



CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended
December 31, 2018 and 2017

(Stated in Canadian Dollars)



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BURNABY, BC V5J 5H8

A CHAN AND COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANT

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INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
White Gold Corp.

Opinion

We have audited the consolidated financial statements of White Gold Corp. (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of operations and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity for the years ended December 31, 2018 and December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flow for the years ended December 31, 2018 and December 31, 2017 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Restatement

We draw attention to Note 14 in the consolidated financial statements, which indicates that the Company has restated some of the numbers on the consolidated financial statements for its year ended December 31, 2017 with respect to the deferred income tax liability and its relevant deferred income tax expense and recovery. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

The engagement practitioner on the audit resulting in this independent auditors' report is Anthony Chan, CPA, CA.

"A Chan & Company LLP"
Chartered Professional Accountant

Unit# 114B (2nd floor) – 8988 Fraserteron Court
Burnaby, BC, Canada V5J 5H8
April 29, 2019

White Gold Corp.
Consolidated Statements of Financial Position
As at December 31, 2018 and 2017
(Stated in Canadian Dollars)

	2018 December 31	2017 December 31 (Restated – See Note 14)
Assets		
Current assets		
Cash & cash equivalents	\$ 18,666,298	\$ 11,457,964
Amounts receivable [Note 5]	245,291	855,684
Prepaid expenses	43,301	-
	18,954,890	12,313,648
Non-Current assets		
Property bonds [Note 6]	20,246	20,122
Property, plant & equipment	43,590	62,272
Exploration and evaluation assets [Note 6]	91,535,819	77,689,056
	91,599,655	77,771,450
	\$ 110,554,545	\$ 90,085,098
Liabilities		
Current liabilities		
Accounts payable	\$ 447,176	\$ 193,593
Accrued liabilities	79,098	29,205
Due to related parties [Note 7]	267,892	2,239,950
Flow-through share premium liability [Note 8]	3,630,117	314,997
	4,424,283	2,777,745
Non-Current liabilities		
Contingent liability & advance royalty [Note 9]	6,929,929	6,588,016
Deferred income tax liability [Note 13 and Note 14]	4,291,000	216,000
	15,645,212	9,581,761
Shareholders' equity		
Share capital [Note 8]	108,474,840	88,879,183
Contributed surplus	4,596,532	4,227,295
Accumulated deficit	(18,162,039)	(12,603,141)
	94,909,333	80,503,337
Total Liability and Equity	\$ 110,554,545	\$ 90,085,098

Nature of operations [Note 1]

Subsequent event [Note 15]

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

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

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

White Gold Corp.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2018 and 2017
(Stated in Canadian Dollars)

	December 31, 2018	(Restated – See Note 14) December 31, 2017
Expenses		
Interest and bank charges	\$ 2,494	\$ 1,572
Advance royalty accretion expense [Note 9]	81,141	112,869
Contingent liability accretion expense [Note 9]	390,772	-
Consulting fees	645,618	310,049
Depreciation	18,682	10,990
Salary and wages	602,940	237,007
Marketing, office and administration	780,453	371,304
Insurance	23,893	20,195
Travel expenses	183,960	179,243
Conferences and events	100,274	109,079
Professional fees	308,834	204,239
Stock based compensation [Note 8]	566,820	266,324
Transfer agent & regulatory	156,377	154,427
Write-down of exploration assets [Note 6]	-	56,690
Loss before undernoted items	3,862,258	2,036,988
Interest expense (income)	(109,205)	(171,487)
Deferred income tax expense (recovery) [Note 13]	1,805,845	(635,658)
Net loss and comprehensive loss for the year	\$ 5,558,898	\$ 1,229,843
Basic and diluted loss per share [Note 8]	\$ (0.06)	\$ (0.02)
Weighted average shares outstanding	95,243,656	75,190,024

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

White Gold Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2018 and 2017
(Stated in Canadian Dollars)

