



Ascot Resources Ltd.

Consolidated Financial Statements

For the nine months ended December 31, 2018 and year ended March 31, 2018
(Expressed in thousands of Canadian Dollars, except where indicated)



Independent auditor's report

To the Shareholders of Ascot Resources Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Ascot Resources Ltd. and its subsidiaries (together, the Company) as at December 31, 2018, and its financial performance and its cash flows for the period from April 1, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2018;
- the consolidated statement of comprehensive income (loss) for the period from April 1, 2018 to December 31, 2018;
- the consolidated statement of changes in equity for the period from April 1, 2018 to December 31, 2018;
- the consolidated statement of cash flows for the period from April 1, 2018 to December 31, 2018; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Comparative information

The financial statements of the Company for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on July 5, 2018.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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



Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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



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

The engagement partner on the audit resulting in this independent auditor's report is Craig McMillan.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 26, 2019

Ascot Resources Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian Dollars in Thousands)

| | <i>Notes</i> | December 31, 2018 | March 31, 2018 |
|---|--------------|------------------------------|---------------------------|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | 4 | \$ 6,530 | \$ 20,511 |
| Trade and other receivables | | 186 | 217 |
| Prepaid expenses and deposits | | 344 | 364 |
| Total Current Assets | | 7,060 | 21,092 |
| Reclamation deposits | 5 | 2,954 | 357 |
| Exploration and evaluation assets | 6 | 113,256 | 69,947 |
| Property, plant and equipment | 7 | 1,590 | 1,140 |
| Total Non-Current Assets | | 117,800 | 71,444 |
| Total Assets | | \$ 124,860 | \$ 92,536 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current | | | |
| Trade and other payables | | \$ 1,113 | \$ 466 |
| Other liabilities | 8 | 202 | 1,035 |
| Total Current Liabilities | | 1,315 | 1,501 |
| Provisions | 9 | 15,575 | 430 |
| Deferred income tax liabilities | 10 | - | 9,856 |
| Total Non-Current Liabilities | | 15,575 | 10,286 |
| Total Liabilities | | 16,890 | 11,787 |
| Shareholders' Equity | | | |
| Share capital | 11 | 138,699 | 119,046 |
| Share-based payment reserve | | 13,158 | 16,206 |
| Accumulated deficit | | (43,887) | (54,503) |
| Total Shareholders' Equity | | 107,970 | 80,749 |
| Total Liabilities and Shareholders' Equity | | \$ 124,860 | \$ 92,536 |

Change in year-end (Note 2d), Commitments (Notes 6 and 19), Subsequent Events (Note 20)

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

/s/ "Rick Zimmer"

Director

/s/ "Don Njegovan"

Director

Ascot Resources Ltd.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Canadian Dollars in Thousands Except Income (Loss) per Share)

| | <i>Notes</i> | Nine months ended | | Year ended |
|--|--------------|--------------------------|----------------|-----------------------|
| | | December 31, 2018 | | March 31, 2018 |
| General and administrative | 13 | \$ | 4,470 | \$ 7,698 |
| Property maintenance costs | 6 | | 397 | 599 |
| Finance expense | | | 133 | 68 |
| Other income | 8 | | (1,414) | (2,010) |
| Foreign exchange loss | | | 19 | - |
| Loss before income taxes | | | (3,605) | (6,355) |
| Income tax recovery (expense) | 10 | | 9,856 | (2,709) |
| Net income (loss) for the period | | \$ | 6,251 | \$ (9,064) |
| Total comprehensive income (loss) | | \$ | 6,251 | \$ (9,064) |
| Income (loss) per share | | | | |
| Basic and diluted | | \$ | 0.04 | \$ (0.06) |
| Weighted average shares outstanding | | | | |
| - basic | | | 157,941,146 | 146,429,248 |
| - diluted | | | 158,507,443 | 146,429,248 |

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

Ascot Resources Ltd.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Canadian Dollars in Thousands except No. of Shares)

