



## **Ascot Resources Ltd.**

### **Condensed Interim Consolidated Financial Statements**

For the three months ended June 30, 2018 and 2017  
(Express in thousands of Canadian Dollars, except where indicated)  
(Unaudited)

## **NOTICE OF NO AUDIT REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Carol Li

Chief Financial Officer

August 15, 2018

# Ascot Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian Dollars in Thousands)

(Unaudited)

	Notes	June 30, 2018	March 31, 2018
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	4	\$ 14,171	\$ 20,511
Trade and other receivables		410	217
Prepaid expenses and deposits	5	545	364
<b>Total Current Assets</b>		15,126	21,092
Reclamation deposits	6	357	357
Exploration and evaluation assets	7	75,147	69,947
Property, plant and equipment	8	1,058	1,140
<b>Total Non-Current Assets</b>		76,562	71,444
<b>Total Assets</b>		\$ 91,688	\$ 92,536
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Trade and other payables	9	\$ 468	\$ 466
Other liabilities	10	263	1,035
<b>Total Current Liabilities</b>		731	1,501
Provisions		430	430
Deferred income tax liabilities		11,150	9,856
<b>Total Non-Current Liabilities</b>		11,580	10,286
<b>Total Liabilities</b>		12,311	11,787
<b>Shareholders' Equity</b>			
Share capital	11	119,107	119,046
Share-based payment reserve		16,760	16,206
Accumulated deficit		(56,490)	(54,503)
<b>Total Shareholders' Equity</b>		79,377	80,749
<b>Total Liabilities and Shareholders' Equity</b>		\$ 91,688	\$ 92,536

Commitments (Notes 7 and 18), Subsequent Events (Note 20)

The accompanying notes form an integral part of these consolidated financial statements

"Rick Zimmer"

Director

"Don Njegovan"

Director

# Ascot Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Canadian Dollars in Thousands)

(Unaudited)

	<i>Notes</i>	<b>Three months ended June 30, 2018</b>	<b>Three months ended June 30, 2017</b>
General and administrative	13	\$ 1,386	\$ 431
Property maintenance costs	7	127	3
Finance expense		-	33
Other income	14	(833)	(795)
Foreign exchanges loss		13	7
<b>Loss before income taxes</b>		<b>(693)</b>	<b>321</b>
Income tax expense		(1,294)	(940)
<b>Net loss for the period</b>		<b>\$ (1,987)</b>	<b>\$ (619)</b>
<b>Total comprehensive loss</b>		<b>\$ (1,987)</b>	<b>\$ (619)</b>
<b>Loss per share</b>			
Basic and diluted		\$ (0.01)	\$ (0.00)
Weighted average shares outstanding - basic and diluted		152,257,560	142,225,806

The accompanying notes form an integral part of these consolidated financial statements

## Ascot Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED JUNE 30, 2018 AND 2017

(Canadian Dollars in Thousands except No. of Shares)

(Unaudited)

	No. of Shares issued and outstanding	Share capital	Share-based payment - Reserve	Deficit	Total Shareholders' equity
<b>Balance, March 31, 2017</b>	<b>140,675,326</b>	<b>\$ 106,196</b>	<b>\$ 11,582</b>	<b>\$ (45,563)</b>	<b>\$ 72,215</b>
Share issued for cash					
Exercise of warrants	6,882,641	7,246	-	-	7,246
Exercise of options	20,000	19	-	-	19
Issued for other consideration					
Transfer to share capital on exercise of options	-	15	(15)	-	-
Transfer to share capital on exercise of warrants	-	157	(157)	-	-
Net loss for the year	-	-	-	(619)	(619)
<b>Balance, June 30, 2017</b>	<b>147,577,967</b>	<b>\$ 113,633</b>	<b>\$ 11,410</b>	<b>\$ (46,182)</b>	<b>\$ 78,861</b>
Balance, March 31, 2018	152,251,617	119,046	16,206	(54,503)	80,749
Share issued for cash					
Exercise of options	15,000	14	-	-	14
Exercise of warrants	15,225	18	-	-	18
Issued for other consideration					
Transfer to share capital on exercise of options	-	12	(12)	-	-
Transfer to share capital on exercise of warrants	-	11	(11)	-	-
Share issue cost credit	-	6	-	-	6
Share-based payment (note 11)	-	-	577	-	577
Net loss for the year	-	-	-	(1,987)	(1,987)
<b>Balance, June 30, 2018</b>	<b>152,281,842</b>	<b>\$ 119,107</b>	<b>\$ 16,760</b>	<b>\$ (56,490)</b>	<b>\$ 79,377</b>

