

# **Westhaven Gold Corp.**

**(Formerly Westhaven Ventures Inc.)**

**(An Exploration Stage Company)**

**Condensed Interim Financial Statements**

**September 30, 2020**

**Unaudited – Prepared by Management**

**(Expressed in Canadian Dollars)**

**(Amended and Restated)**

**Westhaven Gold Corp. (Formerly Westhaven Ventures Inc.)**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Financial Position**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

	<b>September 30 2020</b>	<b>December 31 2019</b>
	(Restated – Note 13)	
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 3,585,310	\$ 4,327,312
Other receivables	170,877	128,175
Prepaid expenses	1,966	1,966
BCMETC receivable (note 6)	-	1,436,750
	3,758,153	5,894,203
<b>Reclamation Deposits</b> (note 6)	100,000	80,000
<b>Property and Equipment</b> (note 4)	157,865	80,983
<b>Right-of-Use Assets</b> (note 5)	125,129	85,047
<b>Mineral Properties</b> (note 6)	15,259,018	7,940,810
	\$ 19,400,165	\$ 14,081,043
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 8)	\$ 1,308,383	\$ 538,260
Current portion of lease liability (note 5)	56,934	29,410
Current portion of equipment loan (note 4)	8,580	-
	1,373,897	567,670
<b>Flow-through Share Liability</b> (note 7)	980,586	358,741
<b>Non-current Portion of Lease Liability</b> (note 5)	72,560	55,058
<b>Non-current Portion of Equipment Loan</b> (note 4)	32,174	
	2,459,217	981,469
<b>Shareholders' Equity</b>		
<b>Capital Stock</b> (note 7)	20,777,441	16,687,879
<b>Reserves</b> (note 7)	4,150,107	3,775,682
<b>Deficit</b>	(7,986,600)	(7,363,987)
	16,940,948	13,099,574
	\$ 19,400,165	\$ 14,081,043

These condensed interim financial statements are signed on behalf of the Board of Directors by:

"Gareth Thomas" (signed)

Director

"Shaun Pollard" (signed)

Director

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

**Westhaven Gold Corp. (Formerly Westhaven Ventures Inc.)**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

	Three Months Ended September 30	Three Months Ended September 30	Nine Months Ended September 30	Nine Months Ended September 30
	2020	2019	2020	2019
<b>Expenses</b>				
Salaries and benefits (note 8)	\$ 130,187	\$ 8,972	\$ 435,707	\$ 14,385
Advertising and promotion	125,755	26,844	221,203	116,620
Professional fees	15,048	-	99,523	12,772
Rent (note 8)	29,950	6,869	73,200	20,607
General and administrative	26,818	16,887	65,954	31,961
Regulatory and filing fees	19,382	2,983	48,626	29,330
Travel	154	78,838	47,172	116,107
Insurance	358	-	23,408	12,200
Interest and bank charges (note 5)	3,318	1,994	10,984	8,233
Amortization (notes 4, 5 and 6)	1,976	501	5,590	1,143
Management fees (note 8)	-	75,000	-	225,000
Share-based payments	-	153,840	-	153,840
Property investigation costs	-	-	-	2,089
	(352,946)	(372,728)	(1,031,367)	(744,287)
Premium on flow-through shares	358,741	-	358,741	-
Interest Income	30,598	13,975	50,013	19,966
<b>Net Income (Loss) and Comprehensive Income (Loss) for the Period</b>	<b>\$ 36,393</b>	<b>\$ (358,753)</b>	<b>\$ (622,613)</b>	<b>\$ (724,321)</b>
<b>Basic Earnings (Loss) Per Common Share (Note 12)</b>	<b>\$ 0.00</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>(0.01)</b>
<b>Diluted Earnings (Loss) Per Common Share (Note 12)</b>	<b>\$ 0.00</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>(0.01)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>				
Basic – Note 12	102,482,192	89,596,252	99,085,681	88,517,625
Diluted – Note 12	102,482,192	89,596,252	99,085,681	88,517,625

**Westhaven Gold Corp. (Formerly Westhaven Ventures Inc.)**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Changes in Shareholders' Equity**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

