 46.58 ppm with a standard deviation value of 1.33.

A total of 110 standard samples were used in 2011. Upon receipt of assay results from labs, standards were checked against expected value for any significant discrepancies (more than two standard deviations above or below the expected value). The assays from Eco Tech performed well with all values within two standard deviations from the expected value and mostly within one standard deviation. The assays from ALS seem a bit wild with a few beyond the two standard deviations but mostly still within (Figure 11-1). The average gold values for Eco Tech assays and ALS assays are 6.28 ppm and 6.18 ppm (omitting values beyond two standard deviations), respectively. The overall average for all assays is 6.31 with standard deviation of 0.57, almost identical to the expected values (Table 11 2), although the graph shows a slight under-statement.

Figure 11-1 Performance of Standards - Gold



The silver values show roughly the same pattern of gold (Figure 11-2). The assays of ALS are more wildly scattered, and a general slight understatement is obvious. Most assays are below the expected value. The average for ALS and Eco Tech is 39.81 ppm and 42.48 ppm, respectively. The overall average is 41.46 ppm (Table 11 2).

Figure 11-2 Performance of Standards-Silver

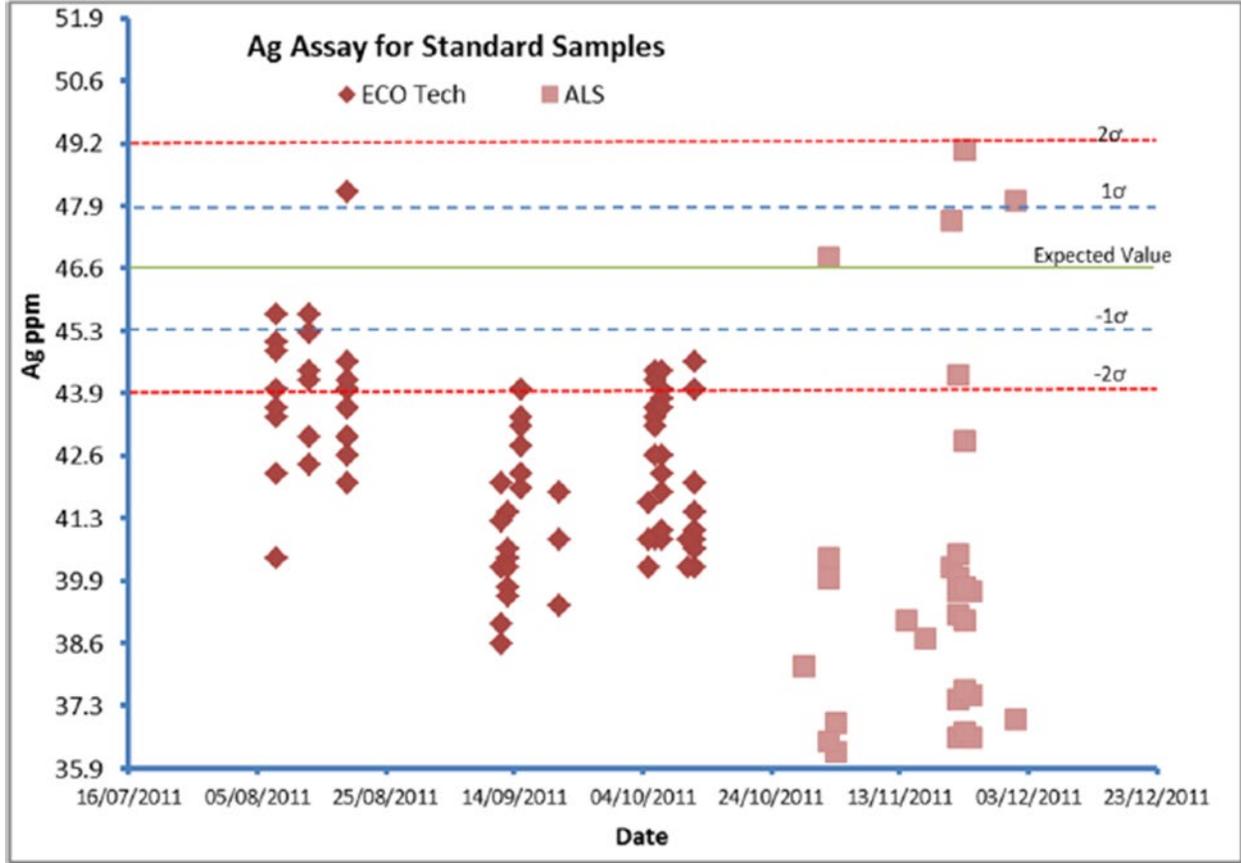


Table 11-2 Comparison of Assays with Expected Values of Standards

Samples	Elements	# of Samples	Min	Max	Mean	Stdev	Lab
All assays tested by Echo Tech	Au	76	5.40	7.30	6.28	0.43	Echo Tech
Assays within expected range from 5.15 to 7.45, Tested by ALS	Au	28	5.19	7.4	6.18	0.55	ALS
All assays by ALS	Au	33	4.71	9.06	6.34	0.99	ALS
All assays by both Echo Tech and ALS	Au	109	4.71	9.06	6.31	0.62	Echo Tech & ALS
<b>Expected Value</b>	Au				<b>6.31</b>	<b>0.57</b>	
All assays by Echo	Ag	76	38.6	48.2	42.48	1.82	Echo Tech
All assays by ALS	Ag	33	36.3	49.1	39.81	3.55	ALS
All assays by both Echo Tech and ALS	Ag	109	36.3	49.1	41.67	2.75	Echo Tech & ALS
<b>Expected Value</b>	Ag				<b>46.58</b>	<b>1.33</b>	

### *Blanks*

In 2001, the CME blank was created using sterilized play sand. The material was analyzed by ALS Chemex Laboratories of Vancouver, BC. Gold and silver grades were determined to be <1 ppb Au and <0.02 ppm Ag.

For the 2011 program the blank material was provided by Eco Tech's preparation facility in Whitehorse, YT. It consists of fresh unmineralized granite crushed to 0.5 centimeter size and packed in plastic rice bags (Zhang, 2012).

A total of 126 blank samples were inserted into the sample sequences.

Results for blank reference material show no evidence of contamination during sample preparation (Zhang, 2012).

### *Duplicate Checks*

In 2001, a second laboratory, Bondar-Clegg, analyzed approximately 10% of the fire assayed samples to measure reproducibility (check samples). A total of 8 samples were submitted: 4 prepared pulp samples; and 4 sample rejects. One CME standard and one blank material (both pulps) were also included in the check analysis batch. Samples were analyzed by gravimetric fire assay.

In 2003, CME submitted approximately 10% of all fire-assayed samples to Assayers Canada of Vancouver, BC to measure reproducibility (check samples). A total of 6 sample pulps, which included one CME standard and one CME blank, were submitted for the study. The pulp material was analyzed for gold by fire assay.

In 2011, duplicate check samples were taken as sub-samples of the pulps sent to the analytical labs. One duplicate was taken about every twenty samples and weighs about 50-100 grams each. To better monitor the reproductivity, more duplicate samples were taken in the well mineralized intervals than in the weakly mineralized part identified by visual examination. A total of 182 duplicates were taken in 2011. The duplicates were numbered as separate sequence. The analytical lab for the duplicates is Inspectorate based in Richmond, BC, an ISO 9001-2008 certified provider of mineral and geochemical analysis. To monitor the accuracy and precision of analysis of the check lab, 7 standards and 7 blanks were included in the 182 duplicates.

The assays of gold and silver show very good reproductivity (Figure 11-5 and Figure 11-6). Of the 168 normal samples, 75 samples have gold values more than 1 ppm. The original assays of gold match well with the check assays which are slightly lower (averagely -4.4% for the 75 samples >1ppm gold). There are 35 samples with silver values higher than 50ppm. The check assay of two samples returned odd values for silver. The check value (47.5ppm) of the sample K664022 is significantly lower than the original assay (302ppm) of the sample 291932, which might be a typing error when the check lab prepared the assay report. The check value (544.2ppm) of the sample K664021 is about half lower than the original assay (1,140ppm) of the sample 291930. The check assays are averagely 5.3% lower than the original assays for the 35 samples with silver value higher than 50ppm. If the two samples with odd check values of silver are not considered, the values of the original assay and the check assay match perfectly with the check assay only 1.5% lower than the original assay.

The 7 blanks inserted in the check samples returned values of gold silver lower than detection limit, meaning there is no contamination in the process of sample preparation. Values of gold and silver of standards for both the original and the check samples are lower than the expected values. The accuracy and precision performance of the original gold assay is better than that of the gold check assays (Figure 11-5 and Figure 11-6).

Figure 11-3 Performance of Standards Inserted in Duplicates - Gold

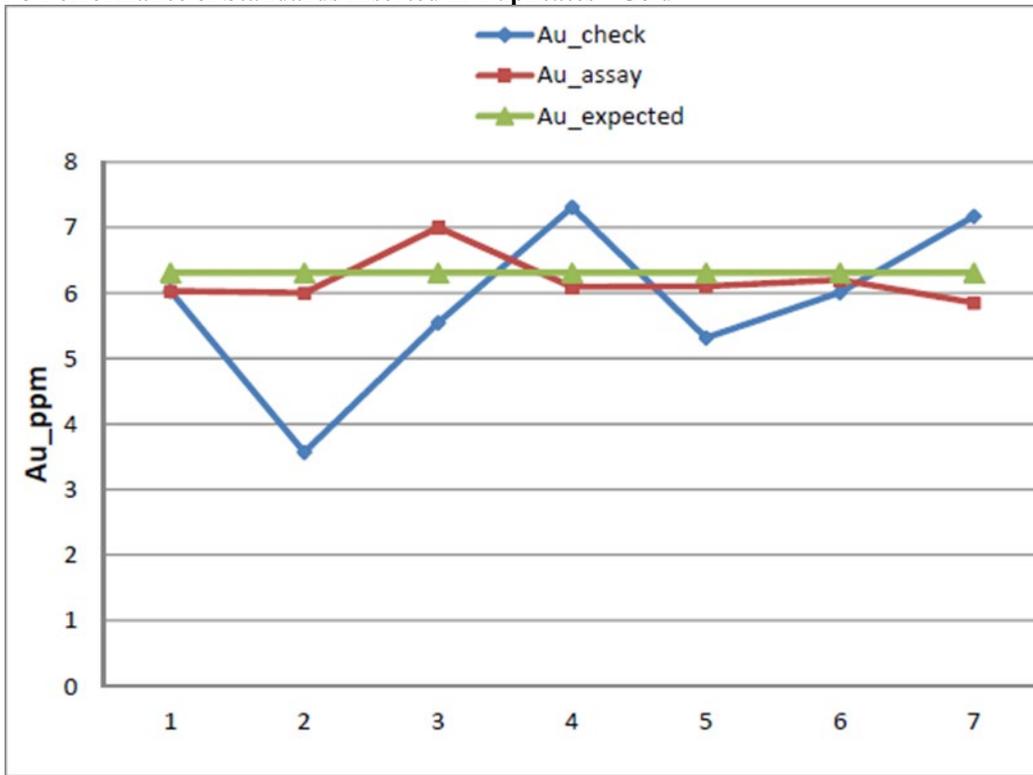


Figure 11-4 Performance of Standards Inserted in Duplicates - Silver

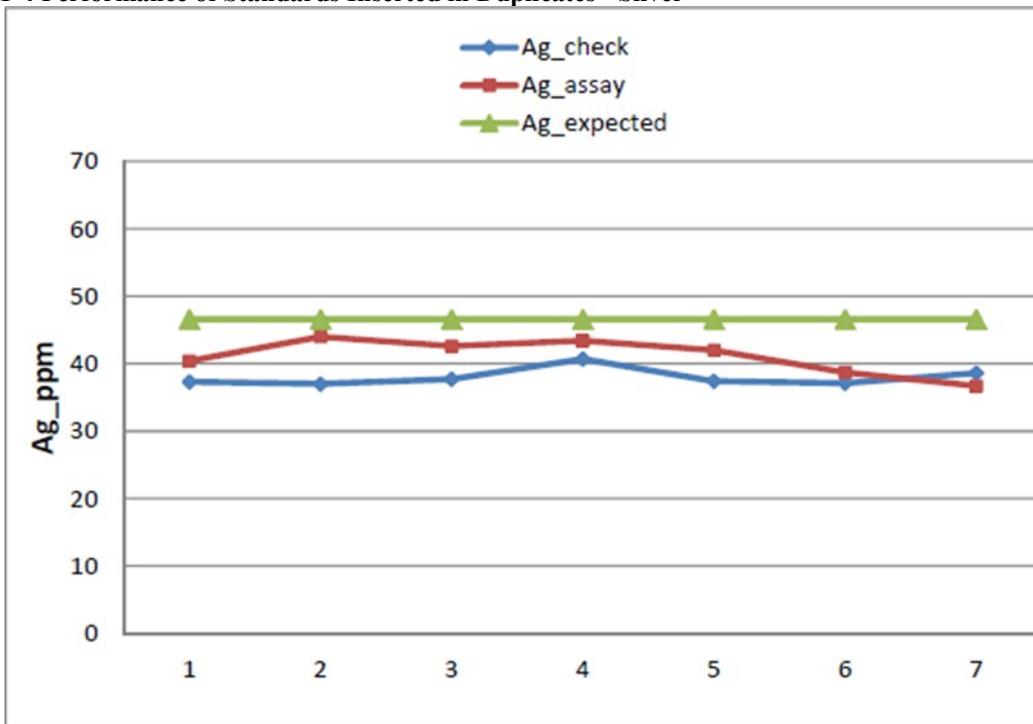


Figure 11-5 Comparison of Assays of Normal Samples with Duplicates - Gold

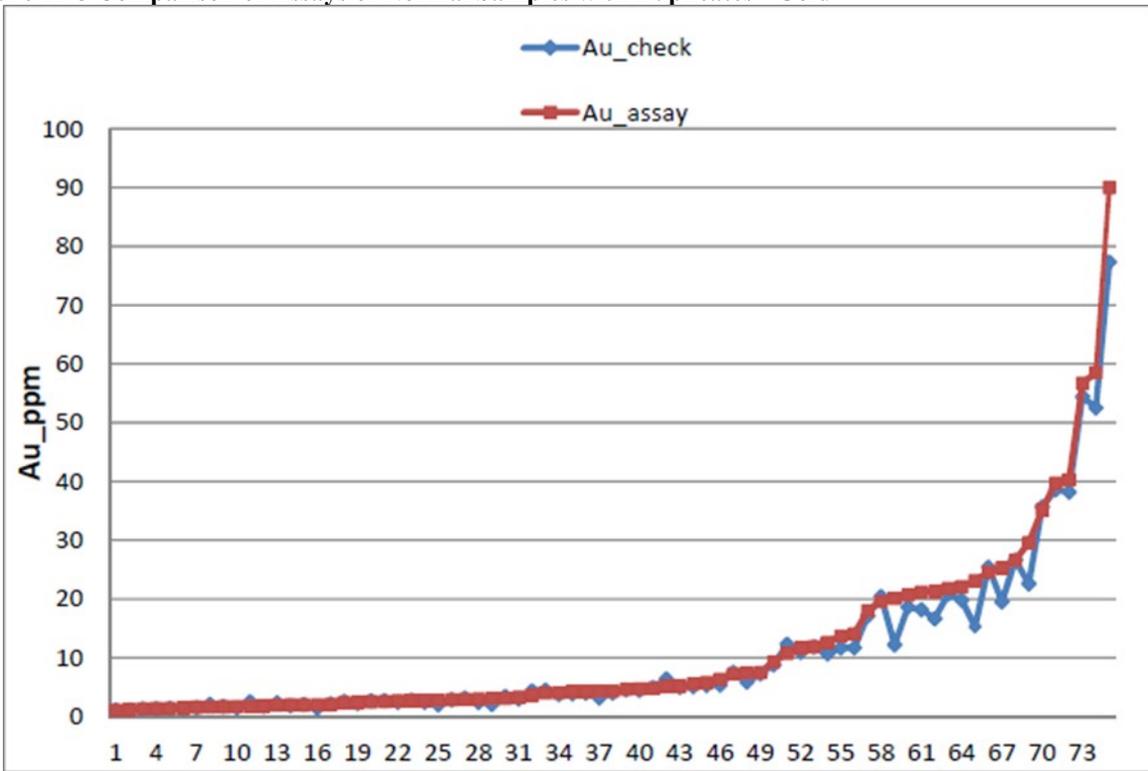
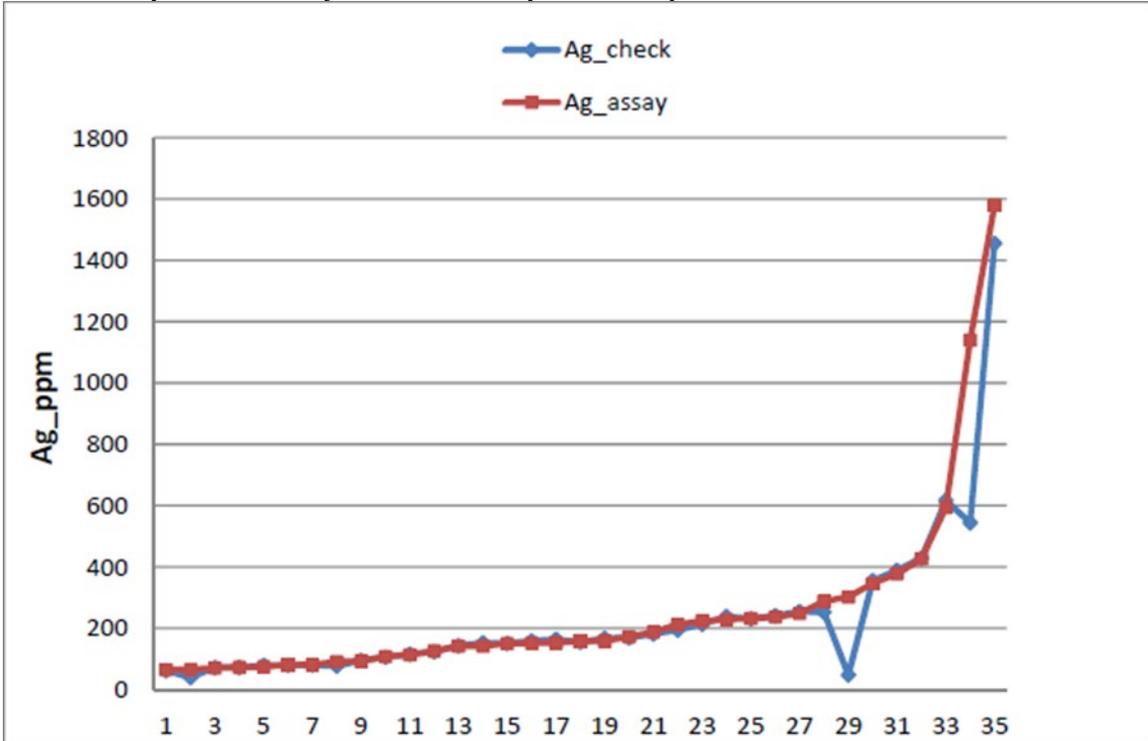


Figure 11-6 Comparison of Assays of Normal Samples with Duplicates - Silver



### Sample Security

For security, the geology building, and core processing area were restricted to New Pacific geology personnel only. At the core cutting facility the samples were sealed by triple folding the top of plastic sample bag and then closed with staples. When no authorized personnel were present, samples were stored in the locked geology building. Bagged samples were placed in rice bags and transported by staff to the preparation labs in Whitehorse, YT where custody of the samples was transferred from New Pacific to Eco-Tech or ALS Minerals.

### Opinion on Adequacy

GeoSim is of the opinion that the adequacy of sample preparation, security and analytical procedures are sufficiently reliable to support an Inferred mineral resource estimation and that sample preparation, analysis, and security are generally performed in accordance with exploration best practices at the time of collection.

### *Data Verification*

### Site Visit Verification

The author visited the site on July 16 and 17, 2013 and on August 26, 2020. The purpose of the visits was to review the drilling, sampling, and quality assurance/quality control procedures. The geology and mineralization encountered in the drill holes completed to date were also reviewed. Underground workings have been sealed off since 2011 but all portals were visited. The Rainbow vein outcrop was examined near the 1350 portal of the Skukum Creek deposit. Data verification included:

- Verification sampling of drill core
- Verification of selected drill hole collars by hand-held GPS
- Verification of the Lake Zone, Skukum Creek and Goddell Gully geodatabases.

Drill core was stored either as pallets or in racks. A few racks had collapsed resulting in core spillage (Figure 12-1). Drill core from several holes was examined and found to be consistent with drill logs.

**Figure 12-1 Core Storage**



Four samples of drill core from various deposits were collected by the author and submitted to Acme Analytical Laboratories Ltd. (Acme) of Vancouver, BC (an ISO 9001:2008 accredited laboratory). Results confirmed the presence of significant grades of gold and silver in the sampled intervals (Table 12 1). Two samples were considerably lower in grade and two returned higher grades than the complete interval assays but these samples only represented 10 to 20 centimetres of material within the corresponding intervals.

**Table 12-1 Verification Samples**

Sample	Hole No.	Depth (m)	Au g/t	Ag g/t	Original Assay Interval (m)				
					From	To	Width	Au g/t	Ag g/t
GSM01	SC11-02	507	60.3	274	506.00	507.00	1.00	19.90	226.0
GSM02	MS11-01	46	9.916	30	45.30	46.40	1.10	6.90	19.5
GSM03	GG11-04	549.5	0.622	<2	549.00	550.00	1.00	17.50	3.4
GSM04	SC11-04UG	88	0.497	47	87.65	88.30	0.65	10.70	264.0

Eight drill hole collars were checked by hand-held GPS and locations confirmed.

At the time of the recent site visit, a tent camp had been established for exploration and historic core was being re-logged and sampled. New core racks were being constructed for new drilling and to preserve historic core.

Portals at Skukum Creek and Goddell Gully are presently road-accessible by 4WD vehicle. The access road to the Mt. Skukum area has two significant washouts about 2 km before the Cirque portal.

Database Verification

The author examined the sample database for location accuracy, down hole survey errors, typographical errors, interval errors and missing sample intervals. Several issues were identified and corrected prior to the mineral resource

estimation. Drill hole collars were confirmed to correspond to topographic surfaces or underground workings. Underground samples were also confirmed to correspond to underground development.

Conclusions

The author is of the opinion that the data is adequate to support a current mineral resource estimate as defined under NI 43-101.

*Mineral Processing and Metallurgical Testing*

Between 1988 and 2011, various types of mineral processing and metallurgical test work have been completed on the mineralized material of the Skukum Creek gold-silver deposit. Testwork completed prior to 2011 are included under the heading "Item 5: Description of the Business – Tagish Lake Gold Project – History". Details of the 2011 testwork by New Pacific are presented below with information and results taken from Zhang (2012). Certificates of analysis corresponding to the assay work were not available to the author.

During 2011, New Pacific sent two batches of metallurgical samples to the Hunan Nonferrous Research Institute of Metallurgy based in Changsha City, Hunan Province, PR China for flotation recovery tests. Each batch weighed about 450 to 500 kilograms, taken from the mineralization stockpile, a product of historical drift development along the Rainbow Zone at Skukum Creek.

The first batch was sampled and delivered to the Institute in July 2011. Sampling method was by hand-picking quartz sulphide vein material from the stockpile. This sample is referred to as "High Grade".

Assay results of the sample are presented in Table 13-1. The flotation test results (Table 13 2) indicated the recovery of both gold and silver of the high-grade sample is more than 90%.

**Table 13-1 Assay Results of Samples for Flotation Tests**

Item	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	S (%)	As (%)
"High-Grade"	49	419	1.04	1.1	3.49	11.56	3.05
"Low-Grade"	6.57	93.12	0.12	0.36	0.93	2.42	1.07

**Table 13 2 Closed-Circuit Flotation Recovery of "High Grade" at Skukum Creek**

Item	Production (%)	Grade (g/t)		Recovery (%)		Frother
		Au	Ag	Au	Ag	
Concentrate	30.31	162.5	1311.67	99.24	96.63	sodium carbonate
Tailings	69.69	0.54	19.89	0.76	3.37	
Primary	100	49.63	411.43	100	100	
Concentrate	18.07	258.3	2070.7	94.5	89.47	lime
Tailings	81.93	3.31	53.77	5.5	10.53	
Primary	100	49.39	418.23	100	100	

With consideration that the high-grade sample is not properly representative of the average grade of the deposit, a second batch was taken and delivered to the Institute in September 2011. This sample was referred to as "Low Grade" and is a better reflection of average grade of the Skukum Creek Deposit. The recovery of the initial open circuit test for gold and silver is 88.26% and 86.03%, respectively (Table 13 3).

**Table 13-3 Open-Circuit Flotation Recovery of "Low Grade" at Skukum Creek**

Item	Production (%)	Grade (g/t)		Recovery (%)		Frother
		Au	Ag	Au	Ag	
Concentrate	7.52	79.1	1022.66	88.26	86.03	sodium carbonate
	3.27	5.1	47.52	2.47	1.74	
	3.53	10.4	109.21	5.45	4.31	
Tailings	85.68	0.3	8.26	3.82	7.92	

Item	Production (%)	Grade (g/t)		Recovery (%)		Frother
		Au	Ag	Au	Ag	
Primary	100	6.74	89.39	100	100	
Concentrate	6.25	94	1019.89	87.89	83.44	lime
	1.99	4.75	100.41	1.41	2.62	
	2.51	10.7	146.45	4.02	4.81	
Tailings	89.25	0.5	7.82	6.68	9.13	
Primary	100	6.68	76.4	100	100	

Zhang (2012) did not include any discussion of processing factors or deleterious elements that could have an impact on potential economic extraction. With the information at hand, the author cannot present an opinion on the results of the metallurgical testing.

*Mineral Resource Estimate*

Introduction

Resource models have been developed for three of the targets within the Project area;

- 1) Mt. Skukum (Lake Zone)
- 2) Skukum Creek
  - o Rainbow Zone
  - o Kuhn Zone
  - o Berg Zone
  - o Rainbow2 Zone
- 3) Goddell Gully

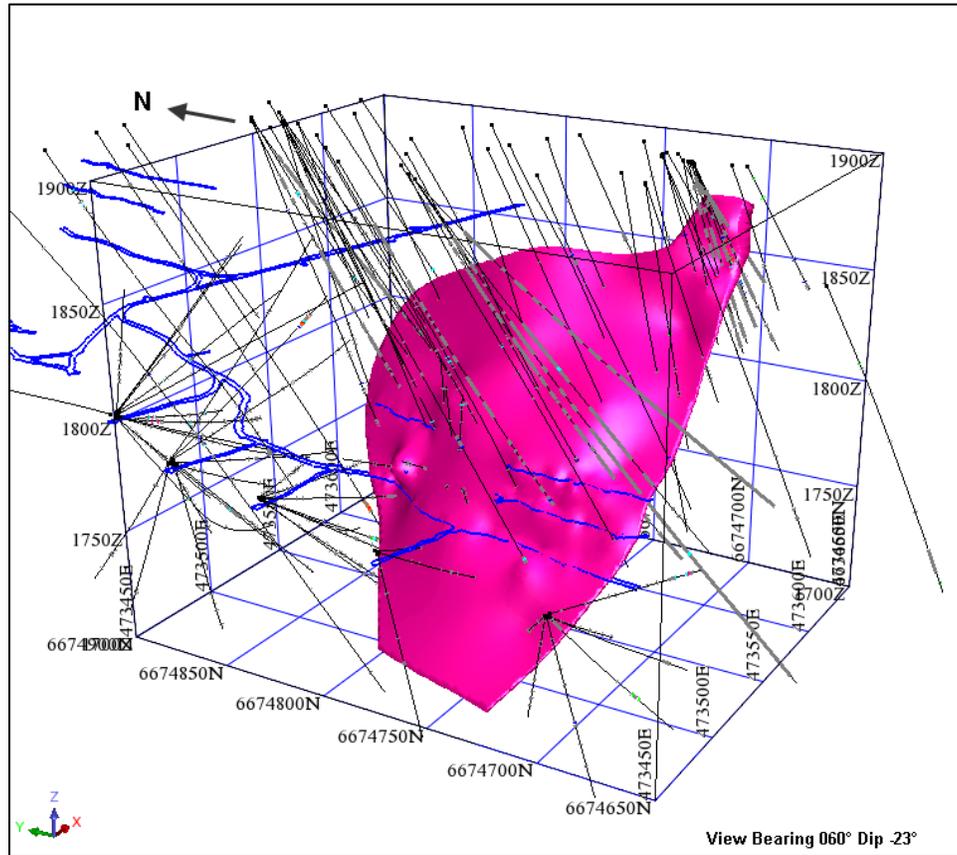
Mt. Skukum (Lake Zone)

*Geologic Model, Domains and Coding*

Drilling and sampling have outlined a single continuous vein extending up to 176 metres along strike to the NNW and up to 233 metres down dip to the WNW. The zone has a moderate dip of 52° towards an azimuth of 284°.

The zone was modeled in Leapfrog3d software using a minimum horizontal width of 1.5m. The Lake Zone vein model is illustrated in Figure 14-1.

Figure 14-1 Lake Zone Vein Model



*Available Data*

The database for the Mt. Skukum area contains 363 core holes totaling 42,914 m. Total drilling on the Lake Zone amounted to 184 core holes for 21,390 metres as summarized in Table 14-1 and Table 14-2. The 1984-1988 drill programs used a nominal sample length of 0.5 metres and averaged 0.43 metres overall. The 2011 drill program used a 2 metres nominal sample length and averaged 1.76m overall.

**Table 14-1 Lake Zone Database - Surface Drilling Summary**

Series	Year Completed	Company	Holes Drilled	Total metres	Intervals Assayed	Metres Assayed
84-082 to 118	1984	Agip	10	1,157.31	12	4.20
86-143 to 192	1986	MSGM	32	5,481.96	436	230.83
87-322 to 382	1987	MSGM	43	3,997.25	669	264.09
88-500 to 519	1988	MSGM	15	1,847.48	249	100.55
MS11-01 to 15	2003	NUX	16	2,483.67	782	1,377.89
Total			116	14,967.67	2,148	1,977.56

**Table 14-2 Lake Zone Database - Underground Drilling Summary**

Series	Year Completed	Company	Holes Drilled	Total metres	Intervals Assayed	Metres Assayed
87-221 to 259	1987	MSGM	39	3,861.03	499	210.01
88-260 to 294	1988	MSGM	29	2,561.04	439	184.61
Total			68	6,422.07	938	394.62

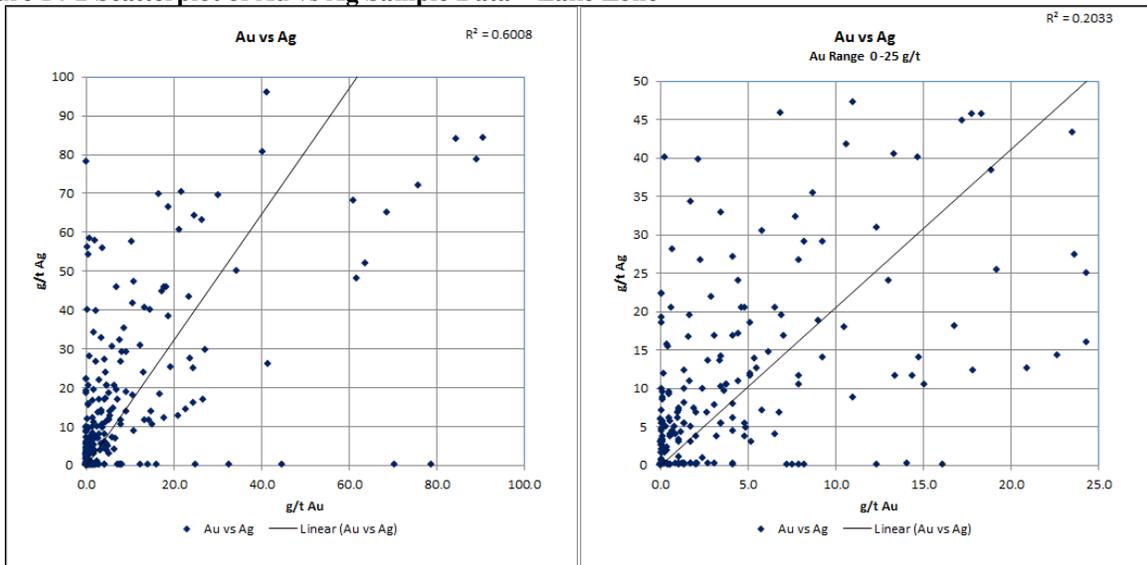
The database also contains 951 underground samples assayed only for Au from 3 main levels with an average length of 1.18 m. These are labelled as channel samples, but the sample methodology is not documented. They correspond reasonably well with nearby drill intercepts and are believed to be of sufficient reliability to support an inferred resource.

A total of 551 assays labeled 'BH' are believed to be taken from sludge samples and were not used in the resource estimation.

*Exploratory Data Analysis*

Within the vein model, Au and Ag show a moderate positive correlation (correlation coefficient = 0.78) and a linear regression yields an R2 value of 0.6. At lower levels of Au content the correlation drops significantly to 0.54 with an R2 value of 0.2 (Figure 14-2).

**Figure 14-2 Scatterplot of Au vs Ag Sample Data – Lake Zone**



Cumulative frequency distributions for the Au and Ag samples within the vein model are illustrated in Figure 14-3 and Figure 14-4. Sample populations are highly skewed approaching log normal distribution.

Basic statistics for Au and Ag in their corresponding grade domains are shown in Table 14-3.

Figure 14-3 Frequency Distribution of Au – Lake Zone

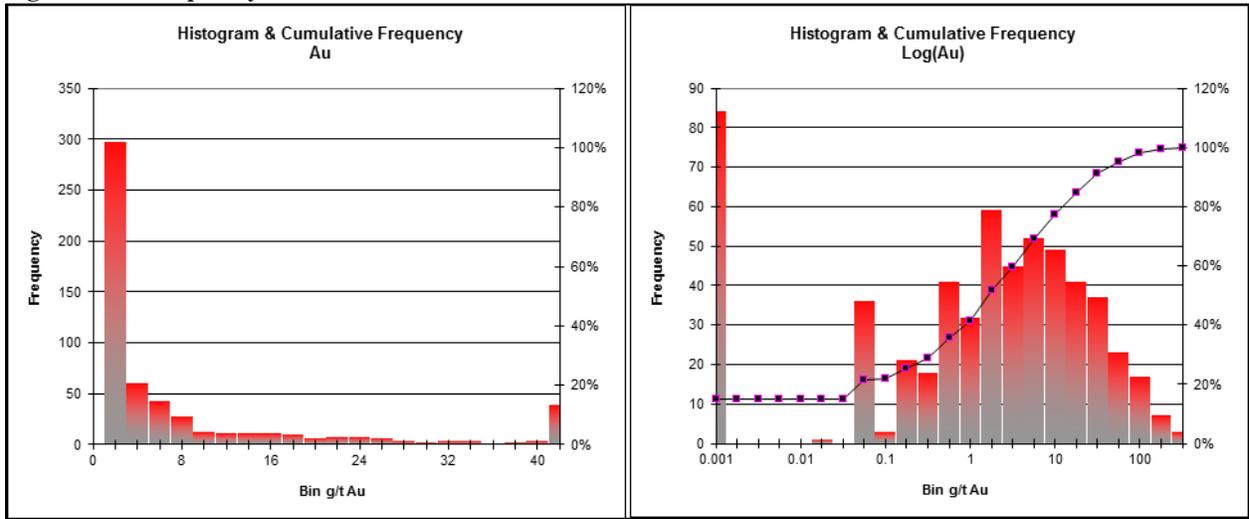


Figure 14-4 Frequency Distribution of Ag – Lake Zone

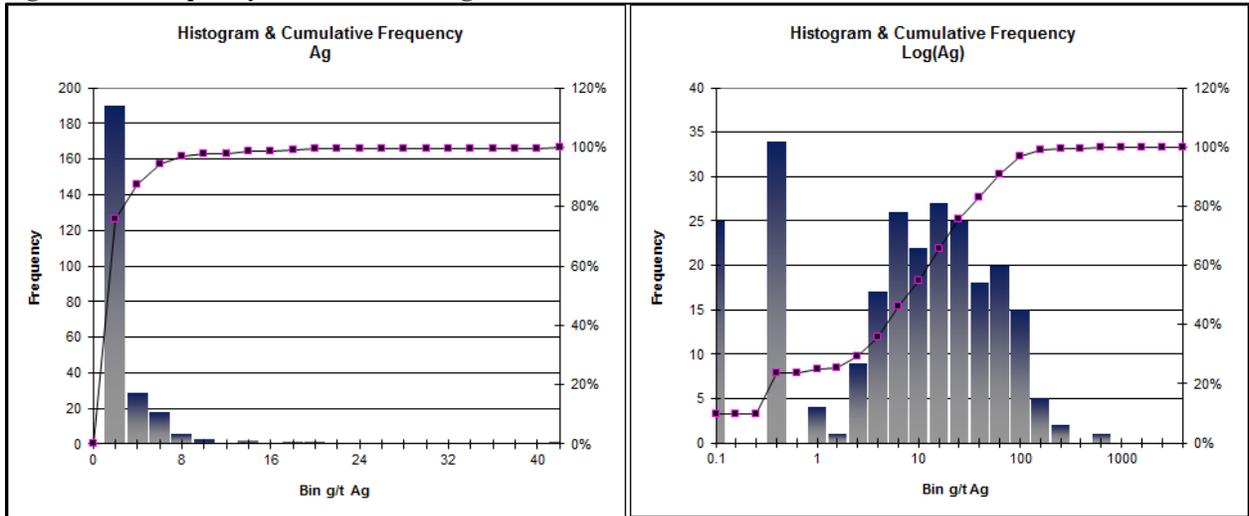


Table 14-3 Sample Statistics

	Au g/t		Ag g/t	
	Undiluted	Diluted	Undiluted	Diluted
n	529	536	236	243
Min	0.001	0.001	0.1	0.1
Max	389.143	389.143	505.4	505.4
Median	2.297	2.143	9.6	8.2
Mean	11.830	11.676	22.9	22.2
Wt Avg	13.536	13.473	22.5	22.2
Variance	897.30	887.36	2056	2011
Std Dev	29.95	29.79	45.3	44.8
CV	2.53	2.55	1.98	2.02

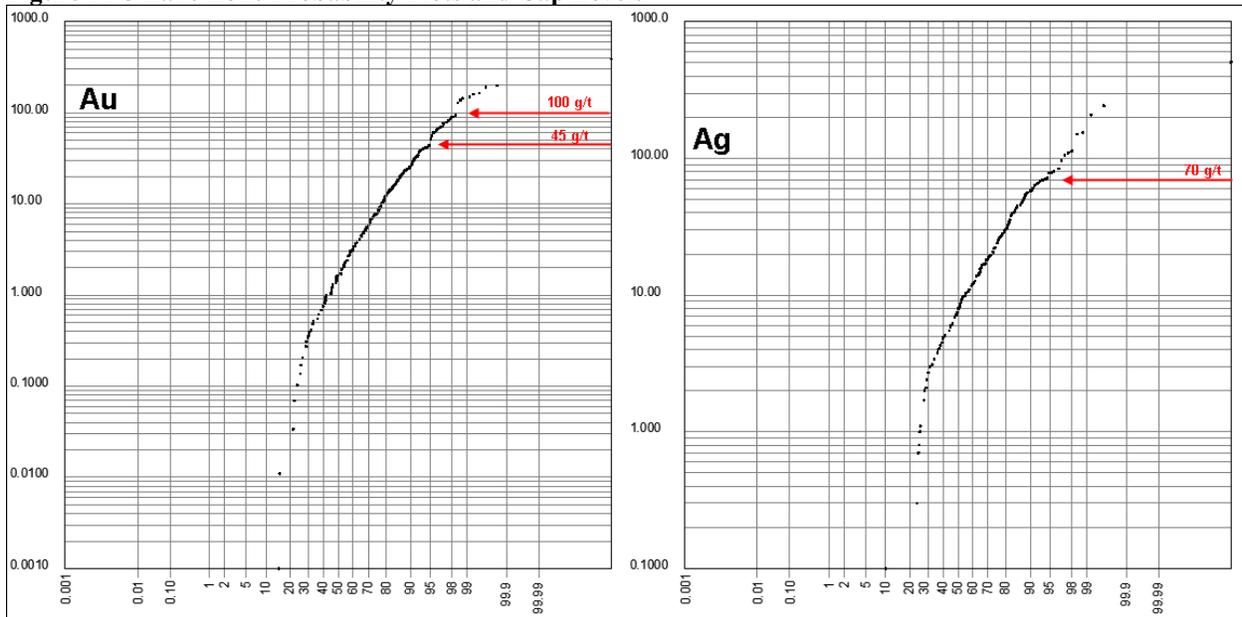
### *Evaluation of Outlier Grades*

Before compositing of sample assays, grade distribution in the raw sample data was examined to determine if grade capping or special treatment of high outliers was warranted. Cumulative log probability plots were examined for outlier populations, and decile analyses were performed for Au within the zone domains. As a general rule, the cutting of high grades is warranted if:

- the last decile (upper 10% of samples) contains more than 40% of the metal; or
- the last decile contains more than 2.3 times the metal of the previous decile; or
- the last centile (upper 1%) contains more than 10% of the metal; or
- the last centile contains more than 1.75 times the next highest centile.