The accompanying notes form an integral part of these consolidated financial statements

# Ascot Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For The Three Months Ended June 30, 2018 and 2017

(Canadian Dollars in Thousands)

(Unaudited)

	<i>Notes</i>	Three months ended June 30, 2018	Three months ended June 30, 2017
<b>Cash flows from operating activities</b>			
Loss for the period		\$ (1,987)	\$ (619)
Adjustment to reconcile loss to net cash used in operating activities:			
Share-based payments	12	577	-
Amortization, depletion and depreciation	8	82	57
Gain on flow through share premium	10	(772)	(735)
Finance expense		-	33
Deferred income tax expense		1,294	940
Changes in non-cash working capital balances:			
Receivables		(193)	(66)
Prepaid expenses and deposits		(181)	(234)
Trade and other payables		125	(114)
<b>Total cash outflows from operating activities</b>		<b>(1,055)</b>	<b>(738)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	8	-	(473)
Investment in exploration and evaluation assets	7	(5,323)	(10,835)
<b>Total cash outflows from investing activities</b>		<b>(5,323)</b>	<b>(11,308)</b>
<b>Cash flows from financing activities</b>			
Refund of share issue costs		6	-
Proceeds from exercise of warrants	12	18	7,246
Proceeds from exercise of stock options	12	14	19
<b>Total cash inflows from financing activities</b>		<b>38</b>	<b>7,265</b>
<b>Total decrease in cash during the period</b>		<b>(6,340)</b>	<b>(4,781)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>20,511</b>	<b>29,090</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 14,171</b>	<b>\$ 24,309</b>

The accompanying notes form an integral part of these consolidated financial statements

## **1. NATURE OF OPERATIONS**

Ascot Resources Ltd. (“Ascot” or the “Company”) is a junior exploration company focusing on re-starting the past producing historic Premier gold mine, once North America’s largest gold mine, located in British Columbia’s Golden Triangle. The Company also has two other projects; Swamp Point, an aggregate project located in British Columbia on the Portland Canal and Mt. Margaret, a porphyry copper-molybdenum-gold-silver deposit located in Washington State, USA.

Ascot was incorporated under the Business Corporations Act of British Columbia in May 1986. The Company has one wholly-owned subsidiary, Ascot USA Inc., a Washington corporation. The Company is listed on the TSX Venture Exchange, having the symbol AOT-V and trading on OTCQX market in the U.S. (symbol: AOTVF).

On March 26, 2018, the Company filed a notice of change of year end pursuant to Part 4 of NI 52-102 Continuous Disclosure Obligations. The Company is changing its fiscal year end from March 31 to December 31 with transition year-end at December 31, 2018 to be more aligned with its peers.

The address of the Company's corporate office and principal place of business is #1550 505 Burrard Street, Vancouver, British Columbia, V7X 1M5, Canada.

## **2. BASIS OF PRESENTATION**

### **a) Statement of Compliance**

These unaudited condensed interim financial statements for the three months ended June 30, 2018 (the “Interim Financial Statements”) have been prepared in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Auditing Standard (“IAS”) 34, Interim Financial Reporting (“IAS 34”). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited annual financial statements for the year ended March 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Company’s 2018 annual consolidated financial statements.

The consolidated financial statements were authorized for issue by the Board of Directors on August 15, 2018.

### **b) Basis of Measurement**

These consolidated condensed interim financial statements include the accounts of Ascot Resources Ltd. and its wholly-owned US subsidiary, Ascot USA Inc. All intercompany transactions and balances are eliminated on consolidation

These consolidated condensed interim financial statements are presented in Canadian dollars, which is also the Company’s and wholly-owned subsidiary’s functional currency. At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

The accounting policies have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

**c) Judgments and Estimates**

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are exploration and evaluation assets (Note 7) and income taxes (Note 13).

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are rehabilitation provisions (Note 12) and share-based payment transactions (Note 15 b).

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

**d) Going Concern of Operations**

These consolidated condensed interim financial statements have been prepared in accordance with IFRS applicable to going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. The Company has not generated revenue from operations. The Company incurred a net loss of \$1,987 during the three months ended June 30, 2018 and, as of that date, the Company's accumulated deficit was \$56,490 all of which indicate material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Realization values may be substantially different from carrying values as shown.

