Ascot Resources Ltd.

Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2020 and 2019
(Expressed in thousands of Canadian Dollars, except where indicated)
(Unaudited)

(Canadian Dollars in Thousands)

	Notes		September 30, 2020		December 31, 2019
ASSETS					
Current					
Cash and cash equivalents	5	$	25,411	$	4,418
Marketable securities	6		1,926		507
Trade and other receivables			349		579
Prepaid expenses and deposits			618		620
Total Current Assets			28,304		6,124
Reclamation deposits	7		4,886		4,893
Exploration and evaluation assets	8		186,297		169,097
Property, plant and equipment	9		2,966		3,212
Other assets			472		-
Total Non-Current Assets			194,621		177,202
Total Assets		$	222,925	$	183,326
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Trade and other payables		$	3,742	$	2,440
Reclamation Provisions	10		396		464
Convertible note	11		13,423		-
Lease liability	9		217		217
Other liabilities			426		-
Total Current Liabilities			18,204		3,121
Reclamation Provisions	10		25,843		18,502
Convertible note	11		-		12,223
Lease liability	9		598		711
Deferred income tax liabilities			314		601
Total Non-Current Liabilities			26,755		32,037
Total Liabilities			44,959		35,158
Shareholders' Equity					
Share capital	12		215,290		183,289
Share-based payment reserve			14,899		14,560
Contributed surplus			1,449		-
Accumulated deficit			(53,672)		(49,681)
Total Shareholders' Equity			177,966		148,168
Total Liabilities and Shareholders' Equity		$	222,925	$	183,326

Nature of operations (Note 1), Commitments (Notes 7, 8, 11 and 21), Subsequent events (Notes 7, 13(a) and 22).
The accompanying notes are an integral part of these consolidated financial statements.

/s/ *"Rick Zimmer"*
____
Director

/s/ *"Andrée St-Germain"*
____
Director

(Canadian Dollars in Thousands Except Loss per Share)

	Notes	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
General and administrative	14	$ 1,186	$ 1,053	$ 3,316	$ 3,246
Stock-based compensation	13	289	307	1,611	1,352
Depreciation		238	241	759	622
Property maintenance costs		305	69	429	263
Finance expense	15	175	242	464	1,144
Other income	15	(2,300)	(447)	(2,587)	(2,426)
Other expense	15	-	626	23	742
Foreign exchange (gain) loss		(288)	124	263	(118)
(Income) loss before income taxes		$ (395)	$ 2,215	$ 4,278	$ 4,825
Income tax recovery		(287)	-	(287)	-
Net (income) loss for the period		$ (682)	$ 2,215	$ 3,991	$ 4,825
Total comprehensive (income) loss		$ (682)	$ 2,215	$ 3,991	$ 4,825
(Earnings) loss per share					
Basic and diluted		$ 0.00	$ 0.01	$ 0.02	$ 0.02
Weighted average shares outstanding - basic & diluted		275,840,263	232,455,132	255,219,562	209,269,906

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

(Canadian Dollars in Thousands except No. of Shares)

	Number of shares issued and outstanding	Share capital	Share-based payment - reserve	Contri-buted surplus	Deficit	Total share-holders' equity
Balance, December 31, 2018	**174,377,951**	**$ 138,699**	**$ 13,158**	**$ -**	**$ (43,887)**	**$ 107,970**
Shares issued for cash						
Private placement,						
net of issue costs (Note 12)	21,980,583	13,465	1,239	-	-	14,704
Issued for consideration other than cash						
Acquisition of IDM (Note 4) - shares	35,078,939	30,519	-	-	-	30,519
Acquisition of IDM (Note 4) - options	-	-	100	-	-	100
Acquisition of IDM (Note 4) - warrants	-	-	409	-	-	409
Acquisition of IDM (Note 4) - advisory fee	315,226	268	-	-	-	268
Transfer to deficit on expiry of options	-	-	(1,988)	-	1,988	-
Payment of interest on convertible note	726,111	501	-	-	-	501
Private placement -						
finder's and agent's warrants (Note 12)	-	-	96	-	-	96
Premium on flow-through shares	-	(163)	-	-	-	(163)
Share-based payments (Note 13)	-	-	1,352	-	-	1,352
Net loss for the period	-	-	-	-	(4,825)	(4,825)
Balance, September 30, 2019	**232,478,810**	**$ 183,289**	**$ 14,366**	**$ -**	**$ (46,724)**	**$ 150,931**
Balance, December 31, 2019	**232,478,810**	**$ 183,289**	**$ 14,560**		**$ (49,681)**	**$ 148,168**
Shares issued for cash						
Private placement,						
net of issue costs (Note 12)	13,296,838	9,518	-	-	-	9,518
Bought deal financing,						
net of issue costs (Note 12)	29,412,000	23,324	-	-	-	23,324
Issued for other consideration						
Payment of interest on convertible note	652,615	594	-	-	-	594
Premium on flow-through shares (Note 12)	-	(1,435)	-	-	-	(1,435)
Transfer to contributed surplus						
on expiry of warrants	-	-	(1,449)	1,449	-	-
Deferred financing fee	-	-	177		-	177
Stock-based compensation (Note 13)	-	-	1,611	-	-	1,611
Net loss for the period	-	-	-	-	(3,991)	(3,991)
Balance, September 30, 2020	**275,840,263**	**$ 215,290**	**$ 14,899**	**$ 1,449**	**$ (53,672)**	**$ 177,966**