	Capital Stock		Reserves			Deficit	Total Shareholders' Equity
	Common Shares	Amount	Warrants	Options	Total Reserves		
<b>Balance, December 31, 2018</b>	84,957,291	\$ 7,732,990	\$ 65,307	\$ 2,785,776	\$ 2,851,083	\$ (5,694,624)	\$ 4,889,449
Flow-through shares issued (note 7)	2,207,639	2,141,410	-	-	-	-	2,141,410
Exercise of warrants	2,286,045	231,452	(19,511)	-	(19,511)	-	211,941
Exercise of options	550,000	114,655	-	(40,155)	(40,155)	-	74,500
Share-based payments	-	-	-	153,840	153,840	-	153,840
Share issue costs	-	(15,423)	-	-	-	-	(15,423)
Net loss for the period	-	-	-	-	-	(724,321)	(724,321)
<b>Balance, September 30, 2019</b>	90,000,975	\$ 10,205,084	\$ 45,796	\$ 2,899,461	\$ 2,945,257	\$ (6,418,945)	\$ 6,731,396
<b>Balance, December 31, 2019</b>	96,949,709	\$ 16,687,879	\$ 92,687	\$ 3,682,995	\$ 3,775,682	\$ (7,363,987)	\$ 13,099,574
Flow-through shares issued (note 7)	5,447,700	4,194,729	-	-	-	-	4,194,729
Exercise of options	225,000	213,134	-	(90,134)	(90,134)	-	123,000
Share-based payments	-	-	-	464,559	464,559	-	464,559
Share issue costs	-	(318,301)	-	-	-	-	(318,301)
Net loss for the period	-	-	-	-	-	(622,613)	(622,613)
<b>Balance, September 30, 2020</b>	102,622,409	\$ 20,777,441	\$ 92,687	\$ 4,057,420	\$ 4,150,107	\$ (7,986,600)	\$ 16,940,948

**Westhaven Gold Corp. (Formerly Westhaven Ventures Inc.)**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Cash Flows**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

<b>Nine Months Ended September 30,</b>	<b>2020</b>	<b>2019</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (622,613)	\$ (724,321)
Items not involving cash		
Premium on flow-through shares	(358,741)	-
Amortization	5,590	1,143
Accrued interest	7,524	-
Share-based payments	-	153,840
	(968,240)	(569,338)
Changes in non-cash working capital		
Other receivables	(42,702)	486,840
Accounts payable and accrued liabilities	(87,660)	409,878
<b>Cash (Used in) Provided by Operating Activities</b>	<b>(1,098,602)</b>	<b>327,380</b>
<b>Financing Activities</b>		
Flow-through shares issued	5,175,315	2,484,728
Share issue costs	(318,301)	-
Exercise of options	123,000	74,500
Exercise of warrants	-	211,941
Equipment loan	42,899	-
Repayment of loan	(2,145)	(279,825)
Repayment of lease obligations	(40,950)	-
<b>Cash Provided by Financing Activities</b>	<b>4,979,818</b>	<b>2,491,344</b>
<b>Investing Activities</b>		
Expenditures on mineral properties	(5,931,394)	(3,559,588)
BCMETC received	1,436,750	515,379
Expenditures on property and equipment	(108,574)	(3,991)
Expenditures on reclamation deposits	(20,000)	-
<b>Cash Used in Investing Activities</b>	<b>(4,623,218)</b>	<b>(3,048,200)</b>
<b>Outflow of Cash</b>	<b>(742,002)</b>	<b>(229,476)</b>
<b>Cash and Cash Equivalents, Beginning of the Period</b>	<b>4,327,312</b>	<b>364,222</b>
<b>Cash and Cash Equivalents, End of the Period</b>	<b>\$ 3,585,310</b>	<b>\$ 134,746</b>
Cash and cash equivalents are comprised of:		
Cash	\$ 85,310	\$ 134,746
Guaranteed investment certificate	3,500,000	-
<b>Cash and Cash Equivalents, End of the Period</b>	<b>\$ 3,585,310</b>	<b>\$ 134,746</b>
<b>Supplemental Cash Flow Information</b>		
Accounts payable included in mineral properties	\$ 1,211,212	\$ 515,800
Amortization included in mineral properties	\$ 64,565	\$ -
Interest paid	\$ 3,460	\$ 8,233
Taxes paid	\$ -	\$ -