In the case of the Lake Zone sample population, the last decile contains 72% of the metal for Au or 5.7 times the metal of the previous decile. For Ag the last decile contains 56% for of the contained metal which is 3.3 times the metal of the previous decile. There were too few samples in the upper decile to give reliable results for the upper centiles so cumulative probability plots were used to determine appropriate capping and outlier restriction (Figure 14-5). Top-cuts of 100 g/t for Au and 70 g/t for Ag were selected and samples between 45 and 100 g/t Au were identified as requiring a limited range of influence. The top-cuts affected 10 Au intervals and 16 Ag intervals. An additional 19 Au intervals between 45 and 100 g/t were given a limited range of influence.

**Figure 14-5 Lake Zone Probability Plots and Cap Levels**



### *Compositing*

Best fit downhole sample assay composites of Au and Ag were generated using a nominal 1 meter interval within the zone domain. There were fewer Ag composites as the underground samples did not have Ag assays. Samples were capped prior to compositing at the levels established in the previous section.

Statistics for composites are summarized in Table 14-4. Grade capping reduced the coefficient of variation ("CV") for Au from 2.83 in the uncapped composites to 1.52 in the capped data population. Although this is still considered quite high, it is not unusual for precious metal deposits and is a considerable improvement over the CV of the initial sample intervals. Geosim is of the opinion that the CV is low enough to support a mineral resource estimate.

**Table 14-4 Composite Statistics**

		Au g/t			Ag g/t	
		Uncapped	Cap 45 g/t	Cap 70 g/t	Uncapped	Cap 70 g/t
n		562	562	562	149	149
Mean		0.00	0.00	0.00	0.00	0.00
Mean		389.14	45.00	100.00	155.00	70.00
Mean		13.31	8.17	10.48	20.58	17.02
Median		2.73	2.73	2.73	9.97	9.97
Var		1417.38	153.34	410.53	790.56	373.59
Std Dev		37.65	12.38	20.26	28.12	19.33
COV		2.83	1.52	1.93	1.37	1.14

*Bulk Density Data*

A total of 171 density measurements were made on core sampled in 2011. After removing 5 outliers the average density was 2.68 g/cm<sup>3</sup>. A comparison of measurements between mineralized and unmineralized core showed no significant difference and this value was used to determine reported tonnes of mineralized material in the resource estimate.

*Variography*

Directional variograms in the plane of the mineralized zone showed no significant trends or anisotropy. The maximum model range was 20m and the nugget value was 53% of the total sill using a maximum grade of 45 g/t.

*Model Setup and Limits*

A rotated block model was created in Gemcom-Surpac Vision© software using a block size 5 x 5 x 3 metres with sub-blocking enabled to 2.5 x 2.5 x 1.5 metres. Block model extents and orientation are summarized in Table 14-5.

**Table 14-5 Block Model Parameters**

	East	North	Elevation
Origin	473480	6674680	1650
Extent	300	220	75
Rotation		-52°	14°
Block Size	5	5	3
Sub-block	2.5	2.5	1.5

*Interpolation Parameters*

Au and Ag grades within the vein domain were estimated in three passes using the inverse distance weighting method to the third power (ID3). A single pass nearest neighbour estimate was also carried out for use in model validation. Search parameters are outlined in Table 14-6. Grade distribution is illustrated in Figure 14-6 and Figure 14-7.

**Table 14-6 Grade Model Search Parameters**

Item/Zone	Pass	Max Search Dist (m)		Min # Composites	Max # Composites	Max per Hole	Topcut g/t Au / Ag
		Parallel to structure	Across Structure				
Au	1	20	4	3	16	2	100
	2	40	8	3	16	2	45
	3	80	16	3	20	-	45
Ag	1	20	4	3	16	2	70
	2	40	8	3	16	2	70

Item/Zone	Pass	Max Search Dist (m)		Min # Composites	Max # Composites	Max per Hole	Topcut g/t Au / Ag
		Parallel to structure	Across Structure				
	3	80	16	3	20	-	70

Figure 14-6 Perspective View of Block Model Au Grades

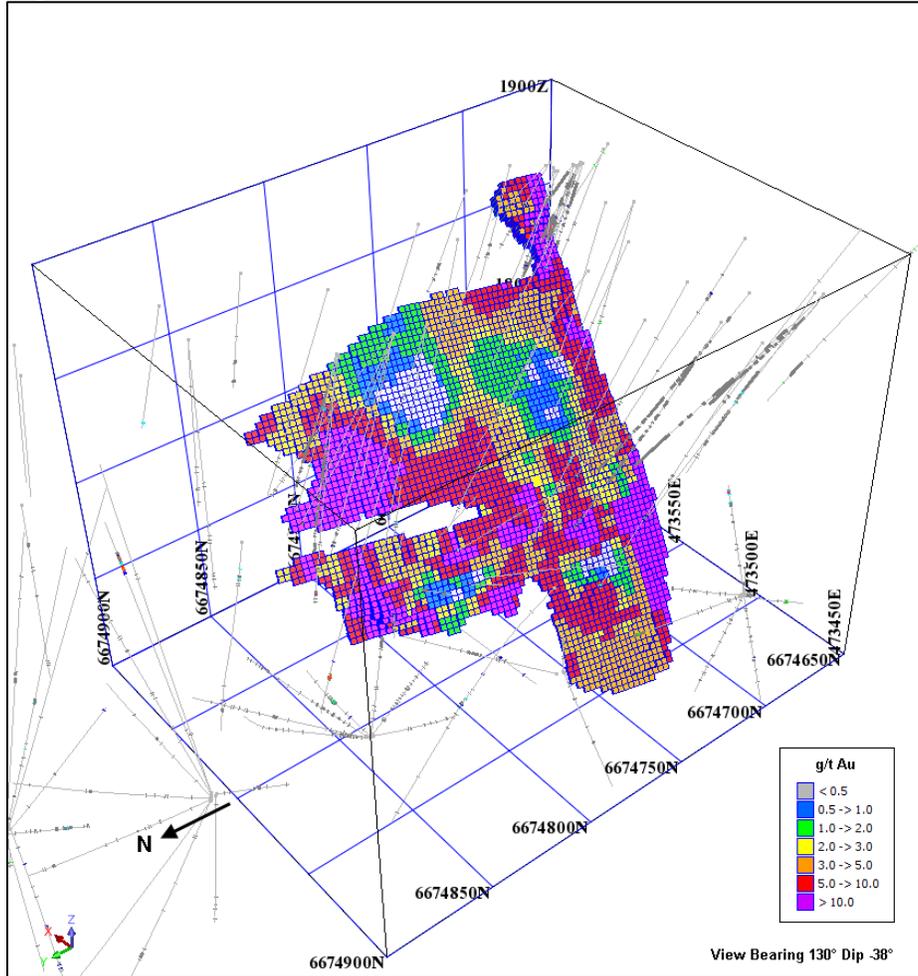




Figure 14-8 Frequency Distribution of Au Grades in Block Model

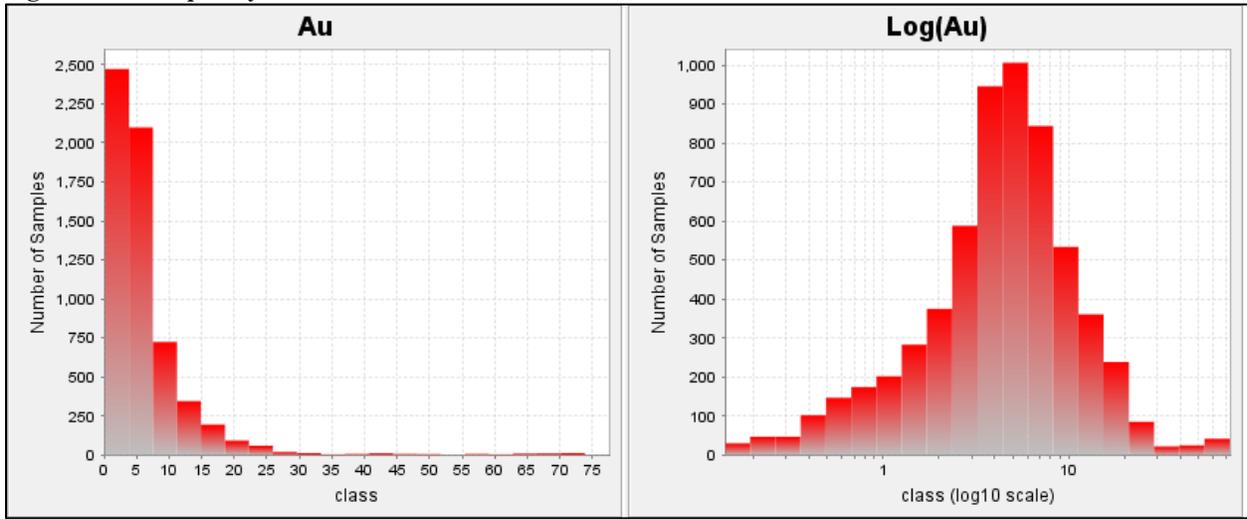
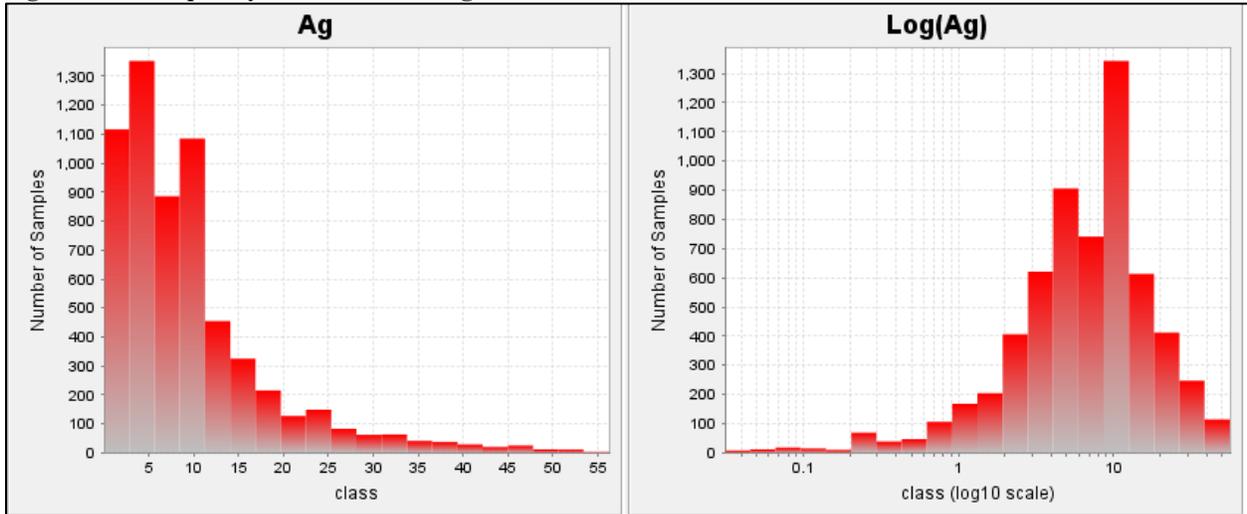


Figure 14-9 Frequency Distribution of Ag Grades in Block Model



Global Bias Check

Block grades were estimated using the inverse distance (ID3) and the nearest neighbour ('NN') methods. A comparison of global mean values within the vein domain shows a reasonably close relationship with samples, composites and block model values at a '0' cut-off grade (Table 14-7).

Table 14-7 Global Mean Grade Comparison

Source	Au	Ag
Samples	13.54	23
Samples (Capped)	10.89	19
Composites	13.31	21
Capped Composites	8.17	17
IDW Grade	7.35	11
NN Grade	7.74	13

### *Resource Classification*

Resource classifications used in this study conform to the following definition from Canadian Institute of Mining ("CIM") Definition Standards adopted by CIM Council on May 10, 2014:

#### Mineral Resource

*Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.*

*The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.*

*Interpretation of the word 'eventual' in this context may vary depending on the commodity or mineral involved. For example, for some coal, iron, potash deposits and other bulk minerals or commodities, it may be reasonable to envisage 'eventual economic extraction' as covering time periods in excess of 50 years. However, for many gold deposits, application of the concept would normally be restricted to perhaps 10 to 15 years, and frequently to much shorter periods of time.*

#### Measured Mineral Resource

*Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.*

*Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.*

*A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.*

#### Indicated Mineral Resource

*An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.*

*Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.*

*An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.*

#### Inferred Mineral Resource

*An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.*

*An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.*

The Mt. Skukum resource is classified as 'Inferred' as grade estimation is largely based on limited sampling and grade continuity has not been verified between widely spaced drill intercepts.

The underground mining assumptions for determining cut-off grade with reasonable prospects of economic extraction are presented in Table 14-8.

**Table 14-8 Cost Assumptions used in Cut-off Grade Determination**

Assumptions	Value
Gold Price	\$1,450
Silver Price	\$16.50
Gold Recovery %	90%
Silver Recovery %	90%
Mining Cost (US\$/t milled)	\$90
Processing (US\$/t milled)	\$25
G&A Cost (US\$/t milled)	\$10
Total Operating Cost (US\$/t milled)	\$125
Cut-off Grade g/t Au	3.0

*Mineral Resources*

The following table presents the mineral resource estimate for the Mount Skukum. The selected base case cut-off grade of 3.0 g/t gold is considered to be generally consistent with the economic cut-off for other mineral deposits of similar characteristics, scale and location. The gold equivalent formula used was  $AuEQ = Au + Ag * 0.0114$ . The effective date of the estimate is October 1, 2020.

**Table 14-9 Inferred Mineral Resource – Mt. Skukum Lake Zone**

Class	Zone	Tonnes	Au g/t	Ag g/t	AuEQ g/t	Contained oz Au	Contained oz Ag	Contained oz AuEQ
Inferred	Lake Vein	90,100	9.28	12.9	9.43	26,882	37,368	27,308

Notes:

1. Mineral resource estimate prepared by GeoSim Services Inc. with an effective date of October 1, 2020.
2. Totals may not sum due to rounding.
3. Mineral resources are diluted to a minimum width of 1.5m
4. A base case cut-off grade of 3.0 g/t Au represents an in-situ metal value of US\$126 per tonne at a gold price of US\$1450/oz, silver price of US\$16.50/oz and a metal recovery of 90% for gold and silver which is believed to provide a reasonable margin over operating and sustaining costs for narrow vein mining and processing.
5. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

*Comparison with Previous Estimate*

The change in metal price assumptions since 2012 resulted in a higher Au:Ag ratio for the gold equivalent calculation. As a result, the 2020 Skukum Lake resource estimate showed lower tonnes at higher gold grades than the previous resource estimate released in 2012 (Simpson, 2012).

Skukum Creek

*Geologic Model, Domains and Coding*

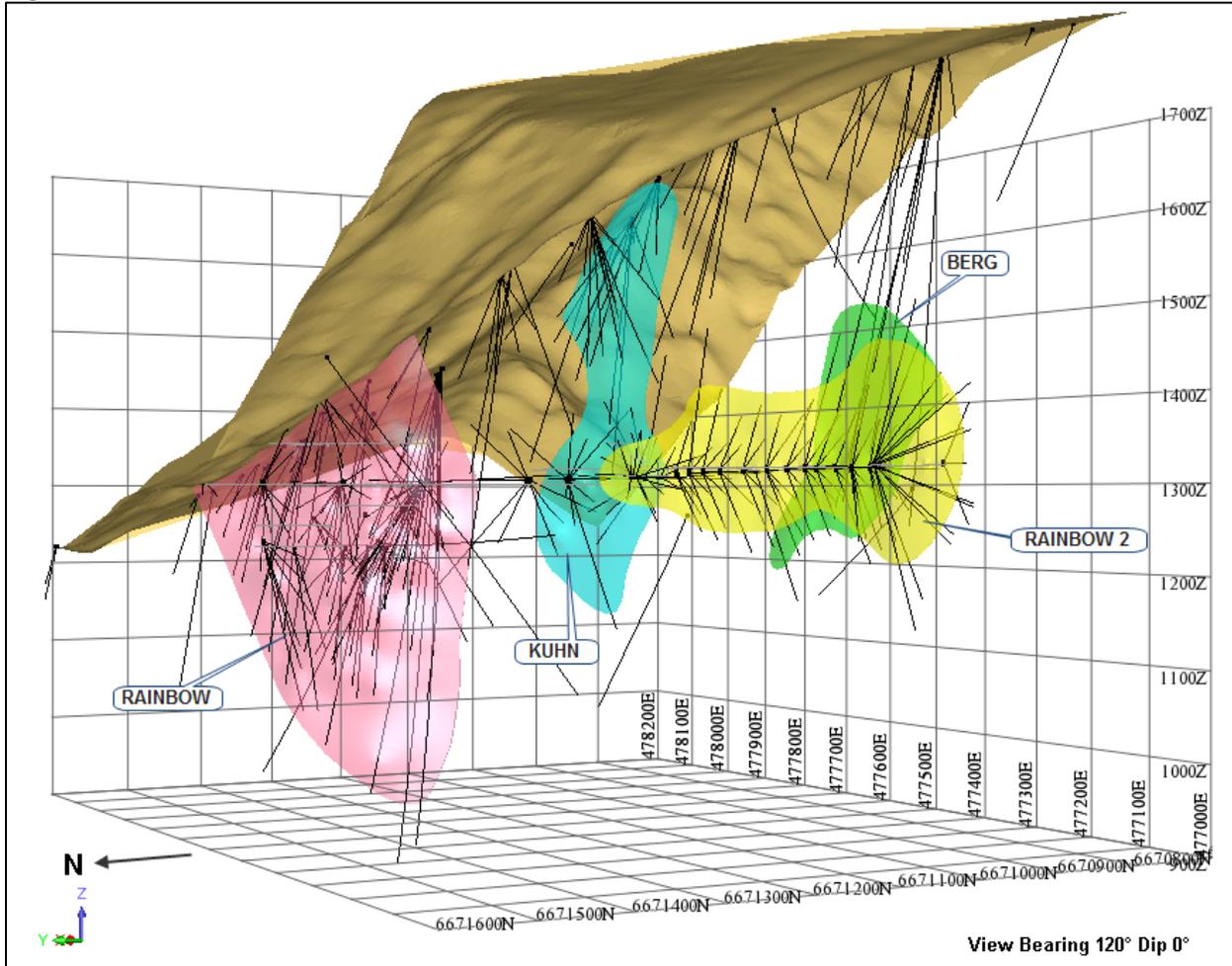
Four separate vein zones were modeled in Leapfrog3d software using a minimum horizontal width of 1.5m. The vein domains were assigned integer codes as displayed in Table 14-10.

The Skukum Creek vein models are illustrated in Figure 14-10.

**Table 14-10 Skukum Creek Vein Model Codes**

Vein	Code
Rainbow 2	101
Berg	102
Kuhn	201
Rainbow	301

**Figure 14-10 Skukum Creek Vein Models**



*Available Data*

The drilling database summary for the Skukum Creek area is presented in Table 14-11 and Table 14-12. A total of 10,723 samples were assayed for Au and 10,484 for Ag (22 holes from the 1986 surface drill program were missing Ag assays).

**Table 14-11 Skukum Creek Database - Surface Drilling Summary**

Series	Year Completed	Company	Holes Drilled	Total metres	Intervals Assayed	Metres Assayed
85-1 to 85-23, RDH85	1985	Aurum	27	2,883.43	558	582.42
86-	1986	Aurum	55	8,301.47	1,086	1,297.90
87-	1987	Aurum	11	2,624.03	212	241.61
88-E1 to WC1	1988	Omni	24	5,165.18	388	490.26
RACA97, RG97	1997	Omni	7	2,739.47	639	800.79

Series	Year Completed	Company	Holes Drilled	Total metres	Intervals Assayed	Metres Assayed
98-	1998	Omni	5	1,321.90	48	37.22
SC01-1 to 4	2001	Tagish Lake Gold	4	1,502.35	895	1,174.57
CFT11, RACA11, SC11	2011	NUX	12	4,767.44	910	1,033.58
Total	145	29,305.27	4,736	5,658.35		

**Table 14-12 Skukum Creek Database - Underground Drilling Summary**

Series	Year Completed	Company	Holes Drilled	Total metres	Intervals Assayed	Metres Assayed
87-UG1R to 17R, 87-UG18K TO 21K	1987	Aurum	21	1,741.90	350	438.12
87-UG-TH1 to TH4	1987	Mt. Skukum	4	41.46	25	26.10
87-UG22K to UG57K	1987	Omni	36	2,896.51	600	669.45
88-UG1 to UG12	1988	Omni	13	1,416.06	224	199.67
R96-200 to 214	1996	Omni	15	1,646.84	241	324.67
SC02-5 to 19	2002	Tagish Lake Gold	15	2,502.52	788	923.89
SC03-20 to 24	2003	Tagish Lake Gold	5	284.08	117	143.57
SC05-25 to 38	2005	Tagish Lake Gold	14	913.40	283	271.64
SC06-39 to 110	2006	Tagish Lake Gold	72	6,445.44	2,384	2,364.43
SC07-111 to 126	2007	Tagish Lake Gold	16	2,125.98	559	437.47
SC11-(UG)	2011	NUX	14	1,706.60	416	413.89
Total	225	21,720.79	5,987	6,212.90		

Two drill holes were excluded from the resource estimate. Hole 87-UG17R was twinned by a more recent hole and hole 85-18 appeared to have incorrect orientation data as the zone intercept was significantly offset from the nearby underground development.

The mean width of all the Skukum Creek drill sample intervals was 1.11 metres with the most common interval set at 1 m.

The database also contains Au and Ag assay results from 1974 underground samples. The average sample length is 0.93 metres and the median is 0.9 metres. Most of the underground sampling was carried out along drifts in the Rainbow Zone developed on the 1300 and 1350 levels. The 1300 level drifts on the Berg, Kuhn and Rainbow 2 Zones were also sampled.

*Exploratory Data Analysis*

Au and Ag show moderate positive correlations in the Rainbow 2 and Berg Zones with correlation coefficients of 0.6 and 0.66 respectively. The Kuhn zone shows a weaker correlation of 0.37 and the Rainbow zone is very weak (0.24). Scatterplots of Au vs Ag for the individual zones are displayed in Figure 14-11 and Figure 14-12.

Figure 14-11 Scatterplot of Au vs Ag Sample Data – Rainbow 2 and Berg Zones

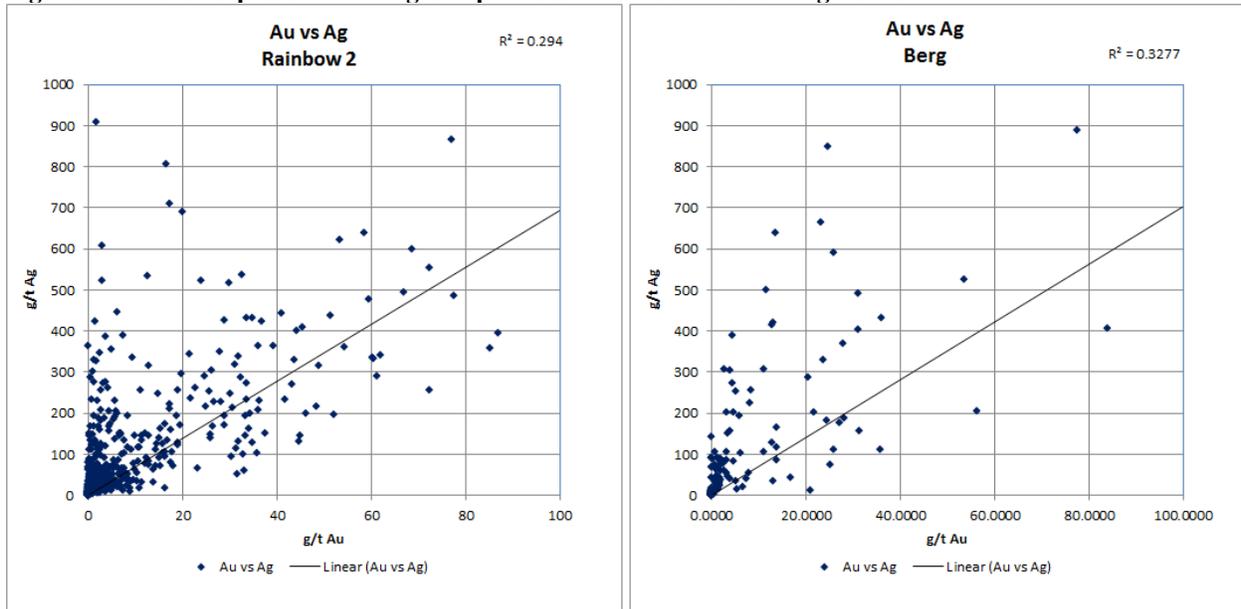
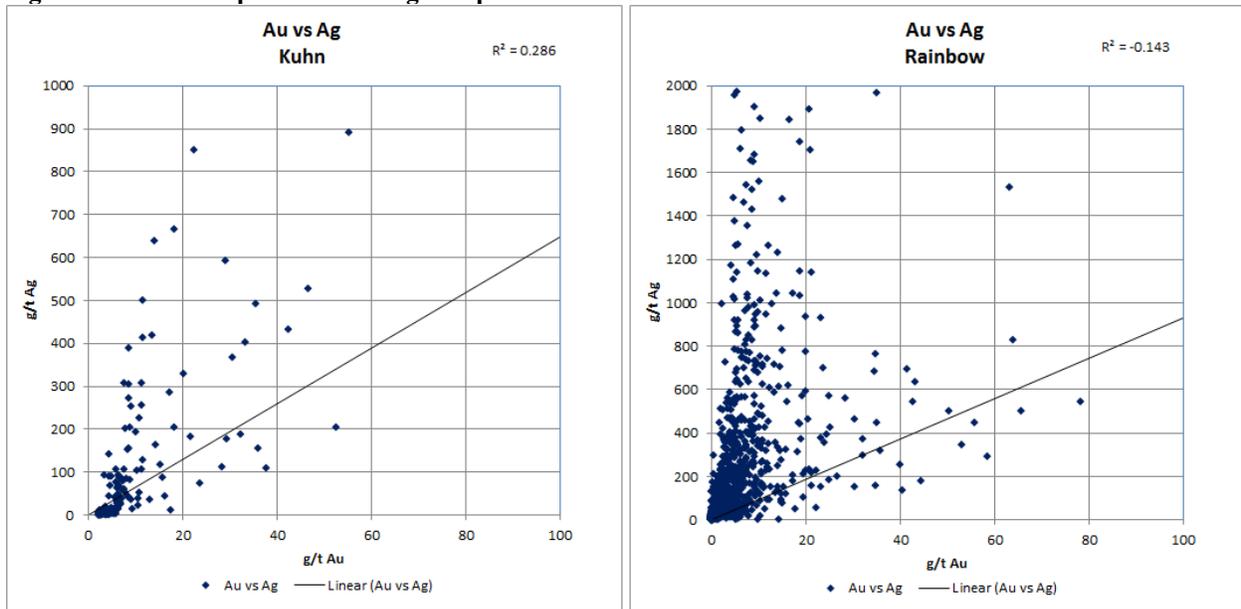


Figure 14-12 Scatterplot of Au vs Ag Sample Data – Kuhn and Rainbow Zones



Cumulative frequency distributions for the Au and Ag samples within the vein models are illustrated in Figure 14-13 and Figure 14-14. Sample populations are highly skewed approaching log normal distribution.

Basic statistics for Au and Ag in their corresponding grade domains are shown in Table 14-13 and Table 14-14.

Table 14-13 Sample Statistics - Au

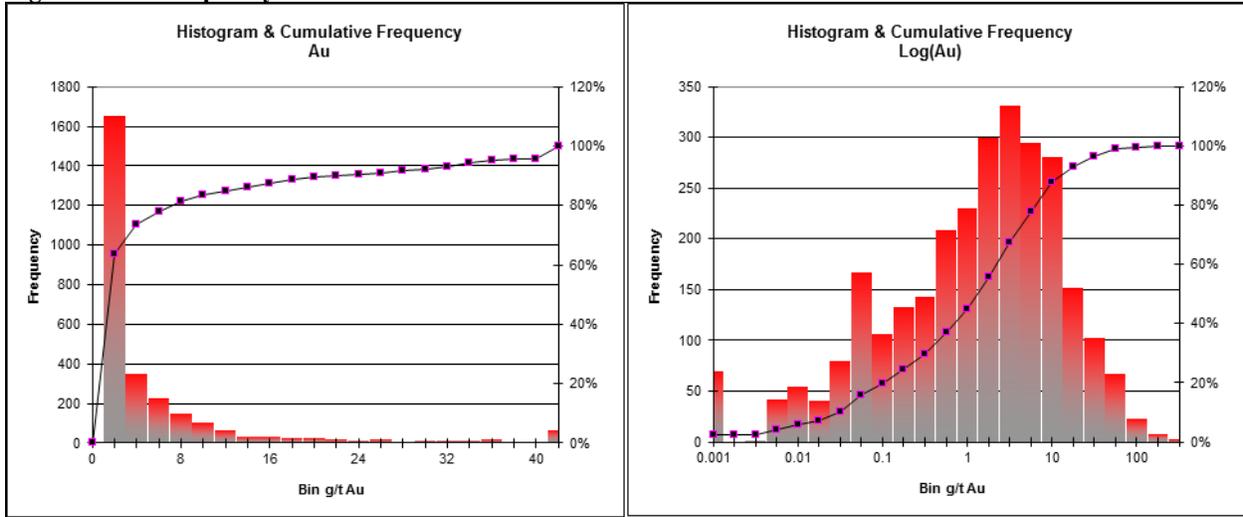
	Rainbow 2	Berg	Kuhn	Rainbow	All DH	All Channel	Combined
n	713	159	325	1325	1588	934	2522
Min	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Max	144.00	215.00	198.86	412.80	412.80	215.00	412.80

	Rainbow 2	Berg	Kuhn	Rainbow	All DH	All Channel	Combined
Median	0.89	1.10	2.06	1.95	1.58	2.03	1.75
Mean	7.09	8.29	6.00	5.04	5.48	6.75	5.95
Wt Avg	6.46	6.91	5.20	4.99	5.00	6.42	5.47
Variance	225.34	450.10	244.90	223.30	226.82	266.38	241.75
Std Dev	15.01	21.22	15.65	14.94	15.06	16.32	15.55
CV	2.12	2.56	2.61	2.96	2.75	2.42	2.61

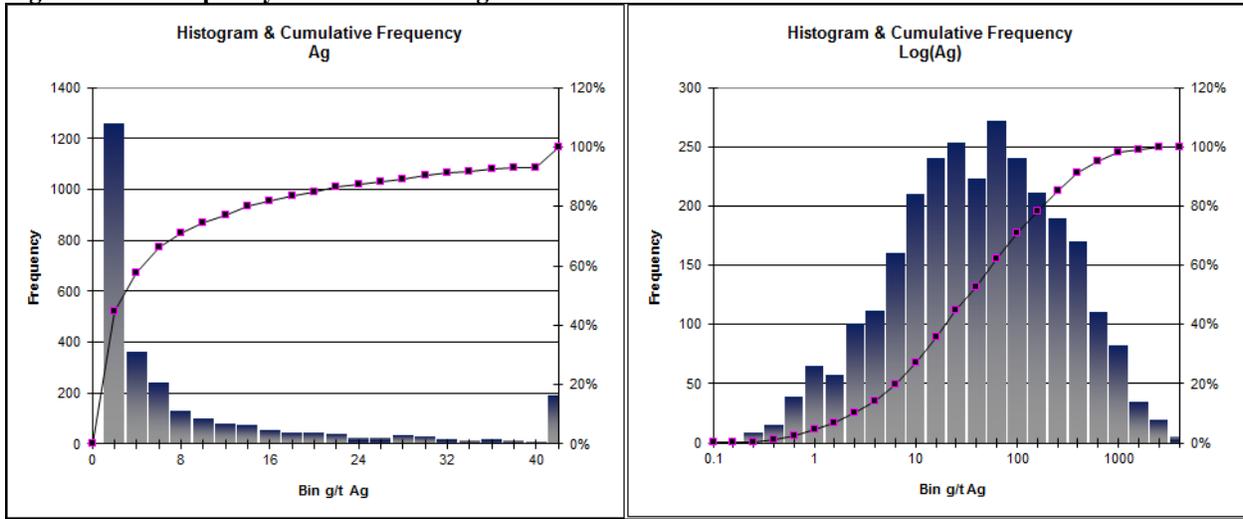
**Table 14-14 Sample Statistics - Ag**

	Rainbow 2	Berg	Kuhn	Rainbow	All DH	All Channel	Combined
n	713	159	325	1325	1588	934	2522
Min	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Max	1400.0	1010.4	3306.9	3516.0	3516.0	2990.7	3516.0
Median	21.6	35.0	37.0	59.3	38.1	52.7	42.7
Mean	83.6	116.6	100.7	199.6	130.1	180.8	148.8
Wt Avg	75.9	109.3	75.7	188.7	115.8	190.4	141.2
Variance	21378	36699	58687	128710	73993	105972	86399
Std Dev	146.2	191.6	242.3	358.8	272.0	325.5	293.9
CV	1.75	1.64	2.40	1.80	2.09	1.80	1.97

**Figure 14-13 Frequency Distribution of Au – Skukum Creek**



**Figure 14-14 Frequency Distribution of Ag – Skukum Creek**



*Evaluation of Outlier Grades*

Before compositing, grade distribution in the raw sample data was examined to determine if grade capping or special treatment of high outliers was warranted. Cumulative log probability plots were examined for outlier populations and decile analyses was performed for Au and Ag within the zone domains.

The upper decile for all zones exceeded the 40% threshold and the upper centiles were all exceeded a level of 10% of the contained metal for both Au and Ag (Table 14 15).

**Table 14-15 Decile Analysis - Skukum Creek Zones**

Zone	% Contained Metal			
	Au		Ag	
	Upper Decile	Upper Centile	Upper Decile	Upper Centile
Rainbow2	59.7	15.8	46.4	11.0
Berg	51.0	20.8	43.8	14.3
Kuhn	57.2	23.2	43.0	10.1
Skukum	53.6	24.1	51.6	10.2

To establish suitable capping levels, cumulative probability plots (CPP) were examined for any clear break points. Selected upper top-cut levels varied between the 95th and 99th percentile levels (Figures 3 to 6). For the Rainbow2 zone the 60 g/t top-cut was restricted to a maximum distance of 24 metres and beyond this range a 30 g/t outlier restrictions was imposed.

The number of samples capped and impact on average grade in each zone are summarized in Tables 2 and 3. The most dramatic apparent impact on average grade is on the Berg zone which dropped from 6.9 g/t to 4.7. However, most of this drop was due to the influence of one high grade outlier grading 215 g/t which exceeded the next highest grade by over 250%. If this single outlier is excluded the average grade drops from 6.9 to 5.9 g/t. Similarly, in the Kuhn zone, 2 high grade outliers are over 250% higher than the next highest value and if they are excluded the average grade drops from 5.2 to 4.3 g/t.