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

(Canadian Dollars in Thousands)

	Notes	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Cash flows from operating activities			
Loss for the period		$ (3,991)	$ (4,825)
Adjustment to reconcile loss			
to net cash used in operating activities:			
Stock-based compensation	13	1,611	1,352
Amortization and depreciation		759	622
Gain on flow through share premium	12	(1,010)	(700)
Finance expense		293	1,047
Deferred income tax recovery		(287)	-
Unrealized loss (gain) on embedded derivative	11	22	(1,496)
Unrealized foreign exchange loss (gain)	11	287	(8)
Unrealized (gain) loss on marketable securities	6	(1,419)	710
Changes in non-cash working capital balances:			
Decrease (increase) in receivables		230	(449)
Decrease (increase) in prepaid expenses and deposits		2	(389)
Increase (decrease) in trade and other payables		109	(1,649)
Total cash outflows from operating activities		**(3,394)**	**(5,785)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(367)	(57)
Investment in exploration & evaluation assets		(6,766)	(12,918)
Return (payment) of deposits for environmental bonds	7	7	(841)
Payment for reclamation provision	10	(348)	-
Bridge loan for acquisition of exploration & evaluation assets	4	-	(3,350)
Acquisition of exploration & evaluation assets		-	(425)
Total cash outflows from investing activities		**(7,474)**	**(17,591)**
Cash flows from financing activities			
Proceeds from convertible note	11	-	12,728
Proceeds from share issuance	12	35,253	15,874
Share issue costs	12	(2,410)	(1,074)
Deferred financing costs		(267)	-
Payment of interest on convertible note	11	(546)	-
Payment for lease liability	9	(169)	-
Total cash inflows from financing activities		**31,861**	**27,528**
Total increase in cash during the period		**20,993**	**4,152**
Cash and cash equivalents, beginning of period		**4,418**	**6,530**
Cash and cash equivalents, end of period		**$ 25,411**	**$ 10,682**
Supplemental cash flow information	18		

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 development and exploration company focusing on re-starting the past producing historic Premier gold mine (the "Premier Gold Project") located in British Columbia's Golden Triangle. The Premier Gold Project includes the previously separated Dilworth and Silver Coin properties. On March 27, 2019, the Company completed the acquisition of IDM Mining Ltd. ("IDM"), the owner of the Red Mountain Project located 15 kilometres northeast of the town of Stewart and 25 kilometres from the Premier Gold Project (Note 4). 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.

The Company is in the exploration and development stage, therefore, 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.

Ascot was incorporated under the Business Corporations Act of British Columbia in May 1986. The Company's wholly-owned subsidiaries, as of September 30, 2020 were:

- IDM Mining Ltd. (BC, Canada);
- Ascot Power Ltd. (BC, Canada), and
- Ascot USA Inc. (Washington State, USA).

The Company's wholly-owned subsidiary, Ascot Gold Ridge Ltd, was amalgamated with Ascot Resources Ltd. on January 1, 2020.

The Company is listed on the Toronto Stock Exchange ("TSX") in Canada, having the trading symbol AOT. The Company is also trading on the OTCQX market in the U.S. (symbol: AOTVF).

The address of the Company's corporate office and principal place of business is #1050 - 1095 West Pender Street, Vancouver, British Columbia, V6E 2M6, Canada.

2. BASIS OF PRESENTATION

a) Statement of compliance

These unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2020 and 2019 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 financial statements for the year ended December 31, 2019, which have been prepared in accordance with 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 audited financial statements for the year ended December 31, 2019 except for the new accounting policies disclosed in Note 3.

These Interim Financial Statements were authorized for issue by the Board of Directors on November 10, 2020.

b) Basis of measurement

These Interim Financial Statements include the accounts of Ascot Resources Ltd. and its wholly-owned subsidiaries. All intercompany transactions and balances are eliminated on consolidation.

These Interim 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 fiscal period end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the period end date and the related translation differences are recognized in net income.

The accounting policies have been applied consistently to all periods presented in these Interim 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 estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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

At each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to exploration and evaluation assets. If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future, (ii) substantive expenditure on further exploration for an evaluation of mineral resources in the specific area is neither budgeted nor planned, (iii) sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable and (iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. No impairment indicators were identified by management as at September 30, 2020.