**3. CHANGES IN ACCOUNTING STANDARDS****FINANCIAL INSTRUMENTS**

On April 1, 2018, the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for the annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities is unchanged.

**i) Classification and measurement**

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.



Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

*Financial assets at FVTPL*

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

*Financial assets at FVTOCI*

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

*Financial assets at amortized cost*

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

New classification of the Company's financial instruments under IFRS 9:

	<b>Classification under IAS39</b>	<b>New Classification under IFRS 9</b>
Cash and cash equivalents	Loans and receivables – amortized cost	Amortized cost
Trade and other receivables	Loans and receivables – amortized cost	Amortized cost
Marketable securities	Available for sale	FVTPL
Reclamation deposits	Loans and receivables – amortized cost	Amortized cost
Trade and other liabilities	Other liabilities – amortized cost	Amortized cost

**ii) Impairment**

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's receivables the Company has no material loss allowance at adoption or as at June 30, 2018.

# Ascot Resources Ltd.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2018 AND 2017  
Expressed in Thousands of Canadian Dollars Except Price per Share/Unit  
(Unaudited)

## LEASES

IFRS 16, Leases will be effective for accounting periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 Leases specifies how leases should be recognized, measured, presented and disclosed. 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. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company is currently assessing whether the adoption of this new standard would have a material impact on the financial position and results of the Company.

## 4. CASH AND CASH EQUIVALENTS

	<b>June 30, 2018</b>	<b>March 31, 2018</b>
Cash	\$ 121	\$ 561
Guaranteed Investment Certificates ("GICs")	14,050	19,950
	<b>\$ 14,171</b>	<b>\$ 20,511</b>

Cash is held at a Canadian chartered bank and at registered brokers. The GICs are held at a Canadian Chartered Bank. The GICs bear interest at variable rate of prime minus 1.90 % and fixed interest rate at 1.4% (March 31, 2018 – 1.55% and 1.4%). The GICs may be redeemed on twenty-four hour notice to the bank.

For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

Included in cash and cash equivalents is \$1,634 (March 31, 2018 – \$6,423) which is required to be spent on flow-through expenditures.

## 5. PREPAID EXPENSES AND DEPOSITS

	<b>June 30, 2018</b>	<b>March 31, 2017</b>
Advance to drilling contractor	\$ 300	\$ 300
Advance to suppliers	125	-
Other prepaids	120	64
	<b>\$ 545</b>	<b>\$ 364</b>

In December 2017, the Company signed a contract with a drilling company to complete the 2018 drill program at Premier-Dilworth property. Under the terms of the contract, the Company made an advance payment of \$300 to the drilling contractor for mobilization of equipment.

## 6. RECLAMATION DEPOSITS

The Company is required to maintain reclamation deposits for its Swamp Point and Premier properties in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. The reclamation deposits are held in certificates of deposits with a Canadian chartered bank and the Ministry of Finance of British Columbia.

# Ascot Resources Ltd.

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The following table summarizes the reclamation deposit by properties:

		June 30, 2018		March 31 2018
Swamp Point	\$	300	\$	300
Premier		57		57
	\$	357	\$	357

## 7. EXPLORATION AND EVALUATION ASSETS

	Premier	Dilworth	Mt. Margaret	Total
Cost - acquisition	\$ 11,050	\$ 7,254	\$ 2,142	\$ 20,446
Cost - exploration	39,581	6,710	3,210	49,501
<b>Total March 31, 2018</b>	<b>50,631</b>	<b>13,964</b>	<b>5,352</b>	<b>69,947</b>
<b>Change in Cost</b>				
Additions - exploration	5,200	-	-	5,200
	5,200	-	-	5,200
Cost - acquisition	11,050	7,254	2,142	20,446
Cost - exploration	44,781	6,710	3,210	54,701
<b>Total June 30, 2018</b>	<b>\$ 55,831</b>	<b>\$ 13,964</b>	<b>\$ 5,352</b>	<b>\$ 75,147</b>

### PREMIER

In June 2009, the Company signed an Option Agreement with Boliden Limited ("Boliden") for the Silbak-Premier gold mine in northern British Columbia (the "Premier Property"), whereby it could acquire a 100% interest in certain mineral claims, mining leases, crown granted mineral claims and freehold and surface titles ("the Assets") in British Columbia, Canada and Alaska, U.S.A. ("the Option Agreement"). This property adjoins the Company's Dilworth property.

