Ascot Resources Ltd.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020
(Expressed in thousands of Canadian Dollars, except where indicated)
(Unaudited)

Ascot Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian Dollars in Thousands)

(Unaudited)

	Notes	September 30, 2021	December 31, 2020
ASSETS			
Current			
Cash and cash equivalents	3	$ 90,037	$ 42,080
Trade and other receivables		949	365
Marketable securities	4	-	1,551
Derivative asset	5	88	-
Prepaid expenses and deposits		689	352
Total Current Assets		91,763	44,348
Reclamation deposits	6	2,447	4,384
Exploration and evaluation assets		5,424	5,424
Mineral properties, plant and equipment	7	223,014	187,797
Other assets	8	8,277	8,029
Total Non-Current Assets		239,162	205,634
Total Assets		$ 330,925	$ 249,982
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables		$ 12,033	$ 2,796
Reclamation Provisions	9	396	396
Credit facilities	10	-	43,091
Lease liability		217	217
Other liabilities		76	84
Total Current Liabilities		12,722	46,584
Reclamation Provisions	9	19,678	24,901
Credit facilities	10	41,537	-
Lease liability		430	558
Deferred income tax liabilities		291	291
Total Non-Current Liabilities		61,936	25,750
Total Liabilities		74,658	72,334
Shareholders' Equity			
Share capital	11	297,907	217,928
Share-based payment reserve	11	19,246	17,828
Accumulated deficit		(60,886)	(58,108)
Total Shareholders' Equity		256,267	177,648
Total Liabilities and Shareholders' Equity		$ 330,925	$ 249,982

Commitments (Notes 7, 9 and 17), Contingencies (Note 7).
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 (Income) Loss per Share)

	Notes	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
General and administrative	12	$ 1,183	$ 1,186	$ 3,838	$ 3,316
Stock-based compensation	11	472	289	1,418	1,611
Amortization and depreciation		215	238	655	759
Property maintenance costs		38	305	223	429
Finance expense	13	194	175	571	464
Other income		(289)	(946)	(502)	(1,167)
(Gain) loss on investment in marketable securities	4	-	(912)	285	(1,419)
Change in fair value of derivatives	5, 10	(1,079)	(442)	(4,129)	22
Foreign exchange loss (gain)		966	(288)	419	263
Loss (gain) before income taxes		$ 1,700	$ (395)	$ 2,778	$ 4,278
Income tax recovery		-	(287)	-	(287)
Net loss (income) for the period		$ 1,700	$ (682)	$ 2,778	$ 3,991
Total comprehensive loss (income)		$ 1,700	$ (682)	$ 2,778	$ 3,991
Loss (income) per share					
Basic and diluted		$ 0.00	$ (0.00)	$ 0.01	$ 0.02
Weighted average shares outstanding - basic and diluted		375,675,547	275,840,263	338,744,105	255,219,562

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	Deficit	Total share-holders' equity
Balance, January 1, 2020	**232,478,810**	**$ 183,289**	**$ 14,560**	**$ (49,681)**	**$ 148,168**
Shares issued for cash					
Private placement (PP), net of issue costs	13,296,838	9,518	-	-	9,518
Bought deal financing, net of issue costs	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	-	(1,435)	-	-	(1,435)
Deferred financing fee	-	-	177	-	177
Stock-based compensation	-	-	1,611	-	1,611
Net loss for the period	-	-	-	(3,991)	(3,991)
Balance, September 30, 2020	**275,840,263**	**$ 215,290**	**$ 16,348**	**$ (53,672)**	**$ 177,966**
Balance, January 1, 2021	**278,323,751**	**$ 217,928**	**$ 17,828**	**$ (58,108)**	**$ 177,648**
Shares issued for cash					
Bought deal financing, net of issue costs (Note 11a)	70,700,000	57,248	-	-	57,248
PP, net of issue costs (Note 11a)	24,000,000	19,330	-	-	19,330
Flow-through PP, net of issue costs (Note 11a)	2,651,796	3,716	-	-	3,716
Issued for other consideration					
Premium on flow-through shares	-	(315)	-	-	(315)
Stock-based compensation (Note 11b)	-	-	1,418	-	1,418
Net loss for the period	-	-	-	(2,778)	(2,778)
Balance, September 30, 2021	**375,675,547**	**$ 297,907**	**$ 19,246**	**$ (60,886)**	**$ 256,267**