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.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key areas of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are:

Decommissioning and rehabilitation provision

Management's estimation 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.

Derivative liability

When debt includes an embedded derivative component, its fair value is estimated using the Black-Scholes option pricing model. 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 remaining term of the corresponding debt instrument.

Estimates 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.

COVID-19

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The pandemic significantly impacted the global markets and is expected to continue its impact in the foreseeable future. As a result, there has been significant volatility in global stock markets, commodity and foreign exchange markets. Various restrictions have been imposed on the conduct of business in many jurisdictions as well as on movement of people and goods. There is significant uncertainty surrounding COVID-19 and the extent and duration of its impact on demand and prices for the commodities that Ascot intends to produce, on Ascot's suppliers, on Ascot's employees and contractors and on global financial markets. Assumptions about future commodity prices, exchange rates, and interest rates are subject to greater variability than normal, which could significantly affect the valuation of Ascot's assets, both financial and non-financial.

3. NEW AND AMENDED ACCOUNTING POLICIES

STOCK-BASED COMPENSATION – RESTRICTED SHARE UNITS (RSUs) AND DEFERRED SHARE UNITS (DSUs)

RSUs are granted to senior management of the Company and may be settled in cash or Ascot common shares, at the election of the Board. The amount of compensation is calculated based on the fair value of RSUs awarded to senior management, measured on their grant date. The fair value of RSUs is based on the quoted market price of the Company's common shares on the RSUs grant date. The fair value of the RSUs is recognized as an expense using graded attribution method over their vesting period with a corresponding increase in equity.

DSUs are granted to directors of the Company and are settled in cash or Ascot common shares, at the election of the Board, when the individual ceases to be a director of the Company. DSUs vest immediately on the date of grant. The fair value of DSUs is calculated based on the quoted market price of the Company's common shares on the DSUs grant date. The fair value of the DSUs is recognized as an expense on the date of the grant with a corresponding increase in equity.

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

AMENDMENTS TO IFRS 3 BUSINESS COMBINATION

In October 2018, the International Accounting Standards Board (IASB) issued amendments to the definition of a business in IFRS 3 *Business Combinations*. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and apply prospectively. The Company assessed this amendment and the adoption does not have a material impact on the financial position or results of the Company.

4. ACQUISITION

On March 27, 2019, the Company completed the acquisition of IDM through a Plan of Arrangement. In connection with the Plan of Arrangement, the Company issued 35,078,939 common shares in exchange of IDM common shares, 315,226 common shares in payment for advisory fees, 715,500 stock options to replace IDM stock options and 4,309,128 warrants to replace IDM warrants. Based on the closing share price of Ascot on March 27, 2019, the fair value of the consideration, including transaction costs, was $31,818. The transaction was accounted for as an asset acquisition and the allocation of the purchase price to the assets acquired and liabilities assumed is based on estimated fair values at the time of acquisition.

In conjunction with the Plan of Arrangement, the Company provided IDM with a $3,350 secured convertible bridge loan (the "Loan"). The Loan had an interest rate of CDOR plus 9.0% per annum and was convertible into common shares of IDM at $0.0857 per share. The completion of the Transaction extinguished Ascot's outstanding Loan to IDM, and the amounts owing were eliminated on consolidation from March 27, 2019 onwards.

5. CASH AND CASH EQUIVALENTS

		September 30, 2020		December 31, 2019
Cash	$	2,069	$	202
Guaranteed Investment Certificates ("GICs") and term deposits		23,342		4,216
Cash and cash Equivalents	$	25,411	$	4,418

Cash is held at a Canadian chartered bank. GICs and term deposits are held at a Canadian chartered bank and at registered brokers. The Canadian dollar GICs and term deposits bear interest at fixed rates between 0.75% and 2.30% per annum (December 31, 2019: between 2.05% and 2.15%). The GICs may be redeemed on twenty-four-hour notice to the bank and are considered cash equivalents. There were no U.S. dollar term deposits at September 30, 2020 (December 31, 2019: fixed rate of 2.7%).

Included in cash and cash equivalents is $1,490 (December 31, 2019: $Nil), which is required to be spent on flow-through expenditures prior to December 31, 2022.

6. MARKETABLE SECURITIES

Marketable securities are comprised of common shares of Strikepoint Gold Inc. ("Strikepoint"), a public company traded on the TSX-V, which were recorded in the consolidated statement of financial position at their fair value. The fair value of these marketable securities has been determined by reference to their quoted closing bid price at the reporting date. At September 30, 2020 the Company had 10,138,000 (December 31, 2019: 10,138,000) common shares of Strikepoint with a fair value of $1,926 (December 31, 2019: $507). The Company recorded an unrealized gain of $1,419 on its marketable securities for the nine months ended September 30, 2020 (nine months ended September 30, 2019: unrealized loss of $710).

