



## **Ascot Resources Ltd.**

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

For the nine months ended September 30, 2019 and 2018  
(Expressed in thousands of Canadian Dollars, except where indicated)  
(Unaudited)

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

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

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

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

Carol Li

Chief Financial Officer

November 7, 2019

# Ascot Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian Dollars in Thousands)

(Unaudited)

	Notes	September 30, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	5	\$ 10,682	\$ 6,530
Marketable securities	6	608	-
Trade and other receivables		935	186
Prepaid expenses and deposits		733	344
<b>Total Current Assets</b>		<b>12,958</b>	<b>7,060</b>
Reclamation deposits	7	4,893	2,954
Exploration and evaluation assets	8	164,686	113,256
Property, plant and equipment	9	2,901	1,590
<b>Total Non-Current Assets</b>		<b>172,480</b>	<b>117,800</b>
<b>Total Assets</b>		<b>\$ 185,438</b>	<b>\$ 124,860</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Trade and other payables		\$ 4,180	\$ 1,113
Lease liability	9	112	-
Other liabilities		31	202
<b>Total Current Liabilities</b>		<b>4,323</b>	<b>1,315</b>
Reclamation Provisions	10	17,729	15,575
Convertible note	11	12,005	-
Lease liability	9	450	-
<b>Total Non-Current Liabilities</b>		<b>30,184</b>	<b>15,575</b>
<b>Total Liabilities</b>		<b>34,507</b>	<b>16,890</b>
<b>Shareholders' Equity</b>			
Share capital	12	183,289	138,699
Share-based payment reserve		14,366	13,158
Accumulated deficit		(46,724)	(43,887)
<b>Total Shareholders' Equity</b>		<b>150,931</b>	<b>107,970</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 185,438</b>	<b>\$ 124,860</b>

Change in year-end (Note 2d), Commitments (Notes 7, 8, 11 and 20)

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

"Rick Zimmer"

Director

"Don Njegovan"

Director

# Ascot Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Canadian Dollars in Thousands)

(Unaudited)

	Notes	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
General and administrative	14	\$ 1,601	\$ 1,500	\$ 5,220	\$ 4,677
Property maintenance costs		69	137	263	603
Finance expense	15	242	-	1,144	-
Other income	16	(447)	(367)	(2,426)	(1,287)
Other expense		626	-	742	-
Foreign exchange loss (gain)		124	1	(118)	1
<b>Loss before income taxes</b>		<b>2,215</b>	<b>1,271</b>	<b>4,825</b>	<b>3,994</b>
Income tax expense		-	594	-	2,448
<b>Net loss for the period</b>		<b>\$ 2,215</b>	<b>\$ 1,865</b>	<b>\$ 4,825</b>	<b>\$ 6,442</b>
<b>Total comprehensive loss</b>		<b>\$ 2,215</b>	<b>\$ 1,865</b>	<b>\$ 4,825</b>	<b>\$ 6,442</b>
<b>Loss per share</b>					
Basic and diluted		\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.04
Weighted average shares outstanding					
- basic and diluted		232,455,132	152,575,589	209,269,906	151,053,198

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

## Ascot Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(Canadian Dollars in Thousands except No. of Shares)

(Unaudited)