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Westhaven Gold Corp. (formerly Westhaven Ventures Inc.) (the “Company”) is an exploration stage company incorporated under the *Business Corporations Act* of British Columbia and commenced operations on May 5, 2010. On July 10, 2020, the Company changed its name from Westhaven Ventures Inc. to Westhaven Gold Corp. The Company is engaged in the acquisition and exploration of mineral properties in Canada.

The head office and records office of the Company is located at 1056 - 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

These condensed interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business.

The Company has sustained recurring losses and negative cash flows from operations. During the nine months ended September 30, 2020, the Company incurred a net loss of \$622,613 (2019 - \$724,321) and, as of that date, had an accumulated deficit of \$7,986,600 (December 31, 2019 - \$7,363,987). The Company has ongoing requirements for capital investment for its mineral property interests. The Company will need to raise substantial additional capital through equity financing to accomplish its business plan over the next several years. There can be no assurance as to the availability or terms upon which such financing might be available.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead, pay its liabilities, and maintain its mineral interests. The recoverability of amounts shown for mineral property interests is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these mineral property interests, and establish future profitable production, or realize proceeds from the disposition of mineral interests. The carrying value of the Company’s mineral property interests does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

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**2. BASIS OF PRESENTATION**

(a) Statement of compliance

These condensed interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* using accounting policies consistent with IFRS. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments carried at fair value. Also, the condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company’s functional and presentation currency is the Canadian dollar.

(b) Approval of the condensed interim financial statements

The condensed interim financial statements of the Company as at September 30, 2020 and for the nine months then ended were approved and authorized for issue by the Board of Directors on January 28, 2021.

(c) Use of judgments and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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**2. BASIS OF PRESENTATION (Continued)**

(c) Use of judgments and estimates (Continued)

*Critical accounting estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Right of use assets and lease liability

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency, and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

*Critical accounting judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements include, but are not limited to, the following:

Recoverability of mineral properties

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indicators of impairments. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's minerals properties.

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities, and existing permits.



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**2. BASIS OF PRESENTATION (Continued)**

(c) Use of judgments and estimates (Continued)

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year as they fall due involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Mining exploration tax credits

The Company is entitled to refundable tax credits on qualified mining exploration expenses incurred in the province of British Columbia. Management's judgment is applied in determining whether the mining exploration expenses are eligible for claiming such credits. Those benefits are recognized when the Company estimates that it has reasonable assurance that the tax credits will be realized. Upon review of the mining exploration tax credit claim by the Canada Revenue Agency, any adjustments to the estimate made by the Company are recorded in the period of the tax assessment.

Right of use assets and lease liability

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Flow-through expenditures

The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

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**3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Company's cash and cash equivalents, other receivables, accounts payable and accrued liabilities, equipment loan and lease liability have carrying values that approximate their fair values due to their short term to maturity.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents, by ensuring that these financial assets are placed with a major Canadian financial institution with strong investment-grade ratings. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as amounts are held with a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Cash and cash equivalents – Canadian dollars	\$ 3,585,310	\$ 4,327,312
Other receivables – Canadian dollars	\$ -	\$ 63,227

(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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

At September 30, 2020, the Company had cash and cash equivalents in the amount of \$3,585,310 (December 31, 2019 - \$4,327,312) and accounts payable and accrued liabilities of \$1,308,383 (December 31, 2019 - \$538,260). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of September 30, 2020.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, loan fixed interest rate risk, foreign currency risk and other price risk.

The Company is exposed to interest risk related to its GIC which earns interest at 2% per annum. The GIC is held with a major Canadian financial institution and market risk is not considered significant. The Company is not exposed to significant foreign currency risk or other price risk.