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

7. RECLAMATION DEPOSITS

The Company is required to maintain reclamation deposits for its mineral properties in respect of its expected rehabilitation obligations.

The Company was required to post an environmental bond of $14,649 for its Premier Gold Project when it was acquired from Boliden Ltd. (Note 8), of which $5,000 was posted in October 2018 and $5,000 was posted in October 2019. The remainder of $4,649 was posted in October 2020. The Company established a surety bonding arrangement with a Canadian insurance company (the "Surety") with respect to its environmental bonds. The surety arrangement required the Company to provide cash collateral equal to 40% of the respective bond amount and pay an annual bond fee equal to 2% of the respective bond amount.

Upon the acquisition of IDM (Note 4), the Company assumed an environmental bond of $1,098 and set this up as an additional surety bond.

In October 2020, the cash collateral requirement was reduced from 40% to 25% of the respective bond amounts resulting in a cash refund of $502.

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:

		September 30, 2020		December 31, 2019
Surety bond trust account:				
Premier Gold Project	$	4,000	$	4,000
Red Mountain		439		439
Cash security:				
Premier Gold Project		66		73
Silver Coin		71		71
Swamp Point		310		310
	$	4,886	$	4,893

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

8. EXPLORATION AND EVALUATION ASSETS

	Premier Gold	Red Mountain	Mt. Margaret	Total
Cost - acqusition	$ 35,182	$ 33,768	$ 2,142	$ 71,092
Cost - asset retirement	15,013	2,912	-	17,925
Cost - exploration	64,800	-	3,276	68,076
Cost - permitting and engineering studies	9,971	1,126	-	11,097
Capitalized borrowing costs	718	625		1,343
Accumulated depreciation & amortization	(219)	(217)	-	(436)
Total December 31, 2019	**125,465**	**38,214**	**5,418**	**169,097**
Change in Cost				
Additions - asset retirement cost	7,079	305	-	7,384
Additions - exploration	3,529	-	6	3,535
Additions - permitting and engineering studies	4,586	402	-	4,988
Capitalized borrowing costs	1,456	247	-	1,703
	16,650	954	6	17,610
Change in Accumulated Amortization				-
Depreciation and amortization charge	(176)	(234)	-	(410)
	(176)	(234)	-	(410)
Cost - acquisition	35,182	33,768	2,142	71,092
Cost - asset retirement	22,092	3,217	-	25,309
Cost - exploration	68,329	-	3,282	71,611
Cost - permitting and engineering studies	14,557	1,528	-	16,085
Capitalized borrowing costs	2,174	872	-	3,046
Accumulated depreciation & amortization	(395)	(451)	-	(846)
Total September 30, 2020	**$ 141,939**	**$ 38,934**	**$ 5,424**	**$ 186,297**

PREMIER GOLD PROJECT (“PGP”)

PGP comprises the previously separate Premier, Dilworth and Silver Coin Properties. In October 2018, the Company completed its acquisition of the Premier Property from Boliden Limited (“Boliden”). 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. Upon acquisition, Ascot granted Boliden an additional 5% NSR, which could be purchased by the Company for $9,550 at any time.

The Company also acquired 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. Ascot also granted the Dilworth Optionors an additional 5% NSR, which could be purchased by the Company for $4,150 at any time.

In November 2007 the Company acquired three crown grants (Old Timer, Butte and Yellowstone) which are located near the Dilworth property. These properties are subject to a 1% NSR on the crown grants.

In October 2018, the Company acquired the Silver Coin property ("Silver Coin") adjacent to the Company's Premier and Dilworth properties from Jayden Resources Inc. and Mountain Boy Minerals Ltd. The Silver Coin property is subject to a 2% NSR royalty to Nanika Resources Inc.

In May 2019, the Company entered into a Funding Agreement with Nisga'a Nation for PGP. Under the terms of the Funding Agreement, the Company was required to make cash payments totaling $400 to Nisga'a Nation, which are the Company's contribution to the reasonable costs and expenses incurred by the Nisga'a Nation in respect of PGP MAPA application review and the Benefits Agreement negotiations. In September 2020, the Company amended the Funding Agreement and increased the total funding amount to $450. The Company paid $200 in September 2020 and $225 in 2019 under the Funding Agreement.