	Number of shares issued and outstanding	Share capital	Share- based payment - reserve	Deficit	Total share- holders' equity
<b>Balance, December 31, 2017</b>	<b>147,813,264</b>	<b>\$ 114,010</b>	<b>\$ 15,391</b>	<b>\$(52,037)</b>	<b>\$ 77,364</b>
Shares issued for cash					
Private placement, net of issue costs (Note 12)	7,362,350	8,691	37	-	8,728
Exercise of options	70,000	66	-	-	66
Exercise of warrants	36,530	44	-	-	44
Issued for other consideration					
Transfer to share capital on exercise of options	-	55	(55)	-	-
Transfer to deficit on cancellation of options	-	-	(124)	124	-
Transfer to share capital on exercise of warrants	-	18	(18)	-	-
Transfer to deficit on expiry of options	-	-	(1,879)	1,879	-
Transfer to deficit on expiry of warrants	-	-	(1,929)	1,929	-
Premium on flow-through shares	-	(1,407)	-	-	(1,407)
Share-based payments	-	-	2,101	-	2,101
Net loss for the period	-	-	-	(6,442)	(6,442)
<b>Balance, September 30, 2018</b>	<b>155,282,144</b>	<b>\$ 121,477</b>	<b>\$ 13,524</b>	<b>\$(54,547)</b>	<b>\$ 80,454</b>
<b>Balance, December 31, 2018</b>	<b>174,377,951</b>	<b>\$ 138,699</b>	<b>\$ 13,158</b>	<b>\$(43,887)</b>	<b>\$ 107,970</b>
Shares issued for cash					
Private placement, net of issue costs (Note 12)	21,980,583	13,465	1,239	-	14,704
Issued for other consideration					
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 13b)	-	-	1,352	-	1,352
Net loss for the period	-	-	-	(4,825)	(4,825)
<b>Balance, September 30, 2019</b>	<b>232,478,810</b>	<b>\$ 183,289</b>	<b>\$ 14,366</b>	<b>\$(46,724)</b>	<b>\$ 150,931</b>

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

# Ascot Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian Dollars in Thousands)

(Unaudited)

	Notes	Nine months ended September 30, 2019	Nine months ended September 30, 2018
<b>Cash flows from operating activities</b>			
Loss for the period		\$ (4,825)	\$ (6,442)
Adjustment to reconcile income (loss) to net cash used in operating activities:			
Share-based payments	13	1,352	2,101
Amortization and depreciation	14	622	242
Gain on flow through share premium	16	(700)	(1,115)
Finance expense		1,047	-
Deferred income tax expense		-	2,448
Unrealized gain on embedded derivative	11	(1,496)	-
Unrealized foreign exchange gain	11	(8)	-
Unrealized loss on marketable securities	6	710	-
Changes in non-cash working capital balances:			
Receivables		(449)	(50)
Prepaid expenses and deposits		(389)	(310)
Trade and other payables		(1,649)	1,452
<b>Total cash outflows from operating activities</b>		<b>(5,785)</b>	<b>(1,674)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(57)	(8)
Investment in exploration & evaluation assets	8	(12,918)	(10,150)
Payment of deposits for environmental bonds	7	(841)	(2,519)
Bridge loan issued for acquisition of exploration & evaluation assets	4	(3,350)	-
Acquisition of exploration & evaluation assets	4	(425)	-
<b>Total cash outflows from investing activities</b>		<b>(17,591)</b>	<b>(12,677)</b>
<b>Cash flows from financing activities</b>			
Proceeds from convertible note	11	12,728	-
Proceeds from share issuance	12	15,874	9,500
Share issue costs	12	(1,074)	(772)
Proceeds from exercise of warrants	13	-	44
Proceeds from exercise of stock options	13	-	66
<b>Total cash inflows from financing activities</b>		<b>27,528</b>	<b>8,838</b>
<b>Total increase in cash during the period</b>		<b>4,152</b>	<b>(5,513)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>6,530</b>	<b>16,517</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 10,682</b>	<b>\$ 11,004</b>

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

## 1. NATURE OF OPERATIONS

Ascot Resources Ltd. (“Ascot” or the “Company”) is an early-stage 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 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 in British Columbia’s Golden Triangle (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.

Ascot was incorporated under the Business Corporations Act of British Columbia in May 1986. The Company’s wholly-owned subsidiaries are:

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

On September 30, 2019, the Company’s common shares have been approved for listing on the TSX and commenced trading on the TSX at the opening of market on October 1, 2019. Concurrent with the TSX listing, the common shares of Ascot were de-listed from the TSX Venture Exchange. Ascot's trading symbol remained "AOT". The Company is also trading on OTCQX market in the U.S. (symbol: AOTVF) and Frankfurt Stock Exchange in Germany (symbol: BHQ).