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**4. PROPERTY AND EQUIPMENT**

<b>Cost</b>	
As at December 31, 2018	\$ 13,119
Additions during the year	88,792
As at December 31, 2019	101,911
Additions during the period	108,574
As at September 30, 2020	\$ 210,485
<b>Accumulated Amortization</b>	
As at December 31, 2018	\$ 8,832
Charge for the year	12,096
As at December 31, 2019	20,928
Charge for the period	31,692
As at September 30, 2020	\$ 52,620
<b>Carrying Value</b>	
As at December 31, 2019	\$ 80,983
As at September 30, 2020	\$ 157,865

The Company entered into a loan agreement for the purchase of equipment totaling \$42,899 payable over 5 years with an interest rate of 0%. The current portion of the equipment loan is \$8,580.

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**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY**

During the year ended December 31, 2019, the Company entered into two lease agreements for a term of three years for storage facilities related to the Company's Shovelnose Gold Property in Merritt, British Columbia. Upon transition to IFRS 16, these lease liabilities were measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 10% per annum. Upon entering into the lease agreements, the Company recognized \$94,568 for a ROU asset and \$94,568 for a lease liability.

During the nine months ended September 30, 2020 the Company entered into an additional lease agreement for a term of 2 years for building space associated with the Shovelnose Gold Property. Upon entering into the lease, the Company recognized \$101,854 for a ROU asset and \$101,854 for a lease liability. The Company also cancelled one lease for a storage facility.

<b>Right-of-use assets</b>	
Value of right-of-use asset as at January 1, 2019	\$ -
Additions	94,568
Amortization	(9,521)
<b>Value of right-of-use assets as at December 31, 2019</b>	<b>\$ 85,047</b>
Additions	101,854
Cancellation	(23,309)
Amortization	(38,463)
<b>Value of right-of-use assets as at September 30, 2020</b>	<b>\$ 125,129</b>
<b>Lease liability</b>	
Lease liability recognized as at January 1, 2019	\$ -
Additions	94,568
Lease payments	(13,000)
Lease interest	2,900
Lease liability recognized as at December 31, 2019	84,468
Additions	101,854
Cancellation	(23,402)
Lease payments	(40,950)
Lease interest	7,524
<b>Lease liability recognized as at September 30, 2020</b>	<b>\$ 129,494</b>
Current portion	\$ 56,934
Non-current portion	72,560
	<b>\$ 129,494</b>

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**6. MINERAL PROPERTIES**

Amounts capitalized as mineral property costs are as follows:

	<b>Shovelnose Gold Property</b>	<b>Prospect Valley Property</b>	<b>Skoonka Creek Property</b>	<b>Skoonka North Property</b>	<b>Total</b>
Balance, December 31, 2018	\$ 3,269,216	\$ 684,090	\$ 255,170	\$ 99,252	\$ 4,307,728
Deferred exploration costs					
Acquisition costs	3,644	-	-	-	3,644
Geological and assays	1,729,677	-	3,666	-	1,733,343
Drilling	2,616,512	-	-	-	2,616,512
Lab fees	716,333	-	-	-	716,333
Total additions during the year	5,066,166	-	3,666	-	5,069,832
BCMETC (mining tax credits)	(1,436,750)	-	-	-	(1,436,750)
Net change during the year	3,629,416	-	3,666	-	3,633,082
<b>Balance, December 31, 2019</b>	<b>6,898,632</b>	<b>684,090</b>	<b>258,836</b>	<b>99,252</b>	<b>7,940,810</b>
Deferred exploration costs					
Acquisition costs	84,180	725	707	326	85,938
Geological and assays	1,536,821	2,994	9,446	-	1,549,261
Drilling	4,447,757	-	3,304	-	4,451,061
Lab fees	702,824	-	-	-	702,824
Share-based payments	464,559	-	-	-	464,559
Amortization	64,565	-	-	-	64,565
Total additions during the period	7,300,706	3,719	13,457	326	7,318,208
<b>Balance, September 30, 2020</b>	<b>\$ 14,199,338</b>	<b>\$ 687,809</b>	<b>\$ 272,293</b>	<b>\$ 99,578</b>	<b>\$15,259,018</b>

(a) Shovelnose Gold Property, British Columbia, Canada

In January 2011, the Company signed an option agreement (the “Shovelnose Agreement”) with Strongbow Exploration Inc. (“Strongbow”) whereby the Company can earn up to a 70% interest in the Shovelnose Gold Property, a mineral claim near Merritt, British Columbia, staked by Strongbow in 2005 and 2008. A director of the Company is also a director of Strongbow.