| | No. of shares issued and outstanding | Share capital | Share- based payment - reserve | Deficit | Total share- holders' equity |
|---|--|-------------------|---|-------------------|---------------------------------------|
| Balance, March 31, 2017 | 140,675,323 | \$ 106,196 | \$ 11,582 | \$(45,563) | \$ 72,215 |
| Shares issued for cash | | | | | |
| Private placement, net of issue costs | 4,362,350 | 5,955 | - | - | 5,955 |
| Exercise of options | 155,000 | 144 | - | - | 144 |
| Exercise of warrants | 7,058,941 | 7,474 | - | - | 7,474 |
| Issued for other consideration | | | | | |
| Transfer to share capital on exercise of options | - | 112 | (112) | - | - |
| Transfer to deficit on cancellation of options | - | - | (124) | 124 | - |
| Transfer to share capital on exercise of warrants | - | 210 | (210) | - | - |
| Transfer to share capital on expiry of warrants | - | 2 | (2) | - | - |
| Premium on flow-through shares | - | (1,047) | - | - | (1,047) |
| Share-based payments | - | - | 5,072 | - | 5,072 |
| Net loss for the period | - | - | - | (9,064) | (9,064) |
| Balance, March 31, 2018 | 152,251,614 | \$ 119,046 | \$ 16,206 | \$(54,503) | \$ 80,749 |
| Shares issued for cash | | | | | |
| Private placement, net of issue costs | 3,000,000 | 2,735 | 37 | - | 2,772 |
| Exercise of options | 15,000 | 14 | - | - | 14 |
| Exercise of warrants | 15,530 | 18 | - | - | 18 |
| Issued for other consideration | | | | | |
| Acquisition of mineral properties | 18,974,371 | 17,077 | - | - | 17,077 |
| Finders' fees | 121,436 | 146 | - | - | 146 |
| Transfer to share capital on exercise of options | - | 12 | (12) | - | - |
| Transfer to deficit on expiry of options | - | - | (2,436) | 2,436 | - |
| Transfer to share capital on exercise of warrants | - | 11 | (11) | - | - |
| Transfer to deficit on expiry of warrants | - | - | (1,929) | 1,929 | - |
| Premium on flow-through shares | - | (360) | - | - | (360) |
| Share-based payments (Note 12b) | - | - | 1,303 | - | 1,303 |
| Net income for the period | - | - | - | 6,251 | 6,251 |
| Balance, December 31, 2018 | 174,377,951 | \$ 138,699 | \$ 13,158 | \$(43,887) | \$ 107,970 |

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

Ascot Resources Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian Dollars in Thousands)

| | <i>Notes</i> | Nine months ended December 31, 2018 | Year ended March 31, 2018 |
|--|--------------|--|--------------------------------------|
| Cash flows from operating activities | | | |
| Income (loss) for the period | | \$ 6,251 | \$ (9,064) |
| Adjustment to reconcile income (loss) to net cash used in operating activities: | | | |
| Share-based payments | 12 | 1,303 | 5,072 |
| Amortization and depreciation | 7 | 312 | 278 |
| Gain on flow through share premium | 8 | (1,193) | (1,762) |
| Finance expense | 9 | 133 | 33 |
| Deferred income tax expense (recovery) | 10 | (9,856) | 2,709 |
| Changes in non-cash working capital balances: | | | |
| Receivables | | 31 | 149 |
| Prepaid expenses and deposits | | 20 | (318) |
| Trade and other payables | | 770 | (71) |
| Total cash outflows from operating activities | | (2,229) | (2,974) |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 7 | - | (768) |
| Investment in exploration & evaluation assets | 6 | (11,959) | (18,393) |
| Deposits for environmental bonds | 5 | (2,597) | (17) |
| Total cash outflows from investing activities | | (14,556) | (19,178) |
| Cash flows from financing activities | | | |
| Proceeds from share issuance | 11 | 3,000 | 6,500 |
| Share issue costs | 11 | (228) | (545) |
| Proceeds from exercise of warrants | 12 | 18 | 7,474 |
| Proceeds from exercise of stock options | 12 | 14 | 144 |
| Total cash inflows from financing activities | | 2,804 | 13,573 |
| Total decrease in cash during the period | | (13,981) | (8,579) |
| Cash and cash equivalents, beginning of period | | 20,511 | 29,090 |
| Cash and cash equivalents, end of period | | \$ 6,530 | \$ 20,511 |

The accompanying notes are 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 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’s wholly-owned subsidiaries are:

- Ascot Gold Ridge Ltd. (BC, Canada) (Note 6);
- Ascot Power Ltd. (BC, Canada), and
- Ascot USA Inc. (Washington State, USA).

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).

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) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared on a historical cost basis.

These financial statements were approved for issue by Ascot’s board of directors on March 26, 2019.

b) Basis of measurement

These consolidated financial statements include the accounts of Ascot Resources Ltd. and its wholly-owned subsidiaries. All intercompany transactions and balances are eliminated on consolidation.

These consolidated financial statements are presented in Canadian dollars, which is also the Company’s and its wholly-owned subsidiaries’ 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 exercise judgment in applying the Company’s accounting policies and make certain critical accounting estimates. The areas involving critical judgments in applying accounting policies have the biggest impact on the assets and liabilities recognized in the financial statements are:

Impairment of exploration and evaluation assets

Management reviews and evaluates the carrying value of each of the Company's exploration and evaluation assets for impairment indicators at each period end when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. The identification of such events or changes and the performance of the assessment requires significant judgment.