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 financial statements for the nine months ended September 30, 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 nine months ended December 31, 2018 (Note 2d), 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 nine months ended December 31, 2018 (Note 2d).

These Interim Financial Statements were authorized for issue by the Board of Directors on November 7, 2019.

### 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 areas involving critical judgments in applying accounting policies have the biggest impact on the assets and liabilities recognized in the financial statements are:

***Impairment of exploration and evaluation assets***

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

***Acquisition accounting***

The assessment of whether acquisitions are considered business combinations or asset acquisitions requires management judgement, the outcome of which may result in different accounting treatments.

***Decommissioning and rehabilitation provision***

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

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

**d) Change in year-end**

On March 26, 2018, the Company filed a notice of change of year end pursuant to Part 4 of NI 52-102 Continuous Disclosure Obligations. The Company changed its fiscal year end from March 31 to December 31 in order to better align the Company's financial reporting periods to those of its peer group in the mineral resources sector and facilitate marketplace assessment of the Company's business performance. The Company's transition period was the nine months ended December 31, 2018, for which the comparative period was the twelve months ended March 31, 2018. For the nine months ended September 30, 2019, the comparative period for the statement of comprehensive loss, statement of changes in equity, and statement of cash flows is the nine month ended September 30, 2018. For the statement of financial position at September 30, 2019, the comparative balances are as at December 31, 2018.

### **3. NEW AND AMENDED ACCOUNTING POLICIES**

#### **LEASES**

On January 1, 2019, the Company adopted IFRS 16, *Leases*, which specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The adoption of this new standard has not had a material impact on the financial position and results of the Company.

The Company initially recognizes a lease at its commencement date which is when an identified asset is made available for use. Right-of-use assets are measured at the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and any initial direct or estimated restoration costs. A right-of-use asset is then depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term.

Lease liabilities include the present value of future fixed payments, less any lease incentives receivable, and the exercise price of a purchase option if it is reasonably certain to be exercised. Future fixed lease payments are discounted using the Company's incremental borrowing rate. The term of each lease includes its non-cancellable period. The term may also include periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option. After the commencement date, the lease liabilities are continuously measured to reflect changes in lease payments, discount rates or the leases' remaining term with an offsetting adjustment to right-of-use assets.

#### **BORROWING COSTS**

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until such time as the asset is substantially complete and ready for its intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

### **4. ACQUISITION**

On January 7, 2019, the Company entered into a definitive arrangement agreement with IDM pursuant to which Ascot acquires all of the issued and outstanding common shares of IDM (the "Transaction"). Each IDM shareholder was entitled to receive 0.0675 of a common share of Ascot for each share of IDM held. Each warrant of IDM was converted into an Ascot warrant per the terms of the warrant certificate. Each stock option of IDM was exchanged in accordance with the plan of arrangement (the "Plan of Arrangement"). The Transaction was approved by the securityholders of IDM on March 20, 2019 and closed on March 27, 2019. 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. Ascot also issued 315,226 common shares as a payment of advisory fees associated with the Plan of Arrangement. Based on the closing share price of Ascot on March 27, 2019, the fair value of the consideration, including transaction costs, was \$31,820.

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. Management has substantially completed the process of determining fair values for the assets and liabilities acquired. However, the purchase price allocation is subject to change and, in particular, the values allocated to Exploration and Evaluation assets, Property, plant and equipment and provision for reclamation may change as the valuation process is completed during 2019.

**Ascot Resources Ltd.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018  
 Expressed in Thousands of Canadian Dollars Except Price per Share/Unit  
 (Unaudited)

Current allocation of the purchase price to the estimated fair value of the assets and liabilities of IDM is as follows:

<b>Purchase price</b>	
Issuance of 35,078,939 common shares of Ascot to IDM shareholders	\$ 30,519
Issuance of 715,500 options of Ascot to IDM optionholders	100
Issuance of 4,309,128 warrants of Ascot to IDM warrantholders	409
Transaction costs	792
	<b>\$ 31,820</b>
<b>Fair value of assets and liabilities acquired</b>	
Cash	\$ 82
Cash security deposit	17
Receivable and prepaid	300
Marketable securities	1,318
Exploration and evaluation assets	35,525
Property, plant and equipment	1,204
Reclamation deposit	1,098
Bridge loan payable to Ascot	(3,350)
Accounts payable and accrued liabilities	(2,198)
Flow through premium liabilities	(366)
Provision for reclamation	(1,810)
	<b>\$ 31,820</b>

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.