	Number of shares	Amount \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance at January 1, 2018	88,390,611	88,879,183	4,227,295	(12,603,141)	80,503,337
Private placement - July 2018					
Private placement	10,526,720	10,000,367	-	-	10,000,367
Agent warrants issued	-	-	282,655	-	282,655
Share issuance costs	-	(805,878)	-	-	(805,878)
Flow-through share premium liabilities	-	(1,684,275)	-	-	(1,684,275)
Private placement - Nov 2018					
Private placement	8,333,332	14,999,998	-	-	14,999,998
Agent warrants issued	-	-	142,648	-	142,648
Share issuance costs	-	(1,115,252)	-	-	(1,115,252)
Flow-through share premium liabilities	-	(3,900,000)	-	-	(3,900,000)
Shares issued - IGO property acquisition	160,000	276,800	-	-	276,800
Shares issued - Warrants exercised	2,364,375	1,823,897	(622,886)	-	1,201,011
Stock based compensation	-	-	566,820	-	566,820
Net loss for the year	-	-	-	(5,558,898)	(5,558,898)
Balance at December 31, 2018	109,775,038	108,474,840	4,596,532	(18,162,039)	94,909,333
Balance at January 1, 2017	60,725,986	35,492,169	3,653,148	(11,373,298)	27,772,019
Private placements	9,911,500	18,755,460	-	-	18,755,460
Agent warrants issued	-	-	325,506	-	325,506
Share issuance costs	-	(1,037,813)	-	-	(1,037,813)
Flow-through share premium liabilities	-	(1,166,655)	-	-	(1,166,655)
Shares issued - Warrants exercised	253,125	86,027	(17,683)	-	68,344
Shares issued - Property acquisition	17,500,000	36,749,995	-	-	36,749,995
Stock based compensation	-	-	266,324	-	266,324
Net loss for the year (Restated – See Note 14)	-	-	-	(1,229,843)	(1,229,843)
Balance at December 31, 2017 (Restated – See Note 14)	88,390,611	88,879,183	4,227,295	(12,603,141)	80,503,337

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

White Gold Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(Stated in Canadian Dollars)

	December 31, 2018	(Restated – See Note 14) December 31, 2017
Operating activities		
Net loss for the year	\$ (5,558,898)	\$ (1,229,843)
Items not involving cash		
Depreciation	18,682	10,990
Stock based compensation	566,820	266,324
Write-off of exploration assets	-	59,690
Accretion expense	341,913	112,869
Deferred income tax expense (recovery)	1,805,845	(635,658)
	(2,825,638)	(1,415,628)
Change in non-cash components of working capital		
Amounts receivables	610,269	(742,768)
Prepaid expenses	(43,300)	-
Accounts payable and accrued liabilities	303,476	(99,862)
Due to related parties	(1,972,058)	(1,372,405)
Cash used in operating activities	(3,927,251)	(3,630,663)
Investing activities		
Property plant and equipment	-	(73,262)
Exploration and evaluation assets	(13,532,621)	(19,653,019)
IGO property acquisition	(37,342)	-
Cash used in investing activities	(13,569,963)	(19,726,281)
Financing activities		
Net proceeds from exercise of warrants	1,201,011	68,344
Net proceeds from private placements	23,504,537	18,043,153
Cash provided by financing activities	24,705,548	18,111,497
Increase (decrease) in cash and cash equivalents	7,208,334	(5,245,447)
Cash and cash equivalents – Beginning of the year	11,457,964	16,703,411
Cash and cash equivalents – End of the year	\$ 18,666,298	\$ 11,457,964
Interest paid	-	-
Income tax paid	-	-

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Stated in Canadian Dollars)

1. Nature of operations

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

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

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

White Gold Corp. is in the business of acquiring and exploring mineral properties. As of December 31, 2018, the Company owned several properties in the Yukon's White Gold District in Canada (the "White Gold District"). The properties range from grass roots to more advanced exploration projects and the Company is continuing with exploration activities on its properties.

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

The consolidated financial statements were approved by the Board of Directors on April 29, 2019.

2. Basis of Presentation

Statement of Compliance

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

Basis of Presentation

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

Principles of Consolidation

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

Use of Estimates

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

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Stated in Canadian Dollars)

2. Basis of Presentation (continued)

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

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

Use of Judgments

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

3. Significant Accounting Policies

Cash and Cash Equivalents

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

Exploration and Evaluation of Assets

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

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

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

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

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Stated in Canadian Dollars)

3. Significant Accounting Policies (continued)

Site Rehabilitation Obligations

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

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

Impairment of Long-Lived Assets

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

Foreign Currency Translation

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

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

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

Share-based Payments

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

Flow-through shares

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Stated in Canadian Dollars)

3. Significant Accounting Policies (continued)

Income Taxes

Current income tax:

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

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

Deferred income tax:

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

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

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

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

Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") was adopted effective for annual periods beginning on or after January 1, 2018. Given that the Company does not have revenue from contracts with customers, there is currently no material impact from adoption of the standard.