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

(Canadian Dollars in Thousands)

	Notes	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Cash flows from operating activities			
Loss for the period		$ (2,778)	$ (3,991)
Adjustment to reconcile loss to net cash used in operating activities:			
Stock-based compensation	11b	1,418	1,611
Amortization and depreciation		655	759
Gain on flow through share premium	11a	(323)	(1,010)
Finance expense		312	293
Deferred income tax recovery		-	(287)
Change in fair value of derivative asset	5	730	-
Change in fair value of embedded derivatives	10	(4,859)	22
Unrealized foreign exchange loss		52	287
Unrealized loss (gain) on marketable securities	4	285	(1,419)
Changes in non-cash working capital balances:			
(Increase) decrease in receivables		(584)	230
(Increase) decrease in prepaid expenses and deposits		(337)	2
(Increase) decrease in trade and other payables		(299)	109
Payment for reclamation provision		(280)	(348)
Total cash outflows from operating activities		**(6,008)**	**(3,742)**
Cash flows from investing activities			
Investment in mineral properties, plant and equipment		(28,427)	(367)
Investment in exploration & evaluation assets		-	(6,766)
Return of deposits for environmental bonds		1,937	7
Proceeds from sale of marketable securities	4	1,266	-
Payment for derivative asset	5	(818)	-
Total cash outflows from investing activities		**(26,042)**	**(7,126)**
Cash flows from financing activities			
Proceeds from share issuance	11a	85,207	35,253
Share issue costs	11a	(4,913)	(2,410)
Deferred financing costs		(114)	(267)
Payment of interest and fees on old convertible note		-	(546)
Payment for lease liability		(174)	(169)
Total cash inflows from financing activities		**80,006**	**31,861**
Effect of exchange rate changes on cash and cash equivalents		1	-
Total increase in cash during the period		**47,957**	**20,993**
Cash and cash equivalents, beginning of period		**42,080**	**4,418**
Cash and cash equivalents, end of period		**$ 90,037**	**$ 25,411**
Supplemental cash flow information	16		

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 located in British Columbia's Golden Triangle. The Company filed its feasibility study in May 2020 for its 100% owned Premier and Red Mountain Gold Projects which would supply gold and silver ores to the process plant. The Silver Coin, Big Missouri, and Premier deposits, collectively named the Premier Gold Project ("PGP") are located near the processing facility on the historical Premier Mine site, and the Red Mountain Project ("RMP") is located 23 km to the southeast in an adjacent valley. PGP together with RMP is defined as the "Project". The Company also has two other properties: 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, as of September 30, 2021 were:

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

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 three and nine months ended September 30, 2021 and 2020 (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, 2020, 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, 2020, except as noted in Note 2c below.

These Interim Financial Statements were authorized for issue by the Board of Directors on November 8, 2021.

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

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

c) New IFRS pronouncements

In August 2020, the International Accounting Standards Board ("IASB") issued amendments to IFRS 9 *Financial Instruments* (IFRS 9), IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39), IFRS 7 *Financial Instruments: Disclosures* (IFRS 7), IFRS 4 *Insurance Contracts* (IFRS 4) and IFRS 16 *Leases* (IFRS 16) as a result of Phase 2 of the IASB's Interest Rate Benchmark Reform project. The amendments address issues arising during reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The amendments were effective January 1, 2021. As at September 30, 2021, these amendments did not have an immediate effect on the Company's financial statements, as Ascot had not replaced any of the benchmark interest rates in the Company's debt agreements on the adoption date. Management continues to monitor developments on alternative benchmark interest rates and will assess any potential impact as widespread market practices are established.

d) 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 have a continuous impact for the foreseeable future. As a result, there remains a heightened risk of 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. Significant uncertainty remains 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. CASH AND CASH EQUIVALENTS

		September 30, 2021		December 31, 2020
Cash	$	38,268	$	2,243
Guaranteed Investment Certificates ("GICs") and term deposits		51,769		39,837
Cash and cash equivalents	$	90,037	$	42,080

Cash is held at Canadian chartered banks. 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 0.25% and 0.7% per annum (December 31, 2020: between 0.25% and 2.30%). There were no U.S. dollar term deposits at September 30, 2021 (at December 31, 2020, the Company's U.S. dollar term deposits bore interest at fixed rates between 0.15% and 0.25% per annum). The Company's GICs may be redeemed on twenty-four-hour notice to the bank and are considered cash equivalents.