Figure 14-15 CPP Au and Cap Levels - Rainbow2 Zone

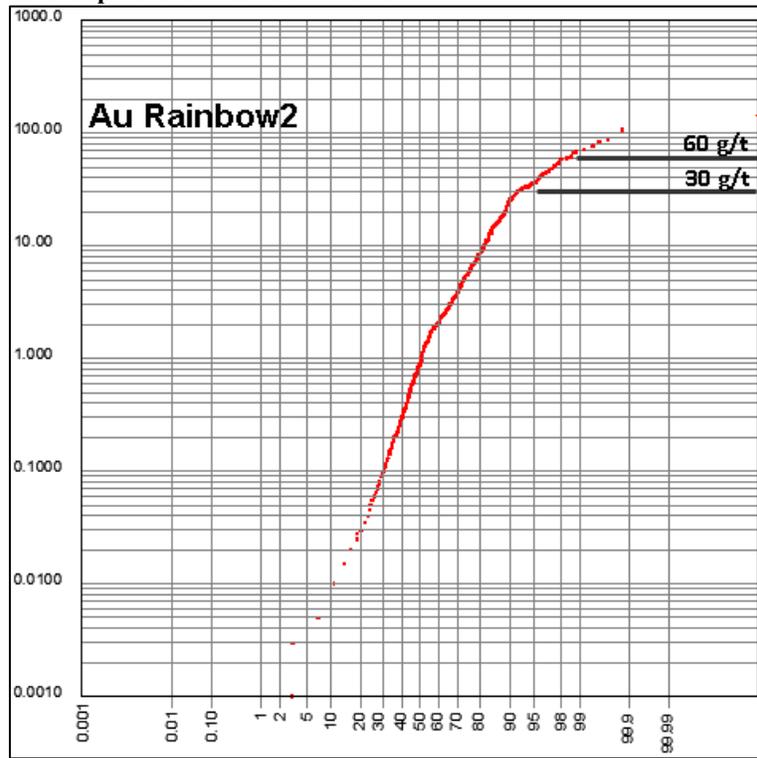


Figure 14-16 CPP Au and Cap Levels- Berg Zone

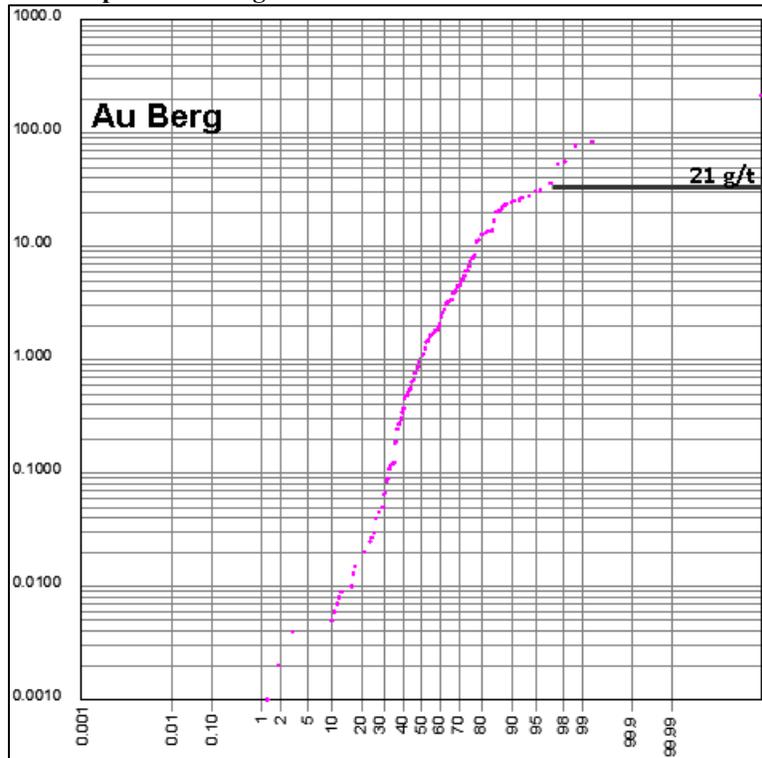


Figure 14-17 CPP Au and Cap Levels - Kuhn Zone

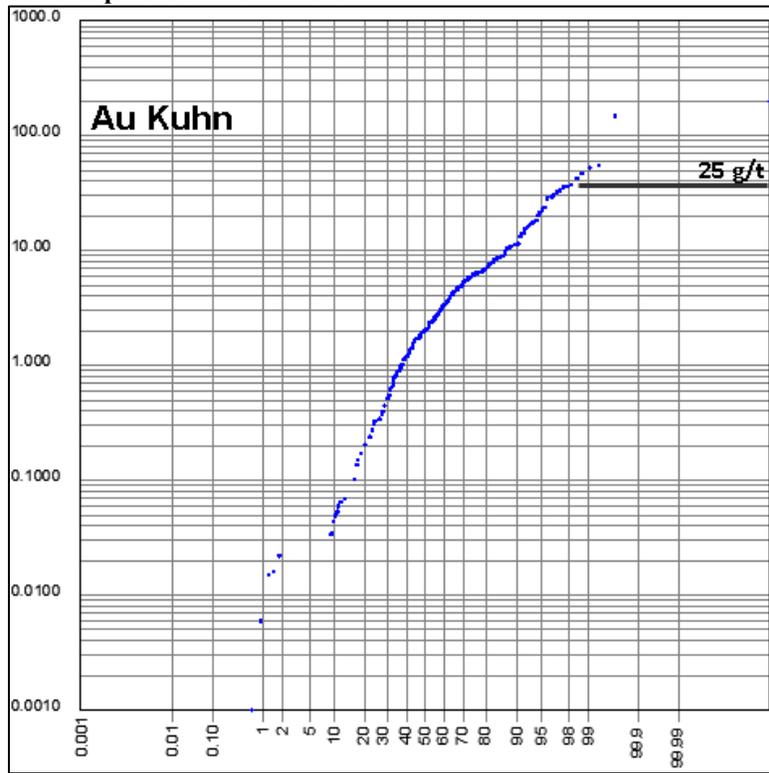
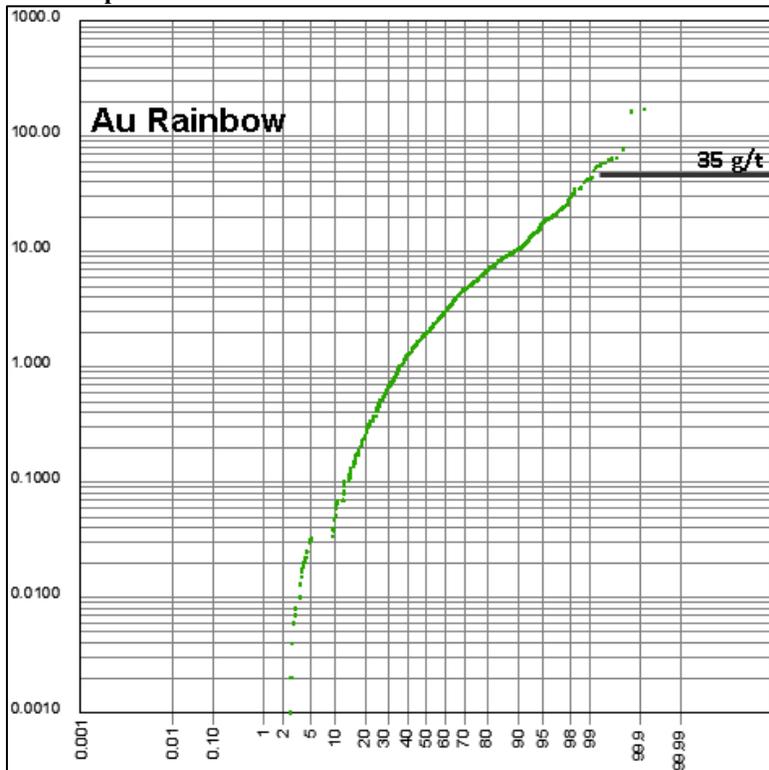


Figure 14-18 CPP Au and Cap Levels - Rainbow Zone



**Table 14-16 Capping Summary by Zone - Au**

Zone	Rainbow2	Berg	Kuhn	Rainbow	Combined
Cap Level	60	21	25	35	
Total Samples	713	159	325	1325	2522
Maximum Value	144	215	199	413	413
Wt Avg Uncapped	6.46	6.91	5.20	4.99	5.47
Wt Avg Capped	6.07	4.70	4.04	4.15	4.60
Number Capped	14	21	15	20	70
% Capped	2.0%	13.2%	4.6%	1.5%	2.8%

**Table 14-17 Capping Summary by Zone - Ag**

Zone	Rainbow2	Berg	Kuhn	Rainbow	Combined
Cap Level	650	400	400	1000	
Total Samples	713	159	325	1325	2522
Maximum Value	1400	1010	3307	3516	3516
Wt Avg Uncapped	75.89	109.29	75.69	188.69	141.15
Wt Avg Capped	72.97	91.04	64.92	180.37	133.08
Number Capped	7	15	13	26	61
% Capped	1.0%	9.4%	4.0%	2.0%	2.4%

*Compositing*

Best fit downhole sample assay composites of Au and Ag were generated using a nominal 1 meter interval within the zone domains. Samples were capped prior to compositing at the levels established in the previous section.

Statistics for composites are summarized in Table 14-18 and Table 14-19. Compositing and grade capping reduced the coefficient of variation ("CV") for Au from 2.61 in the uncapped raw sample data to 1.47 in the capped composite population. Although this is still considered quite high, it is not unusual for precious metal deposits and is a considerable improvement over the CV of the initial sample intervals. Geosim is of the opinion that the CV is low enough to support a mineral resource estimate.

**Table 14-18 Composite Statistics - Au**

Zone	101	102	201	301	Combined
n	605	166	408	1365	2544
Min	0.000	0.000	0.000	0.000	0.000
Max	60.000	21.000	25.000	35.000	35.000
Q1	0.105	0.027	0.198	0.680	0.334
Median	1.427	0.785	1.630	2.176	1.851
Q3	6.133	5.799	4.814	5.200	5.284
90th %ile	18.190	15.008	9.191	9.388	10.700
99th %ile	53.316	21.000	25.000	32.797	30.000
Mean	5.725	4.274	3.632	4.067	4.172
Variance	109.225	42.743	28.140	31.984	37.812
Std Dev	10.451	6.538	5.305	5.655	6.149
CV	1.83	1.53	1.46	1.39	1.47

**Table 14-19 Composite Statistics - Ag**

Zone	101	102	201	301	Combined
n	605	166	408	1365	2544

Zone	101	102	201	301	Combined
Min	0.0	0.0	0.0	0.0	0.0
Max	650.0	400.0	391.3	1500.0	1500.0
Q1	5.8	5.7	7.4	18.4	11.4
Median	28.3	25.4	30.1	68.6	45.6
Q3	82.0	97.8	74.8	215.7	142.6
90th %ile	192.0	303.9	161.0	480.4	347.5
99th %ile	521.2	400.0	353.2	1474.4	1151.7
Mean	69.4	82.1	58.6	177.2	126.3
Variance	11064.1	14192.1	5954.4	72269.0	46287.1
Std Dev	105.2	119.1	77.2	268.8	215.1
CV	1.515	1.452	1.318	1.517	1.703

#### *Bulk Density Data*

A total of 32 samples of vein material from the Skukum Creek zones were measured for bulk density in 2011. After removing two outliers, the average value of 2.87 g/cm<sup>3</sup> was used for converting volume to tonnes in the resource estimate.

#### *Variography*

Directional variograms in the plane of the mineralized zone showed no significant trends or anisotropy. The maximum model range was 24m and the nugget value was 39% of the total sill for Au and 33% for Ag.

#### *Model Setup and Limits*

A rotated block model was created in Gemcom-Surpac Vision© software using a block size 5 x 1.5 x 5 metres with sub-blocking enabled to 2.5 x 0.75 x 2.5 m. Block model extents and orientation are summarized in Table 14-20.

**Table 14-20 Block Model Parameters – Skukum Creek**

	East	North	Elev
Origin	477000	6671000	900
Extent	350	1200	800
Rotation			60°
Block Size	5	1.5	5
Sub-block	2.5	0.75	2.5
Blocks	70	800	160

#### *Interpolation Parameters*

Au and Ag grades within the vein domains were estimated in three passes using the inverse distance weighting method to the third power (ID3). Search parameters are presented in Table 14-21. Grade distribution is illustrated in Figure 14-19 and Figure 14-20.

**Table 14-21 Search Parameters - Skukum Creek Grade Estimation**

Item/Zone	Pass	Maximum Search Dist (m)			Min # Composites	Max # Composites	Max per Hole	Topcut g/t Au
		Major Axis	Semi-Major Axis	Minor Axis				
Au Rainbow 2	1	24	24	4.8	5	24	4	60
	2	48	48	9.6	4	24	3	30
	3	72	72	14.4	3	20	-	30

Item/Zone	Pass	Maximum Search Dist (m)			Min # Composites	Max # Composites	Max per Hole	Topcut g/t Au
		Major Axis	Semi-Major Axis	MinorAxis				
Au Berg	1	24	24	4.8	5	24	4	21
	2	48	48	9.6	4	24	3	21
	3	72	72	14.4	3	20	-	21
Au Kuhn	1	24	24	4.8	5	24	4	25
	2	48	48	9.6	4	24	3	25
	3	72	72	14.4	3	20	-	25
Au Rainbow	1	24	24	4.8	5	24	4	35
	2	48	48	9.6	4	24	3	35
	3	72	72	14.4	3	20	-	35
Ag Rainbow 2	1	20	20	4	5	24	2	650
	2	40	40	8	4	24	2	650
	3	80	80	16	3	20	-	650
Ag Berg	1	24	24	4.8	5	24	4	400
	2	48	48	9.6	4	24	3	400
	3	72	72	14.4	3	20	-	400
Ag Kuhn	1	24	24	4.8	5	24	4	400
	2	48	48	9.6	4	24	3	400
	3	72	72	14.4	3	20	-	400
Ag Rainbow	1	24	24	4.8	5	24	4	1500
	2	48	48	9.6	4	24	3	1500
	3	72	72	14.4	3	20	-	1500

Figure 14-19 Au Block Grade Distribution

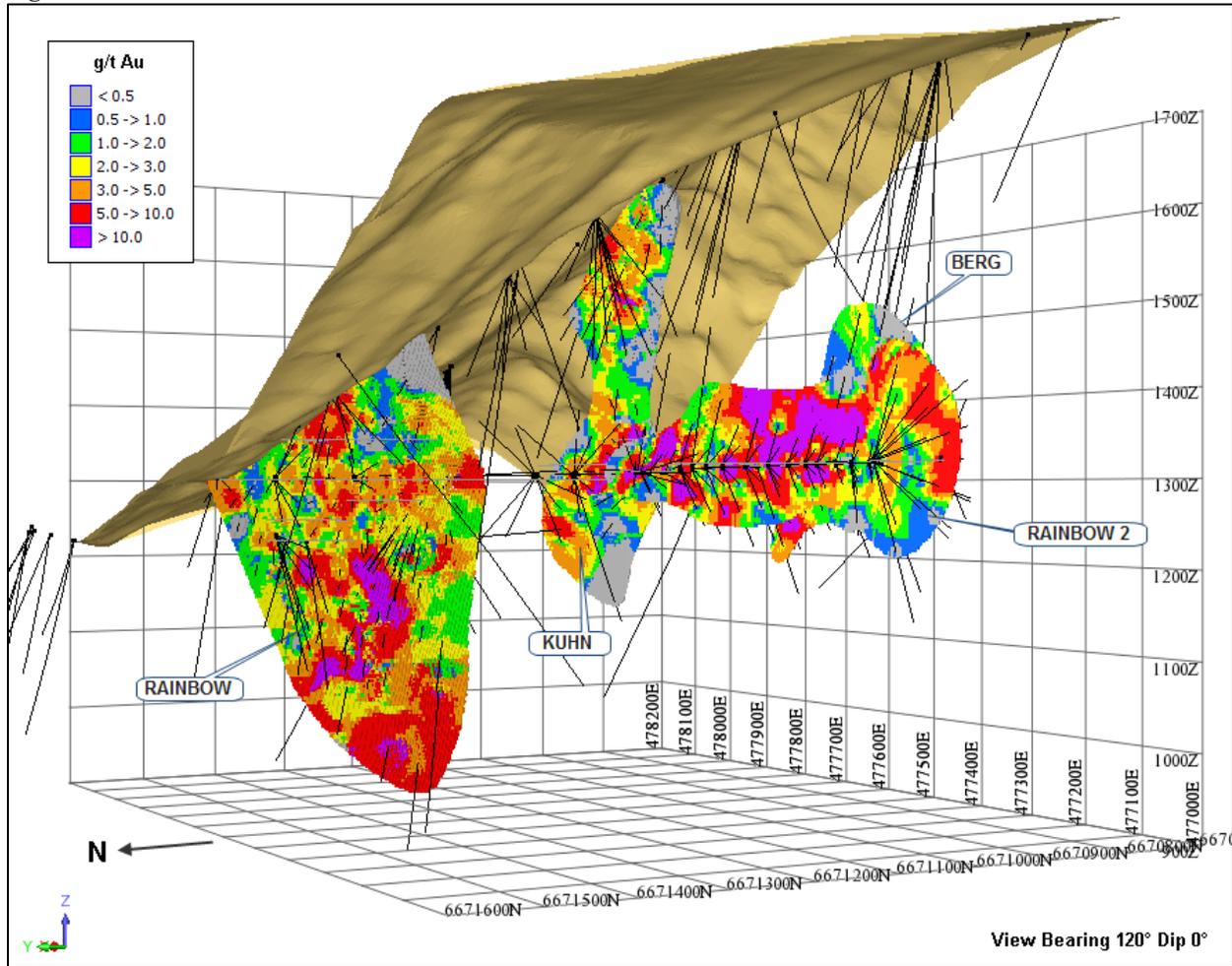
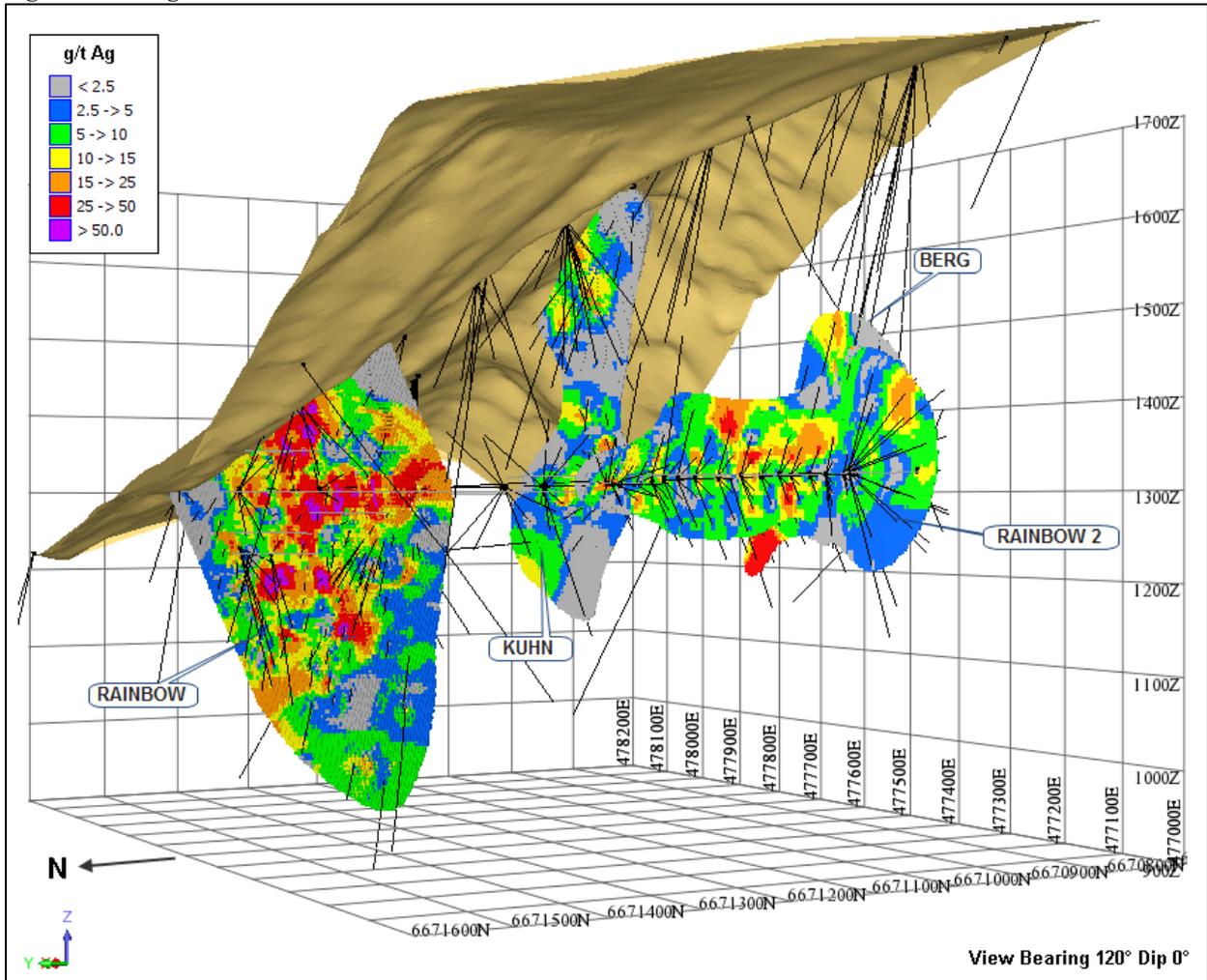


Figure 14-20 Ag Block Grade Distribution - Skukum Creek



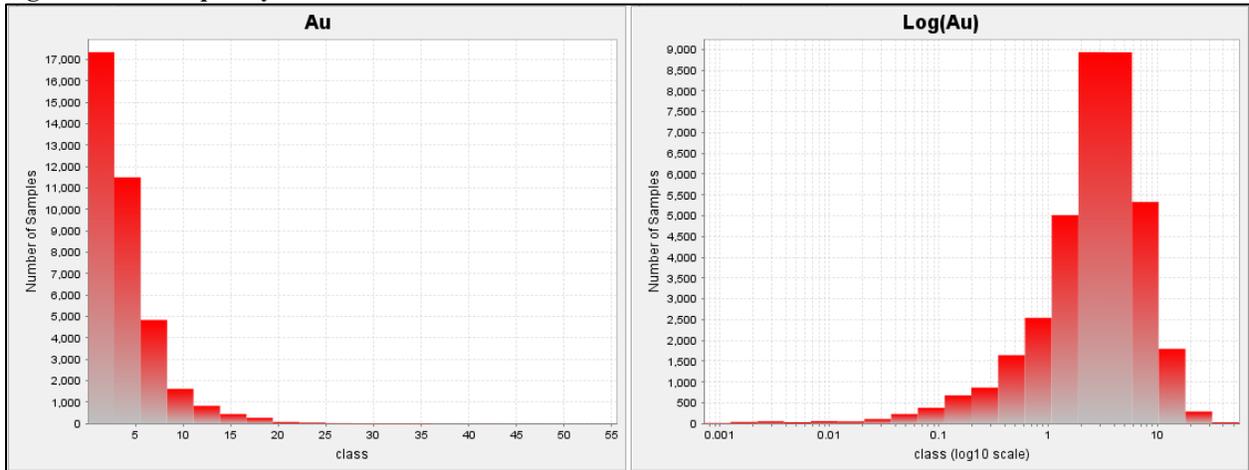
*Validation*

Visual Inspection

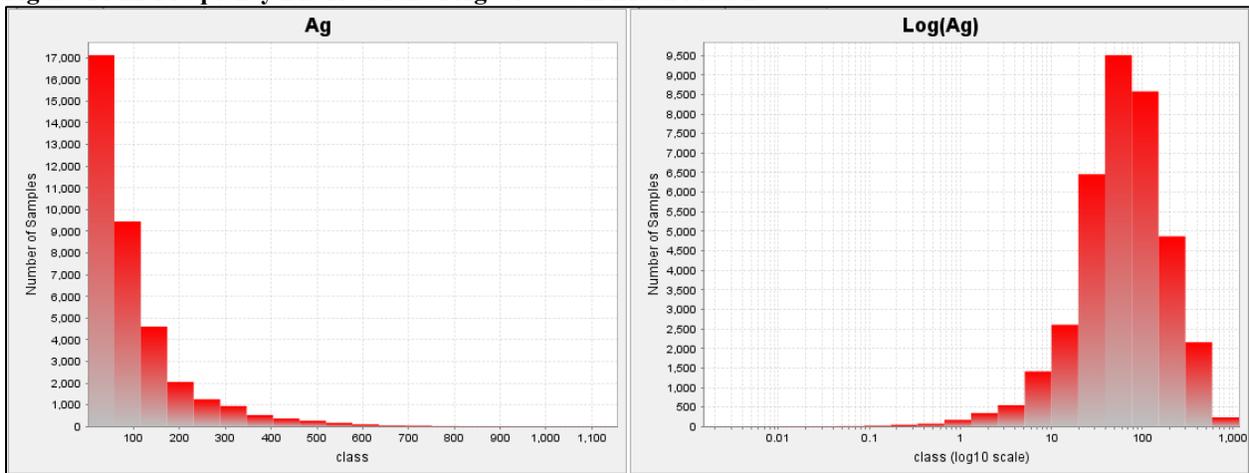
Model verification was initially carried out by visual comparison of blocks and sample grades in plan and section views. The estimated block grades showed reasonable correlation with adjacent composite grades.

The frequency distributions of block grades within the blocks estimated for Au and Ag are shown in Figure 14-21 and Figure 14-22

**Figure 14-21 Frequency Distribution of Au Grades in Block Model**



**Figure 14-22 Frequency Distribution of Ag Grades in Block Model**



Global Bias Check

Block grades were estimated using the inverse distance (ID3) and the nearest neighbour ('NN') methods. A comparison of global mean values within the vein domains shows a reasonably close relationship with samples, composites and block model values at a '0' cut-off grade (Table 14 22).

**Table 14-22 Global Mean Grade Comparison**

	Au g/t					Ag g/t				
	Rainbow2	Berg	Kuhn	Rainbow	All	Rainbow2	Berg	Kuhn	Rainbow	All
Samples (Wt Avg)	6.46	6.91	5.20	4.99	5.47	76	109	76	189	141
Samples Capped	6.07	4.70	4.04	4.15	4.60	73	91	65	180	133
Composites	6.09	5.59	4.74	4.89	5.26	72	98	68	186	134
Composites Capped	5.73	4.27	3.63	4.07	4.17	69	82	59	177	126
ID3 Model	5.24	3.16	2.98	4.25	4.06	74	79	56	141	97
Nearest Neighbour	5.71	2.91	2.82	4.17	4.03	75	77	54	145	110

*Resource Classification*

Resource classifications used in this study conform to the definition from NI 43-101 quoted under the heading "*Item 5: Description of the Business – Tagish Lake Gold Project – Mineral Resource Estimate – Mr. Skukum (Lake Zone) – Resource Classification*".

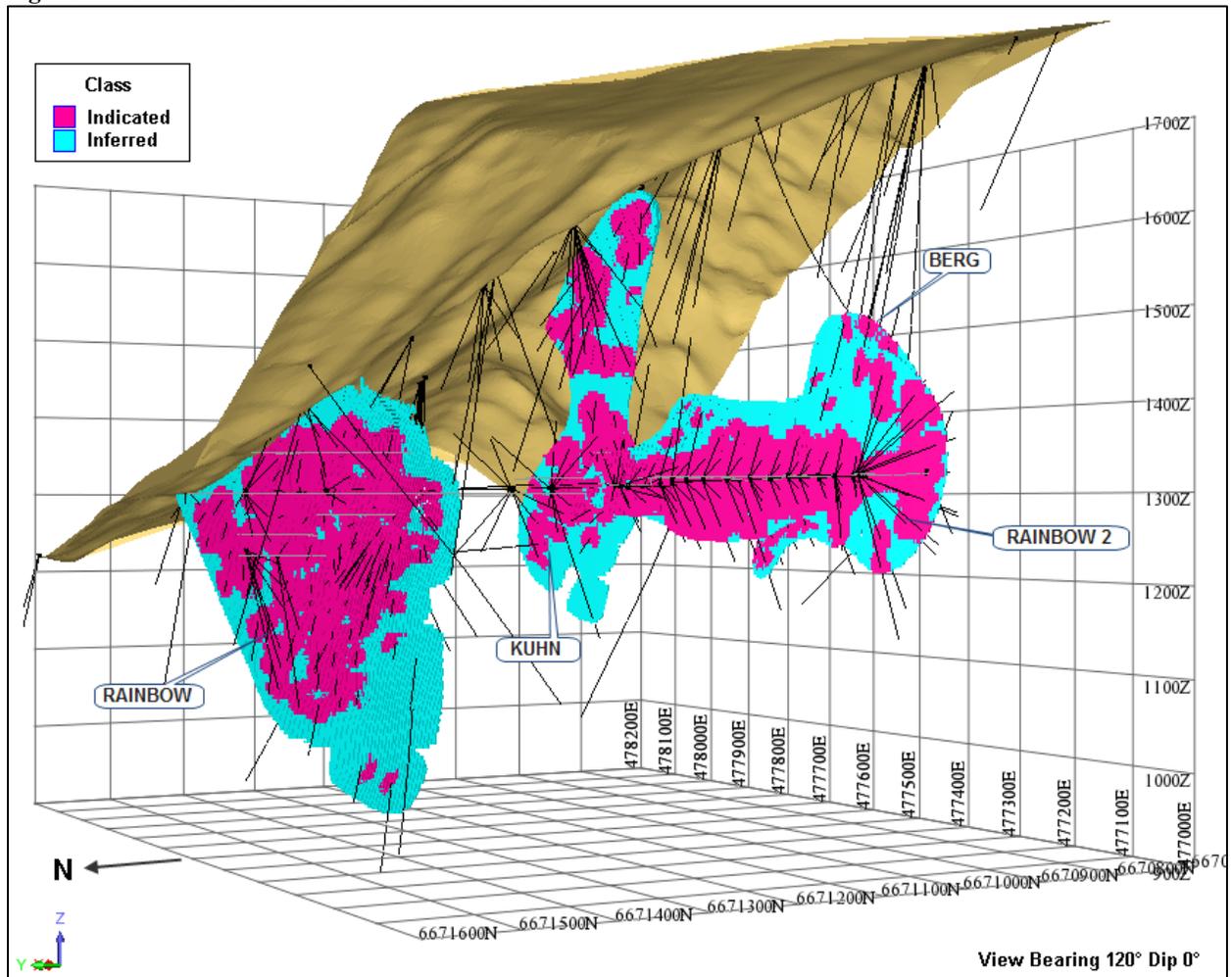
Blocks were assigned to the 'Indicated' category if they were estimated in the first or second pass using composites from at least 2 drill holes or sample lines and were within 18 metres of the closest composite. All other estimated blocks were assigned to the 'Inferred' category. The distribution of Indicated and Inferred blocks is illustrated in Figure 14-23.

The underground mining assumptions for determining cut-off grade with reasonable prospects of economic extraction are presented in Table 14-23.

**Table 14-23 Cost Assumptions used in Cut-off Grade Determination**

<b>Assumptions</b>	<b>Value</b>
Gold Price	\$1,450
Silver Price	\$16.50
Gold Recovery %	90%
Silver Recovery %	90%
Mining Cost (US\$/t milled)	\$90
Processing (US\$/t milled)	\$25
G&A Cost (US\$/t milled)	\$10
Total Operating Cost (US\$/t milled)	\$125
Cut-off Grade g/t Au	3.0

Figure 14-23 Block Classification - Skukum Creek



*Mineral Resources*

The following tables presents the mineral resource estimate for the Skukum Creek Deposit. The selected base case cut-off grade of 3.0 g/t gold equivalent is considered to be generally consistent with the economic cut-off for other mineral deposits of similar characteristics, scale and location. The gold equivalent formula used was  $AuEQ = Au + Ag * 0.0114$ . The effective date of the estimate is October 1, 2020.

Table 14-24 Skukum Creek Indicated Mineral Resource by Zone

Class	Zone	Tonnes	Au g/t	Ag g/t	AuEQ g/t	Contained oz Au	Contained oz Ag	Contained oz AuEQ
Indicated	Rainbow2	174,200	7.63	94.1	8.7	42,733	527,022	48,726
	Berg	40,000	6.33	147	8.01	8,141	189,046	10,301
	Kuhn	158,000	5.36	89.5	6.38	27,228	454,644	32,409
	Rainbow	629,100	5.45	206.9	7.81	110,232	4,184,766	157,965
	Total	1,001,300	5.85	166.4	7.75	188,334	5,355,478	249,401

Table 14-25 Skukum Creek Inferred Mineral Resource by Zone

Class	Zone	Tonnes	Au g/t	Ag g/t	AuEQ g/t	Contained oz Au	Contained oz Ag	Contained oz AuEQ
Inferred	Rainbow2	69,200	6.25	90.4	7.28	13,905	201,125	16,197

Class	Zone	Tonnes	Au g/t	Ag g/t	AuEQ g/t	Contained oz Au	Contained oz Ag	Contained oz AuEQ
	Berg	36,600	4.88	117.6	6.22	5,742	138,382	7,319
	Kuhn	88,000	4.23	89	5.24	11,968	251,805	14,825
	Rainbow	343,200	4.94	115.8	6.26	54,509	1,277,753	69,074
	Total	537,000	4.99	108.3	6.22	86,124	1,869,065	107,415

Notes:

1. Mineral resource estimate prepared by GeoSim Services Inc. with an effective date of October 1, 2020
2. Totals may not sum due to rounding.
3. Mineral resources are diluted to a minimum width of 1.5m
4. A base case cut-off grade of 3.0 g/t Au represents an in-situ metal value of US\$126 per tonne at a gold price of \$1450/oz, silver price of \$16.50/oz and a metal recovery of 90% for gold and silver which is believed to provide a reasonable margin over operating and sustaining costs for narrow vein mining and processing.
5. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

#### *Comparison with Previous Estimate*

The change in metal price assumptions resulted in a higher Au:Ag ratio for the gold equivalent calculation. As a result, the 2020 Skukum Lake resource estimate showed lower tonnes at higher gold grades than the previous resource estimate released in 2012 (Simpson, 2012).

#### Goddell Gully

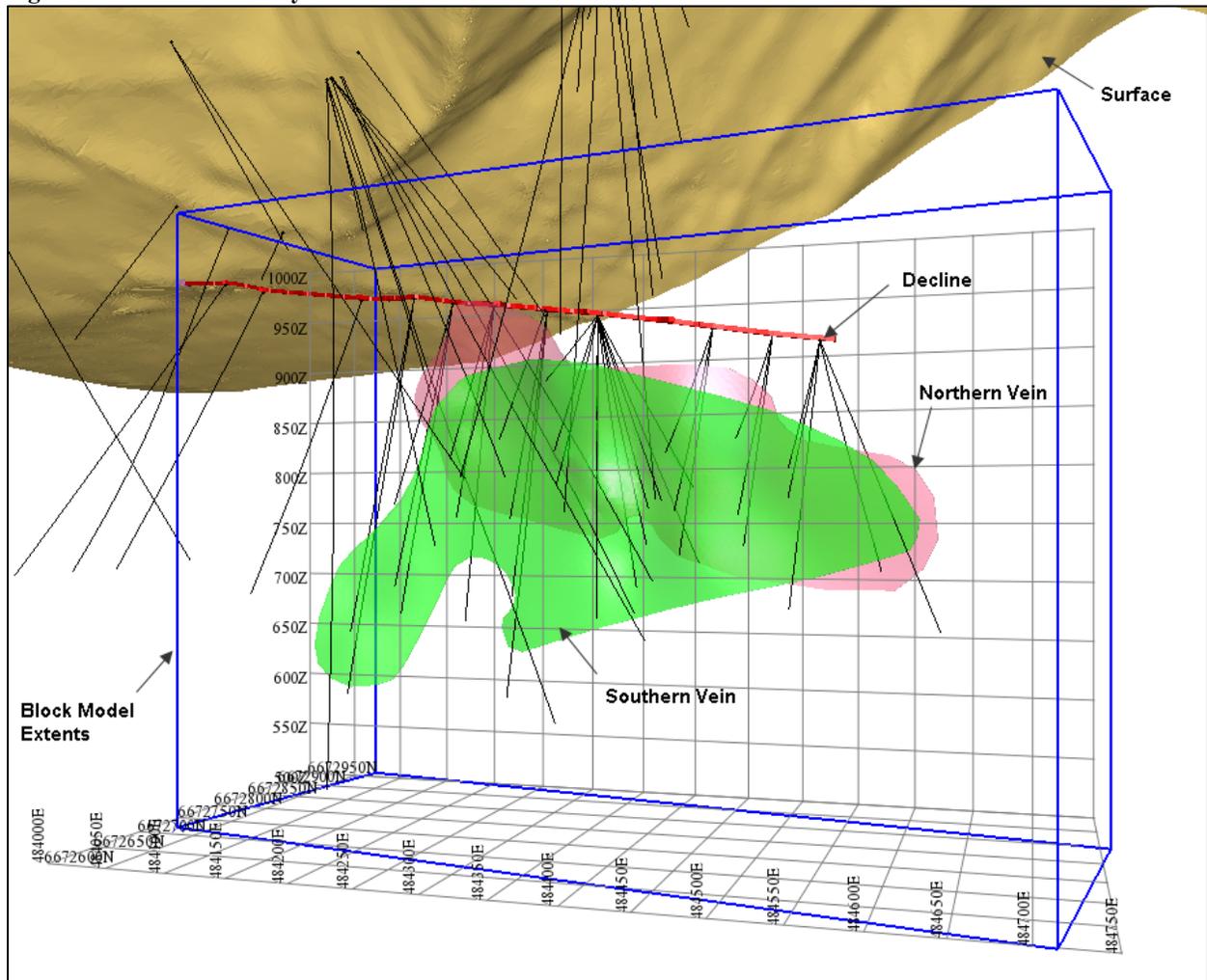
##### *Geologic Model, Domains and Coding*

Drilling and sampling at Goddell Gully has outlined two sub-parallel vein structures extending up to 500 metres along strike towards an azimuth of 100° and dipping vertical to sub-vertical, ranging in elevation from 612 to 938 metres.

Silver content was not used in the Goddell Gully resource model as the grades were insignificant with samples averaging less than 5 g/t and Ag assays were incomplete.

The two sub-parallel vein zones were modeled in Leapfrog3d software using a minimum horizontal width of 1.5 metres. The model is illustrated in Figure 14-24.

Figure 14-24 Goddell Gully Vein Model



*Available Data*

The drilling database summary for the Skukum Creek area is presented in Table 14-26 and

Table 14 27. A total of 5824 samples were assayed for Au and 4909 for Ag. About 15% of the 1998 sampled intervals were assayed for Ag. The 1990 drill results did not include Ag assays.

**Table 14-26 Goddell Gully Database - Surface Drilling Summary**

Series	Year Completed	Company	Holes Drilled	Total metres	Intervals Assayed	Metres Assayed
87-PG/PGE	1987	Skukum Gold	11	2,857.21	952	1,088.76
88-PG	1988	Skukum Gold	4	1,976.33	310	370.48
90-GT	1990	Skukum Gold	7	1,573.08	601	1,016.51
95-	1995	Omni	5	2,855.40	470	440.68
GG03	2003	Tagish Lake	3	974.74	368	495.78
GG11-01 to 10	2011	NUX	7	3,162.12	928	897.61
Total	37	13,398.88	3,629	4,309.82		

**Table 14-27 Goddell Gully Database - Underground Drilling Summary**

Series	Year Completed	Company	Holes Drilled	Total metres	Intervals Assayed	Metres Assayed
96-28 to 30	1996	Omni	3	721.77	212	283.51
97-31 to 67	1997	Omni	37	8,519.41	1,983	2,495.51
Total	40	9,241.18	2,195	2,779.02		

The mean width of all the Goddell Gully drill sample intervals was 1.27 metres with the most common interval set at 1 m.

A decline was driven in 1987 for drill access but underground development did not intersect the zones.

*Exploratory Data Analysis*

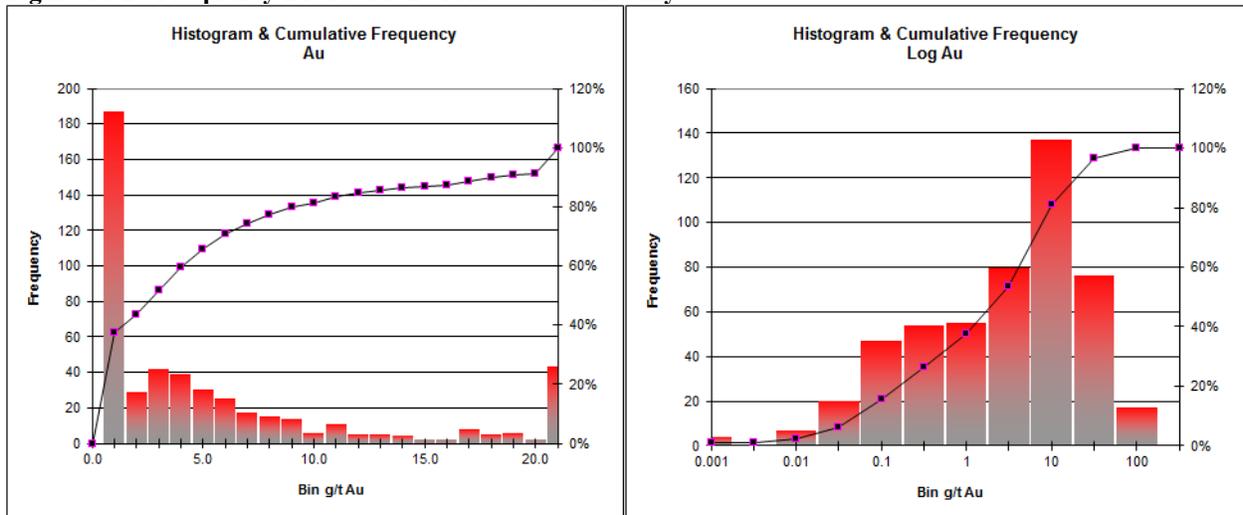
Basic statistics for Au are shown in Table 14-28. Silver grades within the Goddell Gully vein models averaged 3 g/t and are not considered economically significant.