RED MOUNTAIN PROJECT ("RMP")

In May 2017, IDM acquired 100% of the Red Mountain property from Seabridge Gold Inc. ('Seabridge"). Pursuant to the purchase agreement, IDM is required to make an additional one-time $1,500 cash payment upon commercial production to Seabridge, and Seabridge also retained a gold metal stream on RMP to acquire 10% the annual gold production from the property at a cost of one thousand U.S. dollars per ounce up to a maximum of 500,000 ounces produced (50,000 ounces to Seabridge). Alternatively, Seabridge may elect to receive a one-time cash payment of $4,000 at the commencement of production in exchange for the buyback of the gold metal stream. The property is also subject to payment of production royalties and the payment of a minimum annual pre-production royalty of $50 to Wotan Resources Corp. ("Wotan"). Total historical pre-production royalty paid to date to Wotan is $1,200, which is deductible against future production royalties. Production from the claims, which contain the Red Mountain gold deposit are subject to two separate net smelter return royalties aggregating 3.5% (Franco-Nevada Corp.: 1% and Wotan: 2.5%).

In April 2019, the Company, through its wholly owned subsidiary IDM, entered into a Benefits Agreement with Nisga'a Nation for the Red Mountain gold project. Under the terms of the Benefits Agreement, the Company is required to make cash payments to Nisga'a Nation, which are tied to permitting, project financing and production milestones, totaling up to $2,000. Upon signing of the Benefits Agreement, the Company made its first payment of $50 in April 2019. The Company is also required to make annual payments as a percentage of Provincial Mineral Tax during production.

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 in Mt. Margaret property 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.

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Office furniture and equipment	Right-of-use assets	Total
Cost	$ 1,029	$ 3,190	$ 307	$ 865	$ 5,391
Accumulated depreciation and amortization	(99)	(1,953)	(113)	(14)	(2,179)
Net book value, December 31, 2019	**930**	**1,237**	**194**	**851**	**3,212**
Change in Cost					
Additions	325	42	-	-	367
Disposals	-	(685)	-	-	(685)
Subtotal	325	(643)	-	-	(318)
Change in Accumulated Amortization					
Depreciation and amortization charge	(27)	(410)	(46)	(130)	(613)
Disposals	-	685	-	-	685
Subtotal	(27)	275	(46)	(130)	72
Cost	1,354	2,547	307	865	5,073
Accumulated depreciation and amortization	(126)	(1,678)	(159)	(144)	(2,107)
Net book value, September 30, 2020	**$ 1,228**	**$ 869**	**$ 148**	**$ 721**	**$ 2,966**

The Company leases its office premises under a long-term lease agreement. The initial lease rate, commencing on December 1, 2019, is $227 per annum (including operating costs) with escalating payments. As of the date of lease commencement on December 1, 2019, the present value of future payments under the lease was $928, calculated using an incremental borrowing rate of 8.5% and corresponding right-of-use asset was $865 net of tenant's improvement allowance. During the nine months ended September 30, 2020, lease payments were $169, right-of-use asset depreciation was $130 and interest expense recorded under the office lease was $56. At September 30, 2020, the lease liability was $815, of which $217 was included in current liabilities.

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

10. RECLAMATION PROVISIONS

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

Balance at December 31, 2019	**$**	**18,966**
Change in estimate (discount rate)		7,603
Change in estimate (timing of reclamation activities)		(219)
Accretion of reclamation liability		237
Reclamation work done to reduce liability		(348)
Balance at September 30, 2020		**26,239**
Current		396
Non Current	**$**	**25,843**

Discounted site closure and reclamation provisions by mineral property are as follows:

	September 30, 2020	**December 31, 2019**
Premier Gold	21,935	15,089
Silver Coin	421	371
Swamp Point	608	557
Red Mountain	3,275	2,949
	26,239	18,966

The Company's provision for environmental obligations at the Premier mine is based on the project plan prepared by an independent engineering firm. As at September 30, 2020, the estimated future cash flows have been discounted using a risk-free rate of 1.11% and an inflation rate of 2% was used to determine future expected costs (December 31, 2019: 1-3% and 2%, respectively).

The Company's provision for environmental obligations at the Red Mountain property is based on the reclamation cost estimate prepared by management. As at September 30, 2020, the estimated future cash flows have been discounted using a risk-free rate of 0.57% and an inflation rate of 2% was used to determine future expected costs (December 31, 2019: 1.7% and 2%, respectively).

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

	September 30, 2020	**December 31, 2019**
Premier Gold	31,601	31,949
Silver Coin	448	448
Swamp Point	562	547
Red Mountain	2,827	2,827
	35,438	35,771

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

11. CONVERTIBLE NOTE

	Convertible note - Liability component	Convertible note - Derivative component	Total
Issuance of the Note on Jan. 18, 2019	$ **11,026**	$ **1,702**	$ **12,728**
Interest expense	731	-	731
Interest expense capitalized	1,343	-	1,343
Interest paid	(501)	-	(501)
Interest payable	(594)	-	(594)
Gain on derivative component	-	(1,248)	(1,248)
Foreign exchange gain	(236)	-	(236)
Balance, December 31, 2019	**11,769**	**454**	**12,223**
Interest expense capitalized	1,703	-	1,703
Interest paid	(546)	-	(546)
Interest payable	(266)	-	(266)
Loss on derivative component	-	22	22
Foreign exchange loss	287	-	287
Balance, September 30, 2020	**12,947**	**476**	**13,423**