On November 19, 2015, the Company signed an amended agreement confirming the terms as set out above. In addition, pursuant to a July 19, 2013 amendment, Ascot granted Boliden an additional 5% NSR ("the Premier NSR") which can be purchased by the Company for \$9,550 at any time after the Option Agreement has been exercised. Ascot cannot purchase the Premier NSR unless the Company also exercises the Dilworth Option (see below).

In accordance with the terms of the Option Agreement and its amendments, the Company exercised its right to acquire the adjoining Dilworth property from Boliden and one of Ascot's former directors ("the Dilworth Optionors") and granted Boliden a 1% Net Smelter Royalty ("NSR") and the first right to purchase all base metal concentrates produced from the Premier Property. Pursuant to the Option Agreement, the Company also assumed certain royalties on the Premier Property that result from obligations of a previous owner of the property. These royalties consist of an additional 1% NSR and a 5% Net Profit Interest royalty on production from certain areas of the Premier Property.

In 2017, the Company paid the final option payment of \$4,776. The payment has been placed in escrow and will be released to Boliden subject to the satisfaction of all closing conditions relating to the Premier Property. According to the terms of the July 31, 2017 Asset Purchase Agreement between the Company and Boliden ("the APA"), the Company is responsible for certain environmental remediation costs relating to the Premier Property. During the three months ended June 30, 2018, the Company reimbursed Boliden for a total of \$127 care and maintenance pursuant to the terms of the APA.

The closing conditions of the APA include the assumption by the Company of environmental bonding requirements on the Premier Property. The amount of this bonding has yet to be finalized and will be determined in negotiation with the Province of British Columbia. As such, the required bonding has not been recognized in these consolidated financial statements.

**DILWORTH**

On November 19, 2015, the Company signed an amended agreement with the Dilworth Optionors confirming the terms as set out above. Also as part of the amended agreement, Ascot granted the Dilworth Optionors an additional 5% NSR ("the Dilworth Option") which can be purchased by the Company for \$4,150 at any time after the option to purchase the Dilworth Property has been exercised.

In November 2007 the Company acquired three crown grants (Old Timer, Butte and Yellowstone) which are located near the Dilworth Property. As consideration, the Company paid \$100 cash and issued 200,000 common shares of the Company, which were recorded at fair market value at the date of agreement. These properties are subject to a 1% NSR on the crown grants.

In 2017, the Company paid the final option payment of \$2,075, of which \$1,038 was paid to a former director of Ascot and his partner with the balance of \$1,037 being placed in escrow to be released to Boliden subject to the satisfaction of all closing conditions of the Premier Property APA.

**MT. MARGARET**

In March 2010 the Company signed an Option agreement, whereby, it acquired a 100% interest in General Moly Inc.'s 50% interest in the Mt. Margaret property in Washington, USA. The government of the United States owns the other 50% interest.

The optionor retains a 1.5% NSR. The Company may purchase one-half of the NSR upon completion of a preliminary economic assessment. The purchase price shall be negotiable but shall not be less than 50% of the net present value of the NSR.

**SWAMP POINT**

The Company holds a 100% interest in a lease and foreshore tenure, expiring May 15, 2028, for the purpose of quarrying, digging and removal of sand and gravel at Swamp Point in British Columbia. Operations were suspended in 2008 due to unfavourable aggregate markets. The property was subsequently written off in 2010.

# Ascot Resources Ltd.

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## 8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Office furniture and equipment	Total
Cost	\$ 454	\$ 1,689	\$ 176	\$ 2,319
Accumulated depletion, depreciation and amortization	(13)	(1,123)	(43)	(1,179)
<b>Net book value, March 31, 2018</b>	<b>441</b>	<b>566</b>	<b>133</b>	<b>1,140</b>
<b>Change in Accumulated Amortization</b>				
Depletion, depreciation and amortization charge	(4)	(70)	(8)	(82)
Subtotal	(4)	(70)	(8)	(82)
Cost	454	1,689	176	2,319
Accumulated depletion, depreciation and amortization	(17)	(1,193)	(51)	(1,261)
<b>Net book value, June 30, 2018</b>	<b>\$ 437</b>	<b>\$ 496</b>	<b>\$ 125</b>	<b>\$ 1,058</b>

## 9. TRADE AND OTHER PAYABLES

	June 30, 2018	March 31, 2017
Liabilities on goods and services	\$ 219	\$ 330
Liabilities on employee taxes and social security	55	37
Liabilities for wages	36	30
Accrued expenses	158	69
	\$ 468	\$ 466

## 10. OTHER LIABILITIES

The following is a continuity schedule of the premium liability of the flow-through shares issuances.