**Table 14-28 Sample Statistics - Au**

	Vein1	Vein 2	Combined
n	296	221	517
Min	0.001	0.001	0.001
Max	74.709	59.623	74.709
Mean	7.243	5.157	6.352
Wt Avg	6.753	5.127	6.048
Median	3.266	1.303	2.434
Var	144.929	88.954	121.850
Std Dev	12.039	9.432	11.039
CV	1.66	1.83	1.74

Cumulative frequency distributions for the Au samples within the vein models are illustrated in Figure 14-25. Sample populations are highly skewed approaching log normal distribution. The large number of near zero values are

**Figure 14-25 Frequency Distribution of Au – Goddell Gully**



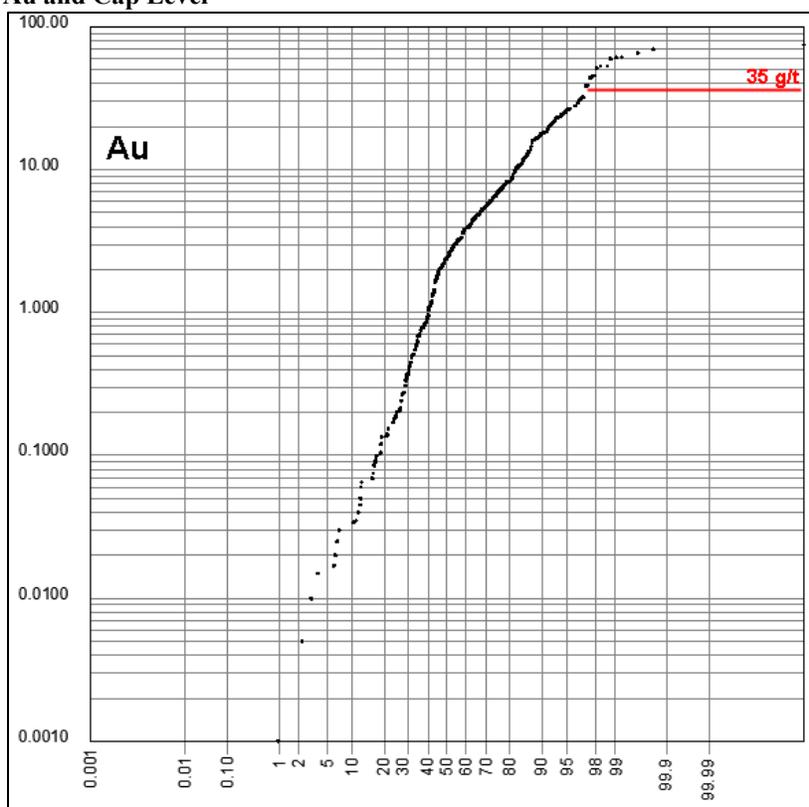
*Evaluation of Outlier Grades*

Before compositing, grade distribution in the raw sample data was examined to determine if grade capping or special treatment of high outliers was warranted. Cumulative log probability plots were examined for outlier populations and decile analyses was performed for Au within the vein domains.

The upper decile for contained 47% of the contained metal threshold and the upper tow centiles were both close to the 10% level.

The CPP plot showed a marked break point around 35 g/t Au and this level was selected as a top-cut (Figure 14-26). Sixteen out of 517 samples within the vein domains were capped.

**Figure 14-26 CPP Au and Cap Level**



*Compositing*

Best fit downhole sample assay composites of Au were generated using a nominal 1 meter interval within the zone domains. Samples were capped prior to compositing at 35 g/t Au.

Statistics for composites are summarized in Table 14-18 and Table 14-19. Compositing and grade capping reduced the CV for Au from 1.74 in the uncapped raw sample data to 1.48 in the capped composite population. Although this is still considered quite high, it is not unusual for precious metal deposits and is a considerable improvement over the CV of the initial sample intervals. Geosim is of the opinion that the CV is low enough to support a mineral resource estimate.

**Table 14-29 Composite Statistics**

	South Vein	North Vein	Combined
n	324	268	592
Min	0.000	0.000	0.000

	South Vein	North Vein	Combined
Max	35.000	35.000	35.000
Mean	6.095	4.476	5.362
Median	3.869	1.997	3.046
Var	52.679	45.862	50.160
Std Dev	7.258	6.772	7.082
CV	1.19	1.51	1.32

*Bulk Density Data*

A total of 22 samples of vein material from the Goddell Gully mineralized zones were measured for bulk density in 2011. The average value of 2.77 g/cm<sup>3</sup> was used for converting volume to tonnes in the resource estimate.

*Variography*

Directional variograms in the plane of the mineralized zone showed no significant trends or anisotropy. The maximum model range was 24m and the nugget value was 39% of the total sill for Au.

*Model Setup and Limits*

A rotated block model was created in Gemcom-Surpac Vision<sup>®</sup> software using a block size 5 x 1.5 x 5 metres with sub-blocking enabled to 2.5 x 0.75 x 2.5 m. Block model extents and orientation are summarized in Table 14-30 Block Model Parameters – Goddell Gully The limits are illustrated in Figure 14-24 Goddell Gully Vein Model.

**Table 14-30 Block Model Parameters – Goddell Gully**

	East	North	Elev
Origin	484020	6672720	500
Extent	705	252	505
Rotation			10°
Block Size	5	1.5	5
Sub-block	2.5	0.75	0.25
Blocks	141	168	101

*Interpolation Parameters*

Au grades within the vein domains were estimated in three passes using the inverse distance weighting method to the third power (ID3). Search parameters are presented in Table 14-31. Grade distribution it illustrated in Figure 14-27 and Figure 14-28.

**Table 14-31 Search Parameters – Goddell Gully Grade Estimation**

Pass	Search Dist (m)			Min # Composites	Max # Composites	Max per Hole	Topcut g/t Au
	Major Axis	Semi-Major Axis	MinorAxs				
1	25	25	5	5	12	4	35
2	50	50	10	4	16	3	35
3	62.5	63	13	3	16		35

Figure 14-27 Block Grade Distribution - Southern Vein

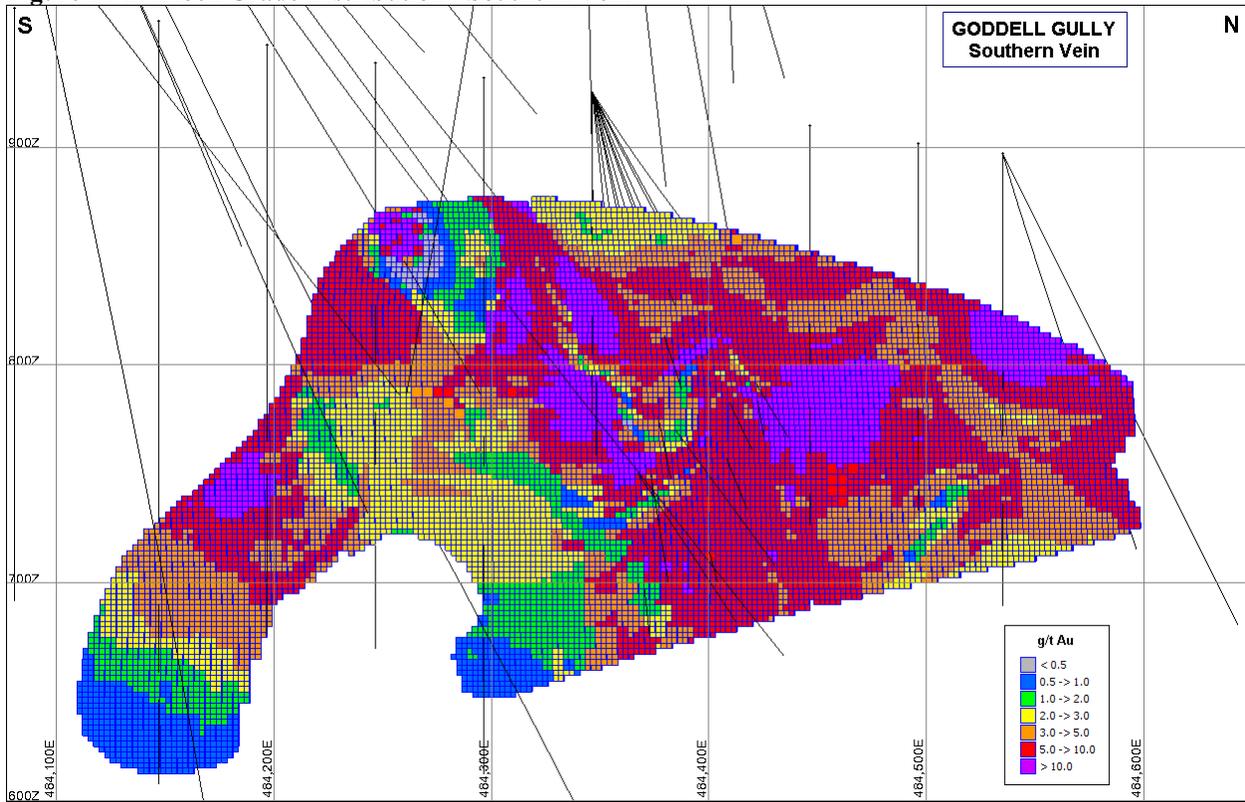
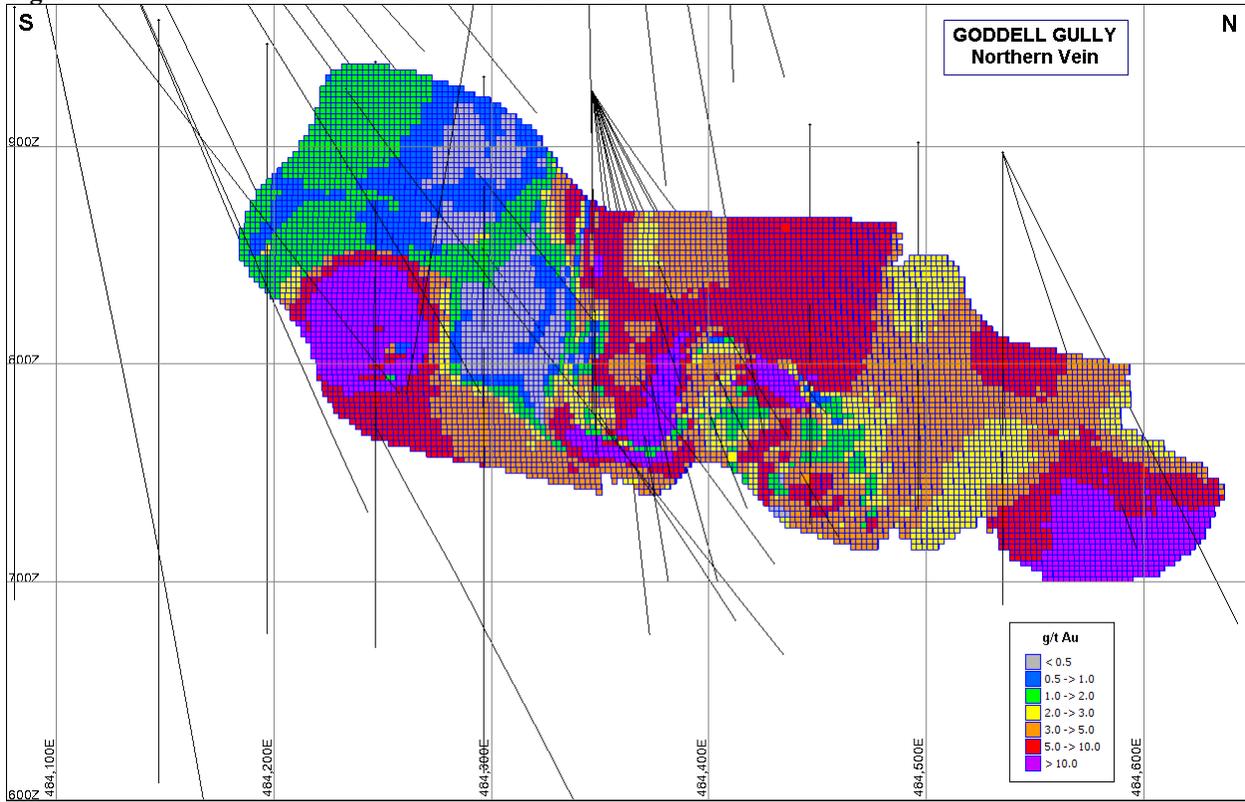


Figure 14-28 Block Grade Distribution - Northern Vein



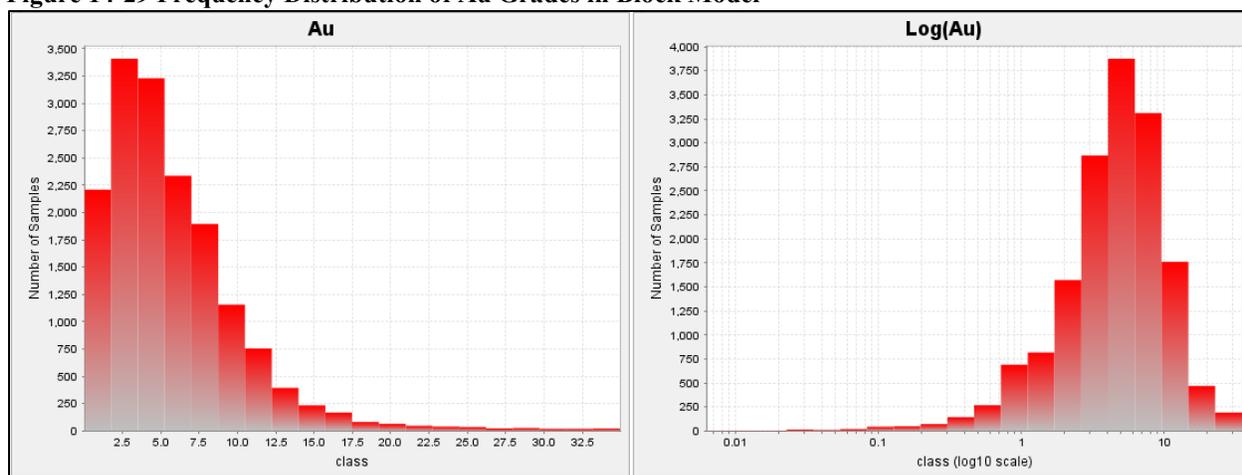
*Validation*

Visual Inspection

Model verification was initially carried out by visual comparison of blocks and sample grades in plan and section views. The estimated block grades showed reasonable correlation with adjacent composite grades.

The frequency distributions of block grades within the blocks estimated for Au are shown in Figure 14-29.

**Figure 14-29 Frequency Distribution of Au Grades in Block Model**



Global Bias Check

Block grades were estimated using the inverse distance (ID3) and the nearest neighbour ('NN') methods. A comparison of global mean values within the vein domains shows a reasonably close relationship with samples, composites and block model values at a '0' cut-off grade (Table 14 32).

**Table 14-32 Global Mean Grade Comparison**

Source	Au g/t
Samples (Wt Avg)	6.35
Samples Capped	5.69
Composites	5.90
Composites Capped	5.36
ID3 (Indicated Blocks)	6.42
NN (Indicated Blocks)	7.33
ID3 (All Blocks)	6.02
NN (All Blocks)	6.87

*Resource Classification*

Resource classifications used in this study conform to the definition from NI 43-101 quoted under the heading "*Item 5: Description of the Business – Tagish Lake Gold Project – Mineral Resource Estimate – Mr. Skukum (Lake Zone) – Resource Classification*".

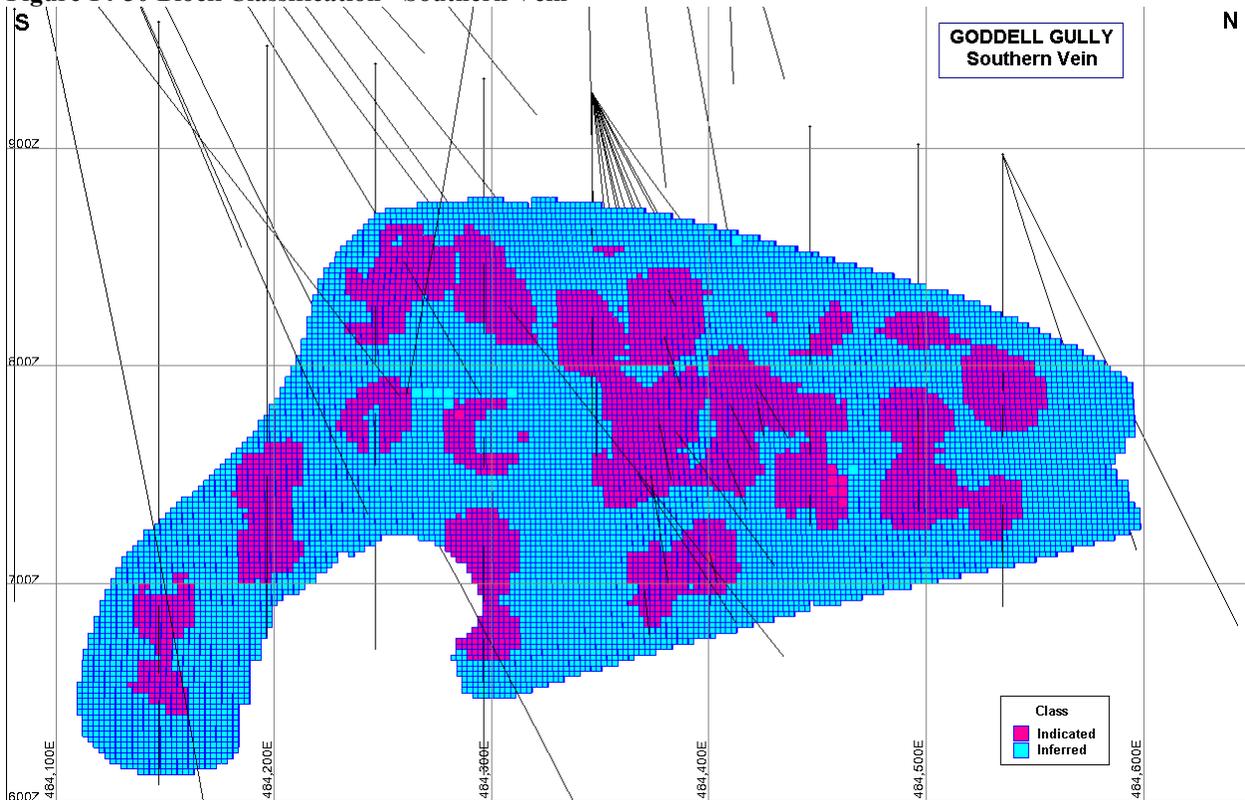
The underground mining assumptions for determining cut-off grade with reasonable prospects of economic extraction are presented in Table 14-33.

**Table 14-33 Cost Assumptions used in Cut-off Grade Determination**

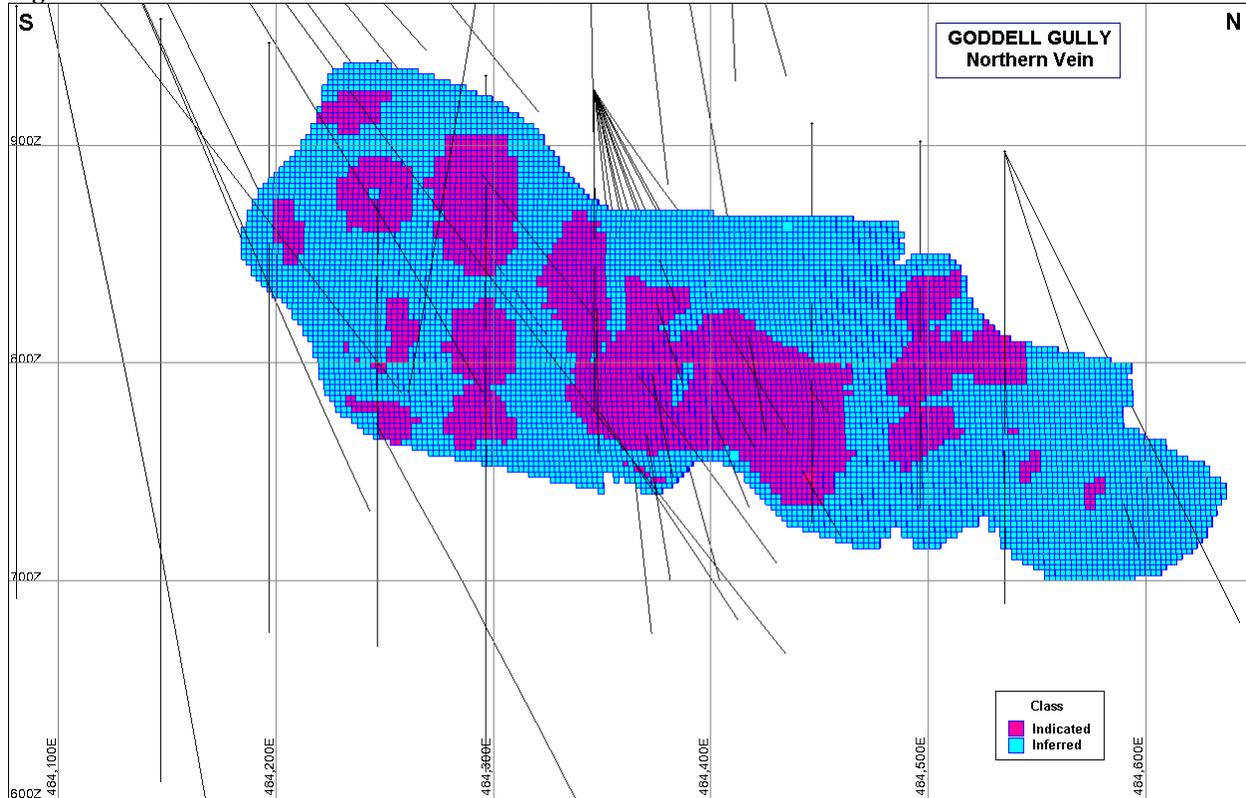
Assumptions	Value
Gold Price	\$1,450
Silver Price	\$16.50
Gold Recovery %	90%
Silver Recovery %	90%
Mining Cost (US\$/t milled)	\$90
Processing (US\$/t milled)	\$25
G&A Cost (US\$/t milled)	\$10
Total Operating Cost (US\$/t milled)	\$125
Cut-off Grade g/t Au	3.0

Blocks were assigned to the 'Indicated' category if they were estimated in the first or second pass using composites from at least 2 drill holes or sample lines and were within 18.75 metres of the closest composite (3/4 of the maximum variogram range). All other estimated blocks were assigned to the 'Inferred' category. The distribution of Indicated and Inferred blocks is illustrated in Figure 14-30 and Figure 14-31.

**Figure 14-30 Block Classification - Southern Vein**



**Figure 14-31 Block Classification – Northern Vein**



*Mineral Resources*

The following table presents the mineral resource estimate for the Goddell Gully Deposit. The selected base case cut-off grade of 3.0 g/t gold is considered to be generally consistent with the economic cut-off for other mineral deposits of similar characteristics, scale and location.

**Table 14-34 Goddell Gully Mineral Resource**

Class	Zone	Tonnes	Au g/t	Ag g/t	AuEQ g/t	Contained oz Au	Contained oz Ag	Contained oz AuEQ
Indicated	Goddell	329,700	8.13	-	8.13	86,210	-	86,210
Inferred	Goddell	483,900	7.13	-	7.13	110,867	-	110,867

Notes:

1. Resource estimate prepared by GeoSim Services Inc. with an effective date of October 1, 2020.
2. Totals may not sum due to rounding.
3. Mineral resources are diluted to a minimum width of 1.5m
4. A base case cut-off grade of 3.0 g/t Au represents an in-situ metal value of US\$126 per tonne at a gold price of US\$1450/oz and a metal recovery of 90% which is believed to provide a reasonable margin over operating and sustaining costs for narrow vein mining and processing.
5. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

*Comparison with Previous Estimates*

There was no change in the mineral resource estimate for Goddell Gully from the Geosim 2012 study. This is because a gold equivalent value was not used as a cut-off grade as silver was not estimated due to lack of data.

### Mineral Resource Summary

Current resource estimates for the Mt. Skukum (Lake Zone), Skukum Creek and Goddell Gully have been prepared by GeoSim Services, Inc. using all available exploration data, up to and including the results of New Pacific's 2011 exploration program.

The underground mining assumptions for determining cut-off grade with reasonable prospects of economic extraction are presented in Table 14-35.

**Table 14-35 Cost Assumptions used in Cut-off Grade Determination**

Assumptions	Value
Gold Price	\$1,450
Silver Price	\$16.50
Gold Recovery %	90%
Silver Recovery %	90%
Mining Cost (US\$/t milled)	\$90
Processing (US\$/t milled)	\$25
G&A Cost (US\$/t milled)	\$10
Total Operating Cost (US\$/t milled)	\$125
Cut-off Grade g/t Au	3.0

The current resource estimates, using a base case 3 g/t gold or 3 g/t gold-equivalent cut-off, are summarized below:

**Table 14-36 Mineral Resources – Mt. Skukum Lake Zone**

Class	Zone	Tonnes	Au g/t	Ag g/t	AuEQ g/t	Contained oz Au	Contained oz Ag	Contained oz AuEQ
Inferred	Lake Vein	90,100	9.28	12.9	9.43	26,882	37,368	27,308

**Table 14-37 Mineral Resources - Skukum Creek**

Class	Zone	Tonnes	Au g/t	Ag g/t	AuEQ g/t	Contained oz Au	Contained oz Ag	Contained oz AuEQ
Indicated	Combined	1,001,300	5.85	166.4	7.75	188,334	5,355,478	249,401
Inferred	Combined	537,000	4.99	108.3	6.22	86,124	1,869,065	107,415

**Table 14-38 Mineral Resources - Goddell Gully**

Class	Zone	Tonnes	Au g/t	Ag g/t	AuEQ g/t	Contained oz Au	Contained oz Ag	Contained oz AuEQ
Indicated	Goddell	329,700	8.13	-	8.13	86,210	-	86,210
Inferred	Goddell	483,900	7.13	-	7.13	110,867	-	110,867

Notes:

1. Mineral resource estimate prepared by GeoSim Services Inc. with an effective date of October 1, 2020.
2. Totals may not sum due to rounding.
3. Mineral resources are diluted to a minimum width of 1.5m
4. A base case cut-off grade of 3.0 g/t Au represents an in-situ metal value of US\$126 per tonne at a gold price of US\$1450/oz, silver price of US\$16.50/oz and a metal recovery of 90% for gold and silver which is believed to provide a reasonable margin over operating and sustaining costs for narrow vein mining and processing.
5. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

### Factors That May Affect the Mineral Resource Estimate

Areas of uncertainty that may materially impact the Mineral Resource Estimate include:

- Commodity price assumptions.

- Assumptions that all required permits will be forthcoming.
- Metallurgical recoveries
- Mining and process cost assumptions

There are no other known factors or issues that materially affect the estimate other than normal risks faced by mining projects in the Yukon Territory in terms of environmental, permitting, taxation, socio economic, marketing, and political factors. Geosim is not aware of any known legal or title issues that would materially affect the Mineral Resource estimate.

#### *Mineral Reserves*

No mineral reserves have been estimated for the Skukum Gold-Silver deposit.

#### *Adjacent Properties*

On the eastern boundary of the Property are claims held by Gold World Resources as part of their Mt. Anderson Yukon gold-silver project. These claims cover a series of geochemical anomalies and several historically known gold-bearing skarns. A 436-kilogram bulk sample was collected from a trench and submitted for analysis. The average grade returned is reported as 14.3 g/t Au, 860 g/t Ag, 21.2% Pb, 8.42% Zn, 0.50% Cu and 16.4% S (Lahti, 2012).

The author has not verified this information and the information is not necessarily indicative of the mineralization of the Property. The style of mineralization on this property differs from the style of mineralization found at Mt. Skukum (Lake Zone), Skukum Creek and Goddell Gully.

#### *Other Relevant Data and Information*

The author is of the opinion that all known relevant technical data and information with regard to the Skukum Gold-Silver Project deposit has been reviewed and addressed in the Tagish Lake Gold Project Technical Report.

#### *Interpretation and Conclusions*

Geosim has reported an updated Mineral Resource estimate for the Skukum Gold-Silver Project. The following observations and conclusions were drawn:

- The adequacy of sample preparation, security and analytical procedures are sufficiently reliable to support an Indicated or Inferred mineral resource classification and that sample preparation, analysis, and security are generally performed in accordance with exploration best practices at the time of collection.
- The resource estimate is based on analytical data from 631 drill holes representing 95,056 metres of drilling and 2925 underground samples.
- The Mt. Skukum Lake Zone gold-silver deposit is estimated to contain an Inferred Mineral Resources of 90,100 tonnes at 9.43 g/t Au equivalent.
- The Skukum Creek gold-silver deposit is estimated to contain an Indicated Mineral Resource of 1,001,300 tonnes at 7.75 g/t Au equivalent and an additional Inferred Mineral Resource of 537,000 tonnes at 6.22 g/t Au equivalent.
- The Goddell Gully deposit is estimated to contain and Indicated Mineral Resource of 329,700 tonnes at 8.13 g/t Au and Inferred Mineral Resource of 483,900 tonnes at 7.13 g/t Au.
- There is significant potential for expanding the current resource and for discovering additional gold deposits on the Property

- Factors That May Affect the Mineral Resource Estimate include:
  - Commodity price assumptions.
  - Assumptions that all required permits will be forthcoming.
  - Metallurgical recoveries
  - Mining and process cost assumptions

There are no other known factors or issues that materially affect the estimate other than normal risks faced by mining projects in the Yukon Territory in terms of environmental, permitting, taxation, socio economic, marketing, and political factors. Geosim is not aware of any known legal or title issues that would materially affect the Mineral Resource estimate.

#### *Recommendations*

Recommendations presented below are limited to the three deposits which were the subject of the current resource estimates. The Property does host numerous other prospects and showings as discussed under the heading "*Item 5: Description of the Business – Tagish Lake Gold Project – Geological Setting and Mineralization*" that warrant additional exploration.

#### Mt. Skukum (Lake Zone)

Recommendations based upon data review for the resource estimate of Lake Zone, and the resource estimate itself, include:

1. Surface diamond drilling of the high-grade, near-surface ore shoot along strike as well as infilling of gaps in the down-dip direction of the vein. For this vein system, drill sections should be spaced on the order of 10 metres in order to reliably demonstrate continuity along section. An estimated 2,500 metres of drilling in 20 holes would be required to better assess the strike and dip continuity of the Lake Zone in this area. Sampling should be completed through the expected vein zone. Further infill holes will be required to test the down-dip expression of the host structure to increase confidence in the continuity of both structure and grades at depth.
2. Further infill sampling of key drill holes of the Lake Zone. While it is apparent that the key mineralization has been identified and sampled by previous operators, there are examples of unbracketed mineralized zones that should be addressed.
3. Completion of data entry of the historical drilling (geological and geochemical).
4. If possible, gain access to the underground workings to investigate the vein and selectively chip sample for confirmation of the higher grades.

#### Skukum Creek

Recommendations based upon data review for the resource estimate of Skukum Creek, and the resource estimate itself, include:

1. Drill holes from 2007 and 2008 (SC07-series) should be surveyed at collar, and, at minimum, an initial azimuth and dip measurement of the drill hole should be determined. The latter can be completed by inserting a down-hole survey instrument in the drill hole, provided the hole can be identified and remains open.

2. Re-survey of the workings in the Rainbow 2 and Berg Zones should be carried out to determine the source of the apparent error in underground survey point 07-57. If the reported coordinate for that station is in fact correct, the location and dimensions of the underground workings in this drift may need to be recaptured.
3. Complete the inclusion of any remaining underground chip or channel sampling into the database (e.g. in the 1225 drill drift, 1300 access drift between the Rainbow Zone and Kuhn Zone). This is a matter of completeness of the underground sampling database as results for these areas were not significant and would be unlikely to impact future resource modeling.
4. Current resource modeling of the Kuhn Zone excluded the mineralized splay near surface which was included in previous modelling. Downhole survey control of the historical drilling was limited to non-existent. Several drill holes with accurate surface and down-hole survey control should be planned to twin historical drill holes in this area which would increase confidence in the nature and continuity of the structures and grades. Drilling would be from surface and would require a helicopter moveable drill and rehabilitation of the historical drill pads. An estimated 1,000 metres of drilling is proposed from two drill pads.
5. The Rainbow Zone remains open at depth and diamond drilling is recommended to test the down-dip potential. Coupled with this, infill drilling will be required to increase confidence of the current resource estimate and strengthen the interpretation of the mineralized zones. At least 4,000 metres of diamond drilling is recommended.

The existing underground workings are very limited as a useful base to undertake this drilling. The existing decline could be extended to the 1,150 metre level where diamond drilling stations can be established in a footwall drift. These drill stations should be at least fifty metres into the footwall rocks to ensure a higher incidence angle between the drill holes and the shear zone.

Alternatively, a new portal and ramp could be driven to the 1,100 metre elevation from the Wheaton River valley near the confluence of Skukum Creek. This would afford an excellent platform to test the lower reaches (below 1,100 metres) of the Rainbow Zone. This option also has an advantage in that it would be a necessary component of any future mining scenario. Studies have previously been carried out by Tagish Lake (e.g. Laxey Mining, 2004) with respect to this option as well.

#### Goddell Gully

Recommendations based upon data review for the resource estimate of Goddell Gully and the resource estimate itself, include:

1. The remaining Goddell Gully drill core should be completely sampled through the shear zone as defined by the current resource model. Although no significant additional gold mineralization is expected, this will allow for more comprehensive modeling of the lower grade material within the Goddell shear zone.
2. Related to (1), infill core samples collected by New Pacific reported intervals that did not exactly adjoin historical samples, leaving small (30 centimetres or less) gaps of unsampled material. These infill sample intervals should be inspected to see whether they are actually continuous with historical samples, and if so, adjust the sample interval accordingly.
3. Drill holes GG04-3 and GG04-4 should be located and surveyed at collar, and if possible, down hole. These drill holes were excluded from the current resource database. This is a matter of completeness of the drill database as results for these drill holes were not significant and would be unlikely to impact future resource modeling.
4. The Goddell Gully deposit remains open at depth as well as along strike to the east. Further drilling is recommended to test these areas of the deposit. Furthermore, infill drilling will be required to increase confidence of the current resource estimate as well as strengthen the interpretation of the mineralized zones. However, this drilling would be contingent upon successful rehabilitation and extension of the existing

Goddell decline, or possibly a new decline. Drilling from surface to the target depths requires long and tangentially oriented drill holes. New Pacific drilling during 2011 demonstrated that such surface drilling can be problematic from a technical standpoint, as only two of the seven drill holes successfully encountered the target mineralization.

If the existing decline can be rehabilitated, additional work should include surveying of all available underground drill holes at collar, as well as verifying the initial starting azimuth and dip. If the drill holes are still open at depth an attempt should be made to survey their down-hole extents.

The quantity of any new drilling would be dependent upon the extent of the available underground access. Therefore, the proposed drill costs are not presented in the proposed exploration budget.

#### Proposed Exploration Budget

The 2020 proposed work program (Table 19 1) is designed to improve understanding of the property and deposit scale geology. Mapping, geochemical, and geophysical studies combined with historic data compilation will support target generation and ranking for a Phase II exploration program outlined in

Table 19 2. A limited resource validation drill program is proposed in the first phase as an initial check on the historic data if weather conditions permit.

**Table 19-1 Phase I Exploration Budget**

<b>Program</b>	<b>Proposed Work</b>	<b>Estimated Cost</b>
Phase I Work Program-G&A	Camp clean up/refurbishment, travel and accommodation	US\$35,000
Phase I Work Program-Environmental / Permitting	Background studies and permitting	US\$45,000
Phase I Work Program-Geophysics	Magnetic survey	US\$165,000
Phase I Work Program-Geology	Re-logging, Mapping, Sampling	US\$200,000
Phase I Work Program-2000m drilling	2000 meter exploratory drilling	US\$460,000
<b>Total:</b>		<b>US\$905,000</b>

The proposed Phase II program is contingent on funding and company priorities but not contingent on the completion of the Phase 1 program. Phase II is designed to be completed over a two-year period (2021 and 2022) and will focus on resource expansion at Mt. Skukum, Skukum Creek and Goddell Gully. In addition, it will include further exploration of other targets on the Property.

**Table 19-2 Phase II Exploration Budget**

<b>Program</b>	<b>Proposed Work</b>	<b>Estimated Cost</b>
Phase II Work Program-G&A	Travel and accommodation	US\$180,000
Phase II Work Program-Environmental/Permitting/infrastructure	Permitting and infrastructure construction	US\$620,000
Phase II Geophysics	IP Survey	US\$160,000
Phase II Work Program-Geology	Re-logging, Mapping, Sampling	US\$115,000
Phase II Work Program-12,000m drilling	12,000 meter drilling (helicopter supported)	US\$3,000,000
<b>Total:</b>		<b>US\$4,075,000</b>

*Proposed Timetable for Phase I Work Program*

The following is the proposed timetable for the Phase I Work Program:

Event	Date
Commencement of Phase I Work Program	July 2020
Analyzing Re-Sampling Data & Finishing Surface Mapping	July 2020 – November 2020
Completion of Phase I Work Program	December 2020
Releasing of Final Results of Phase I Work Program	February 2021

**ITEM 6: FINANCINGS**

On November 17, 2020, Whitehorse completed the Private Placement for gross proceeds of \$6,797,010.

The pricing of the Private Placement at \$0.30 per Common Share was determined by management of Whitehorse, and approved by the board of directors of Whitehorse, based on the estimated net asset value of Whitehorse and certain inherent uncertainties and risk factors associated with an investment in Whitehorse, including, but not limited to: (i) environmental liabilities of historical operations on the Tagish Lake Gold Project and potential required remediation measures; (ii) applicable Government of Yukon environmental bonding requirements to advance and undertake exploration and development programs on the Tagish Lake Gold Project; (iii) Whitehorse's independent environmental consultants, have estimated the liability of the Tagish Lake Gold Project to be in the range of \$1 million to \$5 million (including reclamation and closure of site infrastructure) based on their recent experience in the Yukon preparing reclamation and security estimates for other projects located in the Yukon; (iv) uncertainty in securing a social license with local stakeholders and resulting implications in obtaining required Yukon Government exploration and operating permits for the Tagish Lake Gold Project; (v) uncertainty in ongoing market conditions and underlying commodity prices could have a material effect on the valuation of Whitehorse upon listing on the TSXV; and (vi) the market price of Common Shares is currently unknown as there is currently no market for Common Shares.

As part of this Listing Application, Whitehorse is applying to have the Common Shares issued in the Private Placement listed on the TSXV. The listing of the Common Shares issued in the Private Placement on the TSXV will be subject to Whitehorse fulfilling all of the initial listing requirements of the TSXV.

**Total Available Funds**

The net proceeds from the Private Placement (after deducting the expenses of the Private Placement and the Arrangement of \$0.13 million) were \$6.67 million. The expenses of the Private Placement and the Arrangement were comprised of legal, accounting, and costs associated with preparing the Tagish Lake Gold Project Technical Report.