Acquisition accounting

The assessment of whether acquisitions are considered business combinations or asset acquisitions requires management judgement, the outcome of which may result in different accounting treatments. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Decommissioning and rehabilitation provision

Management's determination of the Company's decommissioning and rehabilitation provision is based on the reclamation and closure activities it anticipates as being required and its estimate of the probable costs and timing of such activities and measures.

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) Change in year-end

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 changed its fiscal year end from March 31 to December 31 in order to better align the Company's financial reporting periods to those of its peer group in the mineral resources sector and facilitate marketplace assessment of the Company's business performance. The Company's transition period is the nine months ended December 31, 2018. The comparative period is the twelve months ended March 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES**a) Exploration and evaluation expenditures**

Exploration and evaluation expenditures relate to costs incurred on the exploration for and evaluation of potential mineral reserves.

Recognition and measurement

Exploration and evaluation expenditures include costs of conducting geological surveys, and exploratory drilling and sampling. Expenditures on mineral exploration or evaluation incurred in respect of a property before the acquisition of a license to explore are expensed as incurred.

Costs related to the acquisition of an exploration asset are capitalized. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration assets and are classified as an intangible asset. The Company capitalizes the cost of acquiring, maintaining its interest, exploring and developing mineral properties as exploration assets when future inflow of economic benefits from the properties is probable and until such time as the properties are placed into development, abandoned, sold or considered to be impaired in value.

Upon achieving technical feasibility and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to mineral properties. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value.

Exploration costs that do not relate to any specific property are expensed as incurred.

Impairment

Management tests for impairment when facts and circumstances indicate that the carrying value of exploration and evaluation assets might exceed recoverable amounts or when the technical feasibility and commercial viability of mineral resources is demonstrable.

b) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Recognition and measurement

Mineral property acquisition and development costs including exploration and evaluation assets transferred, mine construction costs, and overburden and waste removal costs, are capitalized until production is achieved, or the property is sold, abandoned or impaired. Development costs are net of proceeds from the sale of metal extracted during the development phase prior to the date mining assets are capable of operating in the way intended by management.

When the Company incurs debt directly related to the construction of a new operation or major expansion, the related financing costs are capitalized during the construction period.

Property, plant and equipment costs include the fair value of the consideration given to acquire assets at the time of acquisition or construction and include expenditures that are directly attributable to bringing the asset to the location and condition necessary for their intended use. Also, these costs include an initial estimate of the costs of dismantling and removing the assets and restoring the site on which they are located, and for qualifying assets, borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for separately as major components.

Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in profit or loss.

Major spare parts and stand-by equipment with a significant initial cost, whose anticipated useful life is longer than one year, and meet the definition of an asset, are recognized as an item of property, plant and equipment.

Depreciation

The carrying values of property, plant and equipment are depreciated using the straight line method to their estimated residual values over their estimated useful lives.

| | |
|--------------------------------|-----------------------------------|
| Office furniture and equipment | Straight line basis over 5 years |
| Machinery and equipment | Straight line basis over 3 years |
| Building | Straight line basis over 10 years |

Management conducts an annual assessment of the estimated residual values, useful lives, and depreciation methods used for property, plant and equipment. Any material changes in estimates are applied prospectively.

c) Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units, or "CGU's"). Value in use is determined as the present value of future cash inflows expected to be derived from a CGU using a pre-tax discount rate that reflects the current time value of money and the risks specific to that CGU.

Impairment losses for other assets or CGU's recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. If so, an impairment loss is reversed only to the extent that the related asset or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held with banks, including monetary instruments that may be cashed or redeemed within three months of purchase.

e) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the related proceeds, net of applicable tax.

f) Flow-through shares

Flow-through common shares are issued from time to time to finance a significant portion of the Company's exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds.

g) Earnings/loss per share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Basic earnings/loss per share amounts are calculated by dividing the net income or loss for the period by the weighted average number of common shares outstanding during the period.

h) Income taxes

Tax is recognized in net income or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is the expected tax payable on the taxable income for the year plus any adjustment to tax payable in respect to previous years. It is calculated on the basis of the tax laws and rates enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

i) Share-based compensation

Share-based compensation arises when the Company issues equity instruments as consideration for services received from employees and non-employees. Its amount is calculated based on the fair value of shares or stock options awarded to employees, measured on their grant date. The fair value of shares or stock options awarded to non-employees is measured on the date that the goods or services are received.