Financial Instruments

Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments ("IFRS 9"). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance.

The Company has adopted IFRS 9 on a retrospective basis, and noted no material impact on the carrying value of any financial asset or liability on the transition date.

As a result of the adoption of IFRS 9, the Company's accounting policy for financial instruments has been updated to:

Financial assets

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

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Stated in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial assets (continued)

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

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

The Company's cash & cash equivalents and property bonds in the form of GICs are classified as FVTPL.

ii. Amortized cost

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

The Company's amounts receivable meets the criteria above and are classified at amortized cost.

Financial liabilities

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

i. Amortized cost

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

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

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

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

The Company's contingent liability and advance royalty are classified as FVTPL.

Transaction costs

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

Initial recognition

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

Subsequent measurement

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Stated in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

Derecognition

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

Expected Credit Loss Impairment

IFRS 9 introduces a single expected credit loss impairment model, which is based on any changes occurring in credit quality of the instrument to date, since initial recognition. The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

The adoption of the expected credit loss impairment model has had no material impact on the Company's consolidated financial statements.

4. IFRS accounting pronouncements

Accounting standards issued but not effective

IFRS 16, Leases

In January 2016 the International Accounting Standards Board issued IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. As the Company currently has limited exposure to leases, there is currently no material impact expected from the future adoption of the standard.

5. Amounts receivable

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

White Gold Corp.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Stated in Canadian Dollars)

6. Exploration and evaluation assets

	White Gold properties	ARM properties	Total
<u>Mineral property cost</u>			
Balance as at December 31, 2016	\$ 12,647,800	\$ 20,000	\$ 12,667,800
Acquisition/Staking/Renewal Cost	54,755,449	-	54,755,449
Exploration expenditures	10,285,807	-	10,285,807
Impairment	-	(20,000)	(20,000)
Balance as at December 31, 2017	\$ 77,689,056	\$ -	\$ 77,689,056
Acquisition/Staking/Renewal Cost	512,647	-	512,647
Exploration expenditures	13,334,116	-	13,334,116
Balance as at December 31, 2018	\$ 91,535,819	\$ -	\$ 91,535,819

White Gold Properties (Yukon)

Ryan Option

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

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

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

Kinross acquisition

On June 14, 2017 the Company successfully completed the acquisition of entities holding the White Gold, Black Fox, JP Ross, Yellow, and Battle properties (the "White Gold Properties") from Kinross Gold Corporation ("Kinross") for \$10 million in cash, the issuance to Kinross of 17.5 million common shares of the Company (at the value of \$ 2.10 per share) and up to \$15 million in deferred milestone payments specifically related to the advancement of the White Gold Properties (the "Acquisition"). Total expenditures of \$1,032,756, which includes legal fees, due diligence fee and financial advisory fees, has also been capitalized as acquisition costs directly related to acquisition of these properties.

The acquisition of the entities holding the White Gold Properties does not constitute a business combination because these entities do not meet the definition of a business under IFRS 3 *Business Combination*. As a result, under IFRS, the transaction is being measured at cash paid and the fair value of equity consideration issued to acquire these entities.

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

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6. Exploration and evaluation assets (continued)

The value of net identified assets of these entities acquired in the acquisition is set out as follows:

White Gold Properties	\$	46,749,995
Trade and other payables		(89,096)
Net identifiable assets acquired	\$	46,660,899
<hr/>		
Consideration	\$	46,660,899
Net identifiable assets acquired		46,660,899
Unidentifiable assets acquired	\$	-

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

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

As of December 31, 2018, the Company has incurred additional claims, renewal and staking expenditures of \$512,647 (\$347,113 – December 31, 2017) and exploration expenditures on all Properties of \$13,334,116 (\$10,285,807 – December 31, 2017).