Following listing on the TSXV, Whitehorse expects to have the following total available funds:

Net Proceeds from the Private Placement	\$6.67 million
Repayment of New Pacific-Whitehorse Debt	\$(3.70) million
Estimated Consolidated Working Capital as at October 31, 2020	\$(0.15) million
<b>Estimated Total Available Funds</b>	<b>\$2.82 million</b>

Following listing on the TSXV, Whitehorse expects to use the total available funds for the following principal purposes:

<b>Purpose</b>	
Phase I Work Program for Tagish Lake Gold Project	\$0.68 million
Working Capital and Corporate Operating Expenses	\$1.06 million
<i>Employee Salaries and Benefits</i>	<i>\$780,000</i>
<i>Office Supplies and Services</i>	<i>\$133,250</i>
<i>Unallocated Working Capital</i>	<i>\$150,000</i>
Commencement of Phase II Work Program for Tagish Lake Gold Project	\$1.08 million
<b>Estimated Total Available Funds</b>	<b>\$2.82 million</b>

On November 18, 2020, Whitehorse used approximately \$3.70 million of its available funds to repay the New Pacific-Whitehorse Debt and related interest, which was incurred in connection with the acquisition of Tagish Lake pursuant to the Share Exchange Agreement and funds advanced by New Pacific to Whitehorse for purposes of interim working capital. The repayment of the New Pacific-Whitehorse Debt was a condition to completion of the Arrangement. See "Item 5 – Description of the Business – Three-year History – New Pacific-Whitehorse Debt" for further information.

### **Business Objectives and Milestones**

Following listing on the TSXV, Whitehorse expects to use the total available funds towards accomplishing the following primary business objectives:

<b>Business Objective</b>	<b>Significant Event</b>	<b>Expected Timing</b>	<b>Expected Total Amount Based on Tagish Lake Gold Project Technical Report<sup>(1)</sup></b>	<b>Expected Remaining Amount<sup>(2)</sup></b>
Employee Salaries and Benefits	N/A	Ongoing	N/A	\$780,000
Office Supplies and Services	N/A	Ongoing	N/A	\$133,250
Unallocated Working Capital	N/A	N/A	N/A	\$150,000
Phase I Work Program – Environmental and Permitting	Camp clean up/refurbishment, travel and accommodation	July 2020 – December 2020	\$45,500	\$23,370 <sup>(3)</sup>
Phase I Work Program – Environmental and Permitting	Background studies and permitting	September 2020 – December 2020	\$58,500	\$2,460 <sup>(4)</sup>

<b>Business Objective</b>	<b>Significant Event</b>	<b>Expected Timing</b>	<b>Expected Total Amount Based on Tagish Lake Gold Project Technical Report<sup>(1)</sup></b>	<b>Expected Remaining Amount<sup>(2)</sup></b>
Phase I Work Program – Geophysics	Magnetic survey	July 2020 – November 2020	\$214,500	\$214,500
Phase I Work Program – Geology	Re-logging, mapping and sampling	July 2020 – November 2020	\$260,000	\$39,419 <sup>(5)</sup>
Phase I Work Program – Drilling	2000 meter exploratory drilling	October 2020 – November 2020	\$598,000	\$395,681 <sup>(6)</sup>
Commencement of Phase II Work Program for Tagish Lake Gold Project <sup>(7)</sup>	Travel and accommodation, permitting and infrastructure construction, re-logging, mapping and sampling, and 12,000 meter drilling	2021 – 2022	\$1,084,901	\$1,084,901
<b>Total</b>			<b>\$3,324,651</b>	<b>\$2,823,582</b>

**Notes:**

- (1) Amounts have been converted from U.S. dollar (as used in the Tagish Lake Gold Project Technical Report) to Canadian dollar at an exchange rate of 1.3 Canadian dollars per U.S. dollar. As disclosed in the Tagish Lake Gold Project Technical Report, the total budget for the Phase I Work Program is US\$905,000 (\$1,176,500) and the total budget for the Phase II Work Program is US\$4,075,000 (\$5,297,500).
- (2) As at October 31, 2020, Whitehorse has incurred a total of \$0.50 million of costs relating to the Phase I Work Program.
- (3) Represents \$45,500 allocated to this category in the Tagish Lake Gold Project Technical Report less \$22,130 already incurred by Whitehorse as at the date hereof.
- (4) Represents \$58,500 allocated to this category in the Tagish Lake Gold Project Technical Report less \$56,041 already incurred by Whitehorse as at the date hereof.
- (5) Represents \$260,000 allocated to this category in the Tagish Lake Gold Project Technical Report less \$220,581 already incurred by Whitehorse as at the date hereof.
- (6) Represents \$598,000 allocated to this category in the Tagish Lake Gold Project Technical Report less \$202,319 already incurred by Whitehorse as at the date hereof.
- (7) As the total budget for the Phase II Work Program is \$5,297,500, Whitehorse will require additional funds for completion of the Phase II Work Program.

**ITEM 7: DIVIDENDS AND OTHER DISTRIBUTIONS**

Whitehorse has not declared any cash dividends or distributions on its Common Shares since incorporation. Whitehorse does not anticipate paying any dividends or making any distributions in the short-term. Any decision to pay dividends or make distributions on the Common Shares in the future will be made by the Board in its discretion based on earnings, financial requirements, business objectives and opportunities and such other factors and conditions as it may consider relevant at such time. Whitehorse does not currently have, and does not expect to adopt in the near-term, a dividend or distribution policy or any restrictions that could prevent Whitehorse from paying dividends or making distributions.

**ITEM 8: MANAGEMENT'S DISCUSSION AND ANALYSIS**

Included as Appendix "C" to this Listing Application is Whitehorse's management's discussion and analysis for the period from incorporation on November 27, 2019 to June 30, 2020. It includes financial information from, and should be read in conjunction with, the audited consolidated financial statements of Whitehorse from incorporation on November 27, 2019 to June 30, 2020 and the notes thereto, which are attached as Appendix "B" to this Listing Application, as well as the disclosure contained throughout this Listing Application.

Included as Appendix "E" to this Listing Application is Tagish Lake's management's discussion and analysis for the years ended June 30, 2020 and June 30, 2019. It includes financial information from, and should be read in conjunction with, the audited financial statements of Tagish Lake for the years ended June 30, 2020, 2019 and 2018 and the notes thereto, which are attached as Appendix "D" to this Listing Application, as well as the disclosure contained throughout this Listing Application.

Whitehorse has not had significant revenue from operations since incorporation on November 27, 2019. Set out below is a breakdown of material components of Whitehorse's material costs for the financial year ended June 30, 2020:

**From incorporation on November 27, 2019 to June 30, 2020**

Exploration and Evaluation Assets or Expenditures <sup>(1)</sup>	\$851
General and Administrative Expenses	\$138,123

**Note:**

(1) Attributable to the Tagish Lake Gold Project.

Whitehorse has had negative cash flow from operating activities since incorporation on November 27, 2019. Whitehorse expects to be able to fund its operations until November 2021. The estimated total operating costs necessary for Whitehorse to achieve its stated business objectives until November 2021 are \$1.06 million. The estimated amount of other material capital expenditures of Whitehorse until December 2021 are \$1.76 million.

**ITEM 9: DISCLOSURE OF OUTSTANDING SECURITY DATA ON FULLY DILUTED BASIS**

As at the date hereof, Whitehorse has 42,656,700 Common Shares issued and outstanding, which are held by New Pacific Shareholders and subscribers in the Private Placement.

As at the date hereof, Whitehorse has no other class or series of voting or equity securities outstanding. As at the date hereof, Whitehorse has 3,450,000 Options.

**ITEM 10: DESCRIPTION OF SECURITIES TO BE LISTED**

Whitehorse is authorized to issue an unlimited number of Common Shares. The holders of Common Shares are entitled to one vote per share at all meetings of Shareholders. The Common Shares are also entitled to dividends, if and when declared by the Board, and to the distribution of the residual assets of Whitehorse in the event of the liquidation, dissolution or winding-up of Whitehorse. The Common Shares have no restrictions on transfer other than as described under the heading "*Item 14 – Escrowed Securities and Securities Subject to Restriction on Transfer*".

**ITEM 11: CONSOLIDATED CAPITALIZATION**

Other than as set forth in the table below, there have been no material changes in the share or loan capital of Whitehorse, on a consolidated basis, since June 30, 2020. The following table represents Whitehorse's share capital as at June 30, 2020 (a) before giving effect to the Arrangement and the Private Placement and (b) after giving effect to the Arrangement and the Private Placement. The table below should be read in conjunction with the audited consolidated financial statements of Whitehorse from incorporation on November 27, 2019 to June 30, 2020 and the notes thereto.

	As at June 30, 2020 before giving effect to the Arrangement and Private Placement (a)	As at June 30, 2020 after giving effect to the Arrangement and the Private Placement (b)
<b>Share Capital</b>		
Common Shares	20,000,001	42,656,700

Options	Nil	3,450,000 <sup>(1)</sup>
Total Fully Diluted Issued and Outstanding Common Shares	20,000,001	46,106,700
<b>Loan Capital</b>		
New Pacific-Whitehorse Debt	\$3,500,000	Nil

**Note:**

- (1) Represents 3,450,000 Options re-granted to certain officers, directors, employees and consultants of Whitehorse pursuant to the Stock Option Plan on November 18, 2020 to replace 3,450,000 Options granted to such individuals on July 2, 2020 and subsequently cancelled. See "Item 12 – Stock Option Plan" and "Item 13 – Prior Sales" for further details.

**ITEM 12: STOCK OPTION PLAN**

On July 2, 2020, the Board approved and adopted the Stock Option Plan. Effective November 18, 2020, the Whitehorse Board adopted certain amendments to the Stock Option Plan, the terms of which are summarized below, to comply with requirements of the TSXV. The Stock Option Plan was established to attract and retain employees, consultants, officers or directors to Whitehorse and to motivate them to advance the interests of Whitehorse by affording them with the opportunity to acquire an equity interest in Whitehorse. The Stock Option Plan is a  $\leq 10\%$  Fixed Plan (within the meaning of the TSXV's policies) and will be administered by the directors and the Compensation Committee.

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan (as amended and restated effective November 18, 2020) attached as Appendix "F" to this Listing Application.

The Stock Option Plan provides for the following terms and restrictions of Option grants:

- (a) Directors, officers, employees and consultants of Whitehorse or any of its subsidiaries are eligible to receive grants of Options under the Stock Option Plan.
- (b) The maximum number of Whitehorse Shares reserved for issuance under the Stock Option Plan, together with all Whitehorse Shares reserved for issuance under any previously established stock option plans or grants of the Company, shall not exceed in the aggregate 10% of the total number of Whitehorse Shares issued and outstanding, on a fixed basis, as at the date of implementation of the Stock Option Plan (being 4,265,670 Common Shares).
- (c) The aggregate number of Whitehorse issued to insiders in any 12-month period under the Stock Option Plan or any other share compensation arrangements of Whitehorse shall not exceed 10% of the outstanding Common Shares.
- (d) The aggregate number of Options granted to any one person (and companies wholly owned by that person) in a 12-month period must not exceed 5% of the issued Common Shares, calculated on the date an Option is granted to the person (unless Whitehorse has obtained the requisite disinterested Shareholder approval).
- (e) The aggregate number of Options granted to any one consultant in a 12-month period must not exceed 2% of the issued Common Shares, calculated at the date an Option is granted to the Consultant (as defined in the Stock Option Plan).
- (f) The aggregate number of Options granted to all persons retained to provide investor relations activities must not exceed 2% of the issued Common Shares in any 12-month period, calculated at the date an Option is granted to any such person. For the purposes of the Stock Option Plan, persons retained to provide investor

relations activities shall include any consultant that performs investor relations activities and any employee or director whose role and duties primarily consist of investor relations activities.

(g) Major terms of the Stock Option Plan terms in regards to exercise price, expiry, vesting, assignment, and cessation are as follows:

- (i) The exercise price per Common Share for an Option shall not be less than the last daily closing price per Common Share on the TSXV on the last trading day immediately preceding any grant of Options on the date of grant;
  - (ii) Every Option granted pursuant to this Stock Option Plan shall have a term not exceeding, and shall therefore expire no later than, ten years after the date of grant;
  - (iii) Pursuant to the policies of the TSXV, the Board shall determine the manner in which an Option shall vest and become exercisable;
  - (iv) No Option granted under the Stock Option Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the TSXV, an optionee shall have the right to assign any Option granted to him hereunder to a trust, RRSP, RESP or similar legal entity established by such optionee;
  - (v) If an officer, employee or consultant is terminated for cause, each Option held by such optionee shall terminate and shall therefore cease to be exercisable upon such termination for cause;
  - (vi) If a director, officer, employee or consultant dies prior to the expiry of his Option, his legal representatives may, within the lesser of one year from the date of the optionee's death or the expiry date of the Option, exercise that portion of an Option granted to the director, officer, employee, or consultant under the Stock Option Plan which remains outstanding;
  - (vii) If a director, officer, employee or consultant ceases to be an eligible person under the Stock Option Plan for any reason whatsoever (other than for termination for cause or death) each Option held by such party will cease to be exercisable within the lesser of 90 days after the termination date or the expiry date of the Option. The Board may extend the date of such termination and the resulting period in which the Option remains exercisable to a date not exceeding the expiry date; and
  - (viii) In the event of a change of control, all Options that are not vested shall vest immediately and automatically without further action by the Board, subject to any restrictions imposed by the TSXV pursuant to its policies stated herein or otherwise at the time of vesting. Options granted to investor relations providers are not eligible for accelerated vesting without prior TSXV approval.
- (h) The Board may amend any Option with the consent of the affected optionee and the TSXV, including any shareholder approval as required by the TSXV. Disinterested Shareholder approval will be obtained for any reduction in the exercise price if the optionee is an insider of Whitehorse at the time of the proposed amendment.

As at the date hereof, the following Options are outstanding:

<b>Name</b>	<b>Relationship to Whitehorse</b>	<b>Number of Options</b>
Kevin Weston	CEO	1,000,000
Steve Stakiw	Vice President ("VP"), Corporate Affairs	500,000
Tim Kingsley	VP, Exploration	500,000

Jean Zhang	CFO and Corporate Secretary	125,000
Mark Cruise	Director	350,000
Lorne Waldman	Director	250,000
Wanjin Yang	Employee	300,000
Yong-Jae Kim	Consultant of Whitehorse <sup>(1)</sup>	250,000
Jalen Yuan	Consultant of Whitehorse <sup>(1)</sup>	125,000
Monica Chen	Consultant of Whitehorse <sup>(1)</sup>	20,000
Luke Sun	Consultant of Whitehorse <sup>(1)</sup>	20,000
Sheryl Gao	Consultant of Whitehorse <sup>(1)</sup>	10,000
<b>Total</b>		<b>3,450,000</b>

**Note:**

(1) These Options were granted in consideration for accounting, legal or administrative services provided to Whitehorse and Tagish Lake.

The foregoing Options were granted on November 18, 2020 and have an exercise price of \$0.315 per Common Share, a term of 10 years, and vest over a three year period in 1/6 increments, beginning on the 6-month anniversary following the date of grant, in accordance with the Stock Option Plan. Such Options are subject to escrow and hold period requirements as described under the heading "*Item 14 – Escrowed Securities and Securities Subject to Restriction on Transfer.*"

**ITEM 13: PRIOR SALES**

Whitehorse issued one Common Share for a price of \$0.10 on November 27, 2019, which was immediately transferred to New Pacific. Pursuant to the terms of the Share Exchange Agreement, Whitehorse issued an additional 20,000,000 Common Shares at a price of \$0.001 per Common Share to New Pacific on February 12, 2020 as partial consideration for the Tagish Lake Shares. On July 2, 2020, Whitehorse granted 3,450,000 Options to certain directors, officers, employees and consultants of Whitehorse. However, such Options were subsequently cancelled and were re-granted on November 18, 2020 following completion of the Arrangement as further described under the heading "*Item 12 – Stock Option Plan.*"

In connection with the Private Placement, Whitehorse issued 22,656,699 Common Shares at a price of \$0.30 per Common Share for gross proceeds of \$6,797,010.

The Common Shares are not currently traded or quoted on a Canadian or foreign marketplace.

**ITEM 14: ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER**

To the knowledge of Whitehorse, the following securities of Whitehorse are subject to escrow:

Designation of Class	Number of Securities held in escrow or that are subject to contractual restrictions on resale	Percentage of Class
Common Shares	6,507,333 <sup>(1)</sup>	15.3%
Options	2,725,000 <sup>(2)</sup>	79%
Options	725,000 <sup>(3)</sup>	21%

**Notes:**

- (1) Denotes 100,000 Common Shares held by Kevin Weston, 150,000 Common Shares held by Steve Stakiw, 333,333 Common Shares held by Mark Cruise, 150,000 Common Shares held by Lorne Waldman and 5,774,000 Common Shares held by Silvercorp.
- (2) Denotes 1,000,000 Options held by Kevin Weston, 125,000 Options held by Jean Zhang, 500,000 Options held by Steve Stakiw, 500,000 Options held by Tim Kingsley, 350,000 Options held by Mark Cruise and 250,000 Options held by Lorne Waldman.
- (3) Denotes 300,000 Options held by Wanjin Yang, 250,000 Options held by Yong-Jae Kim, 125,000 Options held by Jalen Yuan, 20,000 Options held by Monica Chen, 20,000 Options held by Luke Sun and 10,000 Options held by Sheryl Gao.

The aggregate of 6,507,333 Common Shares set out in the table above (the "**Escrowed Shares**") have been deposited in escrow with Computershare Investor Services Inc. pursuant to a 36-month Value Security Escrow Agreement and will be released as follows: 10% of the Escrowed Shares released upon the date of issuance of the Exchange Bulletin and an additional 15% of the Escrowed Shares released every 6 months thereafter, until all Escrowed Shares have been released (i.e., 36 months following the date of the Exchange Bulletin).

The aggregate of 2,725,000 Options set out in the table above (the "**Escrowed Options**") held by directors and officers of the Company have been deposited in temporary escrow with Computershare Investor Services Inc. pursuant to a 36-month Value Security Escrow Agreement. If the 10-day volume-weighted average price of the Common Shares on the TSXV following the date of listing of the Common Shares on the TSXV is greater than \$0.315, then the Escrowed Options will be subject to escrow and will be released as follows: 10% of the Escrowed Options released upon the date of issuance of the Exchange Bulletin and an additional 15% of the Escrowed Options released every 6 months thereafter, until all Escrowed Options have been released (i.e., 36 months following the date of the Exchange Bulletin). If the 10-day volume-weighted average price of the Common Shares on the TSXV following the date of listing of the Common Shares on the TSXV is less than or equal to \$0.315, then the Escrowed Options will be released from escrow immediately following such 10-day period.

The aggregate of 725,000 Options set out in the table above (the "**Restricted Options**") held by employees and consultants of the Company are subject to the Seed Share Resale Rules prescribed by Policy 5.4 – Escrow, Vendor Consideration and Resale Restrictions of the TSXV's Corporate Finance Manual based on the 10-day volume-weighted average price of the Common Shares on the TSXV following the date of listing of the Common Shares on the TSXV.

There are no Common Shares subject to contractual restrictions on transfer other than those that are Escrowed Securities. All of the Common Shares issued pursuant to the Private Placement are subject to a statutory hold period of four months and one day pursuant to applicable securities laws.

#### **ITEM 15: PRINCIPAL SECURITYHOLDERS**

The following table sets out information regarding the persons or companies who beneficially own, or control or direct, directly or indirectly, 10% or more of the issued and outstanding Common Shares:

Name	Number of Common Shares prior to completion of the Arrangement and Private Placement	Number of Common Shares as a result of the Arrangement	Number of Common Shares subscribed for in the Private Placement	Number of Common Shares as at the date hereof
Silvercorp	Nil	5,740,286	5,774,000	11,514,286 <sup>(1)</sup> (or approximately 27.0% of the issued and outstanding Common Shares)

**Notes:**

(1) Comprised of: (i) 7,175,271 Common Shares held by Silvercorp directly, (ii) 4,155,202 Common Shares held by Silvercorp through Victor Resources Ltd. and (iii) 183,813 Common Shares held by Silvercorp through Fortune Gold Mining Limited.

#### **ITEM 16: DIRECTORS AND EXECUTIVE OFFICERS**

##### **Name, Occupation and Security Holdings**

Set out below is information regarding the name, residence, position, occupation and Common Share holdings of each director and executive officer of Whitehorse. In accordance with the requirements of the TSXV, on or prior to February 3, 2021, Whitehorse will appoint an additional independent director to its Board.

Name, Residence and Position	Principal occupation during preceding 5 years	Date Appointed as Director	Number of Common Shares beneficially owned, directed or controlled, directly or indirectly
Kevin Weston, CEO and Director <sup>(1)</sup> Kelowna, BC, Canada	Consultant, VP Operations of Jaguar Mining Inc. and Chief Operating Officer ("COO") at JDS Silver Inc.	August 20, 2020	100,000 <sup>(4)</sup>
Jean Zhang, CFO and Corporate Secretary Coquitlam, BC, Canada	Current Accounting Manager of Silvercorp; Former Accounting Manager of Aoyuan International Group-West Canada; Former Audit Manager at Deloitte LLP	N/A	10,000 <sup>(5)</sup>
Steve Stakiw, VP Corporate Affairs Vancouver, BC, Canada	Former Manager and VP, Investor Relations of Trevali Mining Corporation; Consulting Geologist at Miningresearch	N/A	150,000 <sup>(6)</sup>
Tim Kingsley, VP Exploration Bellingham, WA, USA	Former Exploration Lead, Americas of Trevali Mining Corporation	N/A	Nil
Mark Cruise, Director <sup>(1)(2)</sup> North Vancouver, BC, Canada	Current CEO of New Pacific <sup>(3)</sup> ; Former COO of New Pacific; Former President and CEO of Trevali Mining Corporation	March 4, 2020	343,136 <sup>(7)</sup>
Lorne Waldman, Director <sup>(1)(2)</sup> Vancouver, BC, Canada	Former Corporate Secretary and In-House Legal Counsel of Silvercorp	March 4, 2020	155,881 <sup>(8)</sup>

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Current primary occupation.
- (4) As a result of the Private Placement, Mr. Weston beneficially owns, directs or controls 100,000 Common Shares (or approximately 0.23% of the issued and outstanding Common Shares). Mr. Weston did not receive any Common Shares pursuant to the Arrangement.
- (5) As a result of the Private Placement, Ms. Zhang beneficially owns, directs or controls 10,000 Common Shares (or approximately 0.02% of the issued and outstanding Common Shares). Ms. Zhang did not receive any Common Shares pursuant to the Arrangement.
- (6) As a result of the Private Placement, Mr. Stakiw beneficially owns, directs or controls 150,000 Common Shares (or approximately 0.35% of the issued and outstanding Common Shares). Mr. Stakiw did not receive any Common Shares pursuant to the Arrangement.
- (7) As a result of the Arrangement and Private Placement, Dr. Cruise beneficially owns, directs or controls a total of 343,136 Common Shares (or approximately 0.80% of the issued and outstanding Common Shares), comprised of (a) 9,803 Common Shares pursuant to the Arrangement and (b) 333,333 Common Shares pursuant to the Private Placement.
- (8) As a result of the Arrangement and Private Placement, Mr. Waldman beneficially owns, directs or controls a total of 155,881 Common Shares (or approximately 0.37% of the issued and outstanding Common Shares), comprised of (a) 5,881 Common Shares pursuant to the Arrangement and (b) 150,000 Common Shares pursuant to the Private Placement.

**Reporting Issuer Experience**

The following table sets out each director and executive officer's experience as a director or officer of any other reporting issuer (or equivalent) in the five year period preceding the date hereof:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Kevin Weston	Jaguar Mining Inc., ON	TSX	VP, Operations	July 2018	April 2019

Jean Zhang	Silvercorp, BC	NYSE/TSX	Accounting Manager	June 2020	Present
Steve Stakiw,	Trevali Mining Corporation, BC	TSX	VP, Investor Relations and Corporate Communications	April 2008	May 2019
Tim Kingsley	Nil	Nil	Nil	Nil	Nil
Mark Cruise	New Pacific Metals Corp., BC	TSX	CEO and Director; Former COO	November 2019	Present
	Velocity Minerals Ltd.	TSX	Director	July 2017	Present
	Trevali Mining Corporation, BC	TSX	President, CEO and Director	February 2008	May 2020
Lorne Waldman	Silvercorp, BC	NYSE/TSX	Corporate Secretary and In-House Legal Counsel	July 2007	December 2018
	Nam Tai Property Inc., China	NYSE	Director	June 2015	June 2018

#### Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No director or executive officer of Whitehorse is, as at the date of this Listing Application, or has been, within 10 years before the date of this Listing Application, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including Whitehorse) that:

- (a) was subject to an order that was issued while the director or executive officer was acting the capacity as director, CEO or CFO; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

No director or executive officer of Whitehorse, or to the knowledge of Whitehorse, a shareholder of Whitehorse holding a sufficient number of Common Shares to materially affect control of Whitehorse:

- (a) is, as at the date of this Listing Application, or has been within the 10 years before the date of this Listing Application, a director or executive officer of any company (including Whitehorse) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within 10 years before the date of this Listing Application, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (d) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### Conflicts of Interest

To the knowledge of Whitehorse, no director or officer of Whitehorse or Tagish Lake has any existing or potential material conflict of interest with Whitehorse or Tagish Lake. While certain directors and officers of Whitehorse are employees of Silvercorp and New Pacific, Whitehorse does not expect such relationships to give rise to any material conflicts of interest with Whitehorse or Tagish Lake.

### **ITEM 17: EXECUTIVE COMPENSATION**

Whitehorse was not a reporting issuer at any time during the most recently completed financial year and has not yet fully implemented a compensation program. Whitehorse anticipates that it will adopt a compensation program that reflects its stage of development, the main elements of which are expected to be comprised of base salary, grants of Options and annual cash incentives. This section sets out, to the extent currently known and determined, all significant elements of the compensation to be awarded to, earned by, paid to, or payable to directors and officers of Whitehorse once it becomes a reporting issuer. Such details regarding compensation of directors and officers is based on Whitehorse's current expectations and once Whitehorse becomes a reporting issuer, may be different than as disclosed herein.

The Board reviews and approves compensation paid to Whitehorse's directors and officers. Upon listing on the TSXV, it is anticipated that Whitehorse will establish a compensation committee (for the purposes of this section, the "**Compensation Committee**") which will recommend how directors and executive officers will be compensated for their services as directors and executive officers. See "*Item 19 – Audit Committees and Corporate Governance – Corporate Governance – Compensation Committee*" for further details.

### Summary Compensation Table

The following table sets for all direct and indirect compensation (other than compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by Whitehorse and any subsidiary thereof to each director and officer of Whitehorse since incorporation until June 30, 2020, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and in-direct pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided for services provided and for services to be provided, directly or indirectly, to Whitehorse or any subsidiary thereof:

Name and position	Financial Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Kevin Weston <sup>(1)</sup> CEO and Director	2020 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Jean Zhang <sup>(3)</sup> CFO and Corporate Secretary	2020 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Tim Kingsley <sup>(4)</sup> VP, Exploration	2020 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Steve Stakiw <sup>(5)</sup> VP, Corporate Affairs	2020 <sup>(2)</sup>	52,500	Nil	Nil	Nil	Nil	52,500
Mark Cruise <sup>(6)</sup> Director	2020 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Lorne Waldman <sup>(7)</sup> Director	2020 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil

Michael Horner <sup>(8)</sup> Former President, CEO and Director	2020 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
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**Notes:**

- (1) Mr. Weston was appointed as CEO effective July 7, 2020 and was appointed as a Director effective August 20, 2020. Mr. Weston's compensation will be \$240,000 per annum.
- (2) The period beginning on the date of Whitehorse's incorporation (November 27, 2019) ending on June 30, 2020.
- (3) Ms. Zhang was appointed as CFO effective August 26, 2020.
- (4) Mr. Kingsley was appointed VP, Exploration effective July 15, 2020. Mr. Kingsley's compensation will be US\$164,400 per annum.
- (5) Mr. Stakiw was appointed VP, Corporate Affairs effective March 16, 2020
- (6) Mr. Cruise was appointed as a Director effective March 4, 2020.
- (7) Mr. Waldman was appointed as a Director effective March 4, 2020.
- (8) Mr. Horner resigned as: (i) CEO effective July 7, 2020; (ii) President effective August 12, 2020; and (iii) a Director effective August 20, 2020.

**Compensation Objective**

Whitehorse's compensation objectives include the following:

- attracting and retaining highly-qualified individuals;
- creating among directors, officers, consultants and employees, a corporate environment which will align their interests with those of the Shareholders; and
- ensuring competitive compensation that is also affordable for Whitehorse.

The compensation program is designed to provide competitive levels of compensation. Whitehorse recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, Whitehorse's directors and officers may receive compensation that comprises three components:

- salary, wages or contractor payments;
- Option grants; and
- bonuses.

The objectives and reasons for this system of compensation are to allow Whitehorse to remain competitive compared to its peers in attracting experienced personnel. The salaries are set on the basis of a review and comparison of salaries paid to executives at similar companies.

Grants of Options are designed to reward directors and officers for success on a similar basis as the Shareholders, although the level of reward provided by a particular Option grant is dependent upon the volatile stock market.

Any bonuses paid are allocated on an individual basis and are based on review by the Board of the work planned during the year and the work achieved during the year, including work related to mineral exploration, administration, financing, shareholder relations and overall performance. The bonuses are paid to reward work done above the base level of expectations set by the base salary, wages or contractor payments.

As a junior mineral exploration company, Whitehorse remains at risk of losing qualified personnel to companies with greater financial resources and it attempts to mitigate this risk wherever possible through appropriate written contracts.

**Option-Based Awards**

The Stock Option Plan is used to attract, retain and incentivize qualified and experienced personnel. The Stock Option Plan is an important part of Whitehorse's long-term incentive strategy for its directors and officers, as well as for other persons eligible to receive grants of Options thereunder, permitting them to participate in any appreciation of the

market value of the Common Shares over a stated period of time. The Stock Option Plan is designed to foster a proprietary interest in stock ownership, and to reinforce a commitment to Whitehorse's long-term growth, performance and success as well as increasing shareholder value. See "*Item 12 – Stock Option Plan*".

The Board reviews the grant of Options to directors and officers from time to time, based on various factors such as the officer's level of responsibility and role and importance in Whitehorse achieving its corporate goals, objectives and prospects. Previous grants of Options are taken into account when considering new grants of Options to officers.

Whitehorse has no equity compensation plans other than the Stock Option Plan.

#### **Aggregate Options Exercised and Option Values**

No Options have been exercised since the date of Whitehorse's incorporation on November 27, 2019. The only Options that have been granted to directors and officers of Whitehorse since Whitehorse's incorporation are further described under "*Item 12 – Stock Option Plan*".

#### **Pension Plan Benefits**

Whitehorse does not have a pension plan that provides for payments or benefits to its directors and officers at, following, or in connection with retirement.

#### **Defined Benefit or Actuarial Plans**

Whitehorse has no defined benefit or actuarial plans.

#### **Use of Financial Instruments**

Whitehorse does not have a policy that would prohibit a director or officer from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the officers or director. However, management is not aware of any officers or director purchasing such an instrument.

#### **Termination and Change of Control Benefits**

There are no provisions in any contract, agreement, plan or arrangement, that provides for payments to an officer, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control in Whitehorse or a change in the officer's responsibilities.

### **ITEM 18: INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Whitehorse is not aware of any individuals who are either current or former executive officers, directors or employees of Whitehorse and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of Whitehorse or otherwise) that is owing to (i) Whitehorse or Tagish Lake, or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Whitehorse.

Except for (i) indebtedness that has been entirely repaid on or before the date of this Listing Application, and (ii) "routine indebtedness" (as defined in Form 51-102F5 to National Instrument 51-102 – *Continuous Disclosure Obligations*), Whitehorse is not aware of any individuals who are, or who at any time during the most recently completed financial year were, a director or executive officer of Whitehorse, or an associate of any of those directors or executive officers, who are, or have been at any time since incorporation of Whitehorse, indebted to Whitehorse, or whose indebtedness to another entity is, or at any time since incorporation of Whitehorse has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Whitehorse.

## **ITEM 19: AUDIT COMMITTEES AND CORPORATE GOVERNANCE**

### **Audit Committee**

The audit committee of the Board (the "**Audit Committee**") will be principally responsible for:

- (a) recommending to the Board the external auditor to be nominated for election by the Shareholders at each annual general meeting of Shareholders and negotiating the compensation of such external auditor;
- (b) overseeing the work of the external auditor;
- (c) reviewing Whitehorse's annual and interim financial statements, management discussion and analysis and press releases regarding earnings before they are reviewed and approved by the Board and publicly disseminated by Whitehorse; and
- (d) reviewing Whitehorse's financial reporting procedures and internal controls to ensure adequate procedures are in place for Whitehorse's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph.

### *Audit Committee Charter*

The Board has adopted a charter (the "**Audit Committee Charter**") for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The complete Audit Committee Charter is attached as Appendix "G" to this Listing Application.

### *Composition of the Audit Committee*

The Audit Committee is comprised of Mark Cruise, Lorne Waldman and Kevin Weston. A majority of the members of the Audit Committee are independent directors in accordance with the requirements of NI 52-110. The following table sets out the names of the members of the Audit Committee and whether they will be "independent" and "financially literate". Upon the appointment of an additional independent director to the Board, such director will become a member of the Audit Committee.

<b>Name of Member</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>
Mark Cruise	Yes	Yes
Lorne Waldman	Yes	Yes
Kevin Weston	No	Yes

**Notes:**

- (1) To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with Whitehorse as defined under applicable securities laws. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Kevin Weston is not "independent" by virtue of being the CEO of Whitehorse.
- (2) To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Whitehorse's financial statements.

### *Relevant Education and Experience*

All members of the Audit Committee are experienced business people with a background and experience in financial matters; each has a broad understanding of the accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavor. In addition, each

member of the Audit Committee has knowledge of the role of an audit committee in the realm of reporting companies. Following are the biographies of members of the Audit Committees:

- Mark Cruise: Dr. Mark Cruise is a professional geologist and mining entrepreneur with in excess of 25 years global base and precious metal experience with both major, mid-tier and junior exploration, development and mining companies. He has extensive experience in equity and debt capital markets in addition to financial reporting and associated controls in increasing positions of authority throughout his career including most recently as CEO of New Pacific and co-founder and CEO of Trevali Mining Corporation.
- Lorne Waldman: Lorne Waldman, MBA, LL.B., was a corporate lawyer and senior executive for over 20 years, for NYSE and TSX listed reporting issuers in both the mining and electronics industry. He is a current member of the Law Society of British Columbia and was a Senior VP of Silvercorp, a TSX and NYSE American listed company. Prior to that, he held a senior management positions, including Corporate Secretary and In-house Legal Counsel with a NYSE listed electronics manufacturer. He has extensive experience in a wide range of corporate and securities matters, investor relations, corporate communications and first nations collaboration. He also recently served a director and audit committee member for Nam Tai Property Inc., a NYSE listed real estate company.
- Kevin Weston: Kevin Weston is a Mining Engineer graduate from McGill University in Montreal, Quebec, Canada. With over 35 years' experience in the mining industry, Mr. Weston has worked in project evaluation, mine development and mine operations throughout the world. His most recent assignments were as VP of Operations for a Brazilian gold mining company and COO for the financing and development of a base metals operation in Canada.

#### *Reliance on Certain Exemptions*

As Whitehorse will be listed on the TSXV, it will be a "venture issuer" and may avail itself of exemptions from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110, which require the independence of each member of an audit committee, subject to limited exceptions and the disclosure of audit committee information in an annual information form, respectively. It is expected that Whitehorse will rely on the exemption in Part 3 because not all the members of its Audit Committee will be independent, and it is expected that it also will rely on exemption in Part 5 of NI 52-110 because, as a venture issuer, it is not required to file an annual information form.

#### *External Auditor Service Fees*

Deloitte LLP is the auditor of Whitehorse and did not bill Whitehorse for any audit fees during the period from incorporation on November 27, 2019 to June 30, 2020.

#### **Corporate Governance**

Canadian securities regulatory policy as reflected in NI 58-101 requires that venture issuers like Whitehorse must disclose on an annual basis their approach to corporate governance. NP 58-201 provides regulatory staff guidance on preferred governance practices, although the guidelines are not prescriptive, other than for audit committees. Whitehorse's approach to corporate governance in the context of NI 58-101 and NP 58-201 as well as its compliance with the mandatory rules relating to audit committees is set out below.

#### *Board of Directors*

The Board will have responsibility for the stewardship of Whitehorse including responsibility for strategic planning, identification of the principal risks of Whitehorse's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of Whitehorse's internal control and management information systems.

The Board will set long-term goals and objectives for Whitehorse and will formulate the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board may delegate the responsibility for managing the day-to-day affairs of Whitehorse to senior management but will retain a supervisory role in respect of, and ultimate responsibility for, all matters relating to Whitehorse and its business. The Board is responsible for protecting Shareholders' interests and ensuring that the incentives of the Shareholders and of management are aligned.

The Board is currently comprised of three directors, being Mark Cruise, Lorne Waldman and Kevin Weston. Except for Kevin Weston, the Board considers the majority of the directors to be "independent" in that they will be independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of Whitehorse. Mr. Weston is not considered to be independent, due to his role as the CEO of Whitehorse.

The Board facilitates its exercise of independent supervision over management by the composition of the Board.

#### *Directorships*

As set out below, certain of the current directors of Whitehorse are also directors of other reporting issuers:

<b>Director</b>	<b>Other Issuer</b>
Mark Cruise	New Pacific Metals Corp., Velocity Minerals Ltd.
Lorne Waldman	N/A
Kevin Weston	N/A

#### *Orientation and Continuing Education*

Whitehorse has not yet developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with Whitehorse by meeting with the other directors, officers and employees and by reviewing Whitehorse's corporate records and corporate governance policies. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board. The Board will continue to look at outside sources to strengthen their skills. The Board members are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, and to attend related industry seminars.

#### *Ethical Business Conduct*

The Board will adopt a Code of Business Ethics and Conduct (the "**Code**") applicable to all of its directors, officers and employees, including the CEO, the CFO and other persons performing financial reporting functions. The Code will be used to communicate to directors, officers and employees standards for business conduct in the use of Whitehorse's resources and assets, and to identify and clarify proper conduct in areas of potential conflict of interest. The Code will be designed to deter wrongdoing and promote (a) honest and ethical conduct; (b) compliance with laws, rules and regulations; (c) prompt internal reporting of Code violations; and (d) accountability for adherence to the Code. Violations from standards established in the Code, and specifically under "Whistleblower" situations, will be reported to the chairperson of Audit Committee and will be able to be reported anonymously.

The Board must also comply with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

### *Nomination of Directors*

Whitehorse does not intend to establish a nominating committee. The Board as a whole will be responsible for filling vacancies on the Board and recommending potential nominees for directors, and will use an informal consultative process. The Board will analyse the needs of the Board when vacancies arise and identify and propose new nominees who have the necessary competencies and characteristics to meet those needs. In order to foster an objective nomination process, the independent members of the Board will be encouraged to recommend nominees for the Board.

### *Compensation Committee*

In addition to the Audit Committee, the Board intends to Compensation Committee. The Compensation Committee will be responsible for the review of all compensation paid by Whitehorse to the Board, senior management and employees of Whitehorse and any subsidiaries, to report to the Board on the results of those reviews and to make recommendations to the Board for adjustments to such compensation. Mark Cruise and Lorne Waldman, as independent directors, are the proposed members of the Compensation Committee.

### *Assessments*

The Board has not yet adopted any formal procedures for regularly assessing the effectiveness of the Board, its committees or individual directors with respect to their effectiveness and contributions. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on their assessment of the performance of the Board, its committees or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

## **ITEM 20: AGENT, SPONSOR OR ADVISOR**

Whitehorse has not retained, and does not anticipate to retain, any agent, sponsor or advisor in connection with this Listing Application or the Private Placement.