On January 18, 2019, the Company 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 (the "Lenders") for US$8.83 million and US$1.17 million respectively. The Note matures on January 18, 2021 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 Company has a prepayment option to repay the Note before maturity with a prepayment premium of:

a) 2% of the outstanding principal amount if such prepayment is made prior to December 31, 2019 or 1% of the outstanding principal amount if such prepayment is made after December 31, 2019.
b) The intrinsic value of the Note as at the time of prepayment.
c) The remaining time value of the Note as at the time of prepayment, being an amount determined using the Black Scholes valuation method.

Original issue discount of $398 and transaction costs of $134 were deducted from the liability portion of the Note at the time of issue.

For accounting purposes, the conversion option is classified as a derivative liability, hence the Note is separated into a liability (measured at amortized cost) and an embedded derivative (measured at FVTPL) components by first valuing the derivative component. The fair value of the embedded derivative at the issuance date and at each reporting period was calculated using the Black-Scholes option pricing model. 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 remaining term of the Note.

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

The assumptions used in this pricing model, and the resulting fair value of the embedded derivative at December 31, 2019 were as follows:

Risk-free rate:	1.69%
Remaining life:	1 year
Share price:	$0.89 per share
Expected volatility:	50.71%
Total fair value of the embedded derivative:	$454

The assumptions used in this pricing model, and the resulting fair value of the embedded derivative at September 30, 2020 were as follows:

Risk-free rate:	0.25%
Remaining life:	0.25 years
Share price:	$1.20 per share
Expected volatility:	60.99%
Total fair value of the embedded derivative:	$476

On January 2, 2020, the Company issued 652,615 common shares of Ascot to the Lenders for the payment of interest due on the Note from July 1 to December 31, 2019. On June 30, 2020 the Company paid $549 (in U.S. dollar equivalent) to the Lenders for the payment of interest due on the Note from January 1 to June 30, 2020.

12. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares with no par value. As at September 30, 2020, the number of total issued and outstanding common shares is 275,840,263 (December 31, 2019: 232,478,810).

Activities during the nine-month period ended September 30, 2020

In January 2020, the Company issued 652,615 common shares of Ascot to the Lenders for the payment of interest due on the Note from July 1 to December 31, 2019 (Note 11).

In February 2020, the Company raised $10,253 by issuing 5,126,250 flow-through shares at $0.98 per share and 8,170,588 common shares at $0.64 per common share. In connection with the offering, the Company paid the agents' and finders' cash fees and other share issuance fees in the amount of $735.

In June 2020, the Company raised $25,000 through a bought deal by issuing 29,412,000 common shares at $0.85 per share. In connection with the offering, the Company paid offering cash commission, agent's fees and other share issuance fees in the amount of $1,676.

Activities during the year ended December 31, 2019

In March 2019, the Company issued 35,078,939 common shares, 715,500 stock options and 4,309,128 warrants for its acquisition of IDM (Note 4).

In May 2019, the Company raised $15,874 by issuing 8,139,548 flow-through shares and 13,841,035 units, with each unit comprised of one common share of the Company and one common share purchase warrant. In connection with the offering, the Company paid fees of $1,089 and issued 888,332 non-transferable warrants.

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

In July 2019, the Company issued 726,111 common shares of Ascot to the Lenders for the payment of interest due on the Note up to June 30, 2019.

13. WARRANTS, OPTIONS AND SHARE UNITS

a) Warrants

As of September 30, 2020, the Company had outstanding and exercisable warrants as follows:

	Warrants	
Weighted-average exercise price C$	Number outstanding and exercisable	Weighted-average remaining contractual life (years)
$1.26	1,908,545	0.10

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

	Warrants	Weighted average exercise price (C$)
Outstanding at December 31, 2018	190,125	1.00
Issued for the acquisition of IDM (Note 4)	4,309,127	1.91
Issued for the May 2019 Offering (Note 12)	14,729,367	0.95
Expired	(185,647)	1.64
Outstanding at December 31, 2019	19,042,972	1.16
Expired	(17,134,427)	1.15
Outstanding at September 30, 2020	1,908,545	1.26

Subsequent to September 30, 2020, 1,015,873 warrants expired unexercised.