ARM Properties (Yukon)

On February 2, 2015, the Company entered into a definitive earn-in option and joint agreement (“Ryan Gold Agreement”) with Ryan Gold Corp (“Ryan Gold”). The Ryan Gold Agreement provides that the Company can earn a 60% right, title and interest in and to the ARM claims (“Ryan Gold Option”), consisting of 544 contiguous mining claims located in the Whitehorse Mining District east of Kluane Lake’s Talbot Arm, Yukon (the “ARM Claims”). The Ryan Gold Agreement was eventually assumed by a company called Strikepoint Gold Inc. (“Strikepoint”).

During the year ended December 31, 2017, the Company has terminated the Ryan Gold Agreement by making a payment to Strikepoint of CDN\$39,690 with no further obligation.

Property bonds

Property bonds are cash deposits pledged to the Province of B.C. The bonds mature and roll over every year until the Company is released from its property bonds.

IGO Properties

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

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

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7. Related Party Transactions

Compensation of key management consists of the Board of Directors, CEO & President and CFO. Key management compensation which included cash & vesting accrual impacts of stock-based compensation, for the twelve months ended December 31, 2018 was \$610,576 (\$300,760 – December 31, 2017).

During the twelve months ended December 31, 2018, the Company also incurred the following related party transactions:

Ground Truth Exploration Inc., Dawson City, YT (“Ground Truth”), designed and managed all exploration work completed by the Company for total billing in 2018 of \$13,164,188 (\$10,285,807 – December 31, 2017). Ground Truth is controlled by the spouse of a director of the Company. At December 31, 2018, \$158,357 of due to related parties was payable and accrued to Ground Truth (\$2,093,251 – December 31, 2017).

\$240,000 and \$24,000 in Office, Rent and Administration fees (\$240,000 and \$24,000 – December 31, 2017) was paid and accrued to a company of which an officer is an officer and director of the Company, and to a former officer and director of the Company respectively.

\$240,000 (\$120,000 – December 31, 2017) was paid as compensation for consulting services rendered by a shareholder, who is also the beneficial owner receiving the royalty on the properties under the original Ryan Option.

A total annual advance royalty payment of \$130,000 on the Former Kinross Properties was made to an officer and director of the Company.

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

Summary of Due to Related Parties as below:

Current portion of Advance Royalty payable [Note 9]	\$ 109,534
Accounts payable & Accrued liabilities to Ground Truth	\$ 158,357
Total	\$ 267,891

8. Share Capital

Authorized share capital

At December 31, 2018, the authorized share capital consisted of an unlimited number of common shares without par value.

Common Shares Issued

[a] On March 21, 2017, the Company closed a brokered private placement of 5,555,500 Common Shares, issued on a flow-through basis, at a price of \$1.80 per Common Share, for aggregate gross proceeds of approximately \$10.0-million (the “2017 Flow-Through Private Placement”). In connection with the 2017 Flow-Through Private Placement, Agnico Eagle maintained its approximate 19.93% interest in the Company. The Company also issued 305,552 agent warrants with an exercise price of \$1.70 per Common Share for a period of two years from the closing date of the 2017 Flow-Through Private Placement with fair value of \$325,506. Cash fee of \$550,000 and legal fees of \$141,307 were paid in relation to the private placement. A flow-through share premium liability of \$1,166,655 was recorded in connection with this private placement. As of December 31, 2018, the remaining premium liability resulted from un-spent exploration expenditures was \$Nil (2017: \$314,997) and a total amount of deferred income tax recovery of \$314,997 (2017: \$851,658) was recognized as income to operations.

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8. Share Capital (continued)

[b] On June 14, 2017 the Company completed a non-brokered private placement with Agnico Eagle Mines Limited (“Agnico”) pursuant to which Agnico, in order to maintain its pro rata ownership interest in the Company, subscribed for 4,356,000 common shares of the Company at a price of \$2.01 per common share, for gross proceeds to the Company of \$8,755,560. Legal fees of \$21,000 were paid in relation to the private placement. Agnico has the right to participate in any future equity offerings by the Company in order to maintain its proportionate interest in the Company and to nominate one person to the board of directors of the Company.

[c] On June 14, 2017 the Company issued 17.5 million common shares at a fair value price of \$2.10 per share to Kinross Gold Corporation as partial consideration for the acquisition of entities holding the White Gold, Black Fox, JP Ross, Yellow, and Battle properties (the “White Gold Properties”). Kinross has the right to participate in any future equity offerings by the Company in order to maintain its proportionate interest in the Company and to nominate one person to the board of directors of the Company.