As Ascot was obliged to replace the IDM stock options and warrants under the terms of the Transaction, it accounted for the exchange of instruments as a modification of share-based payment awards. The purchase consideration includes the portion of the fair value of the Ascot replacement options and warrants that relates to services prior to the acquisition. The fair value of the replacement options and warrants was calculated using the Black Scholes option pricing model with the weighted average assumptions of expected volatility of 62%, risk free interest rate of 2.22% and expected life of 1.51 years.

## 5. CASH AND CASH EQUIVALENTS

	<b>September 30,</b>	<b>December 31,</b>
	<b>2019</b>	<b>2018</b>
Cash	\$ 271	\$ 355
Guaranteed Investment Certificates ("GICs") and term deposits	10,411	6,175
Cash and cash Equivalents	<b>\$ 10,682</b>	<b>\$ 6,530</b>

Cash is held at a Canadian chartered bank and at a registered broker. GICs and term deposits in U.S. dollars are held at a Canadian chartered bank. The Canadian dollar GICs bear interest at fixed rate between 2.05% and 2.15% (December 31, 2018: 1.7%). The U.S. dollar term deposits bear interest at a fixed rate of 2.7% (there were no U.S. dollar term deposits at December 31, 2018). The GICs may be redeemed on twenty-four-hour notice to the bank.

Included in cash and cash equivalents is \$1,170 (December 31, 2018: \$1,681) which is required to be spent on flow-through expenditures by December 31, 2020.

## **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, 2019 the Company has 10,138,000 (December 31, 2018: Nil) common shares of Strikepoint with a fair value of \$608 (December 31, 2018: \$Nil). The Company recorded an unrealized loss of \$710 on its marketable securities for the nine months ended September 30, 2019 (nine months ended September 30, 2018: \$Nil).

The Company has been granted certain anti-dilution rights for so long as the Company continues to hold at least 9.9% of the issued and outstanding shares of Strikepoint. Ascot also has the right, but not obligated, to appoint two members of Strikepoint's board of directors. Ascot's Chief Financial Officer has been appointed a director of Strikepoint in April 2019.

## **7. 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. Except for the \$4,439 held as collateral with a trust account (see below), the reclamation deposits are held in certificates of deposits with a Canadian chartered bank and the Ministry of Finance of British Columbia.

The Company's environmental liabilities with respect to its Premier Gold Project are estimated to be \$14,650. In September 2018, the Company established a surety bonding arrangement with a Canadian insurance company (the "Surety") with respect to its environmental bond, which is \$5,000 due in October 2018, \$5,000 in October 2019 and the remainder in October 2020. At the end of September 2019, the Company increased its surety bond amount to \$10,000 for its Premier Gold Project. The amendment of the surety bond was issued and delivered to the Ministry of Energy, Mines and Petroleum Resources ("MEMPR") in the province of British Columbia in October 2019.

The Company's environmental liabilities with respect to its Red Mountain Project (Note 8) are estimated to be \$1,810. A cash reclamation deposit of \$1,098 was held with MEMPR with respect to the Red Mountain Project. In June 2019, the Company replaced the cash reclamation deposit with a surety bonding arrangement and the \$1,098 reclamation security deposit was returned to the Company.

The surety arrangement requires 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. At the end of September 2019, the Company made additional security deposit of \$1,939 as collateral with a trust amount bringing its total cash collateral of \$4,439 for surety bond totalling \$11,098.

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.