Under the terms of the Shovelnose Agreement, the Company would earn an initial 51% interest in the Shovelnose Gold Property by issuing a total of 300,000 common shares (issued) to Strongbow and incurring \$1,500,000 (\$750,000 incurred) in exploration expenditures on the property.

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**6. MINERAL PROPERTIES (Continued)**

(a) Shovelnose Gold Property, British Columbia, Canada (Continued)

On September 1, 2015, the Company entered into a new purchase agreement with Strongbow to acquire 100% of the Shovelnose Gold Property replacing the January 2011 agreement. Under the terms of the new agreement the Company acquired a 100% interest in the property by issuing 2,000,000 common shares (issued upon completion of the new agreement). In addition, Strongbow was granted a 2% net smelter returns royalty (“NSR”) on the property. The Company will retain the right to reduce the NSR to 1% by paying Strongbow \$500,000 at any time prior to the commencement of commercial production.

The Company has a reclamation deposit of \$80,000 (December 31, 2019 - \$80,000) held with the Ministry of Finance relating to exploration activities completed on the Shovelnose Gold Property.

(b) Prospect Valley Gold Property, British Columbia, Canada

On September 21, 2015, the Company entered into an option and purchase agreement with Berkwood Resources Ltd. (“Berkwood”) to acquire a 70% interest the Prospect Valley Gold Property near Merritt. The Company paid \$20,000 to Berkwood upon signing as per the terms of the agreement. On October 22, 2015, the Company exercised the option by making a second and final payment of \$80,000 and issued 500,000 common shares at a price of \$0.065 per share. The common shares have a hold period of five years.

On February 16, 2016, the Company acquired the remaining 30% interest in the property for a cash payment of \$40,000 and the issue of 500,000 common shares at a price of \$0.07 per share. The common shares have a hold period of five years.

(c) Skoonka Creek, British Columbia, Canada

On May 24, 2017, the Company signed a purchase agreement with Strongbow, and Almadex Minerals Ltd. (“Almadex”), to acquire 100% interest in the Skoonka Creek gold property, located within the prospective Spences Bridge Gold Belt, British Columbia. Under the terms of the agreement the Company issued 2,000,000 common shares (issued on May 30, 2017) at a price of \$0.09 per share. Almadex retains its original net smelter royalty of 2% from future production.

The Company has a reclamation deposit of \$20,000 held with the Ministry of Finance relating to exploration activities completed on the Skoonka Creek property.

(d) Skoonka North Gold Property, British Columbia, Canada

In May 2018, the Company staked an additional gold mineral property, Skoonka North, within the Spences Bridge Gold Belt, British Columbia.

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**6. MINERAL PROPERTIES (Continued)**

**Realization**

The Company's investment in and expenditures on the mineral property interests comprise a substantial portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interests, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for the mineral property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interests, and future profitable production or proceeds from the disposition thereof.

**Title and environmental**

Although the Company has taken steps to verify the title to mineral properties in which it has or had a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

**7. CAPITAL STOCK**

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

On June 16, 2020 the Company closed a bought deal private placement offering. The Company issued 5,447,700 flow-through shares at a price of \$0.95 per share for gross proceeds of \$5,175,315. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common shares and recorded a flow-through liability of \$980,586. The Company paid cash share issuance costs of \$318,301 in connection with the offering.

During the nine months ended September 30, 2020 the Company issued 225,000 shares on the exercise of stock options for total proceeds of \$123,000. In relation to the exercise, \$90,134 was transferred from options reserve to capital stock.

During the nine months ended September 30, 2020 the Company incurred qualifying exploration expenditures in satisfaction of its obligation under flow-through shares issued in 2019 and recognized flow-through share premium income of \$358,741.