The fair value of the shares and stock options is recognized as an expense over their vesting period with a corresponding increase in equity.

j) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: (1) the Company has a present legal or constructive obligation as a result of past events; (2) it is probable that an outflow of resources will be required to settle the obligation; and (3) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

k) Other liabilities

Other liabilities comprise the premium liability of the flow-through shares issued, representing the estimated difference between the quoted market price of a non-flow-through share and the amount the investors pay for the flow-through shares. The liabilities are derecognized and recorded in other income in the statement of comprehensive income when qualified expenditures are incurred.

l) New standards and interpretations adopted during the nine months ended December 31, 2018

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:

| | Classification under IAS39 | New Classification under IFRS 9 |
|-----------------------------|--|--|
| 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. 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 December 31, 2018.

m) New standards and interpretations not yet adopted

Leases

IFRS 16, Leases will be effective for accounting periods beginning on or after January 1, 2019. 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 twelve 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 assessed this new standard and concluded that its adoption will not have a material impact on the financial position or results of the Company.

4. CASH AND CASH EQUIVALENTS

| | December 31, | | March 31, | |
|---|---------------------|-------|------------------|--------|
| | 2018 | | 2018 | |
| Cash | \$ | 355 | \$ | 561 |
| Guaranteed Investment Certificates ("GICs") | | 6,175 | | 19,950 |
| | \$ | 6,530 | \$ | 20,511 |

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 a fixed rate of 1.7% (March 31, 2018 – variable rate of prime minus 1.90% and fixed rate of 1.4%). The GICs may be redeemed on twenty-four hour notice to the bank.

Included in cash and cash equivalents is \$1,681 (March 31, 2018 – \$6,423), which is required to be spent on flow-through expenditures.

5. RECLAMATION DEPOSITS

The Company is required to maintain reclamation deposits for its Premier/Dilworth, Silver Coin and Swamp Point 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 for Silver Coin and Swamp Point are held in certificates of deposits with a Canadian chartered bank and the Ministry of Finance of British Columbia.

Upon closing of the asset purchase agreement with Boliden Limited ("Boliden") on October 16, 2018 (Note 6), the Company assumed the environmental liabilities of the Premier gold mine, which were estimated to be \$14,649. In September 2018, the Company established a surety bonding arrangement with a Canadian insurance company (the "Surety") with respect to the environmental bond, which is \$5,000 upon closing of the asset purchase agreement, \$5,000 a year later and the remainder two years later. The surety arrangement required the Company to make a deposit of \$2,500 as collateral with a trust account. The deposit earns no interest and has no maturity date. The surety bond is valid until September 2019 and is automatically renewed from year to year thereafter unless terminated on a 90 day notice by the Surety. The surety bond was issued and delivered to the Ministry of Energy, Mines and Petroleum Resources ("MEMPR") in the province of British Columbia in October 2018 upon the closing of the asset purchase agreement.

All reclamation deposits are classified as long-term, regardless of their term, as the funds will remain on deposit until the reclamation obligations are extinguished.

The following table summarizes the reclamation deposit by property:

| | December 31, | | March 31, |
|------------------|---------------------|-----------|------------------|
| | 2018 | | 2018 |
| Premier/Dilworth | \$ 2,573 | \$ | 57 |
| Silver Coin | 71 | | - |
| Swamp Point | 310 | | 300 |
| | \$ 2,954 | \$ | 357 |

6. EXPLORATION AND EVALUATION ASSETS

| | Premier/ Dilworth | Silver Coin | Mt. Margaret | Total |
|---|------------------------------|--------------------|---------------------|-------------------|
| Cost - acquisition | \$ 18,304 | \$ - | \$ 2,142 | \$ 20,446 |
| Cost - exploration & development | 46,291 | - | 3,210 | 49,501 |
| Total March 31, 2018 | 64,595 | - | 5,352 | 69,947 |
| Change in Cost | | | | |
| Additions - acquisition | 333 | 17,095 | - | 17,428 |
| Additions - asset retirement cost | 14,649 | 364 | - | 15,013 |
| Reclassification | (550) | - | - | (550) |
| Additions - exploration & development | 10,894 | 561 | - | 11,455 |
| | 25,326 | 18,020 | - | 43,346 |
| Change in Accumulated Amortization | | | | |
| Depreciation and amortization charge | (31) | (6) | - | (37) |
| | (31) | (6) | - | (37) |
| Cost - acquisition | 18,087 | 17,095 | 2,142 | 37,324 |
| Cost - asset retirement | 14,649 | 364 | - | 15,013 |
| Cost - exploration & development | 57,185 | 561 | 3,210 | 60,956 |
| Accumulated depreciation & amortization | (31) | (6) | - | (37) |
| Total December 31, 2018 | \$ 89,890 | \$ 18,014 | \$ 5,352 | \$ 113,256 |

PREMIER

In June 2009, the Company signed an Option Agreement with 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.

The final payment was placed in escrow and was later 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 was responsible for certain environmental remediation costs relating to the Premier Property. The closing conditions of the APA include the assumption by the Company of environmental bonding requirements on the Premier property, which is estimated to be \$14,649 (Note 5). This amount has been accepted by the Province of British Columbia. All closing conditions were met and the APA was closed on October 16, 2018.

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.