## Ascot Resources Ltd.

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018  
Expressed in Thousands of Canadian Dollars Except Price per Share/Unit  
(Unaudited)

The following table summarizes the reclamation deposit by property:

	<b>September 30,</b>	<b>December 31,</b>
	<b>2019</b>	<b>2018</b>
<b>Surety bond trust account:</b>		
Premier Gold Project	\$ 4,000	\$ 2,500
Red Mountain	439	-
<b>Cash security:</b>		
Premier Gold Project	73	73
Silver Coin	71	71
Swamp Point	310	310
	<b>\$ 4,893</b>	<b>\$ 2,954</b>

### 8. EXPLORATION AND EVALUATION ASSETS

	Premier/ Dilworth	Silver Coin	Red Mountain	Mt. Margaret	Total
Cost - acquisition	\$ 18,087	\$ 17,095	\$ -	\$ 2,142	\$ 37,324
Cost - asset retirement	14,649	364	-	-	15,013
Cost - exploration	54,442	561	-	3,210	58,213
Cost - development	2,743	-	-	-	2,743
Accumulated depreciation & amortization	(31)	(6)	-	-	(37)
<b>Total December 31, 2018</b>	<b>89,890</b>	<b>18,014</b>	<b>-</b>	<b>5,352</b>	<b>113,256</b>
<b>Change in Cost</b>					
Additions - acquisition	-	-	33,715	-	33,715
Additions - asset retirement cost	-	-	1,810	-	1,810
Additions - exploration	7,522	1,628	-	27	9,177
Additions - development	5,499	-	611	-	6,110
Capitalized borrowing costs	389	-	454	-	843
	<b>13,410</b>	<b>1,628</b>	<b>36,590</b>	<b>27</b>	<b>51,655</b>
<b>Change in Accumulated Amortization</b>					
Depreciation and amortization charge	(110)	(26)	(89)	-	(225)
	<b>(110)</b>	<b>(26)</b>	<b>(89)</b>	<b>-</b>	<b>(225)</b>
Cost - acquisition	18,087	17,095	33,715	2,142	71,039
Cost - asset retirement	14,649	364	1,810	-	16,823
Cost - exploration	61,964	2,189	-	3,237	67,390
Cost - development	8,242	-	611	-	8,853
Capitalized borrowing costs	389	-	454	-	843
Accumulated depreciation & amortization	(141)	(32)	(89)	-	(262)
<b>Total September 30, 2019</b>	<b>\$ 103,190</b>	<b>\$ 19,616</b>	<b>\$ 36,501</b>	<b>\$ 5,379</b>	<b>\$ 164,686</b>

**PREMIER/DILWORTH**

In October 2018, the Company completed its acquisition of the Silbak-Premier gold mine in northern British Columbia (the "Premier Property") from Boliden Limited ("Boliden"). The Premier Property includes certain mineral claims, mining leases, crown granted mineral claims and freehold and surface titles in British Columbia, Canada and Alaska, U.S.A. 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 May 2019, the Company entered into a Funding Agreement with Nisga'a Nation for the Premier Gold Project. Under the terms of the Funding Agreement, the Company is required to make cash payments totalling \$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 Premier Gold Project MAPA application review and the Benefits Agreement negotiations. The Company made its first payment of \$200 in June 2019.

**SILVER COIN**

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

**RED MOUNTAIN**

In April 2014, IDM, the wholly-owned subsidiary of the Company since March 27, 2019, entered into an option agreement with Seabridge Gold Inc. ("Seabridge") to acquire a 100% interest in the Red Mountain gold project located near Stewart, B.C. In May 2017, IDM exercised its option to acquire 100% and completed the acquisition of the mineral claims and certain other assets and assumed the decommissioning and restoration liability related to the Red Mountain property.

Pursuant to the option 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 the Red Mountain project 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). 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 \$1,150, which is deductible against future production royalty. Production from the claims, which contain the Red Mountain gold deposit are subject to two separate royalties aggregating 3.5% net smelter return royalty (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. The Company made its first milestone 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.