Whitehorse is requesting an exemption from the sponsorship requirements under Policy 2.2 – Sponsorship and Sponsorship Requirements of the TSXV of the TSXV's Corporate Finance Manual ("**Policy 2.2**"). Under Section 3.4(a)(i) of Policy 2.2, an exemption from the sponsorship requirement may be available where, among other things: (a) the issuer is not a Foreign Issuer (as defined in the TSXV Corporate Finance Manual); (b) the management of the issuer meets a high standard such that the directors and senior officers of the issuer collectively possess appropriate experience, qualifications and history whereby each member or proposed member of the board is suitable both on an individual basis and in relation to other members of the board; and (c) the issuer is any category of Mining or Oil and Gas Issuer category that satisfies at least the Tier 2 Initial Listing Requirements and has a current Geological Report for each of the issuer's Qualifying and Principal Properties (as defined in the TSXV Corporate Finance Manual), including recommendations for exploration and/or development work.

Such conditions will have been satisfied given that Whitehorse is not a Foreign Issuer, its directors and officers meet the standards set out in Section 3.4(a)(i)(B) of the TSXV Corporate Finance Manual, Whitehorse is applying to list on the TSXV as a Tier 2 Mining Issuer and the Tagish Lake Gold Project Technical Report is a current Geological Report for Whitehorse's Qualifying and Principal Property that includes recommendations for exploration and/or development work. Accordingly, Whitehorse anticipates that it will be granted an exemption to the sponsorship requirements under Policy 2.2.

## **ITEM 21: RISK FACTORS**

An investment in the securities of Whitehorse is highly speculative, involves a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prior to investing in such securities, you should carefully consider the risks described below, together with other information included in or incorporated by reference into this Listing Application. If any of the following risks materialize, the business, financial condition, results of operation and future

prospects of Whitehorse will likely be materially and adversely affected. This could cause actual future events to differ materially from those described in forward-looking statements and may cause the trading price of Whitehorse's securities to decline.

The risks presented below should not be considered exhaustive and may not be all the risks Whitehorse may face. Management of Whitehorse believes that factors set out below could cause actual results to be different from expected and historical results. Other sections of this Listing Application include additional factors that could have an effect on the business and financial performance of Whitehorse's business. New risks may emerge from time to time and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

## **Risk Factors Related to the Arrangement**

### *Whitehorse May Not Realize Anticipated Benefits of the Arrangement*

The Arrangement was proposed by New Pacific and Whitehorse to strengthen the position of each entity in the mining and exploration industry and to create the opportunity to realize certain benefits. Achieving the benefits of the Arrangement depends in part on the ability of Whitehorse to effectively capitalize on its scale, to realize the anticipated capital and operating synergies, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities. A variety of factors, including those risk factors set forth in this Listing Application may adversely affect the ability of Whitehorse to achieve the anticipated benefits of the Arrangement.

### *Whitehorse May Be Unable to Operate as an Independent Entity*

Following the Arrangement, the separation of Whitehorse from the other business of New Pacific may materially affect Whitehorse. Whitehorse may not be able to implement successfully the changes necessary to operate independently. Whitehorse may incur additional costs relating to operating independently that could materially affect its cash flows and results of operations. Whitehorse may require New Pacific to provide Whitehorse with certain services and facilities on a transitional basis. Whitehorse may, as a result, be dependent on such services and facilities until it is able to provide or obtain its own.

### *Pro-forma Financial Statements*

The pro-forma financial statements attached to this Listing Application and information derived therefrom contained in this Listing Application are presented for illustrative purposes only and may not be an indication of Whitehorse's financial condition following the Arrangement for several reasons. For example, such pro-forma financial statements have been derived from the historical financial statements of Whitehorse and certain assumptions have been made. The information upon which these assumptions have been made is historical, preliminary and subject to change. Moreover, the pro-forma financial statements do not reflect all costs that are expected to be incurred by Whitehorse in connection with the Arrangement. In addition, the assumptions used in preparing the pro-forma financial statements may not prove to be accurate.

## **Risks Related to the Private Placement**

### *Discretion in Use of Proceeds*

Whitehorse intends to use the net proceeds of the Private Placement as set forth under "*Item 6 – Financings*". Management of Whitehorse maintains broad discretion to spend the proceeds in ways that it deems most efficient and may use the net proceeds other than as described and in ways that shareholders may not consider desirable. As a result, shareholders will be relying on the judgment of management for the application of the net proceeds of the Private Placement. The failure to apply the net proceeds as set forth under "*Item 6 – Financings*" or the failure of Whitehorse to achieve its stated business objectives set forth in such section, could adversely affect Whitehorse's business.

## **Risks Related to Whitehorse's Business**

### *COVID-19*

Whitehorse's business, operations and financial condition could be materially adversely affected by the outbreak of pandemics or other health crises, such as the outbreak of COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility, and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. In addition, the current COVID-19 pandemic, and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the Whitehorse's operations, and the operations of suppliers, contractors and service providers.

Whitehorse may experience business interruptions, including suspended (whether government mandated or otherwise) or reduced operations relating to COVID-19 and other such events outside of Whitehorse's control, which could have a material adverse impact on its business, operations and operating results, financial condition and liquidity. As at the date hereof, the duration of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. It is unknown whether and how Whitehorse may be affected if the pandemic persists for an extended period of time. Whitehorse's exposure to such public health crises also includes risks to employee health and safety. Should an employee, contractor, community member or visitor become infected with a serious illness that has the potential to spread rapidly, this could place Whitehorse's workforce at risk.

### *No History of Operations, Earnings or Dividends*

Following completion of the Arrangement, Whitehorse became an independent public company. The operating history of New Pacific cannot be regarded as the operating history of Whitehorse. The ability of Whitehorse to raise capital, satisfy its obligations and provide a return to its shareholders will be dependent on future performance. It will not be able to rely on the capital resources and cash flows of New Pacific.

Whitehorse has not yet commenced operations and therefore has no history of earnings or of a return on investment, and there is no assurance that its assets will generate earnings, operate profitably or provide a return on investment in the future. The likelihood of success of Whitehorse must also be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. Whitehorse's proposed business strategies incorporate its management's best analysis of potential markets, opportunities and difficulties that it may face. No assurance can be given that the underlying assumptions will be achieved. Whitehorse has never paid a dividend and, while it currently intends to seek to pay dividends in the future, has no current plans to pay dividends. The future dividend policy of Whitehorse will be determined by the Board.

### *Market Price and Listing of Common Shares*

Whitehorse is seeking to have the Common Shares listed and posted for trading on the TSXV. The listing of the Common Shares will be subject to the satisfaction of all of the TSXV's initial listing requirements. If Whitehorse receives final approval for listing the Common Shares on the TSXV, there is no assurance that it will maintain such listing on the TSXV or a listing on any other exchange or quotation service. There can be no assurance that an active trading market will develop or be sustained for the Common Shares. Shareholders may not be able to resell the Common Shares, which may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares. If an active or liquid market for the Common Shares fails to develop or be sustained, the price at which the Common Shares trade may be adversely affected.

An investment in Whitehorse's securities is highly speculative, due to the high-risk nature of its business, lack of diversification and the present stage of its development. Shareholders of Whitehorse may lose their entire investment. If the Common Shares are publicly traded, the market price of the Common Shares may be affected by many variables not directly related to the corporate performance of Whitehorse, including the market in which it is traded, the strength

of the economy generally, the availability and attractiveness of alternative investments and the breadth of the public market for its shares. The effect of these and other factors on the market price of the Common Shares in the future cannot be predicted. The lack of an active public market could have a material adverse effect on the price of the Common Shares.

#### *No Revenues or Ongoing Mining Operations*

Whitehorse is a development stage mineral company and has no revenue from operations and no ongoing mining operations of any kind. Whitehorse has not developed or operated any mines, and has no operating history upon which an evaluation of Whitehorse's future success or failure can be made. Whitehorse's ability to achieve and maintain profitable mining operations is dependent upon a number of factors, including its ability to successfully build and operate mines, processing plants, and related infrastructure. Whitehorse may not successfully establish mining operations or profitably produce metals at its properties. As such, Whitehorse does not know if it will ever generate revenues. Such conditions, along with other matters set forth in the financial statements and management's discussion and analysis, attached hereto as Appendix "B" and "C", respectively, indicate that uncertainty exists that may cast a doubt on Whitehorse's ability to continue as a going concern.

#### *Mineral Deposits May Not Be Economical*

The determination of whether any mineral deposits at the Tagish Lake Gold Project are economical is affected by numerous factors beyond the control of Whitehorse. These factors include: (a) the metallurgy of the mineralization forming the mineral deposit; (b) market fluctuations for metal prices; (c) the proximity and capacity of natural resource markets and processing equipment; and (d) government regulations, governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection.

#### *Changes in Market Price of Metals*

The potential of the Tagish Lake Gold Project to be economically mined is significantly affected by changes in the market price of metals. The market price of metals is volatile and is impacted by numerous factors beyond the control of Whitehorse, including: (a) expectations with respect to the rate of inflation; (b) the relative strength of the U.S. dollar and certain other currencies; (c) interest rates; (d) global or regional political or economic conditions; (e) supply and demand for jewelry and industrial products containing metals; and (f) sales by central banks, other holders, speculators, and producers of gold and other metals in response to any of the above factors. A decrease in the market price of metals could make it difficult or impossible to finance the exploration or development of the Tagish Lake Gold Project or cause Whitehorse to determine that it is impractical to continue development of the Tagish Lake Gold Project, which would have a material adverse effect on the financial condition and results of operations of Whitehorse. There can be no assurance that the market price of metals will not decrease.

#### *Mining Operations May Not Be Established or Profitable*

Whitehorse has no history of production. The future development of the Tagish Lake Gold Project will require additional financing, permits, design, construction, processing plant, and related infrastructure. As a result, Whitehorse will be subject to all of the risks associated with establishing new mining operations and business enterprises, including: (a) the timing and cost, which will be considerable, of obtaining all necessary permits including environmental, construction, and operating permits; (b) the timing and cost, which will be considerable, of the construction of mining and processing facilities; (c) the availability and costs of skilled labour, power, water, transportation, and mining equipment; (d) the availability and cost of appropriate smelting and/or refining arrangements; (e) the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; and (f) the availability of funds to finance construction and development activities.

It is common in new mining operations to experience unexpected problems and delays during permitting, construction, development, and mine start-up. In addition, delays in the commencement of mineral production often occur, and once commenced, the production of a mine may not meet expectations or the estimates set forth in feasibility or other

studies. Accordingly, there are no assurances that Whitehorse will successfully establish mining operations or become profitable.

#### *Estimates of Mineralization Figures*

The mineralization figures presented in the Tagish Lake Gold Project Technical Report are based upon estimates made by qualified persons. These estimates are imprecise and depend upon interpretation of geologic formations, grade, and metallurgical characteristics and upon statistical inferences drawn from drilling and sampling analysis, any or all of which may prove to be unreliable. Material changes in mineral resources or mineral reserves, grades, stripping ratios, or recovery rates may affect the economic viability of any project. Estimates can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, and work interruptions. There can be no assurance that: (a) the estimates made by qualified persons upon which the mineralization figures presented in the Tagish Lake Gold Project Technical Report are based will be accurate; (b) mineral resource or other mineralization figures will be accurate; or (c) this mineralization could be mined or processed profitably.

Mineralization estimates for the Tagish Lake Gold Project may require adjustments or downward revisions based upon further exploration or development work. It is possible that the following may be encountered: unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and silver recovery, and unanticipated ground or earth conditions. If mining operations are commenced, the grade of mineralization ultimately mined, if any, may differ from that indicated by drilling results. Estimates of mineral recovery rates used in mineral reserve and mineral resource estimates are uncertain and there can be no assurance that mineral recovery rates in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

#### *Operations and Exploration Subject to Governmental Regulations*

Whitehorse's operations and exploration and development activities are subject to extensive laws and regulations governing various matters, including: (a) environmental protection; (b) management and use of toxic substances and explosives; (c) management of natural resources; (d) management of tailings and other wastes; (e) mine construction; (f) exploration, development of mines, production and post-closure reclamation; exports; (g) price controls; (h) taxation and mining royalties; (i) regulations concerning business dealings with indigenous groups; (j) labour standards and occupational health and safety, including mine safety; and (k) historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities, enjoining or curtailing operations, or requiring corrective measures, installation of additional equipment, or remedial actions, any of which could result in Whitehorse incurring significant expenditures. Whitehorse may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations, or permitting requirements. It is also possible that future laws and regulations, or a more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of Whitehorse's operations, if any, and delays in the development of the Tagish Lake Gold Project.

#### *Impact of Environmental Laws and Regulations*

The Tagish Lake Gold Project is subject to regulation by governmental agencies under various environmental laws. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations. Compliance with environmental laws and regulations may require significant capital outlays on behalf of Whitehorse and may cause material changes or delays in Whitehorse's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect Whitehorse's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of Whitehorse's business, causing it to re-evaluate those activities at that time.

### *Mining is Inherently Dangerous*

The business of mining is subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, cave-ins, pit wall failures, flooding, fires, rock bursts, explosions, power outages, periodic interruptions due to inclement or hazardous weather conditions, and other acts of God or unfavourable operating conditions. Such risks could result in damage to, or destruction of, mineral properties or processing facilities, personal injury or death, loss of key employees, environmental damage, delays in mining, increased production costs, monetary losses, and possible legal liability.

Where considered practical to do so, Whitehorse will maintain insurance against risks in the operation of its business in amounts which it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums, or will be adequate to cover any resulting liability. In some cases, coverage is not available or is considered too expensive relative to the perceived risk. Whitehorse may suffer a material adverse effect on its business if it incurs losses related to any significant events that are not covered sufficiently or at all by its insurance policies.

### *Financing Risks*

Whitehorse expects to be substantially dependent upon the equity and debt capital markets or alternative sources of funding to pursue additional investments. There can be no assurance that such financing will be available to Whitehorse on acceptable terms or at all.

Additional equity or debt financings may significantly dilute positions held by shareholders of Whitehorse, increase Whitehorse's leverage or require Whitehorse to grant security over its assets. If Whitehorse is unable to obtain such financing, it may not be able to develop the Tagish Lake Gold Project or execute on its business strategy. If Whitehorse is unable to obtain financing for business activities, it may determine to allocate income, if any, from other investments to finance business activities.

### *Competition*

The mining industry is intensely competitive. Whitehorse will compete with other mining companies, many of which have greater financial resources for the acquisition of mineral claims, permits, and concessions, as well as for the recruitment and retention of qualified employees. Increased competition could adversely affect Whitehorse's ability to attract necessary capital funding.

### *Title to Mineral Properties*

Establishing title to mineral properties is a very detailed and time-consuming process. Title to the area of mineral properties may be disputed. While Whitehorse has investigated title to all of its mineral claims and, to the best of its knowledge, title to all of its properties are in good standing, Whitehorse's mineral properties may be subject to prior unregistered agreements or transfers and title may be affected by such undetected defects. There may be valid challenges to the title of Whitehorse's properties which, if successful, could impair exploration, development and/or operations. Whitehorse's mineral properties may be subject to aboriginal land claims, prior unregistered agreements or transfers and title may be affected by undetected defects. Whitehorse cannot give any assurance that title to its properties will not be challenged.

### *Potential Conflicts of Interest*

Some of the individuals who are or will be Whitehorse's officers and directors are directors or officers of other resource or mining-related companies and these associations may give rise to conflicts of interest from time to time. As a result of these conflicts of interest, Whitehorse may miss the opportunity to participate in certain transactions, which may have a material adverse effect on Whitehorse's financial position.

### *Attracting and Retaining Qualified Management*

Whitehorse will be dependent on the services of key executives and other highly skilled personnel focused on advancing its corporate objectives, as well as the identification of new opportunities for growth and funding. Due to Whitehorse's relatively small size, the loss of these individuals or its inability to attract and retain additional highly skilled employees required for its activities may have a material adverse effect on Whitehorse's business and financial condition.

### *Global Financial Conditions May Be Volatile*

Market events and conditions, including the ongoing novel coronavirus pandemic, disruptions in the international credit markets and other financial systems, along with political instability have resulted in commodity prices remaining volatile. These conditions have also caused a loss of confidence in global credit markets resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, tighter regulations, less liquidity, widening credit spreads, less price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks and investment banks, insurers and other financial institutions caused the broader credit markets to be volatile and interest rates to remain at historical lows. These events are illustrative of the effect that events beyond Whitehorse's control may have on commodity prices, demand for metals, including gold and silver, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect Whitehorse's business. Global financial conditions have always been subject to volatility. Access to public financing has been negatively impacted by sovereign debt concerns in Europe and emerging markets, as well as concerns over global growth rates and conditions. These and other factors may impact the ability of Whitehorse to obtain equity or debt financing in the future and, if obtained, the favourability of the terms of such financing to Whitehorse. Increased levels of volatility and market turmoil can adversely impact Whitehorse's operations and the price of the Common Shares.

## **ITEM 22: PROMOTERS**

Under applicable Canadian securities laws, New Pacific may be considered a promoter of Whitehorse in that it took the initiative in founding Whitehorse for the purpose of implementing the Arrangement. As at the date hereof, New Pacific does not hold any Common Shares, as all of the Common Shares held by it were distributed on a pro rata basis to the New Pacific Shareholders pursuant to the Arrangement Agreement.

Pursuant to the Share Exchange Agreement, Whitehorse acquired the Tagish Lake Shares from New Pacific on February 12, 2020 for an aggregate purchase price equal to the fair market value of the Tagish Lake Shares as determined between the parties. The purchase price was satisfied by Whitehorse issuing to New Pacific: (a) 20,000,000 Common Shares; and (b) the Share Exchange Promissory Note (which was repaid in full by Whitehorse on November 18, 2020. Other than the consideration received pursuant to the Share Exchange Agreement, New Pacific did not receive anything of value from Whitehorse.

Information regarding the costs of the Tagish Lake Shares can be found in the financial statements which are attached as Appendices "B", "D" and "H" to this Listing Application, respectively.

See "*Item 5 – Description of the Business*".

## **ITEM 23: LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

In the ordinary course of business, Whitehorse may become involved in various legal, administrative, regulatory and other proceedings, actions, claims and inquiries relating to its business.

Whitehorse is not aware of any existing or pending legal proceedings or regulatory actions material to Whitehorse to which Whitehorse is a party or to which any of its property is subject since the beginning of its most recently completed financial year.

Since incorporation, there have not been any penalties or sanctions imposed against Whitehorse by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against Whitehorse, and Whitehorse has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

#### **ITEM 24: INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than the Arrangement and the Private Placement, no director, executive officer or person beneficially owning, controlling or directing, indirectly or directly, more than 10% of the Common Shares, nor their respective affiliates or associates, has had any material interest in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect Whitehorse or any subsidiary of Whitehorse. Lorne Waldman and Silvercorp participated in the Arrangement on the same basis as all other New Pacific Shareholders. Kevin Weston, Jean Zhang, Steve Stakiw, Mark Cruise, Lorne Waldman and Silvercorp subscribed for Common Shares in the Private Placement. See "*Item 16 – Directors and Executive Officers – Name, Occupation and Security Holdings*" and "*Item 15 – Principal Securityholders*".

#### **ITEM 25: INVESTOR RELATIONS ARRANGEMENTS**

Whitehorse has not entered into and does not presently intend to enter into, any written or oral agreement or understanding with any person to provide promotional or investor relations services to Whitehorse.

#### **ITEM 26: AUDITORS, TRANSFER AGENTS AND REGISTRARS**

Deloitte LLP, Chartered Professional Accountants, at its offices located at 939 Granville St, Vancouver, BC V6Z 1L3 are the auditors for Whitehorse and are independent with respect to Whitehorse within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The transfer agent and registrar of the Common Shares is Computershare Investor Services Inc. at its offices located at 510 Burrard St, Vancouver, BC V6C 3B9.

#### **ITEM 27: MATERIAL CONTRACTS**

Except for contracts entered into by Whitehorse in the ordinary course of business, the only current material contracts entered into or currently anticipated to be entered into by Whitehorse which can reasonably be regarded as presently material are the Arrangement Agreement and the Share Exchange Agreement.

A copy of each of the Arrangement Agreement and the Share Exchange Agreement is available on Whitehorse's SEDAR profile at [www.sedar.com](http://www.sedar.com). See "*Item 5 – Description of the Business – The Arrangement*" for further details.

#### **ITEM 28: EXPERTS**

Deloitte LLP, Chartered Professional Accountants, of Vancouver, British Columbia, are the auditors for Whitehorse and are independent with respect to Whitehorse within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Ronald G. Simpson, P. Geo, of GeoSim Services Inc. prepared the Tagish Lake Gold Project Technical Report which is referred to in this Listing Application. Mr. Simpson is the "qualified person" for the purposes of NI 43-101 and is independent of Whitehorse, and has reviewed, verified and approved the technical and scientific disclosure contained in this Listing Application.

Whitehorse has been informed that there is no registered or beneficial interest, direct or indirect, in any securities or property of Whitehorse or its affiliates or associates: (a) that was held by Mr. Simpson when the Tagish Lake Gold Project Technical Report was prepared; (b) received by Mr. Simpson after the Tagish Lake Gold Project Technical

Report was prepared; or (c) to be received by Mr. Simpson. As at the date of this Listing Application, Mr. Simpson does not own any Common Shares.

**ITEM 29: OTHER MATERIAL FACTS**

There are no any material facts about the Common Shares that are not disclosed under any other heading of this Listing Application and which are necessary in order for this Listing Application to contain full, true and plain disclosure of all material facts relating to the Common Shares.

**ITEM 30: ADDITIONAL INFORMATION – MINING APPLICANTS**

The details on the Tagish Lake Gold Project required by this Item 30 are contained elsewhere in this Listing Application. In particular, please see: (a) "*Item 6 – Financings*" for details on the nature and extent of the Phase I Work Program and the Phase II Work Program expected to be carried out by Whitehorse using funds available to it upon listing on the TSXV; (b) "*Item 5 – Description of the Business – Tagish Lake Gold Project – Proposed Timetable for Phase I Work Program*" for the proposed timetable for the Phase I Work Program (including approximate dates for commencement, completion and releasing of results); and (c) "*Item 5 – Description of the Business – Tagish Lake Gold Project – Capital and Operating Costs*" for expected cost breakdown for the Phase I Work Program and Phase II Work Program.

**ITEM 31: EXEMPTIONS**

No discretionary exemption from a securities regulator or securities regulatory authority has been applied for or received by Whitehorse within the 12 months preceding the date of this Listing Application.

**ITEM 32: FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS**

Included as Appendix "B" to this Listing Application are the audited consolidated financial statements of Whitehorse from incorporation on November 27, 2019 to June 30, 2020 and the notes thereto.

Included as Appendix "D" to this Listing Application are the audited financial statements of Tagish Lake for the years ended June 30, 2020, 2019 and 2018 and the notes thereto.

Included as Appendix "H" to this Listing Application are the unaudited pro forma combined financial statements of Whitehorse for the year ended June 30, 2020 and the notes thereto.

**ITEM 33: SIGNIFICANT ACQUISITIONS**

Whitehorse has not completed any significant acquisitions requiring disclosure under this Item 33.

**ITEM 34: CERTIFICATES**

**34.1 Certificate of Whitehorse Gold Corp.**

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

Dated November 18, 2020.

"Kevin Weston" (signed)  
Kevin Weston  
Chief Executive Officer and Director

"Jean Zhang" (signed)  
Jean Zhang  
Chief Financial Officer and Corporate Secretary

**On Behalf of the Board of Directors of Whitehorse Gold Corp.**

"Mark Cruise" (signed)  
Mark Cruise  
Director

"Lorne Waldman" (signed)  
Lorne Waldman  
Director

**34.2 Certificate of Sponsor**

Not applicable.

**34.3 Acknowledgement – Personal Information**

"**Personal Information**" means any information about an identifiable individual.

Whitehorse hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the TSXV of the Personal Information contained in or submitted pursuant to this Listing Application for the purposes described in Appendix "A" to this Listing Application.

Dated November 18, 2020.

"Kevin Weston" (signed)  
Kevin Weston  
Chief Executive Officer and Director

**APPENDIX A**  
**FORM 2B PERSONAL INFORMATION COLLECTION POLICY**

**Collection, Use and Disclosure**

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the "**Exchange**") collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals' involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

**Personal Information the Exchange collects may also be disclosed:**

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

**Questions**

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.

**APPENDIX B**  
**AUDITED ANNUAL FINANCIAL STATEMENTS OF WHITEHORSE GOLD CORP.**

(attached)

# **Whitehorse Gold Corp.**

Audited Consolidated Financial Statements

From incorporation on November 27, 2019 to June 30, 2020

## Independent Auditor's Report

To the Shareholders of  
New Pacific Metals Corp.

### Opinion

We have audited the consolidated financial statements of Whitehorse Gold Corp. (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2020, the consolidated statements of comprehensive income, changes in equity and cash flows from incorporation on November 27, 2019 to June 30, 2020, and notes to the 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 June 30, 2020, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

### 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 has not generated any revenues from operations. As at June 30, 2020, the Company's current liabilities exceeded its current assets by \$3,211,469. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists 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 the information, other than the financial statements and our auditor's report thereon, in the Management's Discussion and Analysis.

Our opinion on the 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 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 the 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.

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.

/s/ Deloitte LLP

Chartered Professional Accountants

Vancouver, British Columbia

August 25, 2020

# Whitehorse Gold Corp.

## Consolidated Statement of Financial Position

(Expressed in Canadian dollars)

	Notes	As at June 30, 2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash		\$ 419,860
Receivables		1,058
		<b>420,918</b>
<b>Non-current Assets</b>		
Reclamation deposit		15,075
Property and equipment	4	13,838
Mineral property interests	5	11,820,000
<b>Total Assets</b>		<b>\$ 12,269,831</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities		\$ 18,097
Payables due to a related party	6	114,290
Promisory notes due to a related party	6	3,500,000
<b>Total Liabilities</b>		<b>3,632,387</b>
<b>EQUITY</b>		
Share capital	7	-
Retained earnings		8,637,444
		<b>8,637,444</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 12,269,831</b>

See accompanying notes to the consolidated financial statements

# Whitehorse Gold Corp.

## Consolidated Statements of Comprehensive Income

(Expressed in Canadian dollars)

	Notes	From incorporation on November 27, 2019 to June 30, 2020
<b>Operating expenses</b>		
Depreciation		\$ 46
Investor relations		697
Professional fees		9,010
Salaries and benefits		98,741
Office and administration		29,829
		<b>138,323</b>
<b>Other income (expenses)</b>		
Impairment reversal of mineral property interests		11,714,944
Foreign exchange gain		29
Interest expense	6	(79,754)
		<b>11,635,219</b>
<b>Comprehensive income for the period</b>		<b>\$ 11,496,896</b>
<b>Earnings per common share</b>		
<b>Basic and diluted earnings per share</b>		<b>\$ 0.89</b>
<b>Weighted average number of common shares - basic and diluted</b>		<b>12,870,371</b>

See accompanying notes to the consolidated financial statements

# Whitehorse Gold Corp.

## Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	From incorporation on November 27, 2019 to June 30, 2020
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Comprehensive income		\$ 11,496,896
Interest expense		79,754
Depreciation		46
Impairment reversal on mineral property interests		(11,714,944)
Unrealized foreign exchange gain		(29)
Changes in non-cash operating working capital		
Receivables		(643)
Accounts payable and accrued liabilities		13,375
Related parties		34,536
<b>Net cash used in operating activities</b>		<b>(91,009)</b>
<b>Investing activities</b>		
Mineral property interest		
Capital expenditures	5	(851)
Additions	4	(13,884)
Cash acquired through share-exchange	3	25,575
<b>Net cash provided by investing activities</b>		<b>10,840</b>
<b>Financing activities</b>		
Promisory Note		
Proceeds	6	500,000
<b>Net cash provided by financing activities</b>		<b>500,000</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>29</b>
<b>Increase in cash and cash equivalents</b>		<b>419,860</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>-</b>
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 419,860</b>

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		Retained earning	Total equity
		Number of shares	Amount		
<b>Balance, November 27, 2019</b>					
Share issuance on incorporation		1	\$ -	\$ -	-
Shares issuance in exchange for net assets acquired from parent	3	20,000,000	-	(2,859,452)	(2,859,452)
Net income			-	11,496,896	11,496,896
<b>Balance, June 30, 2020</b>		<b>20,000,001</b>	<b>\$ -</b>	<b>\$ 8,637,444</b>	<b>\$ 8,637,444</b>

See accompanying notes to the consolidated financial statements

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

### From incorporation on November 27, 2019 to June 30, 2020

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

#### 1. CORPORATE INFORMATION

Whitehorse Gold Corp. (the “Company” or “Whitehorse Gold”) is a Canadian mining company engaged in exploring and developing mining properties. Whitehorse Gold was incorporated under the *Business Corporations Act (British Columbia)* on November 27, 2019. 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 is a privately held company, that is 100% owned by New Pacific Metals Corp. and operates in one operating segment and geological segment, which is the exploration of its mineral properties located in Yukon, Canada.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

*(a) Statement of Compliance and Going Concern Basis*

These 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 financial statements are based on IFRS in effect as of June 30, 2020. These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

These financial statements have been prepared on a going concern basis. The Company has not generated any revenues from operations. As at June 30, 2020, the Company’s current liabilities exceeded its current assets by \$3,211,469. The above conditions, along with other factors indicated the existence of material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. 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. The Company will be required to raise additional funds in the future for the development of its projects and other activities through the issuance of additional equity or debt. Following completing the spin-out transaction (Note 11), the Company intends to apply for a listing on the TSX Venture Exchange as well as raise funds through a private placement financing.

The consolidated financial statements of the Company from the incorporation on November 27, 2019 to June 30, 2020 were authorized for issue in accordance with a resolution of the Board of Directors (the “Board”) dated on August 25, 2020.

*(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.

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

From incorporation on November 27, 2019 to June 30, 2020

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

*(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.

*(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
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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 a acquisition of assets between entities under common control are recorded at the parent company's 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.

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

From incorporation on November 27, 2019 to June 30, 2020

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

### *(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) Income Taxes*

Current tax for each taxable entity is based on the taxable income at the substantively enacted statutory tax rate at the balance sheet 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.

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

### From incorporation on November 27, 2019 to June 30, 2020

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

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.

#### *(i) 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").

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

From incorporation on November 27, 2019 to June 30, 2020

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

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 assesses at the end of each reporting period whether there is objective evidence that financial assets or group of financial assets measured at amortized cost are impaired. Impairment losses and reversal of impairment losses, if any, are recognized in profit or loss in the period they are incurred

### *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 FVTPL: cash and cash equivalents,
- Financial assets classified as amortized cost: receivables; and
- Financial liabilities classified as amortized cost: trade and other payables, 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,

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

From incorporation on November 27, 2019 to June 30, 2020

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

and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive 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.

### *(j) Significant Judgments and Estimation Uncertainties*

Many amounts included in the 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.

Areas of significant estimates include:

- The estimated fair values of CGUs for impairment or impairment reversal tests, including estimates of future costs to produce proven and probable reserves, future commodity prices, discount rates, probabilities of expected cash flows from disposal and salvage value of plant and equipment.

### **3. ACQUISITION**

On February 12, 2020, the Company entered into a share exchange agreement with its parent, New Pacific Metals ("New Pacific"), pursuant to which New Pacific transferred to the Company all the issued and outstanding shares (the "Tagish Shares") in the authorized share structure of Tagish Lake Gold Corp. ("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 Debt").

The transaction is a combining of entities that 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 was recorded at its book value on New Pacific's record. Difference between Tagish Lake's net assets acquired and the Share Exchange Debt was recognized in the consolidated statement of changes in equity.

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

### From incorporation on November 27, 2019 to June 30, 2020

(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)
<b>Net assets acquired</b>		<b>140,548</b>
<b>Share Exchange Debt</b>		<b>(3,000,000)</b>
<b>Difference recognized in equity</b>		<b>\$ (2,859,452)</b>

#### 4. PLANT AND EQUIPMENT

Cost	Computer software
Balance as at November 27, 2019	\$ -
Additions	13,884
<b>Ending balance as at June 30, 2020</b>	<b>13,884</b>
<b>Accumulated depreciation, amortization and depletion</b>	
Balance as at November 27, 2019	-
Depreciation, amortization and depletion	(46)
<b>Ending balance as at June 30, 2020</b>	<b>(46)</b>
<b>Carrying amounts</b>	
Balance as at November 27, 2020	-
<b>Ending balance as at June 30, 2020</b>	<b>\$ 13,838</b>

#### 5. MINERAL PROPERTY INTERESTS

The Company acquired The Tagish Lake Gold Project ("TLG Project") through the share exchange agreement of Tagish Shares. TLG Project, covering an area of 166 km<sup>2</sup>, 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 Gully and Mount Skukum respectively.

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

### From incorporation on November 27, 2019 to June 30, 2020

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

In Q4, fiscal 2020, significant changes with favourable effects on the TLG Project have taken place. 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 TLG Project to its recoverable amount, being its fair value less costs of disposal ("FVLCD"). 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.

After the Company acquired TLG project through the share exchange transaction, total expenditures of \$851 were capitalized under the project for renewing certain permits and claims.

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

<b>Cost</b>	<b>Note</b>	<b>TLG Project</b>
<b>Balance, November 27, 2019</b>		\$ -
<u>Capitalized exploration expenditures</u>		
Acquisition of TLG	3	104,205
Permitting		851
Impairment reversal		11,714,944
<b>Balance, June 30, 2020</b>		<b>\$ 11,820,000</b>

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

### 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 financial statements are as follows:

	Note	June 30, 2020
Payables due to New Pacific	i	\$ 114,290
Promissory notes due to a related party	ii	\$ 3,500,000

- i) New Pacific is the parent of the Company. The amounts due to New Pacific related to invoices paid by New Pacific on behalf of the Company and accrued interest for the promissory note as described below.
- ii) The Company entered into shares exchange agreement for Tagish Shares with New Pacific on February 12, 2020 (note 3). As part of the exchange for the Tagish Shares, the Company signed a promissory note with New Pacific to pay \$3,000,000 on demand.

The Company entered into another promissory note with New Pacific on February 12, 2020, in which the Company borrowed \$500,000 from New Pacific to meet its short term operating needs.

The two promissory notes are repayable on demand and bear an annual interest of 6%. During the period from November 27, 2019 to June 30, 2020, a total of \$79,754 interest expense for these promissory notes was recorded in the statement of comprehensive income.

The remuneration of key management personnel is as follows:

	From incorporation on November 27, 2019 to June 30, 2020
Key management's salaries and benefits	\$ 57,271

#### 7. SHARE CAPITAL

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

#### 8. FINANCIAL INSTRUMENTS

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

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

### From incorporation on November 27, 2019 to June 30, 2020

(Expressed in Canadian dollars, except for share figures)

#### (a) Fair Value

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of inputs used in making the measurements as defined in IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”).

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 following table sets forth the Company’s financial assets that are measured at fair value on a recurring basis by level within the fair value hierarchy as at June 30, 2020 that are not otherwise disclosed. As required by IFRS 7, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Recurring measurements	Fair value as at June 30, 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
Cash	419,860	-	-	419,860

Fair value of other financial instruments excluded from the table above approximates their carrying amount as of June 30, 2020.

There were no transfers into or out of Level 3 during the period from November 27, 2019 to June 30, 2020.

#### (b) Liquidity Risk

The Company has no operating revenues from its operations. Liquidity risk is the risk that the Company will not be able to meet its short term business requirements. As at June 30, 2020, the Company had a working capital deficit position of \$3,211,469. The Company’s ability to continue operations in the normal course of business is dependent on the Company’s ability to secure additional financing.

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

### From incorporation on November 27, 2019 to June 30, 2020

(Expressed in Canadian dollars, except for share figures)

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:

	June 30, 2020	
	Due within a year	Total
Trade and other payables	\$ 18,097	\$ 18,097
Payables due to a related party	114,290	114,290
Promisory notes due to a related party	3,500,000	3,500,000
	\$ 3,632,387	\$ 3,632,387

#### (c) Foreign Exchange Risk

The Company is exposed to foreign exchange risk when it undertakes transactions and holds assets and liabilities denominated in foreign currencies other than its functional currencies. The Company currently does not engage in foreign exchange currency hedging. The Company's exposure to foreign exchange risk is summarized as follows:

	June 30, 2020
United States dollars	\$ 632

As at June 30, 2020, with other variables unchanged, a 1% strengthening (weakening) of the US dollar against the CAD would have increased (decreased) net income by approximately \$6.

#### (d) 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 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 and cash equivalents are held with major financial institutions. As at June 30, 2020, the Company had a receivables balance of \$1,058.

## 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

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

From incorporation on November 27, 2019 to June 30, 2020

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

depending on economic conditions. Significant risks are monitored and actions are taken, when necessary, according to the Company's approved policies.

In addition, the current outbreak of COVID-19 has caused significant disruption to global economic conditions which may adversely impact the Company's results. Moreover, COVID-19 has also negatively impacted on the stock markets which could adversely impact the Company's ability to raise capital.

### 10. INCOME TAX

The income tax reconciliation is summarized below:

	From incorporation on November 27, 2019 to June 30, 2020
Canadian statutory tax rate	27.00%
Income before income taxes	\$ 11,496,896
Income tax expense computed at statutory rates	3,104,162
Change in unrecognized deferred tax assets	(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:

	June 30, 2020
Non-capital loss carry forward	\$ 8,067,156
Plant and equipment	2,994,739
Mineral property interests	18,469,089
Investment tax credit	1,624,391
	\$ 31,155,375

# Whitehorse Gold Corp.

## Notes to the Consolidated Financial Statements

### From incorporation on November 27, 2019 to June 30, 2020

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

As of June 30, 2020, the Company has the following net operating losses, expiring various years to 2040 and available to offset future taxable income:

2030	\$	1,108,972
2031		1,031,233
2032		1,321,934
2033		1,173,305
2034		1,337,753
2035		1,339,406
2036		-
2037		123,118
2038		168,723
2039		202,167
2040		260,545
	\$	8,067,156

#### 11. SUBSEQUENT EVENTS

Subsequent to June 30, 2020, a total of 3,450,000 options with a life of ten years were granted to directors, officers, and employees at exercise prices of \$0.05 per share 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 until fully vested.

On July 22, 2020, New Pacific announced that, subject to customary approvals, it intends to (directly or indirectly) distribute the Company's common shares to its shareholders on a pro rata basis by way of a plan of arrangement under the *Business Corporations Act* (British Columbia) and apply to list the Whitehorse Gold common shares on TSX Venture Exchange.

**APPENDIX C**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF WHITEHORSE GOLD CORP.**

(attached)

# WHITEHORSE GOLD CORP.

## Management's Discussion and Analysis

For the period from incorporation on November 27, 2019 to June 30, 2020

(Expressed in Canadian dollars, unless otherwise stated)

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### DATE OF REPORT: August 25, 2020

*This MD&A provides a review of the operations of Whitehorse Gold Corp. and its subsidiary Tagish Lake Gold Corp. ("Tagish Lake") (collectively "Whitehorse Gold" or the "Company") and has been prepared on the basis of available information up to the date hereof. It should be read in conjunction with the Company's audited consolidated financial statements for the period from incorporation on November 27, 2019 to June 30, 2020 and the audited financial statements of Tagish Lake for the years ended June 30, 2020, 2019 and 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company's significant accounting policies are set out in Note 2 of the audited consolidated financial statements for period from incorporation on November 27, 2020 to June 30, 2020.*

### CORPORATE INFORMATION

The Company is a Canadian mining company engaged in exploring and developing mineral properties in Canada, which was incorporated under the *Business Corporations Act* (British Columbia) on November 27, 2019. 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 is a 100% owned subsidiary by New Pacific Metals Corp. ("New Pacific"). On February 12, 2020, the Company entered into a share exchange agreement with New Pacific, pursuant to which New Pacific transferred to the Company all the issued and outstanding shares (the "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.