The Company also holds three crown grants (Old Timer, Butte and Yellowstone), which are located near the Dilworth property and are subject to a 1% NSR.

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 APA. The Company met all closing conditions of the APA and completed the acquisition of the Premier property from Boliden on October 16, 2018.

SILVER COIN

On October 26, 2018, the Company acquired a 100% interest in the Silver Coin property (“Silver Coin”) in northwestern British Columbia, adjacent to the Company’s other properties in the region, from Jayden Resources Inc. (“Jayden”) and Mountain Boy Minerals Ltd. (“Mountain Boy”).

Pursuant to the share purchase agreement with Jayden (the “Jayden SPA”), Ascot acquired all of the issued and outstanding shares of Jayden’s subsidiary, Jayden Resources (Canada) Inc. (“Jayden Canada”), in exchange for 15,179,497 Ascot common shares (“Ascot Shares”). Jayden Canada owned an 80% joint venture interest in Silver Coin pursuant to a joint venture agreement with Mountain Boy (the “JV Agreement”). Concurrent with the completion of the Jayden SPA, Ascot also acquired the remaining 20% joint venture interest in Silver Coin held by Mountain Boy in exchange for 3,794,874 Ascot Shares pursuant to a purchase agreement with Mountain Boy. Total consideration paid based on Ascot’s share price on October 26, 2018 was \$17,077.

The acquisition was considered an asset acquisition for accounting purposes. The purchase price was allocated as follows:

| | |
|--|-----------|
| Purchase price | |
| Issuance of 15,179,497 common shares of Ascot to Jayden | \$ 13,662 |
| Issuance of 3,794,874 common shares of Ascot to Mountain Boy | 3,415 |
| Transaction costs | 424 |
| | \$ 17,501 |
| | |
| Fair value of assets and liabilities acquired | |
| Cash | \$ 149 |
| Receivables and prepaids | 11 |
| Reclamation deposit | 71 |
| Property, plant and equipment | 175 |
| Exploration and evaluation assets | 17,459 |
| Provision for asset retirement | (364) |
| | \$ 17,501 |

After closing, the Company changed the name of Jayden Canada to Ascot Gold Ridge Ltd.

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.

Ascot has the right to earn a 100% interest subject to a 1.5% NSR and a negotiated federal royalty. 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.

7. PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings | Machinery and equipment | Office furniture and equipment | Total |
|---|--------------------------|-------------------------------|---|-----------------|
| Cost | \$ 454 | \$ 1,689 | \$ 176 | \$ 2,319 |
| Accumulated depreciation and amortization | (13) | (1,123) | (43) | (1,179) |
| Net book value, March 31, 2018 | 441 | 566 | 133 | 1,140 |
| Change in Cost | | | | |
| Additions | 175 | - | - | 175 |
| Reclassification | 400 | 150 | - | 550 |
| Subtotal | 575 | 150 | - | 725 |
| Change in Accumulated Amortization | | | | |
| Depreciation and amortization charge | (24) | (225) | (26) | (275) |
| Cost | 1,029 | 1,839 | 176 | 3,044 |
| Accumulated depreciation and amortization | (37) | (1,348) | (69) | (1,454) |
| Net book value, December 31, 2018 | \$ 992 | \$ 491 | \$ 107 | \$ 1,590 |

In October 2018, as a part of the Company's acquisition of the Silver Coin property (Note 6), the Company purchased a number of land parcels located in Stewart, BC. One of the parcels has a building located on it. The total amount allocated to those land parcels and building upon acquisition was \$175.

Upon completion of the Company's acquisition of the Premier property in October 2018 (Note 6), the Company allocated \$400 to buildings and structures located on the Premier property and \$150 to machinery and equipment.

8. OTHER LIABILITIES

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

| | |
|--|-----------------|
| Balance at March 31, 2018 | \$ 1,035 |
| Premium on flow through share issue | 360 |
| Derecognition of premium liability on expenditure of flow-through share proceeds | (1,193) |
| Balance at December 31, 2018 | \$ 202 |

9. PROVISIONS

Site closure and reclamation provisions for the Company's properties are as follows:

| | |
|---|------------------|
| Balance at March 31, 2018 | \$ 430 |
| Reclamation provision for properties acquired during the year | 15,012 |
| Accretion of reclamation liability | 133 |
| Balance at December 31, 2018 | 15,575 |
| Current | - |
| Non Current | \$ 15,575 |

Additions during the nine months ended December 31, 2018 resulted from the acquisitions of Premier (Note 6) and Silver Coin (Note 6) properties in October 2018.