**9. PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings	Machinery and equipment	Office furniture and equipment	Right-of-use assets	Total
Cost	\$ 1,029	\$ 1,839	\$ 176	\$ -	\$ 3,044
Accumulated depreciation and amortization	(37)	(1,348)	(69)	-	(1,454)
<b>Net book value, December 31, 2018</b>	<b>992</b>	<b>491</b>	<b>107</b>	<b>-</b>	<b>1,590</b>
<b>Change in Cost</b>					
Additions	-	1,180	81	562	1,823
Subtotal	-	1,180	81	562	1,823
<b>Change in Accumulated Amortization</b>					
Depreciation and amortization charge	(47)	(433)	(32)	-	(512)
Subtotal	(47)	(433)	(32)	-	(512)
Cost	1,029	3,019	257	562	4,867
Accumulated depreciation and amortization	(84)	(1,781)	(101)	-	(1,966)
<b>Net book value, September 30, 2019</b>	<b>\$ 945</b>	<b>\$ 1,238</b>	<b>\$ 156</b>	<b>\$ 562</b>	<b>\$ 2,901</b>

In March 2019, as a part of the Company's acquisition of IDM (Note 4), the Company allocated \$1,159 and \$47 to IDM's field equipment and office equipment, respectively.

In June 2019, the Company entered into an agreement to lease office premises from December 1, 2019 to November 30, 2024. The Company had the right to use the premises beginning on August 1, 2019. The initial lease rate, commencing on December 1, 2019, is \$134 per annum with escalating payments. As at August 1, 2019, the present value of future payments under the lease is \$562, calculated using the incremental borrowing rate of 8.5%. The Company recognized a total lease liability of \$562 and a corresponding right-of-use asset of \$562. During the nine month ended September 30, 2019, there were no lease payments, right-of-use asset depreciation or liability accretion recorded under the office lease.

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### 10. PROVISIONS

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

<b>Balance at December 31, 2018</b>	<b>\$ 15,575</b>
Reclamation provision for properties acquired during the period	1,810
Accretion of reclamation liability	344
<b>Balance at September 30, 2019</b>	<b>17,729</b>
Current	-
<b>Non Current</b>	<b>\$ 17,729</b>

Additions during the nine months ended September 30, 2019 resulted from the acquisitions of IDM (Note 4) and are related to IDM's estimated reclamation obligations with regards to its Red Mountain gold project. The Company used an inflation rate of 2.0% and a discount rate of 1.7% in calculating the estimated obligation on Red Mountain gold project.

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

	September 30, 2019	December 31, 2018
Premier/Dilworth	14,995	14,713
Silver Coin	370	365
Swamp Point	542	497
Red Mountain	1,822	-
	<b>17,729</b>	<b>15,575</b>

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

	September 30, 2019	December 31, 2018
Premier/Dilworth	31,949	31,949
Silver Coin	448	448
Swamp Point	558	574
Red Mountain	1,699	-
	<b>34,654</b>	<b>32,971</b>

### 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	703	-	703
Interest expense capitalized	843	-	843
Interest paid	(501)	-	(501)
Interest payable	(264)	-	(264)
Gain on derivative component	-	(1,496)	(1,496)
Foreign exchange gain	(8)	-	(8)
<b>Balance, September 30, 2019</b>	<b>11,799</b>	<b>206</b>	<b>12,005</b>

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 will mature in two years with an interest rate between 8% and 8.5% and subject to certain terms will be convertible into common shares in the capital of the Company at a conversion price of US\$1.13 per share. The 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.

The proceeds of the Note are used to fund the development of the Premier Gold Project, acquisition of IDM and for other general corporate purposes of the Company.

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 and an embedded derivative components by first valuing the derivative component. The fair value of the embedded derivative at the issuance date and at September 30, 2019 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.

The assumptions used in this pricing model, and the resulting fair value of the embedded derivative at the issuance date (January 18, 2019) were as follows:

Risk-free rate:	1.90%
Remaining life:	2 years
Share price:	\$0.99 per share
Expected volatility:	56.95%
Total fair value of the embedded derivative:	\$1,702

The assumptions used in this pricing model, and the resulting fair value of the embedded derivative at September 30, 2019 were as follows:

Risk-free rate:	1.58%
Remaining life:	1.25 years
Share price:	\$0.65 per share
Expected volatility:	53.91%
Total fair value of the embedded derivative:	\$206

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.