Included in cash and cash equivalents is $905 (December 31, 2020: $293), which is required to be spent on flow-through expenditures prior to December 31, 2022.

4. MARKETABLE SECURITIES

As at December 31, 2020, marketable securities consisted of 5,538,000 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 of $1,551. The fair value of these marketable securities has been determined by reference to their quoted closing bid price at the reporting date. During the nine months ended September 30, 2021, the Company sold 5,538,000 common shares of Strikepoint for total net proceeds of $1,266 (nine months ended September 30, 2020: Nil).

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

The Company recorded a loss of $285 on its marketable securities for the nine months ended September 30, 2021 (nine months ended September 30, 2020: unrealized gain of $1,419).

5. DERIVATIVE ASSET

In June 2021, the Company purchased a foreign currency put option for a cost of $818. The put option gives Ascot the right to sell 25 million U.S. dollars at a strike rate of 1.2 Canadian dollars to 1 U.S. dollar, expiring on March 31, 2022. At September 30, 2021, the fair value of the put option was $88, which has been determined by reference to the market exchange rate between the Canadian dollar and the U.S. dollar at the reporting date. For the nine months ended September 30, 2021, the Company recorded a loss of $730 on its foreign currency put option (nine months ended September 30, 2020: $Nil) as a part of change in fair value of derivatives in its condensed interim consolidated statement of comprehensive loss.

6. RECLAMATION DEPOSITS

The Company is required to maintain reclamation deposits for its mineral 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.

Ascot posted environmental bonds of $14,950 for its Premier property and $1,098 for its Red Mountain property. 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 and pay an annual bond fee equal to 2% of the respective bond amount. In June 2021, the cash collateral requirement was reduced from $3,937 to $2,000 resulting in a cash refund of $1,937.

Except for the $2,000 held as cash collateral with the surety bond trust account, the reclamation deposits are held in certificates of deposits with a Canadian chartered bank and the Ministry of Finance of British Columbia.

The following table summarizes the reclamation deposits by property:

		September 30, 2021		December 31, 2020
Surety bond trust account:				
Premier Gold Project	$	1,861	$	3,662
Red Mountain		139		275
Cash security:				
Premier Gold Project		66		66
Silver Coin		71		71
Swamp Point		310		310
	$	2,447	$	4,384

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.

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

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Mineral properties and project development costs	Land and buildings	Machinery and equip-ment	Office furniture and equip-ment	Right-of-use assets	Total
Cost	$ 185,554	$ 1,354	$ 2,561	$ 310	$ 865	$ 190,644
Accumulated depreciation & amortization	(556)	(132)	(1,798)	(174)	(187)	(2,847)
Net book value, December 31, 2020	**184,998**	**1,222**	**763**	**136**	**678**	**187,797**
Change in Cost						
Additions	28,153	-	9,924	3	-	38,080
Capitalized borrowing costs	3,276	-	-	-	-	3,276
Reduction in asset retirement cost	(5,209)	-	-	-	-	(5,209)
Subtotal	26,220	-	9,924	3	-	36,147
Change in Accumulated Amortization						
Depreciation & amortization charge	(409)	(16)	(328)	(47)	(130)	(930)
Subtotal	(409)	(16)	(328)	(47)	(130)	(930)
Cost	211,774	1,354	12,485	313	865	226,791
Accumulated depreciation & amortization	(965)	(148)	(2,126)	(221)	(317)	(3,777)
Net book value, September 30, 2021	**$ 210,809**	**$ 1,206**	**$ 10,359**	**$ 92**	**$ 548**	**$ 223,014**

The Company has agreements in place for the delivery of critical long lead time equipment. During the nine months ended September 30, 2021, the Company made progress payments totaling $9,924 towards the engineering and fabrication of such equipment, which has been capitalized in machinery and equipment. As at September 30, 2021, the Company has purchase commitments totaling $9,337 for such equipment.

Mineral property cost additions of $28,153 consist of $24,897 spent on permitting, studies and pre-construction activities, and $3,256 spent on exploration.

MINERAL PROPERTIES AND PROJECT DEVELOPMENT COSTS

Mineral properties and project development costs include PGP and RMP (together defined as the “Project”). 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. In October 2021, the Company further amended the Funding Agreement and increased the total funding amount to $600. The Company paid $200 in 2020 and $225 in 2019 under the Funding Agreement.