Site closure and reclamation provisions by mineral property are as follows:

| | December 31, 2018 | March 31, 2018 |
|------------------|------------------------------|---------------------------|
| Premier/Dilworth | 14,713 | - |
| Silver Coin | 365 | - |
| Swamp Point | 497 | 430 |
| | 15,575 | 430 |

The provision of \$14,713 (discounted) is provided against the Company's environmental obligations at the Premier mine and is based on the project plan prepared by an independent engineering firm. As at December 31, 2018, the estimated future cash flows have been discounted using a risk-free rate between 1% and 3% and an inflation rate of 2% was used to determine future expected costs.

Undiscounted site closure and reclamation cost estimates required to satisfy the obligations by mineral property are as follows:

| | December 31, 2018 | March 31, 2018 |
|------------------|------------------------------|---------------------------|
| Premier/Dilworth | 31,949 | - |
| Silver Coin | 448 | - |
| Swamp Point | 574 | 543 |
| | 32,971 | 543 |

10. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to the income or loss for the year. These differences result from the following items:

| | Nine months ended December 31, 2018 | Year ended March 31, 2018 |
|---|--|--------------------------------------|
| Loss before income taxes | \$ (3,605) | \$ (6,355) |
| Income tax rate | 27.00% | 26.25% |
| Income tax recovery calculated using statutory rate | (973) | (1,668) |
| Increase (decrease) in income taxes resulting from: | | |
| Non-deductible expenses | 366 | 872 |
| Flow-through shares | 1,789 | 2,256 |
| Financing costs | (72) | (143) |
| Impact of change in provision from the prior year | 201 | - |
| Change in unrecognized deferred tax assets | (11,167) | 1,245 |
| Other, net | - | 147 |
| Income tax expense (recovery) | \$ (9,856) | \$ 2,709 |

Following the completion of the Premier acquisition, the Company compared the timing of the expected reversal of the temporary difference on the exploration and evaluation assets to the timing of the expiry of the Canadian tax losses. As a result, deferred tax assets to the extent of the deferred tax liabilities were recognized.

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at December 31, 2018 and at March 31, 2018, summarized as follows:

| | Dec. 31, 2018 | Mar. 31, 2018 |
|-------------------------------------|----------------------|----------------------|
| Deferred tax assets | | |
| Non-capital loss carry-forwards | 11,294 | 9,371 |
| Property, plant and equipment | 1,312 | 1,211 |
| Financing costs | 527 | 50 |
| Marketable securities | 50 | 116 |
| Reclamation provision | 160 | 633 |
| | 13,343 | 11,381 |
| Unrecognized deferred tax assets | (1,200) | (11,381) |
| | 12,143 | - |
| Deferred tax liabilities | | |
| Exploration and evaluation assets | (12,143) | (9,856) |
| Deferred tax liabilities recognized | - | (9,856) |

As at December 31, 2018, the Company has estimated non-capital losses for Canadian and US income tax purposes of \$39,158 and US \$2,518 respectively (March 31, 2018 - \$32,648 and US \$2,110, respectively), which may be carried forward to reduce taxable income derived in the future.

Non-capital Canadian tax losses expire as follows:

| Year of expiry | Taxable losses |
|-----------------------|-----------------------|
| 2029 | \$ 470 |
| 2030 | 699 |
| 2031 | 20,795 |
| 2032 | 1,986 |
| 2033 | 2,090 |
| 2034 | 1,578 |
| 2035 | 1,235 |
| 2036 | 1,306 |
| 2037 | 2,451 |
| 2038 | 6,548 |
| Total | \$ 39,158 |

Non-capital US tax losses expire between 2031 and 2038.

The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences in excess of those which offset recognized deferred tax liabilities have not been recognized in these financial statements as there is no certainty that sufficient future taxable profit will allow the deferred tax asset to be recovered.

11. SHARE CAPITAL

a) Common shares

The Company is authorized to issue an unlimited number of common shares with no par value.

During the nine months ended December 31, 2018, the Company issued 15,530 (year ended March 31, 2018 - 7,058,941) common shares on the exercise of warrants for proceeds of \$18 (year ended March 31, 2018 - \$7,474).

During the nine months ended December 31, 2018, the Company issued 15,000 (year ended March 31, 2018 - 155,000) common shares on the exercise of options for proceeds of \$14 (2017 - \$144).

On March 22, 2018 the Company raised \$6,500 by issuing 4,362,350 flow-through shares at \$1.49 per share. In connection with the private placement, the Company paid to the agents a cash commission equal to 6% of the gross proceeds and incurred other share issuance costs of \$155.

On September 21, 2018 the Company raised \$3,000 by issuing 3,000,000 flow-through shares at \$1.00 per share. In connection with the issuance, the Company paid finder's fees in cash in the amount of \$190 and issued 190,125 non-transferable warrants. The Company also incurred other share issuance costs of \$44.