<b>Balance at March 31, 2018</b>	<b>\$ 1,035</b>
Premium on flow through share issue	-
Derecognition of premium liability on expenditure of flow-through share proceeds	(772)
<b>Balance at June 30, 2018</b>	<b>\$ 263</b>

## 11. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

During the three months ended June 30, 2018, 15,000 common shares issued for the exercise of options and 15,225 common shares issued for the exercise of warrants.

The Company's issued and outstanding share purchase warrants and stock options were not included in the calculation of diluted earnings per share as they are anti-dilutive for the three months ended June 30, 2018.

## 12. WARRANTS AND OPTIONS

### a) Warrants

As of June 30, 2018, the Company had outstanding and exercisable warrants as follows:

	<b>Warrants</b>	Weighted-average exercise price (C\$)
Outstanding at March 31, 2017	18,884,110	1.32
Exercised	(7,058,941)	1.06
Expired	(1,664,175)	1.75
Outstanding at March 31, 2018	10,160,994	1.32
Exercised	(15,225)	1.15
Share-based warrants at June 30, 2018	10,145,769	1.46

The following summarizes information about the warrants outstanding and exercisable at June 30, 2018:

Exercise price	Number oustanding and exercisable	Remaining contractual life (years)
\$1.15	1,232,616	0.10
\$1.50	8,695,653	0.10
\$1.75	217,500	0.02
\$1.46	10,145,769	0.10

### b) Stock options

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria.

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The total stock-based compensation expense for the three months ended June 30, 2018 was \$577 (three months ended June 30, 2017: \$Nil). The unrecognized compensation cost for non-vested share options at June 30, 2018 was \$1,274 (June 30, 2017: \$Nil).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	<b>Options</b>	Weighted-average exercise price (C\$)
Outstanding at March 31, 2017	10,020,000	1.32
Granted	7,440,000	1.56
Cancelled	(150,000)	1.15
Exercised	(155,000)	0.93
Outstanding at March 31, 2018	17,155,000	1.32
Exercised	(15,000)	0.95
Share -based Options at June 30, 2018	17,140,000	1.43

The following summarizes information about the stock options outstanding and exercisable at June 30, 2018:

Range of price	Options outstanding			Options exercisable		
	Number outstanding	Weighted- average remaining contractual life (years)	Weighted- average exercise price C\$	Number exercisable	Weighted- average remaining contractual life (years)	Weighted- average exercise price C\$
\$0.88 to \$1.29	5,450,000	0.63	0.91	5,450,000	0.63	0.91
\$1.30 to \$1.50	1,340,000	4.44	1.34	900,000	4.49	1.34
\$1.51 to \$2.00	9,650,000	3.19	1.67	7,049,999	2.79	1.69
\$2.01 to \$2.34	700,000	3.13	2.32	700,000	3.13	2.32
	17,140,000	2.87	1.43	14,099,999	2.56	1.40

## 13. GENERAL AND ADMINISTRATIVE COSTS

	Three months ended June 30, 2018	Three months ended June 30, 2017
Employee wages and benefits	\$ 321	\$ 140
Management fees	93	65
Share-based payment	577	-
Depreciation	82	57
Legal and professional services	113	26
Office and administration expenses	78	76
Travel	81	26
Investor relations and shareholders costs	41	41
	\$ 1,386	\$ 431

# Ascot Resources Ltd.

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## 14. OTHER INCOME

	Three months ended June 30, 2018		Three months ended June 30, 2017	
		2018		2017
Interest income	\$	61	\$	60
Flow through share premium		772		735
	\$	833	\$	795

## 15. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the period:

### a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation comprised:

	Three months ended June 30, 2018		Three months ended June 30, 2017	
Salaries and short-term benefits	\$	100	\$	65
Management fees		84		65
Exploration and evaluation costs		-		69
Share-based payment transactions		496		-
	\$	680	\$	199

### b) Other Related Party Transactions

As at June 30, 2018, accounts payable included \$50 (June 30, 2017 - \$21) due to related party, of which \$21 pertains to royalties on gravel product sold by the Company during the year ended March 31, 2008.