In May 2017, IDM Mining Ltd. ("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 cash payment of 1.5 million U.S. dollars upon commercial production ("Production Payment") to Seabridge, and Seabridge also retained a gold metal stream on RMP to acquire 10% of 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) ("Metal Stream"). Alternatively, Seabridge may elect to receive a one-time cash payment of 4 million U.S. dollars at the commencement of production in exchange for the buyback of the gold metal stream ("Put Option"). In April 2021, Sprott Private Resource Streaming and Royalty (B) Corp. ("SRSR") acquired the Production Payment, Metal Stream and Put Option from Seabridge. Concurrently, Seabridge security on RMP was transferred to SRSR. Since all of the rights and obligations on the Seabridge option agreement were met, the option agreement between IDM and Seabridge was terminated. The Company and SRSR entered into an "Amended and Restated Metal Stream Agreement" to amend the Metal Stream price to the lower of US$1,000/oz or spot price. SRSR put a US$2 million equity investment in Ascot as consideration for this amendment.

The Red Mountain 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 $1,250 (Note 8), which is deductible against future production royalties and is reported within other assets in the Company's Statement of Financial Position. 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, IDM entered into a Benefits Agreement with Nisga'a Nation for RMP. Under the terms of the Benefits Agreement, the Company was required to make cash payments to Nisga'a Nation, which were tied to permitting, project financing and production milestones, totaling up to $2,000. Upon signing of the Benefits Agreement, the Company made a payment of $50 in April 2019. In July 2021, the Company entered into an updated Benefits Agreement with Nisga'a Nation, which encompasses both PGP and RMP. The updated Benefits Agreement replaces the former, which only pertained to RMP. Under the terms of the Benefits Agreement, the Company is required to make cash payments to Nisga'a Nation tied to permitting, project development and production milestones, totaling up to $3,425. Upon signing of the Agreement, the Company made its first payment of $250 in July 2021. The Company is also required to make annual payments as a percentage of Provincial Mineral Tax during production.

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

8. OTHER ASSETS

	September 30, 2021	December 31, 2020
Deferred financing cost (Note 10)	$ 7,027	$ 6,829
Pre-production royalty (Note 7)	1,250	1,200
	$ 8,277	$ 8,029

9. RECLAMATION PROVISIONS

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

Balance at December 31, 2020	**$ 25,297**
Change in estimate	(5,209)
Accretion of reclamation liability	266
Reclamation work done to reduce liability	(280)
Balance at September 30, 2021	**20,074**
Current	396
Non Current	**$ 19,678**

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

	September 30, 2021	December 31, 2020
Premier Gold	15,918	21,022
Silver Coin	502	423
Swamp Point	576	607
Red Mountain	3,078	3,245
	20,074	25,297

The Company's provision for environmental obligations at the Premier Gold mine is based on the project plan prepared by an independent engineering firm. As at September 30, 2021, the estimated future cash flows have been discounted using a risk-free rate of 1.98% and an inflation rate of 2% was used to determine future expected costs (as at December 31, 2020: 1.21% 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, 2021, the estimated future cash flows have been discounted using a risk-free rate of 1.51% and an inflation rate of 2% was used to determine future expected costs (as at December 31, 2020: 0.67% and 2%, respectively).

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

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

	September 30, 2021	**December 31, 2020**
Premier Gold	31,205	31,485
Silver Coin	564	448
Swamp Point	576	536
Red Mountain	2,827	2,827
	35,172	35,296

10. CREDIT FACILITIES

On December 10, 2020, the Company closed a project financing package with Sprott Resource Lending Corp. ("Sprott") and Beedie Investments Ltd. ("Beedie") for the development of the Project. The financing package consists of a) a US$80 million senior secured non-revolving credit facility with Sprott (the "Senior Debt"); b) the Production Payment Agreement ("PPA"), and c) a US$25 million subordinated convertible non-revolving credit facility with Beedie and Sprott (the "Convertible Debt"). The Senior Debt and the PPA were negotiated concurrently, and accordingly have been considered together in determining their initial fair values.

Upon closing of the project financing package, transaction costs and fees attributable to the Senior and Convertible Debt have been included in the respective effective interest rate calculations for these liabilities measured at amortized cost.