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

b) Stock options

As of September 30, 2020, the Company had outstanding and exercisable stock options as follows:

	Options outstanding			Options exercisable		
Range of price	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Number exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price C$
$0.50 to $0.99	7,330,000	4.07	0.78	4,971,667	3.99	0.77
$1.00 to $1.29	877,000	4.15	1.08	643,667	3.89	1.04
$1.30 to $1.50	1,357,500	2.07	1.34	1,357,500	2.07	1.34
$1.51 to $2.00	8,350,000	1.75	1.65	8,350,000	1.75	1.65
$2.01 to $2.34	279,500	1.52	2.18	279,500	1.52	2.18
$2.35 to $3.56	216,000	0.64	2.82	216,000	0.64	2.82
	18,410,000	2.80	1.28	15,818,334	2.55	1.35

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 December 31, 2018	14,240,000	1.50
Issued for the acquisition of IDM (Note 4)	715,500	2.35
Granted	3,630,000	0.74
Expired	(3,077,625)	0.95
Forfeited	(684,375)	1.84
Outstanding at December 31, 2019	14,823,500	1.45
Granted	4,700,000	0.87
Expired	(913,500)	1.79
Forfeited	(200,000)	2.34
Outstanding at September 30, 2020	18,410,000	1.28

During the nine months ended September 30, 2020, the Company granted 4,700,000 stock options at a weighted average exercise price of $0.87 to its directors, employees and consultants. The weighted average assumptions used in the stock option pricing model and the resulting weighted average fair values per option for the options granted during the period ended September 30, 2020 were as follows:

Risk-free rate:	0.35% - 1.19%
Expected life:	4 - 5 years
Expected volatility:	61.91% - 65.77%
Expected dividends:	Nil
Weighted average fair value per option:	$ 0.37

During the nine months ended September 30, 2019, the Company granted 3,200,000 stock options at an exercise price of $0.75 to its directors, employees and consultants. The weighted average assumptions used in the stock option pricing model and the resulting weighted average fair values per option for the options granted during the period ended September 30, 2019 were as follows:

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

Risk-free rate:	1.5%
Expected life:	5 years
Expected volatility:	66.04%
Expected dividends:	Nil
Weighted average fair value per option:	$ 0.39

During the nine months ended September 30, 2019, the Company issued 715,500 stock options for the acquisition of IDM (Note 4). In addition, 3,077,625 stock options expired unexercised and 6,750 stock options were cancelled during the period.

The total compensation expense under the Plan for the nine months ended September 30, 2020 was $1,611 (nine months ended September 30, 2019: $1,352). The unrecognized compensation cost for non-vested share options at September 30, 2020 was $496 (December 31, 2019: $337).

c) Share units

In February 2020, the Company granted 340,000 RSUs to its senior management and 180,000 DSUs to its directors. The RSUs vest over a three-year period and can be either cash or equity settled upon vesting at the election of the Company. For the nine months ended September 30, 2020, $87 (nine months ended September 30, 2019: $Nil) was expensed in the statement of comprehensive loss as stock-based compensation expense for RSUs. DSUs vest immediately and may be redeemed when the individual ceases to be a director of the Company, following which the DSU's will be settled in cash or common shares of the Company at the election of the Board at the time of grant. For the nine months ended September 30, 2020, $126 (nine months ended September 30, 2019: $Nil) was expensed in the statement of comprehensive loss as stock-based compensation expense for DSUs.

Movements in the number of RSUs and DSUs outstanding during the nine months ended September 30, 2020 are as follows:

	Number of RSUs	Number of DSUs
Outstanding at December 31, 2019	-	-
Granted	340,000	180,000
Outstanding at September 30, 2020	340,000	180,000

The weighted average remaining contractual life of RSUs outstanding at September 30, 2020 is 4.41 years. The DSUs outstanding at September 30, 2020 expire one year after the individual ceases to be a director of the Company.

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

14. GENERAL AND ADMINISTRATIVE COSTS

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Employee wages and benefits	$ 449	$ 380	$ 1,489	$ 1,378
Management fees	179	198	579	569
Legal and professional services	406	122	685	378
Office and administration expenses	73	129	240	370
Travel	13	59	51	132
Investor relations and shareholders costs	66	165	272	419
	$ 1,186	$ 1,053	$ 3,316	$ 3,246

15. OTHER INCOME AND EXPENSES

Other income is comprised of the following:

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Interest income	$ 83	$ 90	$ 158	$ 230
Flow through share premium	863	132	1,010	700
Gain on marketable securities	912	-	1,419	-
Gain on convertible note	442	225	-	1,496
	$ 2,300	$ 447	$ 2,587	$ 2,426

Finance expense is comprised of the following:

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Interest on convertible note	$ -	$ 101	$ -	$ 703
Accretion of asset retirement obligation	85	116	236	344
Reclamation bond fee	72	25	172	97
Interest on office lease liability	18	-	56	-
	$ 175	$ 242	$ 464	$ 1,144

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

Other expense is comprised of the following:

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Loss on marketable securities	$ -	$ 608	$ -	$ 710
Loss on convertible note	-	-	23	-
Other	-	18	-	32
	$ -	$ 626	$ 23	$ 742

16. 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 management and non-executive directors. Key management personnel compensation comprised:

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Salaries and short-term benefits	$ 93	$ 100	$ 295	$ 309
Management fees	158	153	501	458
Exploration and evaluation costs	26	25	74	59
Share-based payment transactions	118	241	1,081	1,040
	$ 395	$ 519	$ 1,951	$ 1,866

b) Other Related Party Transactions

Included in accounts payable and accruals at September 30, 2020 is $219 (December 31, 2019: $274) due to related parties.