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**7. CAPITAL STOCK (Continued)**

(b) Issued and outstanding (Continued)

During the year ended December 31, 2019, the Company issued 2,536,045 shares on the exercise of warrants for total proceeds of \$236,941 and issued 679,411 shares on the exercise of stock options for total proceeds of \$92,617. In relation to the exercise of the warrants and options, \$65,307 and \$54,262 were transferred from the warrants and options reserve to capital stock, respectively.

On October 4, 2019, the Company closed the first tranche of a non-brokered private placement. The Company raised gross proceeds of \$3,794,789 through the issuance of 3,614,085 share units at \$1.05 per unit. Each unit is comprised of one common share and one non-transferable half warrant. Each full warrant entitles the holder to purchase one common share at a price of \$1.50 for a period of 24 months from the closing date of the private placement. The Company paid cash finder's fees of \$84,105 in connection with the first tranche. Of the total proceeds \$92,687 was allocated to the warrants.

On October 8, 2019, the Company closed the final tranche of the private placement issuing a further 2,955,238 units for gross proceeds of \$3,103,000. The Company paid cash finders fees of \$210,210 in connection with the final tranche. The total proceeds were allocated to capital stock. In connection with the private placement the Company paid broker and legal fees of \$146,435.

On February 21, 2019, the Company closed a private placement offering which was part of a donation arrangement structured by PearTree Securities Inc. The Company issued 2,207,639 flow-through shares at a price of \$1.1325 per share for gross proceeds of \$2,500,151. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common shares and recorded a flow-through liability of \$358,741.

(c) Warrants

The following summarizes the Company's warrants as at September 30, 2020 and December 31, 2019 and changes during the period/year:

	September 30, 2020		December 31, 2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, beginning of the period	3,284,662	\$ 1.50	2,536,045	\$ 0.10
Issued	-	-	3,284,662	\$ 1.50
Exercised	-	-	(2,536,045)	\$ 0.10
Outstanding and exercisable, end of the period	3,284,662	\$ 1.50	3,284,662	\$ 1.50



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**7. CAPITAL STOCK (Continued)**

(c) Warrants (Continued)

As at September 30, 2020, the Company had warrants outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
October 2, 2021	\$1.50	1,020,269	1.01
October 4, 2021	\$1.50	786,774	1.01
October 8, 2021	\$1.50	1,477,619	1.02
		3,284,662	

As at December 31, 2019, the Company had warrants outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
October 2, 2021	\$1.50	1,020,269	1.76
October 4, 2021	\$1.50	786,774	1.76
October 8, 2021	\$1.50	1,477,619	1.77
		3,284,662	

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**7. CAPITAL STOCK (Continued)**

(d) Stock options

The Company adopted a stock option plan whereby the number of options granted to one person shall not exceed 10% of the outstanding shares at the time of granting the options. If employment with the Company is terminated, other than through death, options not exercised will expire within 90 days after the termination date.

On August 10, 2020, the Company granted 260,000 stock options at an exercise price of \$0.95 per share. The options vested August 10, 2020 and expire August 10, 2025. Share-based payments of \$179,036 was capitalized to mineral properties.

On May 20, 2020, the Company granted 475,000 stock options at an exercise price of \$0.80 per share. The options vested May 20, 2020 and expire May 20, 2025. Share-based payments of \$285,523 was capitalized to mineral properties.

During the nine months ended September 30, 2020, 225,000 options were exercised for total proceeds of \$123,000, \$90,134 was transferred from options reserve to capital stock.

On December 23, 2019, the Company granted 1,300,000 stock options at an exercise price of \$0.85 per share. The options vested December 23, 2019 and expire December 23, 2024. Share-based payments of \$582,897 was charged to the statement of loss and comprehensive loss and \$214,751 was capitalized to mineral properties.

On July 8, 2019, the Company granted 300,000 stock options at an exercise price of \$0.70 per share. The options vested July 8, 2019 and expire July 8, 2024. Share-based payments of \$102,492 was charged to the statement of loss and comprehensive loss and \$51,341 was capitalized to mineral properties.