Under the terms of the credit agreements, if an event of default shall occur and be continuing, Sprott and Beedie may, by notice to the Company, declare their commitment to advance the facilities be terminated and the outstanding principal and accrued interest and fees be due and payable. Events of default include but are not limited to failing to make principal interest and fee payments; defaulting on certain covenants, and failing to achieve project completion by September 30, 2023 and failing to complete minimum equity raise of US$25 million by June 10, 2021. At December 31, 2020, the Company was not considered to have an unconditional right to defer payment for the next 12 months under IAS 1; accordingly, the Credit Facilities were classified as current liabilities at that time. In April 2021, the Company completed the required minimum equity raise (Note 11a) at which time the Credit Facilities were reclassified to non-current liabilities.

The availability of the Senior and Convertible Debt is subject to certain conditions and covenants, including the maintenance of minimum cash and working capital balances. As of September 30, 2021, the Company was in compliance with the covenants.

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

a) Senior Debt

	Senior Debt - Liability component	Senior Debt - Derivative component	Senior Debt - PPA	Total
Fair value on intial recognition on Dec. 10, 2020	$ 22,179	$ 1,146	$ 5,283	$ 28,608
Transaction costs and fees	(312)	-	-	(312)
Interest and accretion	166	-	35	201
Foreign exchange gain	(122)	-	-	(122)
Balance, December 31, 2020	**21,911**	**1,146**	**5,318**	**28,375**
Transaction costs and fees	(46)	-	-	(46)
Interest and accretion	2,096	-	440	2,536
Change in fair value of derivative	-	(366)	-	(366)
Foreign exchange loss (gain)	45	-	(18)	27
Balance, September 30, 2021	**24,006**	**780**	**5,740**	**30,526**

Pursuant to the terms of the Senior Debt, the Company may borrow up to US$80 million. Interest will accrue on the outstanding principal amount of the Senior Debt at a floating rate equal to a base rate of:

- 7.00% per annum during the period commencing on December 10, 2020 and ending upon completion as defined in the Senior Debt agreement, which will occur when construction is complete and PGP has successfully completed an agreed completion test ("Completion Date"), but no later than September 30, 2023, and
- 5.75% per annum after the Completion Date

plus the greater of the London Inter-bank Offered Rate ("LIBOR") and 1.50% per annum. If LIBOR is abandoned, a replacement rate will be used at which deposits in U.S. Dollars are offered by leading prime banks in the London inter-bank market, as determined by Sprott. All interest payable from December 10, 2020 until June 30, 2022 (the "Availability Period") shall be capitalized and added to the principal loan amount. At all times following the last day of the Availability Period, all interest shall be payable in cash. Principal and accrued interest are payable quarterly from September 30, 2023 to December 31, 2025, with quarterly repayments equal to 10% of the total amount outstanding at the end of the Availability Period. The Senior Debt matures on December 31, 2025.

As of September 30, 2021, the Company had accrued interest of $1,789 (December 31, 2020: $133) on the Senior Debt, which was added to the principal loan amount. The outstanding principal amount of the Senior Debt at September 30, 2021 was US$20 million (December 31, 2020: US$20 million).

The Senior Debt is accounted for as a financial liability subsequently measured at amortized cost under IFRS 9.

The floating interest rate floor of 1.50% over the base rate has been determined to be an embedded derivative that is not closely related to the Senior Debt, and is bifurcated and accounted for separately. At each reporting period, the derivative is fair valued with changes in fair value recorded as a gain or loss in the statement of profit or loss. As at September 30, 2021, the fair value of the derivative was $780 (December 31, 2020: $1,146), resulting in a gain on change in fair value of the derivative of $366.

The Company may elect to prepay the outstanding principal balance in whole or in part provided that the Company makes such prepayment during the period commencing December 31, 2022. The Company shall pay to Sprott an additional amount equal to 2% of the amount of such prepayment if it is repaid anytime between December 31, 2022 and one year thereafter. Any prepayment after this date shall not carry any penalty. The prepayment option has been determined to be an embedded derivative that is not closely related to the Senior Debt, and therefore it must be bifurcated and accounted for separately. At each reporting period, the derivative is fair valued with changes in fair value recorded as an expense in profit or loss. As at September 30, 2021, this derivative had a fair value of $Nil (December 31, 2020: $Nil).