[d] During the year ended December 31, 2017, 253,125 common shares were issued from warrants exercised at \$0.27 per common shares with fair value of \$17,683 being reallocated from contributed surplus to share capital.

[e] On July 5, 2018 the Company completed a brokered private placement of 10,526,720 common shares issued on a flow-through basis, at a price of \$0.95 per share, all for aggregate gross proceeds of \$10,000,367 (the “2018 Flow-Through Private Placement”), and Agnico Eagle and Kinross maintained their proportional interest in the Company. The Company also issued 631,603 agent warrants in connection with the private placement with fair value of \$282,655 and granted 3,250,000 options to directors, officers, employees and consultants of the company, each with an exercise price of \$0.95 per Common Share. Cash fee of \$440,023 and legal fees and expenses of \$83,200 were paid in relation to the private placement. A flow-through share premium liability of \$1,684,275 was recorded in connection with this private placement. As of December 31, 2018, the remaining premium liability resulted from un-spent exploration expenditures was \$Nil and a total amount of deferred income tax recovery of \$1,684,275 was recognized as income to operations.

[f] On October 15, 2018 the Company completed an acquisition from Independence Gold Corp. (“IGO”) of the Flow, Work Creek and Henderson property claims for \$35,000 cash and issued 160,000 common shares of the Company for fair value of \$276,800.

[g] On November 8, 2018 the Company completed a transaction consisting of the sale of 5,000,000 flow-through Common Shares issued at a price of \$2.00 per share for aggregate gross proceeds of approximately \$10,000,000, and a concurrent private placement consisting of the sale of 3,333,332 Common Shares at a price of \$1.50 per Common Share for aggregate gross proceeds of approximately \$5,000,000. Agnico Eagle and Kinross maintained their approximate 19.6% interest in the Company respectively. The Company also issued 300,000 broker warrants in connection with the private placement with fair value of \$142,648, each with an exercise price of \$2.00 per Common Share. Cash fee of \$750,000 and legal fees and expenses of \$222,604 were paid in relation to the private placement. A flow-through share premium liability of \$3,900,000 was recorded in connection with this private placement. As of December 31, 2018, the remaining premium liability resulted from un-spent exploration expenditures was \$3,630,117 and a total amount of deferred income tax recovery of \$269,883 was recognized as income to operations.

[h] During the year ended December 31, 2018, 2,364,375 common shares were issued from warrants exercised at an average of \$0.51 per common share, with fair value of \$622,886 being reallocated from contributed surplus to share capital respectively.

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8. Share Capital (continued)

Loss per share

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

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

Stock Options

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

On September 27, 2016, the company issued a total of 2,370,000 options to purchase common shares of the Company and granted them to directors, officers, employees and consultants at an exercise price of \$0.40 per share, expiring on September 27, 2021. 25% of these options vest one year after the date of grant and 25% of the grant on each of the following one-year anniversaries.

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

Total share-based compensation of \$566,820 was accrued for using graded vesting method and was charged to the statement of operations and comprehensive loss for the year ended December 31, 2018 (\$266,324 – December 31, 2017). The accrual was measured using the fair value of options calculated as below:

The following table summarizes the continuity of the Company's stock options at December 31, 2018:

Outstanding				Exercisable	
Exercise price \$	Number of Shares	Weighted average remaining contractual years	Weighted average exercise price	Number of shares	Weighted average exercise price
\$ 0.40	2,370,000	2.75	\$ 0.40	1,185,000	\$ 0.40
\$ 0.95	3,250,000	4.50	\$ 0.95	Nil	\$ 0.95

The fair value of these options was estimated using the Black-Scholes model on the date of measurement. The model requires the use of assumptions, and historical data has been used in setting these assumptions. The options were valued at a total of \$2,897,378 using the following assumptions at the issuance date:

Issue	Number of Options	Exercise price (\$)	Market price at issue (\$)	Expected Volatility (%) ^[1]	Risk-free interest rate (%)	Expected life (Years)	Expected Forfeiture (%)	Dividend yield (%)	Fair value of Options (\$)
September 27, 2016	2,370,000	0.40	0.40	138	0.53	5.00	-	-	832,380
July 5, 2018	3,250,000	0.95	0.79	118	1.90	5.00	-	-	2,064,998