During the year ended December 31, 2019, 679,411 options were exercised for total proceeds of \$92,617, \$54,262 was transferred from options reserve to capital stock.

The following summarizes the Company's stock options as at September 30, 2020 and December 31, 2019 and changes during the period/year.

	<b>September 30, 2020</b>		<b>December 31, 2019</b>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of period	8,920,589	\$ 0.58	8,000,000	\$ 0.49
Granted	735,000	\$ 0.85	1,600,000	\$ 0.82
Exercised	(225,000)	\$ 0.38	(679,411)	\$ 0.14
Outstanding and exercisable, end of period	9,430,589	\$ 0.59	8,920,589	\$ 0.58

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**7. CAPITAL STOCK (Continued)**

(d) Stock options (Continued)

As at September 30, 2020 the Company had options outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
December 28, 2020	\$ 0.05	2,200,000	0.24
April 13, 2022	\$ 0.10	1,050,000	1.53
March 21, 2023	\$ 0.14	1,095,589	2.47
November 14, 2023	\$1.20	2,900,000	3.12
July 8, 2024	\$0.70	200,000	3.77
December 23, 2024	\$0.85	1,250,000	4.23
May 20, 2025	\$0.80	475,000	4.64
August 10, 2025	\$0.95	260,000	4.86
		9,430,589	2.48

The fair value of options granted during the nine months ended September 30, 2020 and the year ended December 31, 2019 were vested immediately and were calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2020	December 31, 2019
Expected life (years)	5	5
Interest rate	0.40%	1.64%
Volatility	103%	107%
Dividend yield	0%	0%
Forfeiture rate	0%	0%
Market value of common shares at grant date	\$0.84	\$0.77
Fair value	\$0.63	\$0.58

Volatility has been calculated based on the historical volatility of the Company. Interest rates represent rates from the Bank of Canada on bonds with a similar term. The dividend yield represents the expected dividends to be paid by the Company.

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**8. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties in addition to those discussed elsewhere in the condensed interim financial statements.

(a) Key management compensation

Short-term employee benefits for key management compensation were paid to individuals and personal service corporations for the nine months ended September 30 as follows:

	<b>2020</b>	<b>2019</b>
Gareth Thomas	\$ 135,000	\$ -
Shaun Pollard	135,000	-
Stein River Holdings Ltd.	-	112,500
Gravitas Advisory Services	-	112,500
<b>Total key management compensation</b>	<b>\$ 270,000</b>	<b>\$ 225,000</b>

Share-based payment expense allocated to key management during the year ended December 31, 2019 was \$306,785.

(i) Gareth Thomas and Stein River Holdings Ltd. (“Stein River”)

Stein River is a company controlled by Gareth Thomas, Chief Executive Officer of the Company.

(ii) Shaun Pollard and Gravitas Advisory Services (“Gravitas”)

Gravitas is a company controlled by Shaun Pollard, Chief Financial Officer of the Company.

(iii) In addition to the above costs, the Company paid \$41,375 (2019 - \$20,607) of rent and office expenditures to Anglo Celtic Exploration Ltd. (“Anglo”). Anglo is a company controlled by Grenville Thomas, a director of the Company, and Gareth Thomas.

At September 30, 2020, a total of \$18,854 (December 31, 2019 - \$4,808) due to Anglo is included in accounts payable and accrued liabilities.

(b) Loan payable

On November 19, 2014, the Company entered into an agreement with Anglo to provide an unsecured loan of \$200,000. The outstanding balance of the loan is to be repaid within 12 months. The Company may repay the loan at any time without any prepayment penalty. The loan will accrue interest at a rate of 10% per annum.

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**8. RELATED PARTY TRANSACTIONS (Continued)**

(b) Loan payable (Continued)

On October 14, 2015, the Company and Anglo amended the terms of the loan to increase the principal to \$400,000 and to extend the repayment date to November 19, 2016. The loan will accrue interest at a rate of 10% per annum. As further consideration, the Company agreed to pay Anglo a bonus of 20% of the value of loan principal through issuance of the Company's common shares. On October 22, 2015, the Company issued 1,230,769 shares in payment of the bonus recorded at the fair value of the shares of \$0.065 per share.