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

b) Production payment agreement (PPA)

The Company has entered into a PPA with Sprott, whereby on December 10, 2020 the Company received an advance payment of $6,381 (US$5.0 million) from Sprott. To repay this advance, the Company has agreed to pay Sprott monthly production payments equal to US$13 multiplied by the number of ounces of gold from which the Company receives payment beginning on December 10, 2020 until 450,000 ounces of gold has been produced.

At inception, the fair value of the PPA was $5,283 (US$4.1 million). The Company recorded the PPA at fair value on inception and subsequently measured it at amortized cost. The effective interest rate has been determined to be approximately 11% per annum.

c) Convertible Debt

	Convertible Debt - Liability component	Convertible Debt - Derivative component	Total
Fair value on initial recognition on Dec. 10, 2020	$ 7,553	$ 5,250	$ 12,803
Transaction costs and fees	(860)	-	(860)
Interest expense	59	-	59
Change in fair value of derivative	-	2,750	2,750
Foreign exchange gain	(37)	-	(37)
Balance, December 31, 2020	**6,715**	**8,000**	**14,715**
Transaction costs and fees	(25)	-	(25)
Interest expense	787	-	787
Change in fair value of derivative	-	(4,493)	(4,493)
Foreign exchange loss	27	-	27
Balance, September 30, 2021	**7,504**	**3,507**	**11,011**

Pursuant to the terms of the Convertible Debt, the Company may borrow up to US$25 million. Interest will accrue on the outstanding principal amount of the Convertible Debt at 8.00% per annum. The interest is compounded quarterly and is added to the principal loan amount prior to the Completion Date. All interest incurred after the Completion Date shall be payable in cash quarterly. Principal and capitalized interest are payable on December 10, 2023 (the maturity date, which may be extended by one year if all material permits, contracts and authorizations for PGP are in place). Any undrawn balance of the Convertible Debt incurs a standby fee of 3% beginning on December 10, 2020.

As of September 30, 2021, the Company accrued interest of $840 (December 31, 2020: $62) on the Convertible Debt, which was added to the principal loan amount. As of September 30, 2021, the Company also accrued standby fee of $456 (December 31, 2020: $35). The outstanding principal amount of the Convertible Debt at September 30, 2021 was US$10 million (December 31, 2020: US$10 million).

The liability component of the Convertible Debt is accounted for as a financial liability subsequently measured at amortized cost under IFRS 9.

The conversion feature within the Convertible Debt agreement has been determined to be an embedded derivative that is not closely related to the Convertible Debt, and is bifurcated and accounted for separately, by first valuing the derivative component. At each reporting period, the derivative is fair valued with changes in fair value recorded as a gain or loss in the statement of profit or loss. The fair value of the derivative at the inception date and at each reporting period was calculated using the Finite Difference Method. The expected volatility assumption in the valuation model is based on the historical volatility of the Company's stock commensurate with the remaining term of the conversion option. As at September 30, 2021, the fair value of the derivative was $3,507 (December 31, 2020: $8,000), resulting in an accounting gain on change in fair value of the derivative of $4,493.

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

The assumptions used in this valuation model and the resulting fair values of the embedded derivative were as follows:

Valuation date	September 30, 2021	December 31, 2020
Maturity date:	December 10, 2024	December 10, 2024
Risk-free rate:	1.26%	0.68%
Share price:	$1.04 per share	$1.49 per share
Expected volatility (rounded):	60%	60%
Dividend yield:	$Nil	$Nil
Interest rate:	8.0%	8.0%
Conversion price:	$1.32672 per share	$1.32672 per share
Conversion price cap:	$1.92374 per share	$1.92374 per share

11. CAPITAL AND RESERVES

a) Share capital

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

On April 9, 2021, the Company closed a bought deal financing. A total of 70,700,000 common shares of the Company were sold at a price of $0.86 per common share for gross proceeds of $60,802. In connection with the financing, the Company paid underwriters' fees and other fees and expenses in the amount of $3,553. This bought deal financing met the minimum equity raise requirement in the credit agreement of the Credit Facilities (Note 10).

On April 20, 2021, the Company closed a bought deal private placement. A total of 24,000,000 common shares of the Company were sold at a price of $0.86 per common share for gross proceeds of $20,640. In connection with the bought deal private placement, the Company paid underwriters' fees and other fees and expenses in the amount of $1,310.