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

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

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8. Share Capital (continued)

Warrants and Agent Warrants

	Number of Warrants	Average Exercise price	Fair Value	Expiry Date
Balance at December 31, 2016	15,605,000	\$0.31	\$ 1,866,098	
Agent warrants issued March 21, 2017	305,552	\$ 1.70	\$ 325,506	March 21, 2019
Warrants exercised	(253,125)	\$ 0.27	(\$ 17,683)	
Balance at December 31, 2017	15,657,427	\$ 0.33	\$ 2,173,921	
Agent warrants issued July 5, 2018	631,603	\$0.95	\$282,655	July 5, 2020
Agent warrants issued November 18, 2018	300,000	\$2.00	\$142,648	November 18, 2020
Warrants exercised	(2,364,375)	\$0.51	(\$ 622,886)	
Balance at December 31, 2018	14,224,655	\$ 0.41	\$ 1,976,338	

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

Issue	Number of Warrants	Exercise price (\$)	Market price (\$)	Expected Volatility (%) [1]	Risk-free interest rate (%)	Expected life (years)	Dividend yield (%)	Fair value of warrants
Private Placement October 27, 2016 [2]	15,000,000	0.27	0.92	138	0.75	3.00	-	\$ 1,407,890
Agent Warrants December 13, 2016	605,000	1.20	1.14	138	0.75	2.00	-	\$ 458,208
Agent Warrants March 21, 2017	305,552	1.70	1.59	140	0.79	2.00	-	\$ 325,056
Agent Warrants July 5, 2018	631,603	0.95	0.79	118	1.90	2.00	-	\$ 282,655
Agent Warrants November 18, 2018	300,000	2.00	1.22	96	2.33	2.00	-	\$ 142,648

[1] Based on historical Volatility.

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

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

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9. Contingent liability & advance royalty

Key estimates on the valuation of the Kinross “White Gold Properties” were made using discounted cash flow model of the contingent consideration including a discount rate of 25% for the \$15 million in deferred milestone payments and 25% discount rate for advance royalty payments. In the year ended December 31, 2018 management revised the estimated commencement dates of each milestone, to the dates listed in the below table. The terms of the deferred payments are summarized as follows:

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

Contingent Liability

	Estimated commencement	Gross	Fair Value as at December 31, 2018
Milestone 1	Year 2021	\$5,000,000	\$ 3,082,862
Milestone 2	Year 2023	\$5,000,000	\$ 1,973,032
Milestone 3	Year 2024	\$5,000,000	\$ 1,577,461
Contingent liability			\$ 6,633,354

Advance Royalty

	Estimated remaining payment period	Remaining gross payments	Initial Amount	Accretion Expense	Carrying Value	Current Portion	Long-term Portion
Advance Royalty - \$30,000	2019-2024	\$150,000	\$107,065	\$21,727	\$98,792	\$26,597	\$72,196
Advance Royalty - \$100,000	2019-2024	\$700,000	\$347,903	\$59,414	\$307,317	\$82,938	\$224,379
Total			\$454,968	\$81,141	\$406,109	\$109,535	\$296,575

Total Long Term Contingent Liability & Advance Royalty **\$6,929,929**

10. Segmented information

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

11. Capital management

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

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

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

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11. Capital management (continued)

In connection with the 2017 Flow-through Private Placement, a flow-through share premium liability of \$1,166,655 was initially recognized, with all related exploration expenditures spent by December 31, 2018 reducing the related premium liability to \$nil.

In connection with the July 2018 Flow-through Private Placement, a flow-through share premium liability of \$1,684,275 was initially recognized, with all related exploration expenditures spent by December 31, 2018 reducing the related premium liability to \$nil.

In connection with the November 2018 Flow-through Private Placement, a flow-through share premium liability of \$3,900,000 was initially recognized. As of December 31, 2018, the remaining un-spent exploration expenditures was \$9,307,992 while the remaining related premium liability was \$3,630,117.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the twelve months ended December 31, 2018.

12. Financial instruments

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

Amounts receivable, due to related parties, accounts payable and accrued liabilities are classified as measured at amortized cost.