## 16. SEGMENT 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. The Company has two geographic centres, Canada and the US.

All of the Company's assets are in Canada except for the Mt. Margaret property which is located in the US. Costs for Mt. Margaret are included in exploration and evaluation assets, as disclosed in Note 7.

## 17. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

### *Risk Management*

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. These risks arise from the normal course of the Group's operations and all transactions undertaken are to support the Group's ability to continue as a going concern (see Note 2d). This note describes the Company's objectives, policies and processes



for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

*General Objectives, Policies and Processes:*

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

*Fair value*

The Company's financial instruments include cash and cash equivalents, interest and other receivables, trade and other payables and other liabilities. IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7") establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The recorded amounts of cash and cash equivalents, interest and other receivables, trade and other payables and other liabilities approximate their respective fair values due to their short-term nature.

*Credit Risk*

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

*Foreign Currency Risk*

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results.

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is insignificant.

*Interest Risk*

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at bank and GIC's carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

The exposure to interest rates for the Company is considered minimal.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**18. COMMITMENTS**

The Company has an agreement to lease office premises which expires on December 1, 2019. The gross payments for this lease are as follows:

	<b>June 30, 2018</b>	<b>March 31, 2018</b>
Within one year	\$ 49	\$ 49
After one year but not more than five years	19	32
	<b>\$ 68</b>	<b>\$ 81</b>

In addition to basic rent, the Company is also subject to taxes and operating costs.

**19. SUBSEQUENT EVENTS**

- a. Subsequent to the three months ended June 30, 2018, 305 share purchase warrants were exercised. The remainder of 10,145,464 outstanding warrants expired unexercised.
- b. On August 13, 2018, the Company entered into a definitive agreement with Jayden Resources Inc. ("Jayden") and Mountain Boy Minerals Ltd. ("Mountain Boy") to acquire a 100% interest in the Silver Coin property (the "Property") in northwestern British Columbia (the "Transaction").

Pursuant to the share purchase agreement with Jayden (the "Jayden SPA"), Ascot will acquire all of the issued and outstanding shares of Jayden's subsidiary, Jayden Resources (Canada) Inc. ("Jayden Canada"), in exchange for

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14,987,497 Ascot common shares ("Ascot Shares"). In addition, Ascot will issue up to 1,715,684 additional Ascot Shares for the settlement of options and warrants exercised before the closing date with the net cash proceeds of the warrants accruing to Ascot. Jayden Canada owns an 80% joint venture interest in the Property pursuant to a joint venture agreement with Mountain Boy (the "JV Agreement"). Concurrent with the entering into the Jayden SPA, Ascot has entered into a purchase agreement with Mountain Boy ("Mountain Boy Purchase Agreement") to acquire the remaining 20% joint venture interest in the Property in exchange for 3,746,874 Ascot Shares. In addition, Ascot will issue up to 428,921 additional Ascot shares to Mountain Boy for the settlement of Jayden options and warrants which may be exercised before closing. Pursuant to the Mountain Boy Purchase Agreement, Mountain Boy has also agreed to waive its right of first refusal under the JV Agreement. The Mountain Boy Purchase Agreement provides that Ascot's acquisition of the 20% interest in the Property from Mountain Boy is conditional on the acquisition of the 80% interest in the Property from Jayden.

The Jayden SPA contains standard representations, warranties and covenants for a transaction of this nature. The Jayden SPA also includes standard non-solicitation provisions of Jayden in favour of Ascot and requires Jayden to pay Ascot a break fee of \$450 in the event of the acceptance by Jayden of a superior offer or a change in recommendation by the Jayden board of directors in respect of the Transaction. Completion of the Transaction is subject to a number of conditions, including receipt of shareholder approval by the Jayden shareholders and receipt of approval by the TSX Venture Exchange. Certain shareholders of Jayden and all of the officers and directors of Jayden (collectively, the "Locked-up Shareholders") have entered into voting support agreements with Ascot, whereby they have agreed to vote their Jayden common shares in favour of the Transaction and to restrict trading of Ascot Shares distributed by Jayden to its shareholders pursuant to the Transaction for a period of 6 months following closing of the Transaction. The Locked-up Shareholders own or have control or direction of over approximately 31.4% of the current issued and outstanding shares of Jayden. The Jayden shareholder meeting is expected to occur in early October, 2018 and the Transaction is expected to close shortly thereafter.