On June 7, 2021, the Company closed a non-brokered private placement of 2,651,796 flow-through shares (the "Flow-Through Shares") at an average price of $1.43 per Flow-Through Share for gross proceeds of $3,765. The gross proceeds from the issuance of Flow-Through Shares will be used for "Canadian exploration expenses", and will qualify as "flow-through mining expenditures" as those terms are defined in the Income Tax Act (Canada), which will be renounced to the initial purchasers of the Flow-Through Shares with an effective date no later than December 31, 2021 in an aggregate amount not less than the gross proceeds raised from the issue of the Flow-Through Shares. In connection with the non-brokered private placement, the Company paid legal and share issuance fees in the amount of $49.

b) Stock options

Total compensation expense related to stock options for the nine months ended September 30, 2021 was $879 (nine months ended September 30, 2020: $1,398). The unrecognized compensation cost for non-vested stock options at September 30, 2021 was $269 (December 31, 2020: $863).

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

As of September 30, 2021, 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	7,290,000	3.07	0.78	6,783,332	3.05	0.78
$1.00 to $1.29	1,123,440	3.68	1.11	894,381	3.49	1.09
$1.30 to $1.50	3,385,315	2.94	1.35	2,540,004	2.59	1.35
$1.51 to $2.00	7,000,000	0.93	1.65	7,000,000	0.93	1.65
$2.01 to $2.34	141,125	0.64	1.35	141,125	0.64	1.35
	18,939,880	2.28	1.23	17,358,842	2.13	1.24

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 January 1, 2020	14,823,500	1.45
Granted	6,693,709	1.01
Expired	(981,000)	1.77
Forfeited	(551,000)	2.50
Outstanding at December 31, 2020	19,985,209	1.26
Granted	603,190	1.26
Expired	(1,350,000)	1.68
Forfeited	(298,519)	1.12
Outstanding at September 30, 2021	18,939,880	1.23

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.

During the nine months ended September 30, 2021, the Company granted 603,190 stock options at a weighted average exercise price of $1.26 to its employees, directors 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 nine months ended September 30, 2021 were as follows:

Risk-free rate:	0.20% - 0.91%
Expected life:	2 - 5 years
Expected volatility:	58.64% - 64.99%
Expected dividends:	Nil
Weighted average fair value per option:	$ 0.58

Subsequent to September 30, 2021, 50,000 stock options expired, 57,039 stock options were forfeited and 66,667 stock options were exercised.

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

c) Share units

The Company uses Ascot's closing stock price on the grant date to estimate the fair value for restricted share units ("RSU"). The RSUs vest over a three-year period and can be either cash or equity settled upon vesting at the election of the Company. There were no RSUs granted during the nine months ended September 30, 2021 (nine months ended September 30, 2020: 340,000 RSUs granted). For the nine months ended September 30, 2021, $495 (nine months ended September 30, 2020: $87) was expensed in the statement of comprehensive loss as stock-based compensation expense for RSUs.

The Company uses Ascot's closing stock price on the grant date to estimate the fair value for deferred share units ("DSU"). The Company's DSUs vest immediately and may be redeemed when the individual ceases to be a director of the Company, following which the DSUs will be settled in cash or common shares of the Company at the election of the Board at the time of grant. During the nine months ended September 30, 2021, $44 (nine months ended September 30, 2020: $126) 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, 2021 and during the year ended December 31, 2020 are as follows:

	Number of RSUs	Number of DSUs
Outstanding at January 1, 2020	-	-
Granted	1,052,871	450,370
Outstanding at December 31, 2020	1,052,871	450,370
Granted	-	40,781
Forfeited	(29,167)	-
Outstanding at September 30, 2021	1,023,704	491,151

The weighted average remaining contractual life of RSUs outstanding at September 30, 2021 was 3.96 years. The DSUs outstanding at September 30, 2021 expire one year after the individual ceases to be a director of the Company.

12. GENERAL AND ADMINISTRATIVE COSTS

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Wages, benefits and management fees	$ 791	$ 628	$ 2,596	$ 2,068
Legal and professional services	139	406	577	685
Office and administration expenses	119	73	306	240
Travel	27	13	31	51
Investor relations and shareholders costs	107	66	328	272
	$ 1,183	$ 1,186	$ 3,838	$ 3,316

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

13. FINANCE EXPENSE

Finance expense is comprised of the following:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Accretion	$ 95	$ 85	$ 266	$ 236
Reclamation bond fee	84	72	259	172
Interest on office lease liability	15	18	46	56
	$ 194	$ 175	$ 571	$ 464

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

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Salaries, short-term benefits and management fees	$ 291	$ 251	$ 883	$ 796
Project development costs	31	26	86	74
Share-based payment transactions	294	118	707	1,081
	$ 616	$ 395	$ 1,676	$ 1,951

b) Other related party transactions

Included in accounts payable and accruals at September 30, 2021 is $308 (December 31, 2020: $356) due to related parties.

