



Ascot Resources Ltd.

Condensed Interim Consolidated Financial Statements

For the six months ended June 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

August 20, 2019

Ascot Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian Dollars in Thousands)

(Unaudited)

	Notes	June 30, 2019	December 31, 2018
ASSETS			
Current			
Cash and cash equivalents	5	\$ 22,244	\$ 6,530
Marketable securities	6	1,217	-
Trade and other receivables		381	186
Prepaid expenses and deposits		777	344
Total Current Assets		24,619	7,060
Reclamation deposits	7	2,954	2,954
Exploration and evaluation assets	8	156,134	113,256
Property, plant and equipment	9	2,487	1,590
Total Non-Current Assets		161,575	117,800
Total Assets		\$ 186,194	\$ 124,860
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables		\$ 4,259	\$ 1,113
Other liabilities		163	202
Total Current Liabilities		4,422	1,315
Provisions	10	17,613	15,575
Convertible note	11	11,836	-
Total Non-Current Liabilities		29,449	15,575
Total Liabilities		33,871	16,890
Shareholders' Equity			
Share capital	12	182,773	138,699
Share-based payment reserve		14,059	13,158
Accumulated deficit		(44,509)	(43,887)
Total Shareholders' Equity		152,323	107,970
Total Liabilities and Shareholders' Equity		\$ 186,194	\$ 124,860

Change in year-end (Note 2d), Commitments (Notes 7, 8 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 June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
General and administrative	14	\$ 2,265	\$ 1,386	\$ 3,619	\$ 3,177
Property maintenance costs		157	127	194	466
Finance expense	15	269	-	902	-
Other income	16	(1,397)	(833)	(1,979)	(920)
Other expense		217	-	116	-
Foreign exchange (gain) loss		(237)	13	(242)	-
Loss before income taxes		1,274	693	2,610	2,723
Income tax expense		-	1,294	-	1,854
Net loss for the period		\$ 1,274	\$ 1,987	\$ 2,610	\$ 4,577
Total comprehensive loss		\$ 1,274	\$ 1,987	\$ 2,610	\$ 4,577
Loss per share					
Basic and diluted		\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.03
Weighted average shares outstanding					
- basic and diluted		219,181,974	152,257,560	197,485,149	150,279,386

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 SIX MONTHS ENDED JUNE 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
Balance, December 31, 2017	147,813,264	\$ 114,010	\$ 15,391	\$(52,037)	\$ 77,364
Shares issued for cash					
Private placement, net of issue costs (Note 12)	4,362,350	5,961	-	-	5,961
Exercise of options	70,000	66	-	-	66
Exercise of warrants	36,225	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)	-	-
Premium on flow-through shares	-	(1,047)	-	-	(1,047)
Share-based payments	-	-	1,566	-	1,566
Net loss for the period	-	-	-	(4,577)	(4,577)
Balance, June 30, 2018	152,281,839	\$ 119,107	\$ 16,760	\$(56,490)	\$ 79,377
Balance, December 31, 2018	174,377,951	\$ 138,699	\$ 13,158	\$(43,887)	\$ 107,970
Shares issued for cash					
Private placement, net of issue costs (Note 12)	21,980,583	13,450	1,239	-	14,689
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	-
Private placement - finder's and agent's warrants (Note 12)	-	-	96	-	96
Premium on flow-through shares	-	(163)	-	-	(163)
Share-based payments (Note 13b)	-	-	1,045	-	1,045
Net loss for the period	-	-	-	(2,610)	(2,610)
Balance, June 30, 2019	231,752,699	\$ 182,773	\$ 14,059	\$(44,509)	\$ 152,323