For the nine months ended September 30, 2019, interest on the Note of \$843 (nine months ended September 30, 2018: \$Nil) was capitalized to exploration and evaluation assets at the capitalization rate of 18.2%.

## 12. SHARE CAPITAL

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

During the nine months ended September 30, 2019, the Company issued 35,394,165 common shares (including 315,226 shares for advisory fee), 715,500 stock options and 4,309,128 warrants in connection with its acquisition of IDM (Note 4).

In May 2019, the Company raised \$15,874 by issuing 8,139,548 flow-through shares at \$0.76 per share and 13,841,035 units (the "Units") at \$0.70 per Unit, with each Unit comprising of one common share in the capital of the Company and one common share purchase warrant exercisable for one year at an exercise price of \$0.95 per warrant ("the Offering"). In connection with the Offering, the Company paid the Agents and finders cash fees and other share issuance fees in the amount of \$1,089 and issued 888,332 non-transferable warrants ("Compensation Warrants"). The Compensation Warrants are exercisable at \$0.95 per Compensation Warrant into common shares of the Company for a period of one year from the closing date of the Offering.

During the nine months ended September 30, 2018, the Company issued 36,530 common shares on the exercise of warrants for proceeds of \$44 and 70,000 common shares on the exercise of options for proceeds of \$66.

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

In September 2018, the Company completed a non-broker private placement and raised \$3,000 by issuing 3,000,000 flow-through shares at \$1.00 per share. In connection with the offering, the Company paid finder's fees of \$190, issued 190,125 non-transferable finder's warrants and incurred other share issuance costs of \$44.

The Company's issued and outstanding share purchase warrants and stock options were not included in the calculation of diluted earnings per share as they are anti-dilutive for the periods ended September 30, 2019 and 2018.

## 13. WARRANTS AND OPTIONS

### a) Warrants

As of September 30, 2019, the Company had outstanding and exercisable warrants as follows:

	Warrants	Weighted average exercise price (C\$)
Outstanding at March 31, 2018	10,160,994	1.46
Granted	190,125	1.00
Expired	(10,145,464)	1.46
Exercised	(15,530)	1.15
Outstanding at December 31, 2018	190,125	1.00
Issued for the acquisition of IDM (Note 4)	4,309,127	1.91
Issued for the Offering (Note 12)	14,729,367	0.95
Expired	(137,173)	1.78
Outstanding at September 30, 2019	19,091,446	1.16

The following summarizes information about the warrants outstanding and exercisable at September 30, 2019:

<b>Warrants</b>		
Weighted- average exercise price C\$	Number outstanding and exercisable	Weighted-average remaining contractual life (years)
\$1.00	190,125	0.47
\$1.26	1,957,019	1.08
\$1.78	864,935	0.55
\$2.96	1,350,000	0.84
\$0.95	14,729,367	0.64
\$1.16	19,091,446	0.70

**b) Stock options**

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

In May 2019, the Company granted 3,200,000 stock options to directors, employees and consultants at an exercise price of \$0.75. In June 2019, 3,000,000 stock options granted in June 2014 expired unexercised.

The total stock-based compensation expense for the nine months ended September 30, 2019 was \$1,352 (nine months ended September 30, 2018: \$2,101). The unrecognized compensation cost for non-vested share options at September 30, 2019 was \$421 (September 30, 2018: \$721).