During the nine months ended September 30, 2021, the Company's directors were granted 40,781 DSUs in lieu of director fees. Based on the Company's share price on grant date, the fair value of the DSUs granted to directors was $44.

15. SEGMENT REPORTING

The Company is principally engaged in the acquisition, exploration, evaluation and development of mineral properties. The Company has two operating segments: PGP and RMP (the Project) (Note 7) and Mt. Margaret. 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.

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

16. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Net changes in non-cash working capital items included in mineral properties		
Depreciation and amortization	$ (275)	$ (146)
Capitalized borrowing cost	3,276	1,703
Accounts payable and accrued liabilities	9,331	1,493
	$ 12,332	$ 3,050
Net changes in non-cash working capital items included in financing activities		
Shares issued for payment of interest & fees on convertible note	$ -	$ 594
	$ -	$ 594

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The Company's financial instruments include cash and cash equivalents, interest, trade and other receivables, marketable securities, derivative asset, reclamation deposits, trade and other payables, credit facilities and other liabilities. IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7") establishes a fair value hierarchy for financial instruments measured at fair value. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are 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. The carrying values of reclamation deposits, PPA and liability components of senior and convertible debt approximate their fair values.

The following tables present the Company's financial assets and liabilities measured at fair value on a recurring basis 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:

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

As at September 30, 2021	**Fair value**		
	Level 1	**Level 2**	**Level 3**
Financial assets			
Derivative asset - foreign currency put option	$ -	$ 88	$ -
	$ -	$ 88	$ -
Financial liabilities			
Senior debt - derivative portion	$ -	$ -	$ 780
Convertible debt - derivative portion	-	-	3,507
	$ -	$ -	$ 4,287

As at December 31, 2020	**Fair value**		
	Level 1	**Level 2**	**Level 3**
Financial assets			
Marketable securities	$ 1,551	$ -	$ -
	$ 1,551	$ -	$ -
Financial liabilities			
Senior debt - derivative portion	-	-	1,146
Convertible debt - derivative portion	$ -	$ -	$ 8,000
	$ -	$ -	$ 9,146

Risk Management

The Company's activities expose it to a variety of financial risks: credit 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 instruments denominated in a foreign currency (U.S. dollar) are the credit facilities (Note 10) and cash and cash equivalents (Note 3). In the second quarter of 2021, the Company purchased a put option to sell US$25 million until March 31, 2022 to mitigate the currency risk on the credit facilities. A 10% decrease (increase) of the value of the Canadian dollar relative to the U.S. dollar as at September 30, 2021 would result in an additional $2,950 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the nine months ended September 30, 2021 (nine months ended September 30, 2020: $1,271).

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

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 in savings account and GIC's carried at fixed interest rates. The Company's significant financial instruments valued using fluctuating risk-free interest rates are the derivative components of the senior and convertible debt (Note 10). 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 approach to managing liquidity is to maintain sufficient cash to meet obligations 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.

Contractual undiscounted cash flow requirements for financial liabilities as at September 30, 2021 are as follows:

	Less than 1 year	1-3 years	4-5 years	After 5 years	TOTAL
Trade and other payables	$ 12,033	$ -	$ -	$ -	$ 12,033
Lease liability	231	472	40	-	743
Production payment agreement (Note 10)	144	4,812	2,497	-	7,453
Senior and convertible debt (Note 10)	632	20,194	31,737	-	52,563
	$ 13,040	$ 25,478	$ 34,274	$ -	$ 72,792

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 Senior and Convertible Debt (Note 10). Except for the Senior and Convertible debt, 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, stock options and share units, and senior and convertible debt 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 Senior Debt agreement (Note 10), the Company is required to maintain a minimum of US$5 million (or Canadian dollar equivalent) in unrestricted cash and cash equivalents, and a working capital ratio of at least 1:1. As of September 30, 2021, the Company is in compliance with these requirements.

There has been no significant change to the Company's capital management policies during the nine months ended September 30, 2021.