On October 26, 2018, the Company issued 15,179,497 common shares to Jayden and 3,794,874 common shares to Mountain Boy for the acquisition of the Silver Coin property for a total consideration of \$17,077 (Note 6).

b) Flow-through shares

As at December 31, 2018, the Company had \$1,681 to spend on qualifying Canadian exploration expenses by December 31, 2019, as defined by the Canadian Income Tax Act, to meet its obligations under the issuance of flow through shares (March 31, 2018 - \$6,423).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

12. WARRANTS AND OPTIONS

a) Warrants

As of December 31, 2018, the Company had outstanding and exercisable warrants as follows:

| | Warrants | 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 | 1.46 |
| Granted | 190,125 | 1.00 |
| Expired | (10,145,464) | 1.46 |
| Exercised | (15,530) | 1.15 |
| Outstanding at December 31, 2018 | 190,125 | 1.00 |

The remaining contractual life for the 190,125 outstanding and exercisable warrants at December 31, 2018 is 1.22 years.

The Company uses the Black-Scholes option pricing model to estimate the fair value of the warrants. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the expected term of the warrants granted. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per warrant for the warrants granted during the nine months ended December 31, 2018 were as follows:

| | |
|---|-----------|
| Risk-free rate: | 2.17% |
| Expected life: | 1.5 years |
| Expected volatility: | 52.97% |
| Expected dividends: | Nil |
| Weighted average fair value per option: | \$ 0.19 |

There were no warrants granted during the year ended March 31, 2018.

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.

The total stock-based compensation expense for the nine months ended December 31, 2018 was \$1,303 (year ended March 31, 2018 - \$5,072). The unrecognized compensation cost for non-vested share options at December 31, 2018 was \$530 (March 31, 2018 - \$1,287).

Ascot Resources Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2018 AND YEAR ENDED MARCH 31, 2018
Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

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

| | Options | 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 | 1.43 |
| Expired | (2,450,000) | 0.95 |
| Cancelled | (450,000) | 1.74 |
| Exercised | (15,000) | 0.95 |
| Outstanding at December 31, 2018 | 14,240,000 | 1.50 |

The Company uses the Black-Scholes option pricing model to estimate the fair value for all stock-based compensation. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the expected term of the option granted. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per option for the options granted during the year ended March 31, 2018 were as follows:

| | |
|---|-----------------|
| Average risk-free rate: | 1.65% - 2.14% |
| Expected life: | 5 years |
| Expected volatility: | 71.08% - 71.71% |
| Expected dividends: | Nil |
| Weighted average fair value per option: | \$ 0.93 |

There were no stock options granted during the nine months ended December 31, 2018.

The following summarizes information about the stock options outstanding and exercisable at December 31, 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 | 3,000,000 | 0.47 | 0.88 | 3,000,000 | 0.47 | 0.88 |
| \$1.30 to \$1.50 | 1,340,000 | 3.93 | 1.34 | 1,150,000 | 3.95 | 1.34 |
| \$1.51 to \$2.00 | 9,250,000 | 3.43 | 1.67 | 7,949,999 | 2.79 | 1.68 |
| \$2.01 to \$2.34 | 650,000 | 2.61 | 2.33 | 650,000 | 2.61 | 2.33 |
| | 14,240,000 | 2.81 | 1.50 | 12,749,999 | 2.70 | 1.49 |

13. GENERAL AND ADMINISTRATIVE COSTS

| | Nine months ended December 31, 2018 | Year ended March 31, 2018 |
|---|--|--------------------------------------|
| Employee wages and benefits | \$ 1,300 | \$ 708 |
| Management fees | 493 | 435 |
| Share-based payments | 1,303 | 5,072 |
| Depreciation | 306 | 278 |
| Legal and professional services | 394 | 580 |
| Office and administration expenses | 326 | 270 |
| Travel | 195 | 32 |
| Investor relations and shareholders costs | 153 | 323 |
| | \$ 4,470 | \$ 7,698 |

14. 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:

| | Nine months ended December 31, 2018 | Twelve months ended March 31, 2018 |
|----------------------------------|--|---|
| Salaries and short-term benefits | \$ 394 | \$ 349 |
| Management fees | 455 | 421 |
| Exploration and evaluation costs | - | 788 |
| Share-based payment transactions | 1,164 | 4,838 |
| | \$ 2,013 | \$ 6,396 |

b) Other Related Party Transactions

During the year ended March 31, 2018, a former director and his partner were paid \$1,038 for their share of the option payment made on the Dilworth property.

During the year ended March 31, 2018, directors and officers were granted 7,070,000 stock options at a weighted average price of \$1.57. Using the Black-Scholes model, (see Note 12b), the fair value of the options granted to directors was determined at \$4,903.

Included in accounts payable at December 31, 2018 is \$192 (March 31, 2018 - \$36) due to related parties.

15. SEGMENT REPORTING

The Company is principally engaged in the acquisition, exploration, evaluation and development of mineral properties. The segments presented in Note 6 reflect the way in which the Company monitors its business performance. 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 6.