The aggregate finance fees (bonus shares) were recorded against the loan balance and amortized to the statement of loss and comprehensive loss over the life of the loan, based on the original maturity date using the effective interest method. The debt discount was fully amortized as at December 31, 2016 and 2017.

On July 3, 2017, the Company and Anglo agreed to extend the maturity date of the loan to September 31, 2018 on the same terms.

On September 30, 2018, the Company and Anglo entered into an amendment agreement to extend the repayment date of the loan to September 30, 2019. All other terms of the loan agreement remained the same.

During the year ended December 31, 2019, the Company recorded accrued interest of \$4,523 related to the loan. The Company repaid the principal balance of \$240,000 and accrued interest of \$44,348 during the year ended December 31, 2019.

**9. CAPITAL MANAGEMENT**

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to 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.

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 nine months ended September 30, 2020. The Company is not subject to externally imposed capital requirements.

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**10. COMMITMENTS**

On December 12, 2019, the Company entered into a three-year lease for building space associated with the Shovelnose project. On June 2, 2020, the Company entered an additional two-year lease for building space. Under the terms of the leases the Company is committed to annual lease payments totalling \$143,000 plus additional occupancy costs.

As of December 31, 2019, the Company was committed to expend \$2,500,151 of flow-through share proceeds related to flow-through shares issued during the 2019 on qualifying exploration expenditures. The Company must incur the eligible expenditures within 24 months from issuing the flow-through shares.

On June 16, 2020, the Company issued flow-through shares which require the Company to incur further eligible expenditures of \$5,175,315 within 24 months.

As of September 30, 2020, the Company has spent \$2,500,151 on qualifying expenditures.

**11. SEGMENTED REPORTING**

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

**12. EARNINGS PER SHARE**

The calculation of basic and diluted earnings (loss) per share for the relevant periods is based on the following:

	<b>Three Months Ended September 30, 2020</b>	<b>Three Months Ended September 30, 2019</b>	<b>Nine Months Ended September 30, 2020</b>	<b>Nine Months Ended September 30, 2019</b>
Net income (loss) and comprehensive income (loss) for the period	\$ 36,393	\$ (358,753)	\$ (622,613)	\$ (744,287)
Basic weighted average number of common shares outstanding	102,482,192	89,596,252	99,085,681	88,517,625
Effect of dilutive options	6,530,589	-	-	-
Diluted weighted average number of common shares outstanding	109,012,781	89,596,252	99,085,681	88,517,625
Basic income (loss) per common share	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.01)
Diluted income (loss) per common share	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.01)

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**13. RESTATEMENT**

Subsequent to the filing of the condensed interim financial statements for the nine months ended September 30, 2020, management identified an error relating to the recording of stock options granted during the period. The error resulted in an increase to mineral properties of \$464,559 and an increase to reserves of \$464,559 as at September 30, 2020. The related disclosures in these amended and restated condensed interim financial statements have been updated to reflect the correction of this error.

**14. SUBSEQUENT EVENTS**

On January 13, 2021, the Company announced that it had entered into an agreement with Raymond James Ltd. (the “Underwriter”), to which the Underwriter has agreed to purchase 14,300,000 units of the Company at a price of \$0.70 per unit, representing total gross proceeds of \$10-million. Each unit consists of one common share of the Company and one-half common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company for an exercise price of \$1.00 per share for a period of two years after closing. On January 14, 2021, it was announced that the size of the offering has increased to 18,590,000 units for total gross proceeds of \$13-million.

The Company has agreed to grant the Underwriter an option, exercisable, in whole or in part, at the sole discretion of the Underwriter, at any time for a period of 30 days from, and including, the closing of the offering, to purchase from the Company up to an additional 15% of the units sold under the offering, on the same terms and conditions of the offering, to cover overallotments, if any, and for market stabilization purposes.

The net proceeds from the offering will be used to finance the exploration and development of the Company's mining properties in British Columbia, including Shovelnose, drilling to complete a maiden resource estimate, working capital and general corporate purposes.