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

	Options	Weighted average exercise price (C\$)
Outstanding at March 31, 2018	17,155,000	1.43
Expired	(2,450,000)	0.95
Cancelled	(450,000)	1.74
Exercised	(15,000)	0.95
Outstanding at December 31, 2018	14,240,000	1.50
Issued for the acquisition of IDM (Note 4)	715,500	2.35
Granted	3,200,000	0.75
Expired	(3,077,625)	0.95
Cancelled	(6,750)	1.19
Outstanding at September 30, 2019	15,071,125	1.49

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The following summarizes information about the stock options outstanding and exercisable at September 30, 2019:

Range of price	Options outstanding			Options exercisable		
	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price C\$	Number exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price C\$
\$0.75 to \$1.29	3,260,750	4.64	0.76	1,696,583	4.62	0.77
\$1.30 to \$1.50	1,407,500	3.08	1.34	1,217,500	3.08	1.34
\$1.51 to \$2.00	9,263,500	2.67	1.67	7,963,499	2.62	1.68
\$2.01 to \$2.34	923,375	2.09	2.28	923,375	2.09	2.28
\$2.35 to \$3.56	216,000	1.64	2.82	216,000	1.64	2.82
	15,071,125	3.09	1.49	12,016,957	2.89	1.58

### 14. GENERAL AND ADMINISTRATIVE COSTS

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Employee wages and benefits	\$ 380	\$ 385	\$ 1,378	\$ 916
Management fees	198	124	484	306
Share-based payments	307	535	1,352	2,101
Depreciation	241	84	622	242
Legal and professional services	122	181	463	438
Office and administration expenses	129	79	370	241
Travel	59	68	132	149
Investor relations and shareholders costs	165	44	419	284
	\$ 1,601	\$ 1,500	\$ 5,220	\$ 4,677

### 15. FINANCE EXPENSE

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Interest on convertible note	\$ 101	\$ -	\$ 703	\$ -
Accretion of asset retirement obligation	116	-	344	-
Reclamation bond fee	25	-	97	-
	\$ 242	\$ -	\$ 1,144	\$ -

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### 16. OTHER INCOME

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Interest income	\$ 90	\$ 36	\$ 230	\$ 172
Flow through share premium	132	331	700	1,115
Gain on convertible note	225	-	1,496	-
	\$ 447	\$ 367	\$ 2,426	\$ 1,287

Flow through share premium and gain on convertible note are non-cash items.

### 17. RELATED PARTY TRANSACTIONS

Other than key management consulting contracts, the Company has no other related parties.

#### Key Management Compensation

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

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Salaries and short-term benefits	\$ 100	\$ 90	\$ 309	\$ 215
Management fees	153	113	458	360
Exploration and evaluation costs	25	-	59	86
Share-based payment transactions	241	497	1,040	1,877
	\$ 519	\$ 700	\$ 1,866	\$ 2,538

As at September 30, 2019, accounts payable included \$41 (December 31, 2018: \$192) due to key management personnel.

### 18. 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 centres, Canada and the US.

All of the Company's assets are in Canada except for the Mt. Margaret property, which is located in the United States.

### 19. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

#### Fair value

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

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

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

#### *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 instruments denominated in foreign currency (US dollar) as at September 30, 2019 are the convertible note (Note 11), and term deposit (Note 5). A 10% decrease (increase) of the value of the Canadian dollar relative to the US dollar as at September 30, 2019 would result in an additional \$945 foreign exchange loss (\$967 foreign exchange gain) reported in the Company's statement of comprehensive loss for the nine months ended September 30, 2019.

#### *Interest Risk*

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

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the

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Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company ensures that it has sufficient cash on demand to meet its obligations as they become due by preparing annual capital and administrative expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### 20. COMMITMENTS

As at September 30, 2019, the Company's commitments are as follows:

	<b>Within 1 year</b>	<b>1-5 years</b>	<b>After 5 years</b>
Surety bond (Note 7)	\$ -	\$ 1,860	\$ -
Funding agreement - Premier Gold project (Note 8)	200	-	-
Benefits agreement - Red Mountain project (Note 8)	-	950	1,000
Pre-production royalty - Red Mountain project (Note 8)	50	250	-
	<b>\$ 250</b>	<b>\$ 3,060</b>	<b>\$ 1,000</b>

The Company is also responsible for demobilization costs in case it decides to demobilize the exploration camp facilities at its Red Mountain property. Such potential demobilization costs are estimated at \$100.