16. EARNINGS/LOSS PER SHARE

| | Nine months ended December 31, 2018 | Year ended March 31, 2018 |
|---|--|--------------------------------------|
| Income (loss) attributable to ordinary shareholders | \$ 6,251 | \$ (9,064) |
| Weighted average number of shares outstanding - basic | 157,941,146 | 146,429,248 |
| Stock options | 552,438 | - |
| Finder's warrants | 13,859 | - |
| Weighted average number of shares outstanding - diluted | 158,507,443 | 146,429,248 |
| Basic earnings (loss) per share | \$ 0.04 | \$ (0.06) |
| Diluted earnings (loss) per share | \$ 0.04 | \$ (0.06) |

For the nine months ended December 31, 2018 common equivalent shares totaling 11,240,000 (year ended March 31, 2018 - 27,465,994) issuable on the exercise of options have been excluded from the calculation of diluted income per share because the effect is anti-dilutive.

17. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, market risk (currency risk), interest rate risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in cooperation with the Company's departments. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance, in the context of its general capital management objectives as further described in Note 18.

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, reclamation deposits, 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.

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 fixed interest rates. 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.

The Company ensures that it has sufficient cash on demand to meet its obligations as they become due by preparing annual capital and administrative 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. CAPITAL MANAGEMENT

The Company monitors its cash and cash equivalents, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business. The Company is not exposed to any externally imposed capital requirements.

There has been no significant change to the Company's capital management policies during the nine months ended December 31, 2018.

19. COMMITMENTS

The Company must make cash deposits in 2019 and in 2020 as collateral with a trust account to maintain the Surety with respect to its environmental bond at the Premier mine (Note 5). The Company also has an agreement to lease office premises, which expires on December 1, 2019; an agreement to lease a passenger truck, which expires on January 2, 2020, and a license of occupation, which is cancellable upon 3 months' notice, allowing Ascot to use certain property. The gross payments for these items are as follows:

| | Within 1 year | 1-2 years |
|-----------------------|------------------|-----------------|
| Surety bond (Note 5) | \$ 2,500 | \$ 2,500 |
| Office lease | 45 | - |
| Truck lease | 12 | - |
| License of occupation | 1 | - |
| | <u>\$ 2,558</u> | <u>\$ 2,500</u> |

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

20. SUBSEQUENT EVENTS

(a) On January 7, 2019, the Company announced that it had entered into a definitive arrangement agreement (the "Definitive Agreement") with IDM Mining Ltd. ("IDM") pursuant to which Ascot will acquire all of the issued and outstanding common shares of IDM (the "Transaction"). Each IDM shareholder will be entitled to receive 0.0675 of a common share of Ascot for each share of IDM held. Each warrant of IDM will be converted into an Ascot warrant per the terms of the warrant certificate. Each stock option of IDM will be exchanged in accordance with the plan of arrangement (the "Plan of Arrangement"). The Definitive Agreement includes customary provisions, including non-solicitation, right to match and fiduciary out provisions, as well as certain representations, covenants and conditions which are customary for a transaction of this nature. The Definitive Agreement provides for \$2.0 million termination fee payable by IDM to Ascot in certain circumstances and a reciprocal expense reimbursement fee of \$500 payable under certain circumstances. The Transaction is expected to be completed by way of a court approved Plan of Arrangement under the Business Corporations Act (British Columbia).

In conjunction with the Plan of Arrangement, the Company provided IDM with a \$3,350 secured convertible bridge loan (the "Loan"). The Loan has an interest rate of CDOR plus 9.0% per annum and is convertible into common shares of IDM at \$0.0857 per share. The Loan will become payable within 30 days after the Definitive Agreement is terminated as a result of IDM having approved or recommending an acquisition proposal or entering into a superior proposal or six months if the required approval of the Arrangement is not obtained or conditions precedent are not satisfied.

The Transaction was approved by the securityholders of IDM on March 20, 2019. Closing of the Transaction is subject to the receipt of applicable regulatory approvals and the satisfaction of certain other closing conditions customary in transactions of this nature.

(b) On January 21, 2019, the Company announced that it had entered into a subscription and note agreement related to a convertible loan for gross proceeds of US\$10 million (the "Note") split between Sprott Private Resource Lending (Collector), LP and Resource Income Partners Limited Partnership for US\$8.83 million and US\$1.17 million respectively. The Note will mature in two years with an interest rate between 8% and 8.5% and subject to certain terms will be convertible into common shares in the capital of the Company at a conversion price of US\$1.13 per share (the "Conversion Shares"). The proceeds of the Note will be used to fund: the acquisition of milling equipment; a convertible loan by the Company to IDM; the development of the Premier project; and for other general corporate purposes of the Company.