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

The fair values of the Company's cash and cash equivalents, amounts receivable, property bonds held in form of GICs, due to related parties, accounts payables and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments.

Fair Value Measurement

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

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

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

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

At December 31, 2018 the levels in the fair value hierarchy into which the Company's financial instruments measured and recognized in the balance sheet at fair value are categorized are as follows:

	Level 1
Cash & cash equivalents	\$ 18,666,298
Property bonds in GICs	\$ 20,246

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

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12. Financial instruments (continued)

Financial Instrument Risk Exposure

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

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

(a) Credit risk

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

(b) Liquidity risk

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

(c) Interest rate risk

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

(d) Commodity price risk

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

13. Income Taxes

Reconciliation to statutory rates – The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates of 26.5% (2017: 26.5%):

	2018	2017 (Restated – See Note 14)
Expected income tax benefit computed at statutory rates	\$ 392,983	\$ 268,668
Expiry of non-capital losses	-	-
Change in statutory tax rate	-	54,437
Increase in share issuance cost	289,397	423,143
Deductible and non-deductible items	542,620	240,752
Renouncement of flow-through tax benefits	(5,300,000)	(2,650,000)
Current and prior tax attributes recognized	-	1,879,000
Deferred income tax expense	(4,075,000)	(216,000)
Deferred income tax recovery on flow-through premium	2,269,155	851,658
Net deferred income tax (expense) recovery	\$(1,805,845)	\$ 635,658

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

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13. Income Taxes (continued)

Deferred tax assets - The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2018 and 2017 are presented below:

	2018	2017 (Restated – See Note 14)
Deferred tax assets		
Non-capital loss and capital loss carry forwards	\$ 2,763,000	\$ 1,828,000
Resource pools	(7,780,000)	(2,480,000)
Share issuance costs	711,000	421,000
Investment tax credits and others	15,000	15,000
Unrecognized deferred tax assets	-	-
Net deferred tax asset (liabilities)	\$ (4,291,000)	\$ (216,000)

At December 31, 2018, the Company has non capital losses carried forward for Canadian income tax purposes totalling approximately \$10,411,000, which will expire through to 2038 and may be applied against future taxable income. The Company also has approximately \$62,177,536 of exploration and development costs which are available for deduction against future income for tax purposes.

At December 31, 2018, the Company recognized a net deferred tax expense of \$4,075,000 and deferred tax recovery on flow through premium in the amount of \$2,269,155.

14. Restatement of 2017

During the year ended December 31, 2018 management discovered an accounting error affecting the December 31, 2017 year end. The temporary difference between the accounting and tax pool with respect to the resource mineral properties was overstated by \$7,550,000 and thus resulted in an overstatement of the deferred tax liability of \$2,000,000. Management rectified this by restating the balances impacted, with the restatement shown as follows:

Consolidated Statements of Financial Position as at December 31, 2017	As Previously Reported	Adjustment	As Restated
Deferred Tax Liability	2,216,000	(2,000,000)	216,000
Accumulated Deficit	(14,603,141)	2,000,000	(12,603,141)

Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2017	As Previously Reported	Adjustment	As Restated
Deferred Tax Expense (Recovery)	1,364,342	2,000,000	(635,658)
Net Loss and Comprehensive Loss for the year	(3,229,843)	2,000,000	(1,229,843)
Loss per share - basic and diluted	(0.04)	0.03	(0.01)

Consolidated Statements of Changes in Shareholder's Equity as at December 31, 2017 & January 1, 2018	As Previously Reported	Adjustment	As Restated
Net Loss for the year- 2017	(3,229,843)	2,000,000	(1,229,843)
Total Shareholder's Deficit -Balance at December 31, 2017 & January 1, 2018	(14,603,141)	2,000,000	(12,603,141)
Total Shareholder's Equity -Balance at December 31, 2017 & January 1, 2018	78,503,337	2,000,000	80,503,337

Consolidated Statements of Cash Flows as at December 31, 2017	As Previously Reported	Adjustment	As Restated
Net loss for the year	(3,229,843)	2,000,000	(1,229,843)
Deferred Tax Expense (Recovery)	1,364,342	(2,000,000)	(635,658)

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

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15. Subsequent Event

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