### PROJECT OVERVIEW

The Company acquired the Tagish Lake Gold Project ("TLG Project") through the share exchange agreement of Tagish Shares. TLG Project, covering an area of 166 km<sup>2</sup>, 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 Gully and Mount Skukum respectively.

New Pacific acquired the TLG Project in December 2010 and completed a single exploration season in 2011 prior to placing the Project on care and maintenance. In Q4, fiscal 2020, significant changes with favourable effects on the TLG Project have taken place. 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 TLG Project to its recoverable amount, being its fair value less costs of disposal ("FVLCD"). 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.

After acquired TLG project through the share exchange transaction, total expenditures of \$851 were capitalized under the project for renewing certain permits and claims.

# WHITEHORSE GOLD CORP.

## Management's Discussion and Analysis

For the period from incorporation on November 27, 2019 to June 30, 2020

(Expressed in Canadian dollars, unless otherwise stated)

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

<b>Cost</b>	<b>TLG Project</b>
<b>Balance, November 27, 2019</b>	<b>\$ -</b>
<u>Capitalized exploration expenditures</u>	
Acquisition of TLG	104,205
Permitting	851
Impairment reversal	11,714,944
<b>Balance, June 30, 2020</b>	<b>\$ 11,820,000</b>

### FINANCIAL RESULTS

	<b>From the incorporation on November 27, 2019 to June 30, 2020</b>
Operating expenses	\$ 138,323
Impairment reversal of mineral property interests	\$ 11,714,944
Comprehensive income for the period	\$ 11,496,896
Total Assets	\$ 12,269,831
Total Liabilities	\$ 3,632,387

**Net income** for the period from incorporation on November 27, 2019 to June 30, 2020 was \$11,496,896, which mainly resulted from the impairment reversal of TLG project and offset by operating expense and interest expense.

**Operating expenses** for the period from incorporation on November 27, 2019 to June 30, 2020 were \$138,323. Items included in operating expenses were as follows:

- (i) **Professional fees** for the period were \$9,010 related to the establishment of the Company and spin-out related services with New Pacific, including the share exchange and promissory note arrangements.
- (ii) **Salaries and benefits expense** for the period were \$98,741.
- (iii) **Office and administration expenses** for the period were \$29,829.

**Impairment reversal of mineral property interests** for the period from incorporation on November 27, 2019 to June 30, 2020 was \$11,714,944 related to the TLG Project.

**Interest expense** for the period from incorporation on November 27, 2019 to June 30, 2020 was \$79,754 related to interests for the promissory note of \$3,500,000 due to New Pacific at an annual interest rate of 6%.

### LIQUIDITY AND CAPITAL RESOURCES

# WHITEHORSE GOLD CORP.

## Management's Discussion and Analysis

For the period from incorporation on November 27, 2019 to June 30, 2020

*(Expressed in Canadian dollars, unless otherwise stated)*

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### 1. Cash Flows

**Cash used in operating activities** for the period from incorporation on November 27, 2019 to June 30, 2020 was \$91,009.

**Cash provided by investing activities** for the period from incorporation on November 27, 2019 to June 30, 2020 was \$10,840. Cash flows from investing activities were mainly impacted by the following: (i) cash of \$25,755 acquired through acquisition of Tagish Lake; (ii) purchase of \$13,884 computer software in the period.

**Cash provided by financing activities** for the period from incorporation on November 27, 2019 to June 30, 2020 was \$500,000 reflecting the proceeds received from New Pacific for the promissory note.

### Liquidity and Capital Resources

As at June 30, 2020, the Company had a working capital deficit position of \$3,211,469. 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. The Company will be required to raise additional funds in the future for the development of its projects and other activities through the issuance of additional equity or debt. Following completing the spin-out transaction, the Company intends to apply for a listing on the TSX Venture Exchange as well as raise funds through a private placement financing.

### FINANCIAL INSTRUMENTS

The Company manages its exposure to financial risks, including liquidity risk and credit risk in accordance with its risk management framework. The Company's board of directors 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 7 – Financial Instruments: Disclosures ("IFRS 7").

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 following table sets forth the Company's financial assets that are measured at fair value on a

# WHITEHORSE GOLD CORP.

## Management's Discussion and Analysis

For the period from incorporation on November 27, 2019 to June 30, 2020

(Expressed in Canadian dollars, unless otherwise stated)

recurring basis by level within the fair value hierarchy as at June 30, 2020 that are not otherwise disclosed. As required by IFRS 7, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Recurring measurements	Fair value as at June 30, 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
Cash	419,860	-	-	419,860

Fair value of other financial instruments excluded from the table above approximates their carrying amount as of June 30, 2020.

There were no transfers into or out of Level 3 during the period from November 27, 2019 to June 30, 2020.

### (b) Liquidity Risk

The Company has no operating revenues from its operations. Liquidity risk is the risk that the Company will not be able to meet its short term business requirements. As at June 30, 2020, the Company had a working capital deficit position of \$3,211,469. 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:

	June 30, 2020	
	Due within a year	Total
Trade and other payables	\$ 18,097	\$ 18,097
Payables due to a related party	114,290	114,290
Promisory notes due to a related party	3,500,000	3,500,000
	\$ 3,632,387	\$ 3,632,387

### (c) Foreign Exchange Risk

The Company is exposed to foreign exchange risk when it undertakes transactions and holds assets and liabilities denominated in foreign currencies other than its functional currencies. The Company currently does not engage in foreign exchange currency hedging. The Company's exposure to foreign exchange risk is summarized as follows:

	June 30, 2020
United States dollars	\$ 632

As at June 30, 2020, with other variables unchanged, a 1% strengthening (weakening) of the US dollar against the CAD would have increased (decreased) net income by approximately \$6.

### (d) Credit Risk

# WHITEHORSE GOLD CORP.

## Management's Discussion and Analysis

For the period from incorporation on November 27, 2019 to June 30, 2020

(Expressed in Canadian dollars, unless otherwise stated)

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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 statement of financial position represents the maximum credit exposure.

The Company has deposits of cash that meet minimum requirements for quality and liquidity. Management believes the risk of loss to be remote, as majority of its cash and cash equivalents are held with major financial institutions. As at June 30, 2020, the Company had a receivables balance of \$1,058.

### 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 MD&A are as follows:

	Note	June 30, 2020
Payables due to New Pacific	i	\$ 114,290
Promissory notes due to a related party	ii	\$ 3,500,000

- i) New Pacific is the parent of the Company. The amounts due to New Pacific related to invoices paid by New Pacific on behalf of the Company and accrued interest for the promissory note as described below.
- ii) The Company entered into shares exchange agreement for Tagish Shares with New Pacific on February 12, 2020 (note 3). As part of the exchange for the Tagish Shares, the Company signed a promissory note with New Pacific to pay \$3,000,000 on demand.

The Company entered into another promissory note with New Pacific on February 12, 2020, in which the Company borrowed \$500,000 from New Pacific to meet its short term operating needs.

The two promissory notes are repayable on demand and bear an annual interest of 6%. During the period from November 27, 2010 to June 30, 2020, a total of \$79,754 interest expense for these promissory notes was recorded in the statement of comprehensive income.

# WHITEHORSE GOLD CORP.

## Management's Discussion and Analysis

For the period from incorporation on November 27, 2019 to June 30, 2020

(Expressed in Canadian dollars, unless otherwise stated)

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The remuneration of key management personnel is as follows:

	From incorporation on November 27, 2019 to June 30, 2020
Key management's salaries and benefits	\$ 57,271

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### OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet financial arrangements.

### PROPOSED TRANSACTIONS

Other than the spin-out transaction described below, there are no proposed acquisitions or disposals of assets or business, other than those in the ordinary course of business, approved by the Board as at the date of this MD&A.

#### *Plan of Arrangement*

It is proposed that the spin-out will occur by way of a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (British Columbia) pursuant to which New Pacific shareholders will be entitled to receive common shares of Whitehorse Gold on a pro rata basis.

The Arrangement will be subject to the approval of New Pacific shareholders at a special meeting that is expected to be held by the end of September 2020, requisite regulatory and stock exchange approval, and the continued discretion of New Pacific's management and board of directors. The Arrangement will also be subject to court approval.

Further details of the Arrangement, including, without limitation, the applicable ratio for the number of Whitehorse Gold common shares to be received by New Pacific shareholders, the record date for determining which shareholders will be entitled to receive Whitehorse Gold common shares and vote on the Arrangement at the special meeting, and the date for the special meeting, will be provided in due course. There can be no assurance that the Arrangement will be completed on the terms described herein or at all.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported on the consolidated financial statements. These critical accounting estimates represent management's estimates that are uncertain and any changes in these estimates could materially impact the Company's consolidated financial statements. Management continuously reviews its estimates and assumptions using the most current information available. The Company's critical accounting policies and estimates are described in Note 2 of the audited consolidated financial statements for the period from incorporation on November 27, 2019 to June 30, 2020.

# **WHITEHORSE GOLD CORP.**

## **Management's Discussion and Analysis**

**For the period from incorporation on November 27, 2019 to June 30, 2020**

*(Expressed in Canadian dollars, unless otherwise stated)*

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### **OUTSTANDING SHARE DATA**

As at the date of this MD&A, the following securities were outstanding:

#### **Share Capital**

Authorized – unlimited number of common shares without par value.

Issued and outstanding – 20,000,001 common shares with a recorded value of \$nil.

#### **Share Option**

A total of 3,450,000 options with exercise price of \$0.05 per share that will expire on July 2, 2030.

### **RISK FACTORS**

There are numerous risks involved with mining and exploration companies and the Company is subject to these risks. The Company's major risks (in no particular order) and the strategy for managing these risks are as follows:

#### **COVID-19**

The current outbreak of COVID-19 pandemic could have a material adverse effect on the Company's business and operations, as well as impacting global economic conditions. Government efforts to control the spread of the virus have resulted in, among others, travel restrictions to Yukon, Canada and reduced economic activities in Canada. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock and financial market volatilities, labour shortage and delay in logistics, and a general reduction in consumer activities. All of these could affect commodity prices, interest rates, credit risk, social security and inflation. Such public health crisis at the moment or in the future may negatively affect the Company's operations along with the operations of its suppliers, contractors, service providers and local communities.

While the COVID-19 pandemic has already had significant, direct impacts on the Company's operations and business, the extent to which the pandemic will continue to impact our operations are highly uncertain and cannot be predicted with confidence as at the date of this MD&A. These uncertainties include, but are not limited to, the duration of the outbreak, Canadian governments' mandates to curtail the spreading of the virus, the Company's ability to resume operations efficiently or economically. It is also uncertain whether the Company will be able to maintain an adequate financial condition and have sufficient capital, or have the ability to raise capital. Any of these uncertainties, and others, could have further material adverse effect on the Company's business and operations.

#### **Exploration and Development**

Long-term operation of the Company's business and its profitability are dependent, in part, on the cost and success of its exploration and future development programs. Mineral exploration and development involves a high degree of risk and historically few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and future development programs will result in any discoveries of bodies of mineral resources or mineral reserves. There is also no assurance that, even if commercially viable quantities of mineral resources or mineral reserves are discovered, a mineral property will be brought into commercial production. Development of

# WHITEHORSE GOLD CORP.

## Management's Discussion and Analysis

For the period from incorporation on November 27, 2019 to June 30, 2020

*(Expressed in Canadian dollars, unless otherwise stated)*

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the Company's mineral properties will only commence if the Company obtains satisfactory exploration results. Discovery of mineral deposits is dependent upon a number of factors, including the technical skill of the exploration geoscientists involved. The commercial viability of a mineral deposit is also dependent upon a number of factors including: the particular attributes of the deposit such as size, grade and proximity to infrastructure; metal prices; and government regulations including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of the above factors are beyond the control of the Company. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability. The Company's exploration activities are subject to a number of other specific risks and hazards including:

- industrial accidents;
- failure of processing and mining equipment;
- labour disputes;
- supply problems and delays;
- encountering unusual or unexpected geologic formations or other geological or grade problems;
- encountering unanticipated ground or water conditions;
- cave-ins, pit wall failures, flooding, rock bursts and fire;
- periodic interruptions due to inclement or hazardous weather conditions;
- uncertainties relating to the interpretation of drill results;
- inherent uncertainty of cost estimates and the potential for unexpected costs and expenses;
- results of future preliminary economic assessments, pre-feasibility and feasibility studies, and the
- possibility that future exploration, development or mining results will not be consistent with the
- Company's expectations; and
- the potential for delays in exploration or the completion of future feasibility studies.

Such risks, individually or in combination, could result in negative impacts including: damage to, or destruction of, mineral properties or processing facilities; personal injury or death; loss of key employees; environmental damage; delays in mining; monetary losses; and possible legal liabilities. Satisfying such liabilities may be very costly and could have a materially adverse effect on future cash flow, results of operations and financial condition.

### Government Permits and Licenses

No guarantee can be given that the necessary government exploration and mining permits and licenses will be issued to the Company or, if they are issued, that they will be renewed in an appropriate or timely manner, or that the Company will be in a position to comply with all conditions that are imposed.

### Calculation of Mineral Resources and Mineral Reserves

There is a high degree of uncertainty attributable to the calculation of mineral resources, mineral reserves and corresponding grades. Until any future estimated mineral reserves are actually mined and processed, the quantity of future mineral resources, mineral reserves, and corresponding grades, if any, as disclosed at the Company's mineral property must be considered as estimates only. Accordingly, there can be no assurance that the Company will ever be able to delineate any mineral resources or mineral reserves at any of its currently owned projects.

# **WHITEHORSE GOLD CORP.**

## **Management's Discussion and Analysis**

**For the period from incorporation on November 27, 2019 to June 30, 2020**

*(Expressed in Canadian dollars, unless otherwise stated)*

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### **Fluctuating Commodity Prices**

The Company's future revenues, if any, are expected to be derived in large part from the mining and sale of metals. Historically, the prices of those commodities has fluctuated widely, particularly in recent years, being affected by numerous factors beyond the Company's control including: international economic and political trends; expectations of inflation; currency exchange fluctuations; interest rates; supply and demand; sales by government holders; global or regional consumptive patterns; speculative activities; availability and costs of metal substitutes; and increased production due to new mine developments and improved mining and production methods. The price of base and precious metals will have a significant influence on the market price of the Company's shares and the value of its property. The effect of these factors on the price of base and precious metals, and therefore the viability of the Company's exploration projects, cannot be accurately predicted. If precious and base metal prices were to decline significantly, or for an extended period of time, the Company may be unable to continue its current exploration activities or fulfil obligations under its permits or licenses.

### **Key Human Resources**

The Company depends on the services of a number of key skilled experts, including its current board and executive officers, the loss of any one of whom could have an adverse effect on the Company's operations. The Company's ability to manage growth effectively will require it to continue to implement and improve management systems, and to recruit and train new employees. The Company cannot assure that it will be successful in attracting and re-training skilled and experienced specialists.

### **Governmental Regulation**

Exploration on the Company's property is affected to varying degrees by political stability and government regulations relating to several matters including: environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, and expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's activities.

### **Environmental Risks**

The Company's exploration and development activities are subject to extensive laws and regulations governing environmental protection, including laws related to reclamation bonds. Environmental laws and regulations are complex and have tended to become more stringent over time. Failure to comply with applicable environmental health and safety laws may result in injunctions, damages, suspension or revocation of permits, and imposition of penalties. There can be no assurance that the Company has been, or will be, at all times in complete compliance with current and future environmental and health and safety laws and that compliance with environmental permits and regulations will not materially adversely affect the Company's business, results of operations or financial condition.

### **Additional Financing**

If the Company's exploration programs are successful in establishing mineral resources and subsequently commercially viable mineral reserves, additional funds will be required for the development of such a deposit and to place it in commercial production. One potential source of future funds is through the sale of equity capital. There is no assurance that this source will continue to be available, in required amounts

# **WHITEHORSE GOLD CORP.**

## **Management's Discussion and Analysis**

**For the period from incorporation on November 27, 2019 to June 30, 2020**

*(Expressed in Canadian dollars, unless otherwise stated)*

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or at all. If it is available, future equity financings may result in substantial dilution to shareholders. Another alternative for the financing of further exploration would be the offering by the Company of an interest in the property to be earned by another party or parties carrying out further exploration or development thereof. There can be no assurance the Company will be able to conclude any such agreements, on favourable terms or at all.

### **Title to Property**

While the Company has investigated title to all of its mineral claims and, to the best of its knowledge, title to all of its property is in good standing, the Company's mineral property may be subject to prior unregistered agreements or transfers and title may be affected by such undetected defects. There may be valid challenges to the title of the Company's property which, if successful, could impair exploration, development and/or operations. The Company cannot give any assurance that title to its property will not be challenged. None of the Company's mineral property has been surveyed, and the precise location and extent thereof may be in doubt.

### **Recent and Current Market Conditions**

Over recent years worldwide securities markets, including those in the United States and Canada, have experienced a high level of price and volume volatility. Accordingly, the market price of securities of many mining companies, particularly those considered exploration or development-stage companies, have experienced unprecedented shifts and/or volatility in price which have not necessarily been related to the underlying asset values or prospects of such companies. As a consequence, market forces may render it difficult or impossible for the Company to secure investors to participate in new share issues at an attractive price for the Company, or at all. Therefore, there can be no assurance that significant fluctuations will not materially adversely impact on the Company's ability to raise equity funding.

### **Competition**

The mining industry is intensely competitive in all phases of its activities, and such competition could adversely affect the Company's ability to acquire suitable resource properties in the future.

### **Feasibility and Engineering Reports**

The Company carries out exploration operations at the Tagish Lake Gold Property in accordance with the applicable exploration permits. The Company has not yet completed, and may not complete, a preliminary economic assessment, preliminary feasibility or feasibility study or report which would permit the Company to consider advancing a project to the development stage.

### **Insurance**

The Company's exploration activities are subject to the risks normally inherent in the industry: these risks include, but are not limited to, environmental hazards; flooding; periodic or seasonal hazardous climate or weather conditions; or unexpected rock formations. The Company may become subject to liability which it cannot insure, or against which it may elect not to insure, due to high premium costs or other reasons. Where considered practical to do so the Company maintains insurance against risks in the operation of its business in amounts which the Company believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. The Company cannot provide any assurance that such insurance

# WHITEHORSE GOLD CORP.

## Management's Discussion and Analysis

For the period from incorporation on November 27, 2019 to June 30, 2020

*(Expressed in Canadian dollars, unless otherwise stated)*

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will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. In some cases, coverage is not available or considered too expensive relative to the perceived risk.

### Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors and/or officers of other companies. Some of those persons who are directors and officers of the Company have and will continue to be engaged in the identification and evaluation of assets and businesses and companies on their own behalf and on behalf of other companies; accordingly, situations may arise where the directors and officers may in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (British Columbia).

### FORWARD LOOKING STATEMENTS

*Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", and other similar words, or statements that certain events or conditions "may" or "will" or "can" occur. Forward-looking statements are based on the opinions and estimates of management on the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include global economic and social impact of COVID-19, the fluctuating equity prices, bond prices, commodity prices, calculation of resources, reserves and mineralization, foreign exchange risks, interest rate risk, foreign investment risk, loss of key personnel, conflicts of interest, dependence on management, uncertainties relating to the availability and costs of financing needed in the future and other factors described in this MD&A. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. All forward-looking statements in this MD&A are qualified by these cautionary statements. Accordingly, readers should not place undue reliance on such statements. Other than specifically required by applicable laws, the Company is under no obligation and expressly disclaims any such obligation to update or alter the forward-looking statements whether as a result of new information, future events or otherwise except as may be required by law. These forward-looking statements are made as of the date of this MD&A.*

*Additional information relating to the Company can be obtained under the New Pacific's profile on SEDAR at [www.sedar.com](http://www.sedar.com), and on New Pacific's website at [www.newpacificmetals.com](http://www.newpacificmetals.com).*

**APPENDIX D**  
**AUDITED ANNUAL FINANCIAL STATEMENTS OF TAGISH LAKE GOLD CORP.**

(see attached)

# **Tagish Lake Gold Corp.**

Audited Financial Statements

For the years ended June 30, 2020, 2019 and 2018

## Independent Auditor's Report

To the Shareholders of  
New Pacific Metals Corp.

### Opinion

We have audited the financial statements of Tagish Lake Gold Corp. (the "Company"), which comprise the statements of financial position as at June 30, 2020, 2019 and 2018, and the statements of comprehensive income(loss), changes in equity and cash flows for the years then ended, and notes to the 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 June 30, 2020, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### 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 has not generated any revenues from operations. As at June 30, 2020, the Company's current liabilities exceeded its current assets by \$7,852. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists 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 the information, other than the financial statements and our auditor's report thereon, in the Management's Discussion and Analysis.

Our opinion on the 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 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 the 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.

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.

/s/ Deloitte LLP

Chartered Professional Accountants  
Vancouver, British Columbia

August 25, 2020

# Tagish Lake Gold Corp.

## Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	June 30, 2020	June 30, 2019	June 30, 2018
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash		\$ 19,414	\$ 29,887	\$ 17,775
GST receivable		499	124	50
		19,913	30,011	17,825
<b>Non-current Assets</b>				
Reclamation deposit		15,075	15,075	15,075
Mineral property interests	3	11,820,000	-	-
<b>Total Assets</b>		<b>\$ 11,854,988</b>	<b>\$ 45,086</b>	<b>\$ 32,900</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities		\$ 7,765	\$ -	\$ 200
Due to Whitehorse Gold Corp.	4	20,000	-	-
<b>Total Liabilities</b>		<b>27,765</b>	<b>-</b>	<b>\$ 200</b>
<b>EQUITY</b>				
Share capital	5	71,731,951	71,593,946	\$ 71,379,392
Deficit		(59,904,728)	(71,548,860)	(71,346,692)
<b>Total Equity</b>		<b>\$ 11,827,223</b>	<b>\$ 45,086</b>	<b>\$ 32,700</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 11,854,988</b>	<b>\$ 45,086</b>	<b>\$ 32,900</b>

See accompanying notes to the financial statements

# Tagish Lake Gold Corp.

## Statements of Comprehensive Income (Loss)

*(Expressed in Canadian dollars)*

	Notes	Years ended June 30,		
		2020	2019	2018
<b>Operating expenses</b>				
Management fee	4	\$ 30,000	\$ 60,000	\$ 60,000
Regulatory and filing fees		-	77,233	97,037
Professional fees		4,165	5,629	9,632
Office and administration		36,647	59,306	2,054
		70,812	202,168	168,723
<b>Impairment reversal of mineral property interests</b>	3	11,714,944	-	-
<b>Comprehensive income (loss)</b>		<b>\$ 11,644,132</b>	<b>\$ (202,168)</b>	<b>\$ (168,723)</b>

See accompanying notes to the financial statements

# Tagish Lake Gold Corp.

## Statements of Cash Flows

(Expressed in Canadian dollars)

		Years Ended June 30,		
	Notes	2020	2019	2018
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Comprehensive income (loss)		\$ 11,644,132	\$ (202,168)	\$ (168,723)
Add (deduct) items not affecting cash :				
Impairment reversal on mineral property interest	3	(11,714,944)	-	-
Changes in non-cash operating working capital		7,390	(274)	(1,653)
<b>Net cash used in operating activities</b>		<b>(63,422)</b>	<b>(202,442)</b>	<b>(170,376)</b>
<b>Investing activities</b>				
Capital expenditure on mineral property interest	3	(105,056)	-	-
<b>Net cash used in investing activities</b>		<b>(105,056)</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>				
Funds received from Whitehorse Gold	4	20,000	-	-
Capital contribution	5	138,005	214,554	180,000
<b>Net cash provided by financing activities</b>		<b>158,005</b>	<b>214,554</b>	<b>180,000</b>
<b>Increase (decrease) in cash</b>		<b>(10,473)</b>	<b>12,112</b>	<b>9,624</b>
<b>Cash, beginning of the year</b>		<b>\$ 29,887</b>	<b>\$ 17,775</b>	<b>\$ 8,151</b>
<b>Cash, end of the year</b>		<b>\$ 19,414</b>	<b>\$ 29,887</b>	<b>\$ 17,775</b>
Changes in non-cash operating working capital				
GST receivable		(375)	(74)	246
Accounts payable and accrued liabilities		7,765	(200)	(1,899)
		7,390	(274)	(1,653)

See accompanying notes to the financial statements

# Tagish Lake Gold Corp.

## Statements of Changes in Equity

(Expressed in Canadian dollars, except for share figures)

	Notes	Share capital			Deficit	Total Equity
		Number of shares	Amount			
<b>Balance, July 1, 2017</b>		138,990,892	\$ 71,199,392	\$ (71,177,969)	\$ 21,423	
Capital contribution	5	-	180,000	-	180,000	
Comprehensive loss		-	-	(168,723)	(168,723)	
<b>Balance, June 30, 2018</b>		<b>138,990,892</b>	<b>\$ 71,379,392</b>	<b>\$ (71,346,692)</b>	<b>\$ 32,700</b>	
Capital contribution	5	-	214,554	-	214,554	
Comprehensive loss		-	-	(202,168)	(202,168)	
<b>Balance, June 30, 2019</b>		<b>138,990,892</b>	<b>\$ 71,593,946</b>	<b>\$ (71,548,860)</b>	<b>\$ 45,086</b>	
Capital contribution	5	-	138,005	-	138,005	
Comprehensive income		-	-	11,644,132	11,644,132	
<b>Balance, June 30, 2020</b>		<b>138,990,892</b>	<b>\$ 71,731,951</b>	<b>\$ (59,904,728)</b>	<b>\$ 11,827,223</b>	

See accompanying notes to the financial statements

# Tagish Lake Gold Corp.

## Notes to the Financial Statements

### For the years ended June 30, 2020, 2019 and 2018

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

#### 1. CORPORATE INFORMATION

Tagish Lake Gold Corp. (the “Company”) is a Canadian mining company engaged in exploring and developing its Tagish Lake Gold Project (“TLG Project”) located in Yukon, Canada. Three identified deposits of high-grade gold and gold/silver are in the TLG Project: (a) past producer Mount Skukum; (b) Skukum Creek; and (c) Goddell Gully. The Company has been a 100% owned subsidiary of New Pacific Metals Corp. (“New Pacific”) since December 20, 2010. On February 12, 2020, New Pacific entered into a share exchange agreement with one of its 100% owned subsidiaries, Whitehorse Gold Corp. (“Whitehorse Gold”), to transfer its ownership in the Company to Whitehorse Gold.

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.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### *(a) Statement of Compliance and Going Concern*

These 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 financial statements are based on IFRS in effect as of June 30, 2020. These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

These financial statements have been prepared on a going concern basis. The Company has not generated any revenues from operations. As at June 30, 2020, the Company’s current liabilities exceeded its current assets by \$7,852. The above conditions, along with other factors indicated the existence of material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. 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 from its parent company Whitehorse Gold. Whitehorse Gold will be required to raise additional funds in the future for the development of its projects and other activities through the issuance of additional equity or debt. Following completing the spin-out transaction (Note 8), Whitehorse Gold intends to apply for a listing on the TSX Venture Exchange as well as raise funds through a private placement financing.

The financial statements of the Company as at and for the years ended June 30, 2020, 2019 and 2018 were authorized for issue in accordance with a resolution of the Board of Directors (the “Board”) dated on August 25, 2020.

##### *(b) Mineral Property Interests*

The cost of acquiring mineral rights and properties either as an individual asset purchase or as part of a business combination 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.

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.

# Tagish Lake Gold Corp.

## Notes to the Financial Statements

### For the years ended June 30, 2020, 2019 and 2018

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

*(c) Impairment of Long-lived Assets*

Long-lived assets, including mineral property interests and 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 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 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.

*(d) Income Taxes*

Current tax for each taxable entity is based on the taxable income at the substantively enacted statutory tax rate at the balance sheet 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.

# Tagish Lake Gold Corp.

## Notes to the Financial Statements

### For the years ended June 30, 2020, 2019 and 2018

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

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.

#### *(e) 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.

# Tagish Lake Gold Corp.

## Notes to the Financial Statements

### For the years ended June 30, 2020, 2019 and 2018

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

#### *Impairment of financial assets carried at amortized cost:*

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets or group of financial assets measured at amortized cost are impaired. Impairment losses and reversal of impairment losses, if any, are recognized in profit or loss in the period they are incurred.

#### *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 FVTPL: cash and cash equivalents,
- Financial assets classified as amortized cost: GST receivable; and
- Financial liabilities classified as amortized cost: accounts payable and accrued liabilities and due to Whitehorse Gold Corp.

#### *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 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

# Tagish Lake Gold Corp.

## Notes to the Financial Statements

### For the years ended June 30, 2020, 2019 and 2018

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

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.

*(f) Significant Judgments and Estimation Uncertainties*

Many amounts included in the 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.

Areas of significant estimates include:

- The estimated fair values of CGUs for impairment or impairment reversal tests, including estimates of CGU's fair value based on market information, cost of disposal and resource estimates.

### **3. MINERAL PROPERTY INTERESTS**

The TLG Project is located 80 kilometres by road south of Whitehorse, Yukon, Canada, and consists of 1,051 mineral claims covering approximately 254 square kilometres. Within the property, three geographically distinct projects have been identified: the Skukum Creek, Goddell, and Mt. Skukum projects.

The Company completed a single exploration season in 2011 prior to placing the Project on care and maintenance. During the year ended June 30, 2020, the Company performed strategic reviews on its TLG Project. In Q4, fiscal 2020, significant changes with favourable effects on the TLG Project have taken place. 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 TLG Project to its recoverable amount, being its fair value less costs of disposal ("FVLCD"). 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 recovery of \$11,714,944 for the year ended June 30, 2020.

For the year ended June 30, 2020, total expenditures of \$105,056 (year ended June 30, 2019 and 2018 - \$nil and \$nil, respectively) were capitalized under the project.

# Tagish Lake Gold Corp.

## Notes to the Financial Statements

### For the years ended June 30, 2020, 2019 and 2018

(Expressed in Canadian dollars, except for share figures)

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

<b>Cost</b>	<b>Tagish Lake</b>
<b>Balance, July 1, 2017</b>	\$ -
<b>Balance, June 30, 2018</b>	\$ -
<b>Balance, June 30, 2019</b>	\$ -
<u>Capitalized exploration expenditures</u>	
Permitting	105,056
Impairment reversal	11,714,944
<b>Balance, June 30, 2020</b>	<b>\$ 11,820,000</b>

#### 4. 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.

The Company is a subsidiary of Whitehorse Gold since February 12, 2020. During the year ended June 30, 2020, Whitehorse Gold advanced funds of \$20,000 to the Company to facilitate its operating activities (years ended June 30, 2019, \$nil).

The Company is subsidiary of New Pacific since December 20, 2010. For the year ended June 30, 2020, the Company incurred management fee of \$30,000 to New Pacific (year ended June 30, 2019 and 2018 - \$60,000 and \$60,000, respectively) for its managerial and administrative services.

#### 5. SHARE CAPITAL

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

The Company has been a direct wholly-owned subsidiary of New Pacific from December 20, 2010 to February 11, 2020. From February 12, 2020 to June 30, 2020, the Company was an indirect wholly-owned subsidiary of New Pacific through its ownership by Whitehorse Gold. New Pacific made capital contributions to the Company throughout the period to cover its operational needs.

For the year ended June 30, 2020, New Pacific made capital contribution of \$138,005 (years ended June 30, 2019 and 2018 - \$214,554 and \$180,000, respectively) to the Company.

#### 6. FINANCIAL INSTRUMENTS

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

##### (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").

# Tagish Lake Gold Corp.

## Notes to the Financial Statements

### For the years ended June 30, 2020, 2019 and 2018

(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 following table sets forth the Company's financial assets that are measured at fair value on a recurring basis by level within the fair value hierarchy as at June 30, 2020, 2019, and 2018 that are not otherwise disclosed. As required by IFRS 13, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Recurring measurements	Fair value as at June 30, 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
Cash	\$ 19,414	\$ -	\$ -	\$ 19,414

Recurring measurements	Fair value as at June 30, 2019			Total
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
Cash	\$ 29,887	\$ -	\$ -	\$ 29,887

Recurring measurements	Fair value as at June 30, 2018			Total
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
Cash	\$ 17,775	\$ -	\$ -	\$ 17,775

Fair value of other financial instruments excluded from the table above approximates their carrying amount as of June 30, 2020, 2019 and 2018 respectively.

There were no transfers into or out of Level 3 during the years ended June 30, 2020, 2019 and 2018.

#### (b) Liquidity Risk

The Company has a history of losses and no operating revenues from its operations. Liquidity risk is the risk that the Company will not be able to meet its short term business requirements. The Company relies on its parent company's funding through capital contributions or loan advances to cover its liquidity risk. As at June 30, 2020, the Company believes it will obtain sufficient funding from its parent company to meet the Company's short-term financial liabilities and its planned exploration expenditures on the TLG project for, but not limited to, the next 12 months.

# Tagish Lake Gold Corp.

## Notes to the Financial Statements

### For the years ended June 30, 2020, 2019 and 2018

(Expressed in Canadian dollars, except for share figures)

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:

	June 30, 2020	June 30, 2019	June 30, 2018
	<b>Due within a year</b>		
Accounts payable and accrued liabilities	\$ 7,765	\$ -	\$ 200
Due to Whitehorse Gold Corp.	20,000	-	-
	\$ 27,765	\$ -	\$ 200

#### (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 statement of financial position represents the maximum credit exposure.

The Company has deposits of cash equivalents 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 and cash equivalents are held with major financial institutions. As at June 30, 2020, the Company had a GST receivable balance of \$499 (June 30, 2019 and 2018 - \$124 and \$50, respectively).

## 7. INCOME TAX

The provision for income taxes differs from the amount computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before income tax provision due to the following:

	Years ended June 30,		
	2020	2019	2018
Canadian statutory tax rate	27.00%	27.00%	28.50%
Income (loss) before income taxes	\$ 11,644,132	\$ (202,168)	\$ (168,723)
Income tax expense (recovery) computed at Canadian statutory rates	3,143,916	(54,585)	(48,086)
Temporary differences changes due to change in tax rates	-	-	1,169,287
Change in unrecognized deferred tax assets	(3,143,916)	54,585	(1,123,732)
Adjustments in respect of prior years	-	-	2,531
	\$ -	\$ -	\$ -

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:

	June 30, 2020	June 30, 2019	June 30, 2018
Non-capital loss carry forward	\$ 7,877,423	\$ 7,806,612	\$ 7,604,444
Plant and equipment	2,980,856	2,980,856	2,980,856
Mineral property interests	18,469,089	30,184,033	30,184,033
Investment tax credit	1,624,391	1,624,391	1,624,391
	\$ 30,951,759	\$ 42,595,892	\$ 42,393,724

# Tagish Lake Gold Corp.

## Notes to the Financial Statements

### For the years ended June 30, 2020, 2019 and 2018

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

As of June 30, 2020, the Company has the following net operating losses, expiring various years to 2040 and available to offset future taxable income in Canada:

	Canada
2030	1,108,972
2031	1,031,233
2032	1,321,934
2033	1,173,305
2034	1,337,753
2035	1,339,406
2037	123,118
2038	168,723
2039	202,167
2040	70,812
	<u>\$ 7,877,423</u>

#### 8. SUBSEQUENT EVENT

Subsequent to June 30, 2020, New Pacific announced its plans, subject to customary approvals, to spin-out Whitehorse Gold and the TLG Project by way of directly or indirectly distributing Whitehorse Gold common shares to New Pacific's shareholders on a pro rata basis through a plan of arrangement under the *Business Corporations Act* (British Columbia).

**APPENDIX E**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF TAGISH LAKE GOLD CORP.**

(attached)

# TAGISH LAKE GOLD CORP.

## Management's Discussion and Analysis

For the years ended June 30, 2020 and 2019

(Expressed in Canadian dollars, unless otherwise stated)

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### DATE OF REPORT: August 25, 2020

*This MD&A for Tagish Lake Gold Corp. (the "Company") should be read in conjunction with the Company's audited financial statements for the years ended June 30, 2020, 2019 and 2018 along with the related notes contained therein. In addition, the Company reports its financial position, financial performance and cash flow in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company's significant accounting policies are set out in Note 2 of the audited financial statements for the years ended June 30, 2020, 2019 and 2018.*

### CORPORATE INFORMATION

Tagish Lake Gold Corp. (the "Company") is a Canadian mining company engaged in exploring and developing the Tagish Lake Gold Project ("TLG Project") located in the Yukon Territory ("Yukon"), Canada. Three identified deposits of high-grade gold and gold/silver form the TLG Project: (a) past producer Mount Skukum; (b) Skukum Creek; and (c) Goddell Gully. The Company is a 100% owned subsidiary of New Pacific Metals Corp. ("New Pacific") since December 20, 2010. On February 12, 2020, New Pacific entered into a share exchange agreement with one of its 100% owned subsidiaries, Whitehorse Gold Corp. ("Whitehorse Gold"), to transfer its ownership in the Company to Whitehorse Gold.

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.

### PROJECT OVERVIEW

The TLG Project, covering an area of 166 km<sup>2</sup>, is located in Yukon Territory, Canada, and consists of 1,051 mining claims hosting three identified gold and gold-silver mineral deposits: Skukum Creek, Goddell Gully and Mount Skukum, respectively.

The Company completed a single exploration season in 2011 prior to placing the Project on care and maintenance. During the year ended June 30, 2020, the Company performed strategic reviews on its TLG Project. In Q4, fiscal 2020, significant changes with favourable effects on the TLG Project have taken place. 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 TLG Project to its recoverable amount, being its fair value less costs of disposal ("FVLCD"). 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 recovery of \$11,714,944 for the year ended June 30, 2020.

For the year ended June 30, 2020, total expenditures of \$105,056 (year ended June 30, 2019 and 2018 - \$nil and \$nil, respectively) were capitalized under the project.

On July 22, 2020, New Pacific announced that, subject to customary approvals, it intends to (directly or indirectly) distribute all Whitehorse Gold common shares to the Company's shareholders on a pro rata basis by way of a plan of arrangement under the *Business Corporations Act* (British Columbia) and apply to list the Whitehorse Gold common shares on TSX Venture Exchange.

# TAGISH LAKE GOLD CORP.

## Management's Discussion and Analysis

For the years ended June 30, 2020 and 2019

(Expressed in Canadian dollars, unless otherwise stated)

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

<b>Cost</b>	<b>Tagish Lake</b>
<b>Balance, July 1, 2018</b>	<b>\$ -</b>
<b>Balance, June 30, 2019</b>	<b>\$ -</b>
<u>Capitalized exploration expenditures</u>	
Permitting	105,056
Impairment reversal	11,714,944
<b>Balance, June 30, 2020</b>	<b>\$ 11,820,000</b>

## FINANCIAL RESULTS

### Selected Annual Information

	<b>Fiscal 2020</b>	<b>Fiscal 2019</b>	<b>Fiscal 2018</b>
Operating expenses	\$ (70,812)	\$ (202,168)	\$ (168,723)
Impairment reversal of mineral property interests	11,714,944	-	-
Net income (loss)	11,644,132	(202,168)	(168,723)
Total assets	11,854,988	45,086	32,900
Total liabilities	27,765	-	200

**Net income** for the year ended June 30, 2020 was \$11,644,132 (year ended June 30, 2019 - net loss of \$202,168). The Company's financial results were mainly impacted by the following: (i) operating expenses of \$70,812 for the year ended June 30, 2020 (year ended June 30, 2019 - \$202,168); and (ii) impairment reversal of mineral property interests of \$11,714,944 for the year ended June 30, 2020 (year ended June 30, 2019 - \$nil).