During the nine months ended September 30, 2020, key management personnel were granted 2,630,000 stock options at a price of $0.82. Using the Black-Scholes model, the fair value of the options granted to key management personnel was determined at $913.

During the nine months ended September 30, 2020, key management personnel were granted 270,000 RSUs. Based on the Company's share price on grant date, the fair value of the RSUs granted to key management personnel was $189.

During the nine months ended September 30, 2020, the Company's directors were granted 180,000 DSUs. Based on the Company's share price on grant date, the fair value of the DSUs granted to directors was $126.

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

17. SEGMENT REPORTING

The Company is principally engaged in the acquisition, exploration, evaluation and development of mineral properties. The segments presented in Note 8 reflect the way in which the Company monitors its business performance. The Company has two geographic areas, 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 8.

18. SUPPLEMENTAL CASH FLOW INFORMATION

The net changes in non-cash working capital items were as follows:

		Nine months ended September 30, 2020		Nine months ended September 30, 2019
Net changes in non-cash working capital items included in exploration and evaluation assets				
Depreciation and amortization	$	(146)	$	(110)
Capitalized borrowing cost		1,703		843
Accounts payable and accrued liabilities		1,493		2,254
	$	3,050	$	2,987
Net changes in non-cash working capital items included in financing activities				
Shares issued for settlement of interest on convertible note (Note 11)	$	594	$	501
	$	594	$	501

19. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Fair value

The Company's financial instruments include cash and cash equivalents, marketable securities, interest and other receivables, reclamation deposits, trade and other payables, convertible note 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. Reclamation deposits and the convertible note approximate their carrying value due to the consistency of the credit risk of the Company since the initial recognition of these instruments.

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

The following tables present the Company's financial assets and liabilities by level within the fair value hierarchy. They do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

As at September 30, 2020	**Carrying value**	**Fair value**		
	FVTPL	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Marketable securities	$ 1,926	$ 1,926	$ -	$ -
	$ 1,926	$ 1,926	$ -	$ -
Financial liabilities				
Convertible note - derivative portion	$ 476	$ -	$ -	$ 476
	$ 476	$ -	$ -	$ 476

As at December 31, 2019	**Carrying value**	**Fair value**		
	FVTPL	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Marketable securities	$ 507	$ 507	$ -	$ -
	$ 507	$ 507	$ -	$ -
Financial liabilities				
Convertible note - derivative portion	$ 454	$ -	$ -	$ 454
	$ 454	$ -	$ -	$ 454

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.

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. The Company's significant financial instrument denominated in foreign currency (US dollar) is the convertible note (Note 11). A 10% decrease (increase) of the value of the Canadian dollar relative to the US dollar as at September 30, 2020 would result in an additional $1,271 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the nine months ended September 30, 2020 (nine months ended September 30, 2019: $967).

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 significant financial instrument valued using fluctuating risk-free interest rate is the derivative component of the convertible note (Note 11). 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 endeavors to ensure 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 as well as the convertible note (Note 11). Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The convertible note matures in January 2021.

20. 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. According to the convertible note agreement (Note 11), the Company is required to maintain a minimum of $1 million U.S. dollars (or Canadian dollar equivalent) in unrestricted cash, cash equivalents and working capital until the date on which the convertible note is repaid in full.

There has been no significant change to the Company's capital management policies during the nine months ended September 30, 2020.

Expressed in Thousands of Canadian Dollars Except Price per Share/Unit

21. COMMITMENTS

As at September 30, 2020, the Company's commitments are as follows:

	Within 1 year	1-5 years	After 5 years
Funding agreement - Premier Gold project (Note 8)	$ 25	$ -	$ -
Benefits agreement - Red Mountain project (Note 8)	-	1,450	500
Pre-production royalty - Red Mountain project (Note 8)	50	200	-
	$ 75	$ 1,650	$ 500

22. SUBSEQUENT EVENT

Subsequent to September 30, 2020, the Company signed an agreement with Montreal based Farnell-Thompson Applied Technologies Inc. ("Farnell-Thompson") for the engineering and procurement of the Semi-Autogenous Grinding ("SAG") and ball mills and related parts to the PGP mill site for a total of $5,850. Under the terms of the contract, the Company is required to make progress payments from October 2020 to July 2021.