**Operating expenses** for the year ended June 30, 2020 were \$70,812 (year ended June 30, 2019 - \$202,168). Items included in operating expenses were as follows:

- (i) **Management fees** for the year ended June 30, 2020 were \$30,000 (year ended June 30, 2019, \$60,000). The Company's parent company New Pacific charges management fee for providing managerial and administrative services to the Company.
- (ii) **Regulatory and filing fees** for the year ended June 30, 2020 were \$nil (year ended June 30, 2019 - \$77,233). The Company pays regulatory fees to the Yukon Government in order to maintain a good standing of its mineral claims for the TLG Project. Such fees were capitalized under mineral property interests for the year ended June 30, 2020. For the year ended June 30, 2019, regulatory fees of \$77,233 were expensed since the TLG Project was on care and maintenance.
- (iii) **Professional fees** for the year ended June 30, 2020 were \$4,165 (year ended June 30, 2019 - \$5,629). Professional fees were regular legal expenses related to general corporate and business matters.
- (iv) **Office and administration expenses** for the year ended June 30, 2020 were \$36,647 (year ended June 30, 2019 - \$59,306).

**Impairment reversal of mineral property interests** for the year ended June 30, 2020 was \$11,714,944 related to the TLG Project.

# TAGISH LAKE GOLD CORP.

## Management's Discussion and Analysis

For the years ended June 30, 2020 and 2019

(Expressed in Canadian dollars, unless otherwise stated)

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### LIQUIDITY AND CAPITAL RESOURCES

#### 1. Cash Flows

**Cash used in operating activities** for the year ended June 30, 2020 was \$63,422 (year ended June 30, 2019 – \$202,442).

**Cash used in investing activities** for the year ended June 30, 2020 was \$105,056 (year ended June 30, 2019 – \$nil) for expenditures spent on the TLG Project.

**Cash provided by financing activities** for the year ended June 30, 2020 was \$158,005 (year ended June 30, 2019 – \$214,554). For the year ended June 30, 2020, \$20,000 was funds advanced by Whitehorse Gold (year ended June 30, 2019 - \$nil) and \$138,005 was capital contribution from New Pacific (year ended June 30, 2019 - \$214,554).

#### Liquidity and Capital Resources

As at June 30, 2020, the Company had working capital deficit of \$7,852 (June 30, 2019 – working capital of \$30,011), comprised of cash and cash equivalents of \$19,414 (June 30, 2019 - \$29,887) and GST receivable of \$499 (June 30, 2019 - \$124) offset by current liabilities of \$27,765 (June 30, 2019 - \$nil). As a wholly owned subsidiary the Company relies on funding from its parent Company through capital contribution or loan advances to cover its operational needs. Management believes that its parent company has sufficient funds to support its normal exploration and operating requirements on an ongoing basis.

### FINANCIAL INSTRUMENTS

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

#### (a) Fair Value

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

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

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

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

The following table sets forth the Company's financial assets that are measured at fair value on a

# TAGISH LAKE GOLD CORP.

## Management's Discussion and Analysis

For the years ended June 30, 2020 and 2019

(Expressed in Canadian dollars, unless otherwise stated)

recurring basis by level within the fair value hierarchy as at June 30, 2020 and 2019 that are not otherwise disclosed. As required by IFRS 13, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Recurring measurements	Fair value as at June 30, 2020			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Cash	\$ 19,414	\$ -	\$ -	\$ 19,414

Recurring measurements	Fair value as at June 30, 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Cash	\$ 29,887	\$ -	\$ -	\$ 29,887

Fair value of other financial instruments excluded from the table above approximates their carrying amount as of June 30, 2020 and 2019, respectively.

There were no transfers into or out of Level 3 during the years ended June 30, 2020 and 2019.

### (b) Liquidity Risk

The Company has no operating revenues from its operations. There is a risk that the Company will not be able to meet its short-term business requirements. The Company relies on funding from its parent company through capital contributions and/or loan advances to cover its liquidity risk. As of June 30, 2020, the Company believes it will obtain sufficient funding from its parent company to meet the Company's short-term financial liabilities and its planned exploration expenditures on the TLG project for, but not limited to, the next 12 months.

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:

	June 30, 2020	June 30, 2019	June 30, 2018
	<b>Due within a year</b>		
Accounts payable and accrued liabilities	\$ 7,765	\$ -	\$ 200
Due to Whitehorse Gold Corp.	20,000	-	-
	\$ 27,765	\$ -	\$ 200

### (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 statement of financial position represents the maximum credit exposure.

The Company has deposits of cash equivalents that meet minimum requirements for quality and liquidity. Management believes the risk of loss to be remote, as majority of its cash and cash equivalents are held with major financial institutions. As at June 30, 2020, the Company had a GST receivable balance of \$499

# **TAGISH LAKE GOLD CORP.**

## **Management's Discussion and Analysis**

**For the years ended June 30, 2020 and 2019**

*(Expressed in Canadian dollars, unless otherwise stated)*

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(June 30, 2019 - \$124).

### **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.

The Company is a subsidiary of Whitehorse Gold since February 12, 2020. During the year ended June 30, 2020, Whitehorse Gold advanced funds of \$20,000 to the Company to facilitate its operating activities (year ended June 30, 2019 - \$nil).

The Company is a subsidiary of New Pacific since December 20, 2010. For the year ended June 30, 2020, the Company incurred management fee of \$30,000 to New Pacific (year ended June 30, 2019 - \$60,000) for its managerial and administrative services.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet financial arrangements.

### **PROPOSED TRANSACTIONS**

Other than the spin-out transaction described below, there are no proposed acquisitions or disposals of assets or business, other than those in the ordinary course of business, approved by the Board as at the date of this MD&A.

#### *Plan of Arrangement*

It is proposed that the spin-out will occur by way of a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (British Columbia) pursuant to which New Pacific shareholders will be entitled to receive common shares of Whitehorse Gold on a pro rata basis.

The Arrangement will be subject to the approval of New Pacific shareholders at a special meeting that is expected to be held by the end of September 2020, requisite regulatory and stock exchange approval, and the continued discretion of New Pacific's management and board of directors. The Arrangement will also be subject to court approval.

Further details of the Arrangement, including, without limitation, the applicable ratio for the number of Whitehorse Gold common shares to be received by New Pacific shareholders, the record date for determining which shareholders will be entitled to receive Whitehorse Gold common shares and vote on the Arrangement at the special meeting, and the date for the special meeting, will be provided in due course. There can be no assurance that the Arrangement will be completed on the terms described herein or at all.

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported on the consolidated financial statements. These critical accounting estimates represent management's estimates that are uncertain

# **TAGISH LAKE GOLD CORP.**

## **Management's Discussion and Analysis**

**For the years ended June 30, 2020 and 2019**

*(Expressed in Canadian dollars, unless otherwise stated)*

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and any changes in these estimates could materially impact the Company's consolidated financial statements. Management continuously reviews its estimates and assumptions using the most current information available. The Company's critical accounting policies and estimates are described in Note 2 of the audited consolidated financial statements for the year ended June 30, 2020.

### **OUTSTANDING SHARE DATA**

As at the date of this MD&A, the following securities were outstanding:

#### **Share Capital**

Authorized – unlimited number of common shares without par value.

Issued and outstanding – 138,990,892 common shares with a recorded value of \$71.7 million.

Shares subject to escrow or pooling agreements – nil.

### **RISK FACTORS**

There are numerous risks involved with mining and exploration companies and the Company is subject to these risks. The Company's major risks (in no particular order) and the strategy for managing these risks are as follows:

#### **COVID-19**

The current outbreak of COVID-19 pandemic could have a material adverse effect on the Company's business and operations, as well as impacting global economic conditions. Government efforts to control the spread of the virus have resulted in, among others, travel restrictions to Yukon, Canada and reduced economic activities in Canada. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock and financial market volatilities, labour shortage and delay in logistics, and a general reduction in consumer activities. All of these could affect commodity prices, interest rates, credit risk, social security and inflation. Such public health crisis at the moment or in the future may negatively affect the Company's operations along with the operations of its suppliers, contractors, service providers and local communities.

While the COVID-19 pandemic has already had significant, direct impacts on the Company's operations and business, the extent to which the pandemic will continue to impact our operations are highly uncertain and cannot be predicted with confidence as at the date of this MD&A. These uncertainties include, but are not limited to, the duration of the outbreak, Canadian governments' mandates to curtail the spreading of the virus, the Company's ability to resume operations efficiently or economically. It is also uncertain whether the Company will be able to maintain an adequate financial condition and have sufficient capital, or have the ability to raise capital. Any of these uncertainties, and others, could have further material adverse effect on the Company's business and operations.

#### **Exploration and Development**

Long-term operation of the Company's business and its profitability are dependent, in part, on the cost and success of its exploration and future development programs. Mineral exploration and development involves a high degree of risk and historically few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and future

# **TAGISH LAKE GOLD CORP.**

## **Management's Discussion and Analysis**

**For the years ended June 30, 2020 and 2019**

*(Expressed in Canadian dollars, unless otherwise stated)*

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development programs will result in any discoveries of bodies of mineral resources or mineral reserves. There is also no assurance that, even if commercially viable quantities of mineral resources or mineral reserves are discovered, a mineral property will be brought into commercial production. Development of the Company's mineral properties will only commence if the Company obtains satisfactory exploration results. Discovery of mineral deposits is dependent upon a number of factors, including the technical skill of the exploration geoscientists involved. The commercial viability of a mineral deposit is also dependent upon a number of factors including: the particular attributes of the deposit such as size, grade and proximity to infrastructure; metal prices; and government regulations including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of the above factors are beyond the control of the Company. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability. The Company's exploration activities are subject to a number of other specific risks and hazards including:

- industrial accidents;
- failure of processing and mining equipment;
- labour disputes;
- supply problems and delays;
- encountering unusual or unexpected geologic formations or other geological or grade problems;
- encountering unanticipated ground or water conditions;
- cave-ins, pit wall failures, flooding, rock bursts and fire;
- periodic interruptions due to inclement or hazardous weather conditions;
- uncertainties relating to the interpretation of drill results;
- inherent uncertainty of cost estimates and the potential for unexpected costs and expenses;
- results of future preliminary economic assessments, pre-feasibility and feasibility studies, and the
- possibility that future exploration, development or mining results will not be consistent with the
- Company's expectations; and
- the potential for delays in exploration or the completion of future feasibility studies.

Such risks, individually or in combination, could result in negative impacts including: damage to, or destruction of, mineral properties or processing facilities; personal injury or death; loss of key employees; environmental damage; delays in mining; monetary losses; and possible legal liabilities. Satisfying such liabilities may be very costly and could have a materially adverse effect on future cash flow, results of operations and financial condition.

### **Government Permits and Licenses**

No guarantee can be given that the necessary government exploration and mining permits and licenses will be issued to the Company or, if they are issued, that they will be renewed in an appropriate or timely manner, or that the Company will be in a position to comply with all conditions that are imposed.

### **Calculation of Mineral Resources and Mineral Reserves**

There is a high degree of uncertainty attributable to the calculation of mineral resources, mineral reserves and corresponding grades. Until any future estimated mineral reserves are actually mined and processed, the quantity of future mineral resources, mineral reserves, and corresponding grades, if any, as disclosed

# **TAGISH LAKE GOLD CORP.**

## **Management's Discussion and Analysis**

**For the years ended June 30, 2020 and 2019**

*(Expressed in Canadian dollars, unless otherwise stated)*

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at the Company's mineral property must be considered as estimates only. Accordingly, there can be no assurance that the Company will ever be able to delineate any mineral resources or mineral reserves at any of its currently owned projects.

### **Fluctuating Commodity Prices**

The Company's future revenues, if any, are expected to be derived in large part from the mining and sale of metals. Historically, the prices of those commodities has fluctuated widely, particularly in recent years, being affected by numerous factors beyond the Company's control including: international economic and political trends; expectations of inflation; currency exchange fluctuations; interest rates; supply and demand; sales by government holders; global or regional consumptive patterns; speculative activities; availability and costs of metal substitutes; and increased production due to new mine developments and improved mining and production methods. The price of base and precious metals will have a significant influence on the market price of the Company's shares and the value of its property. The effect of these factors on the price of base and precious metals, and therefore the viability of the Company's exploration projects, cannot be accurately predicted. If precious and base metal prices were to decline significantly, or for an extended period of time, the Company may be unable to continue its current exploration activities or fulfil obligations under its permits or licenses.

### **Key Human Resources**

The Company depends on the services of a number of key skilled experts, including its current board and executive officers, the loss of any one of whom could have an adverse effect on the Company's operations. The Company's ability to manage growth effectively will require it to continue to implement and improve management systems, and to recruit and train new employees. The Company cannot assure that it will be successful in attracting and re-training skilled and experienced specialists.

### **Governmental Regulation**

Exploration on the Company's property is affected to varying degrees by political stability and government regulations relating to several matters including: environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, and expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's activities.

### **Environmental Risks**

The Company's exploration and development activities are subject to extensive laws and regulations governing environmental protection, including laws related to reclamation bonds. Environmental laws and regulations are complex and have tended to become more stringent over time. Failure to comply with applicable environmental health and safety laws may result in injunctions, damages, suspension or revocation of permits, and imposition of penalties. There can be no assurance that the Company has been, or will be, at all times in complete compliance with current and future environmental and health and safety laws and that compliance with environmental permits and regulations will not materially adversely affect the Company's business, results of operations or financial condition.

# **TAGISH LAKE GOLD CORP.**

## **Management's Discussion and Analysis**

**For the years ended June 30, 2020 and 2019**

*(Expressed in Canadian dollars, unless otherwise stated)*

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### **Additional Financing**

If the Company's exploration programs are successful in establishing mineral resources and subsequently commercially viable mineral reserves, additional funds will be required for the development of such a deposit and to place it in commercial production. One potential source of future funds is through the sale of equity capital. There is no assurance that this source will continue to be available, in required amounts or at all. If it is available, future equity financings may result in substantial dilution to shareholders. Another alternative for the financing of further exploration would be the offering by the Company of an interest in the property to be earned by another party or parties carrying out further exploration or development thereof. There can be no assurance the Company will be able to conclude any such agreements, on favourable terms or at all.

### **Title to Property**

While the Company has investigated title to all of its mineral claims and, to the best of its knowledge, title to all of its property is in good standing, the Company's mineral property may be subject to prior unregistered agreements or transfers and title may be affected by such undetected defects. There may be valid challenges to the title of the Company's property which, if successful, could impair exploration, development and/or operations. The Company cannot give any assurance that title to its property will not be challenged. None of the Company's mineral property has been surveyed, and the precise location and extent thereof may be in doubt.

### **Recent and Current Market Conditions**

Over recent years worldwide securities markets, including those in the United States and Canada, have experienced a high level of price and volume volatility. Accordingly, the market price of securities of many mining companies, particularly those considered exploration or development-stage companies, have experienced unprecedented shifts and/or volatility in price which have not necessarily been related to the underlying asset values or prospects of such companies. As a consequence, market forces may render it difficult or impossible for the Company to secure investors to participate in new share issues at an attractive price for the Company, or at all. Therefore, there can be no assurance that significant fluctuations will not materially adversely impact on the Company's ability to raise equity funding.

### **Competition**

The mining industry is intensely competitive in all phases of its activities, and such competition could adversely affect the Company's ability to acquire suitable resource properties in the future.

### **Feasibility and Engineering Reports**

The Company carries out exploration operations at the Tagish Lake Gold Property in accordance with the applicable exploration permits. The Company has not yet completed, and may not complete, a preliminary feasibility or feasibility study or report which would permit the Company to consider advancing a project to the development stage.

### **Insurance**

The Company's exploration activities are subject to the risks normally inherent in the industry: these risks

# **TAGISH LAKE GOLD CORP.**

## **Management's Discussion and Analysis**

**For the years ended June 30, 2020 and 2019**

*(Expressed in Canadian dollars, unless otherwise stated)*

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include, but are not limited to, environmental hazards; flooding; periodic or seasonal hazardous climate or weather conditions; or unexpected rock formations. The Company may become subject to liability which it cannot insure, or against which it may elect not to insure, due to high premium costs or other reasons. Where considered practical to do so the Company maintains insurance against risks in the operation of its business in amounts which the Company believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. The Company cannot provide any assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. In some cases, coverage is not available or considered too expensive relative to the perceived risk.

### **Conflicts of Interest**

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors and/or officers of other companies. Some of those persons who are directors and officers of the Company have and will continue to be engaged in the identification and evaluation of assets and businesses and companies on their own behalf and on behalf of other companies; accordingly, situations may arise where the directors and officers may in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (British Columbia).

### **FORWARD LOOKING STATEMENTS**

*Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", and other similar words, or statements that certain events or conditions "may" or "will" or "can" occur. Forward-looking statements are based on the opinions and estimates of management on the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include global economic and social impact of COVID-19, the fluctuating equity prices, bond prices, commodity prices, calculation of resources, reserves and mineralization, foreign exchange risks, interest rate risk, foreign investment risk, loss of key personnel, conflicts of interest, dependence on management, uncertainties relating to the availability and costs of financing needed in the future and other factors described in this MD&A. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. All forward-looking statements in this MD&A are qualified by these cautionary statements. Accordingly, readers should not place undue reliance on such statements. Other than specifically required by applicable laws, the Company is under no obligation and expressly disclaims any such obligation to update or alter the forward-looking statements whether as a result of new information, future events or otherwise except as may be required by law. These forward-looking statements are made as of the date of this MD&A.*

*Additional information relating to the Company can be obtained under the New Pacific's profile on SEDAR at [www.sedar.com](http://www.sedar.com), and on New Pacific's website at [www.newpacificmetals.com](http://www.newpacificmetals.com).*

**APPENDIX F**  
**STOCK OPTION PLAN**

(attached)



**WHITEHORSE GOLD CORP.**

**(the "Company")**

**AMENDED AND RESTATED INCENTIVE STOCK OPTION PLAN**

**Date of Plan: November 18, 2020**

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Defined Terms

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) "Affiliate" has the meaning ascribed thereto by the Exchange;
- (b) "Associate" has the meaning ascribed thereto by the Exchange;
- (c) "Black-Out Period" means that period during which a trading blackout is imposed by the Company to restrict trades in the Company's securities by an Eligible Person;
- (d) "Board" means the Board of Directors of the Company or, as applicable, a committee consisting of not less than three Directors of the Company duly appointed to administer this Plan;
- (e) "Change of Control" means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities (as defined in the Securities Act) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than 50% of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board;"
- (f) "Common Shares" means the common shares of the Company;
- (g) "Company" means Whitehorse Gold Corp. and its successors;
- (h) "Consultant" means an individual who provides consulting, technical, management or other services to the Company or any of its subsidiaries, and who is permitted by Exchange policy and by securities laws to receive Option, either directly or through a Company;
- (i) "Director" means a director of the Company or of an Affiliate;
- (j) "Discounted Market Price" has the meaning ascribed thereto by the Exchange;
- (k) "Disinterested Shareholder Approval" means that the proposal must be approved by a majority of the votes cast at the shareholders' meeting other than votes attaching to securities beneficially owned by Insiders to whom shares may be issued pursuant to this Plan;
- (l) "Eligible Person" means a Director, Officer, Employee or Consultant;
- (m) "Employee" means any individual in the employment of the Company or any of its subsidiaries or of a company providing management or administrative services to the Company;
- (n) "Exchange" means a recognized market where the securities of the Company are bought and sold;

- (o) "Expiry Date" means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
- (p) "Insider" has the meaning ascribed thereto by the Exchange;
- (q) "Joint Actor" means a person acting "jointly or in concert with" another person as that phrase is interpreted in Multilateral Instrument 62-104;
- (r) "Market Price" of a Share means, on any given day, the last daily closing price per Common Share on the Exchange on the last trading day immediately preceding any grant of Options;
- (s) "Option" means an option to purchase Common Shares pursuant to this Plan;
- (t) "Original Plan" means the Stock Option Plan of the Company adopted and approved by the Board as of July 2, 2020;
- (u) "Participant" means an Eligible Person who has been granted an Option;
- (v) "Plan" means this amended and restated Stock Option Plan, as same may be further amended, restated, supplemented or otherwise modified from time to time; and
- (w) "Securities Act" means the *Securities Act*, R.S.B.C. 1996, c.418, as amended from time to time.

## **1.2 Interpretation**

References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

## **2. ESTABLISHMENT OF PLAN**

### **2.1 Purpose**

The purpose of this Plan is to advance the interests of the Company, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Company and its Affiliates;
- (b) encouraging Eligible Persons to remain with the Company or its Affiliates; and
- (c) attracting new Eligible Persons.

### **2.2 Number of Shares**

- (a) The maximum number of Common Shares reserved for issuance under this Plan, together all Common Shares reserved for issuance under any previously established stock option plans or grants of the Company, shall not exceed an aggregate of 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 this Plan.

- (b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
  - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
  - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
  - (iii) the vesting of any Options, including the accelerated vesting thereof on conditions the Board deems advisable,and if the Company undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable.
- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Company shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

### **2.3 Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

### **2.4 Effective Date**

This Plan shall be subject to the approval of any regulatory authority whose approval is required. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

## **3. ADMINISTRATION OF PLAN**

### **3.1 Administration**

- (a) This Plan shall be administered by the Board. Subject to the provisions of this Plan, the Board shall have the authority:

- (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited;
  - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.2 hereof.
- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Company, Eligible Persons, Participants and all other persons.

### **3.2 Compliance with Legislation**

- (a) This Plan, the grant and exercise of Options hereunder and the Company's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue, or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to sell, issue, or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) Common Shares sold, issued and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

## **4. OPTION GRANTS**

### **4.1 Eligibility and Multiple Grants**

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions.

#### **4.2 Option Agreement**

Every Option may be evidenced by an option agreement executed by the Company and the Participant, which shall, if the Participant is an Employee or Consultant, contain a representation and warranty by the Company and such Participant that such Participant is a bona fide Employee or Consultant, as the case may be, of the Company or an Affiliate. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

#### **4.3 Limitation on Grants and Exercises**

(a) **To Insiders:**

- (i) the aggregate number of Common Shares issuable to Insiders under this Plan and any other share compensation arrangements of the Company shall not exceed 10% of the outstanding Common Shares;
- (ii) the aggregate number of Common Shares issued to Insiders in any 12 month period under this Plan and any share compensation arrangements of the Company shall not exceed 10% of the outstanding Common Shares.

(b) **Exclusion.** For purposes of subsection (a) (ii) herein, any Common Shares reserved for issuance or issued to any person pursuant to this Plan prior to the person becoming an Insider shall be excluded for purposes of the calculations in subsection (a) (ii) herein.

(c) The aggregate number of options granted to any one Person (and Companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued shares of the Issuer, calculated on the date an option is granted to the Person (unless the Issuer has obtained the requisite disinterested Shareholder approval).

(d) The aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued shares of the Issuer, calculated at the date an option is granted to the Consultant.

(e) The aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued shares of the Issuer in any 12 month period, calculated at the date an option is granted to any such Person. For the purposes of this Plan, Persons retained to provide Investor Relations Activities shall include any Consultant that performs Investor Relations Activities and any Employee or Director whose role and duties primarily consist of Investor Relations Activities.

### **5. OPTION TERMS**

#### **5.1 Exercise Price**

The exercise price per Common Share for an Option shall not be less than the Discounted Market Price on the date of grant.

## **5.2 Expiry Date**

Every Option granted pursuant to this Plan shall have a term not exceeding, and shall therefore expire no later than, ten years after the date of grant.

## **5.3 Vesting**

Pursuant to Exchange policies the Board shall determine the manner in which an Option shall vest and become exercisable.

## **5.4 Assignment**

No Option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an optionee shall have the right to assign any Option granted to him hereunder to a trust, RRSP, RESP or similar legal entity established by such optionee.

## **5.5 Cessation**

- (a) If an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- (b) If an Eligible Person dies prior to the expiry of his Option, his legal representatives may, within the lesser of one year from the date of the optionee's death or the expiry date of the Option, exercise that portion of an Option granted to the deceased Eligible Person under this Plan which remains outstanding.
- (c) If a Director, Officer, Employee or Consultant ceases to be a Participant for any reason whatsoever (other than for termination for cause or for death) each Option held by such Participant will cease to be exercisable within the lesser of 90 days after the termination date or the expiry date of the Option. The Board may extend the date of such termination and the resulting period in which the Option remains exercisable to a date not exceeding the Expiry Date.

## **5.6 Change of Control**

In the event of a Change of Control, all Options that are not vested shall vest immediately and automatically without further action by the Board, subject to any restrictions imposed by the Exchange pursuant to its policies stated herein or otherwise at the time of vesting. Options granted to Investor Relations providers are not eligible for accelerated vesting without prior Exchange approval.

## **6. EXERCISE PROCEDURE**

### **6.1 Exercise Procedure**

An Option may be exercised and shall be deemed to be validly exercised by the Participant only upon the Participant's delivery to the Company at its registered office:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Company, specifying the number of Common Shares with respect to which the Option is being exercised;

- (b) the originally signed option agreement or option certificate with respect to the Option being exercised (or if the Company is holding such original, confirmation of same);
- (c) a certified cheque or bank draft made payable to the Company for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised; and
- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Company reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the laws of any jurisdiction;

and on the business day following, the Participant shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Company shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Participant. If an Option expires during a Black-Out Period, then, notwithstanding any other provision of the Plan, the Option shall expire 10 days after the Black-Out Period is lifted by the Company.

## **6.2 Taxes**

The Board and the Company may take all such measures as they deem appropriate to ensure that the Company's obligations under the withholding provisions under income tax laws applicable to the Company and other provisions of applicable laws are satisfied with respect to the issuance of Common Shares pursuant to the Plan or the grant or exercise of Options under the Plan. Issuance of Common Shares or delivery of share certificates for Common Shares purchased pursuant to the Plan may be delayed, at the discretion of the Board, until the Board is satisfied that the applicable requirements of income tax laws and other applicable laws have been met.

## **7. AMENDMENTS**

### **7.1 Amendments to Options**

The Board may amend any Option with the consent of the affected Participant and the Exchange, including any shareholder approval as required by the Exchange. Disinterested Shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Issuer at the time of the proposed amendment.

### **7.2 Amendments to the Plan**

The Board may from time to time, subject to applicable law and prior approval, if required, of the Exchange or any other regulatory body having authority over the Company and the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

Notwithstanding the foregoing, the Board is specifically authorized to amend or revise the terms of the Plan or any Option without obtaining shareholder approval in the following circumstances, provided that, in the case of any Option, no such amendment or revision may, without the consent of the Optionee, materially decrease the rights or benefits accruing to such Optionee or materially

increase the obligations of such Optionee:

- (a) changes of a “housekeeping” nature including, but not limited to, of a clerical, grammatical or typographical nature;
- (b) changes to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (c) changes to the vesting provisions of any Option or the Plan;
- (d) changes to reflect any changes in requirements of any securities regulatory authority or Exchange to which the Company is subject;
- (e) in the case of any Option, such amendments or revisions contemplated in subsection 2.2(b) of the Plan; and
- (f) changes to the definition of “change of control” for the purposes hereof.

## **8. MISCELLANEOUS**

### **8.1 Amended and Restated Plan**

The Original Plan (including all agreements and schedules thereunder) is hereby amended and restated as of the effective date pursuant to Section 2.4, by the approval of this Plan by the Board.

### **8.2 No Rights as Shareholder**

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Company with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

### **8.3 No Right to Employment**

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Company or any Affiliate or affect in any way the right of the Company or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Company or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Company or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Company or any Affiliate.

### **8.4 Governing Law**

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising therefrom.

**APPENDIX G**  
**AUDIT COMMITTEE CHARTER**

**CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**  
**OF WHITEHORSE GOLD CORP.**

**(the "Company")**

**Adopted by the Board of Directors on August 25, 2020**

**1.0 Purpose of the Committee**

- 1.1 The audit committee (the "**Committee**") represents the board of directors of the Company (the "**Board**") in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

**2.0 Members of the Committee**

- 2.1 The Committee shall consist of no less than three directors a majority of whom shall be "independent" as defined under National Instrument 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.
- 2.2 At least one Member of the Committee must be "financially literate" as defined under National Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

**3.0 Meeting Requirements**

- 3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or by virtual means, and shall be at such times and places as the Committee determines. Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.
- 3.2 A majority of the members of the Committee shall constitute a quorum.

**4.0 Duties and Responsibilities**

- 4.1 The Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Committee will:
- (i) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "**auditors**") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Committee;
  - (ii) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;

- (iii) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (iv) review and discuss with management and the auditors the Company's audited financial statements and accompanying management's discussion and analysis ("MD&A"), including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;
- (v) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (vi) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (vii) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (viii) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (ix) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (x) approve material contracts where the Board determines that it has a conflict;
- (xi) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (xii) where unanimously considered necessary by the Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Committee considers are not appropriate for the full Board;
- (xiii) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (xiv) review and monitor all related party transactions which may be entered into by the Company; and
- (xv) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

## **5.0 Miscellaneous**

Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. (attached)

**APPENDIX H**  
**UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS OF WHITEHORSE**  
**GOLD CORP.**

(attached)

# Whitehorse Gold Corp.

Unaudited Pro Forma Combined Consolidated Financial Statements

For the year ended June 30, 2020

# Whitehorse Gold Corp.

## Unaudited Consolidated Pro Forma Statements of Financial Position

(Expressed in Canadian dollars)

	WHG as at					Increase (decrease) for pro forma adjustment related to the Arrangement		WHG Pro forma as at
	June 30, 2020	Note 4(b)	Note 4(c)	Note 4(d)	Note 4(e)	June 30, 2020		
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash	\$ 419,860	\$ 6,797,010	\$ (132,000)	\$ (3,614,290)	\$ -	\$ 3,470,580		
Receivables	1,058					1,058		
	420,918	6,797,010	(132,000)	(3,614,290)	-	3,471,638		
<b>Non-current Assets</b>								
Reclamation deposit	15,075					15,075		
Property and equipment	13,838					13,838		
Mineral property interests	11,820,000					11,820,000		
<b>Total Assets</b>	<b>\$ 12,269,831</b>	<b>\$ 6,797,010</b>	<b>\$ (132,000)</b>	<b>\$ (3,614,290)</b>	<b>\$ -</b>	<b>\$ 15,320,551</b>		
<b>LIABILITIES AND EQUITY</b>								
<b>Current Liabilities</b>								
Accounts payable and accrued liabilities	\$ 18,097				\$ -	\$ 18,097		
Payables due to a related party	114,290			(114,290)		-		
Promisory notes due to a related party	3,500,000			(3,500,000)		-		
<b>Total Liabilities</b>	<b>3,632,387</b>	<b>-</b>	<b>-</b>	<b>(3,614,290)</b>	<b>-</b>	<b>18,097</b>		
<b>EQUITY</b>								
Share capital	-	6,797,010				6,797,010		
Share-based payment reserve	-				385,733	385,733		
Retained earning	8,637,444		(132,000)		(385,733)	8,119,711		
	8,637,444	6,797,010	(132,000)	-	-	15,302,454		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 12,269,831</b>	<b>\$ 6,797,010</b>	<b>\$ (132,000)</b>	<b>\$ (3,614,290)</b>	<b>\$ -</b>	<b>\$ 15,320,551</b>		

See accompanying notes to the pro forma combined consolidated financial statements

# Whitehorse Gold Corp.

## Unaudited Pro Forma Combined Consolidated Statements of Comprehensive Income

(Expressed in Canadian dollars)

	WHG From incorporation on November 27, 2019 to June 30, 2020	TLG pre-acquisition operating results <i>Note 4(a)</i>	WHG and TLG Combined For the year ended June 30, 2020	Increase (decrease) for pro forma adjustment related to the Arrangement		WHG Pro Forma For the year ended June 30, 2020
				<i>Note 4(b)</i>	<i>Note 4(e)</i>	
<b>Operating expenses</b>						
Depreciation	\$ 46		\$ 46			\$ 46
Investor relations	697		697			697
Professional fees	9,010	\$ 4,165	13,175			13,175
Arrangement Cost	-		-	132,000		132,000
Salaries and benefits	98,741		98,741		385,733	484,474
Office and administration	29,829	8,377	38,206			38,206
Management fee	-	30,000	30,000			30,000
	138,323	42,542	180,865	132,000	385,733	698,598
<b>Other income ( expenses)</b>						
Impairment reversal of mineral property interests	11,714,944		11,714,944			11,714,944
Foreign exchange gain	29		29			29
Interest expense	(79,754)		(79,754)			(79,754)
	11,635,219	-	11,635,219	-	-	11,635,219
<b>Comprehensive income for the period</b>	\$ 11,496,896	\$ (42,542)	\$ 11,454,354	\$ (132,000)	\$ (385,733)	\$ 10,936,621
<b>Earnings per common share</b>						
Basic earnings per share	\$ 0.89					\$ 0.26
Diluted earnings per share	\$ 0.89					\$ 0.24
Weighted average number of common shares - basic	12,870,371					42,656,700
Weighted average number of common shares - diluted	12,870,371					46,106,700

See accompanying notes to the pro forma combined consolidated financial statements

# Whitehorse Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements For the year ended June 30, 2020

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

### 1. PLAN OF ARRANGEMENT

On July 22, 2020, New Pacific Metals Corp. (“New Pacific”) announced that it intends to directly or indirectly distribute the Whitehorse Gold Corp.’s (“Whitehorse Gold”, or the Company) common shares to its shareholders on a pro rata basis by way of a plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (British Columbia) pursuant to which New Pacific shareholders will be entitled to receive common shares of Whitehorse Gold on a pro rata basis. On November 17, 2020, Whitehorse Gold completed a private placement equity financing for gross proceeds of \$6,797,010.

The Arrangement was approved by New Pacific shareholders at its 2020 Annual and Special Meeting of Shareholders held on September 30, 2020. The Company also obtained the Final Court Order on October 7, 2020. The Effective Date of the Arrangement was November 18, 2020.

Further details of the Arrangement, including, without limitation, the applicable ratio for the number of Whitehorse Gold common shares to be received by New Pacific shareholders, the record date for determining which shareholders will be entitled to receive Whitehorse Gold common shares and vote on the Arrangement at the special meeting are included in the Company’s Form 2B – Listing Application.

### 2. BASIS OF PREPARATION

The unaudited pro forma combined consolidated financial statements of Whitehorse Gold have been prepared to give effect and reflect the Arrangement as described in Note 1 and the pro-forma assumptions and adjustment described in Note 4 below and include:

- Unaudited pro forma combined consolidated statement of financial position as at June 30, 2020 prepared from Whitehorse Gold’s audited consolidated statement of financial position, reflecting the transactions as if they occurred on June 30, 2020.
- Unaudited pro forma combined consolidated statement of income and comprehensive income for the period from November 27, 2019 to June 30, 2020 constructed from Whitehorse Gold’s audited consolidated statement of comprehensive income for the same period and Tagish Lake Gold’s audited consolidated statement of comprehensive income for the year ended June 30, 2020, reflecting the transactions as if they occurred on July 1, 2019.

The financial statements of Tagish Lake Gold used to prepare the pro forma combined consolidated financial statements were prepared for the purpose of the pro forma financial statements and do not conform with the financial statements for Tagish Lake Gold included elsewhere in the Form 2B – Listing Application.

These unaudited pro forma financial statements should be read in conjunction with the audited consolidated financial statements of the Whitehorse Gold for the period from incorporation on November 27, 2019 to June 30, 2020.

# Whitehorse Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements For the year ended June 30, 2020

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

These unaudited pro forma combined consolidated financial statements are not intended to reflect the financial position and results of operations that would have occurred if the events reflected therein had been in effect at the dates indicated. Further, these pro forma combined consolidated financial statements are not necessarily indicative of the financial position and results of operations that may be obtained in the future.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited pro forma combined consolidated financial statements are those as set out in Whitehorse Gold's audited consolidated financial statements for the period from the incorporation on November 27, 2019 to June 30, 2020.

In addition, the following accounting policy was adopted to account for transaction that was not included in Whitehorse Gold's audited consolidated financial statements for the period from the incorporation on November 27, 2019 to June 30, 2020.

#### *Share-based Payments*

The Company makes share-based awards, 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 share units is determined based on quoted market price, or estimated market price if market quote information is not available, of Whitehorse Gold's common shares at the date of grant. 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 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.

# Whitehorse Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements For the year ended June 30, 2020

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

### 4. PRO FORMA ADJUSTMENTS

The unaudited pro forma combined consolidated financial statements incorporate the following pro forma adjustments and/or assumptions:

- (a) Tagish Lake Gold Corp's operating expenses for the period from July 1, 2019 to February 12, 2020 were added back as pro forma adjustment, reflecting the Company's acquisition of Tagish Lake Gold Corp as if it occurred on July 1, 2019.
- (b) Whitehorse Gold received gross proceeds of approximately \$6.80 million in cash and issued 22,656,699 common shares of Whitehorse Gold as a result of the private placement equity financing completed as part of the Arrangement.
- (c) Whitehorse Gold's portion of the Arrangement costs amounting to \$132,000 was reflected in the Unaudited Pro Forma Combined Consolidated Statement of Comprehensive Income and assumed paid by cash as at June 30, 2020.
- (d) \$3.61 million of the proceeds from the private placement equity financing were used to repay Promissory Notes and related interest due to New Pacific as at June 30, 2020.
- (e) 3,450,000 stock options that are outstanding following the completion of the Arrangement, as stated in Note 5, assuming all individuals were the Company's directors, officers, employees and consultants since July 1, 2019. Related share-based payment expense and reserve of \$385,733 are included in the pro forma combined consolidated financial statements.

### 5. SHARE CAPITAL

*(a) Share Capital*

The changes in share capital that will occur pursuant to the Arrangement are as follows:

	Number of Common shares	Amount
<b>Balance, June 30, 2020</b>	<b>20,000,001</b>	<b>\$ -</b>
Issued under the Arrangement	22,656,699	6,797,010
<b>Pro forma balance</b>	<b>42,656,700</b>	<b>\$ 6,797,010</b>

# Whitehorse Gold Corp.

## Notes to the Pro Forma Combined Consolidated Financial Statements For the year ended June 30, 2020

(Expressed in Canadian dollars, except for share figures)

### (b) Stock Options

On July 2, 2020, the Board of Directors approved and adopted the Stock Option Plan. Effective on November 18, 2020 the Board of Directors adopted certain amendments to the Stock Option Plan, to comply with requirements of the TSXV. On November 18, 2020, the Company re-granted 3,450,000 stock options to certain directors, officers, employees and consultants having an exercise price of \$0.315 and a term of 10 years, and vesting over a three year period in 1/6 increments, beginning on the 6-month anniversary following the date of grant. Details of the Stock Option Plan can be found under in the heading "Item 12 – Stock Option Plan" in the Company's Form 2B – Listing Application.

The fair value of the options granted is \$0.335 per common share and estimated using the Black-Scholes options pricing model with the following assumptions:

Risk free interest rate	2.25%
Expected life of option in years	10 years
Expected volatility	110%
Expected dividend yield	0.00%
Estimated forfeiture rate	0%
Estimated share price at date of grant	\$0.36

### 6. BASIS OF CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE

Pro forma basic and diluted earnings per share are calculated based upon the weighted average number of the Company's common shares that would have been outstanding, assuming that any shares issued under the Arrangement would have been issued and outstanding for the periods presented. The weighted average number of shares outstanding for the basic and diluted loss per share calculations for the period presented were calculated as below.

	Number of Common shares
<b>Pro forma basic balance</b>	<b>42,656,700</b>
Share options granted	3,450,000
<b>Pro forma fully dilutive balance</b>	<b>46,106,700</b>