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	Six months ended June 30, 2019	Six months ended June 30, 2018
Cash flows from operating activities			
Loss for the period		\$ (2,610)	\$ (4,577)
Adjustment to reconcile income (loss) to net cash used in operating activities:			
Share-based payments	13	1,045	1,566
Amortization and depreciation	14	381	158
Gain on flow through share premium		(568)	(784)
Finance expense		830	-
Deferred income tax expense		-	1,854
Unrealized gain on embedded derivative	11	(1,271)	-
Unrealized foreign exchange gain		(148)	-
Unrealized loss on marketable securities	6	101	-
Changes in non-cash working capital balances:			
Receivables		121	(212)
Prepaid expenses and deposits		(433)	(526)
Trade and other payables		441	(187)
Total cash outflows from operating activities		(2,111)	(2,708)
Cash flows from investing activities			
Acquisition of property, plant and equipment		-	(8)
Investment in exploration & evaluation assets	8	(6,971)	(5,701)
Return (payment) of deposits for environmental bonds	7	1,098	-
Bridge loan issued for acquisition of exploration & evaluation assets	4	(3,350)	-
Acquisition of exploration & evaluation assets	4	(465)	-
Total cash outflows from investing activities		(9,688)	(5,709)
Cash flows from financing activities			
Proceeds from convertible note	11	12,728	-
Proceeds from share issuance	12	15,874	6,500
Share issue costs	12	(1,089)	(539)
Proceeds from exercise of warrants	13	-	44
Proceeds from exercise of stock options	13	-	66
Total cash inflows from financing activities		27,513	6,071
Total increase in cash during the period		15,714	(2,346)
Cash and cash equivalents, beginning of period		6,530	16,517
Cash and cash equivalents, end of period		\$ 22,244	\$ 14,171

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

1. NATURE OF OPERATIONS

Ascot Resources Ltd. (“Ascot” or the “Company”) is a junior exploration company focusing on re-starting the past producing historic Premier gold mine (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).

The Company is listed on the TSX Venture Exchange, having the symbol AOT-V and trading on OTCQX market in the U.S. (symbol: AOTVF).

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

2. BASIS OF PRESENTATION

a) Statement of Compliance

These unaudited condensed interim financial statements for the six months ended June 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 August 20, 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.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are:

Decommissioning and rehabilitation provision

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

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

d) Change in year-end

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

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 is entitled to receive 0.0675 of a common share of Ascot for each share of IDM held. Each warrant of IDM is converted into an Ascot warrant per the terms of the warrant certificate. Each stock option of IDM is 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 \$31,860.

The transaction is 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 SIX MONTHS ENDED JUNE 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:

Purchase price	
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	832
	<hr/>
	\$ 31,860
<hr/>	
Fair value of assets and liabilities acquired	
Cash	\$ 82
Cash security deposit	17
Receivable and prepaid	316
Marketable securities	1,318
Exploration and evaluation assets	35,548
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)
	<hr/>
	\$ 31,860

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

	June 30,		December 31,
	2019		2018
Cash	\$ 1,042	\$	355
Guaranteed Investment Certificates ("GICs") and term deposits	21,202		6,175
Cash and cash Equivalents	\$ 22,244	\$	6,530

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 1.7% 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 \$7,721 (December 31, 2018: \$1,681) which is required to be spent on flow-through expenditures by December 31, 2019. Included in this total is \$1,535 assumed upon acquisition of IDM (Note 4).

6. MARKETABLE SECURITIES

Marketable securities are comprised of common shares of Strikepoint Gold Inc. (“Strikepoint”), a public company traded on the TSXV, 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 June 30, 2019 the Company has 10,138,000 (December 31, 2018: Nil) common shares of Strikepoint with a fair value of \$1,217 (December 31, 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 June 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 \$2,500 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. The surety arrangement requires the Company to provide cash collateral equal to 50% of the respective bond amount and pay an annual bond fee equal to 2% of the respective bond amount. The Company made a deposit of \$2,500 as collateral with a trust account for the first \$5,000 bond. The deposit earns no interest and has no maturity date. The surety bond is currently valid until September 2019 and is automatically renewed from year to year thereafter unless terminated on a 90-day notice by the Surety. The surety bond was issued and delivered to the Ministry of Energy, Mines and Petroleum Resources (“MEMPR”) in the province of British Columbia in October 2018.

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. During the quarter ended June 30, 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 in June 2019.

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

The following table summarizes the reclamation deposit by property:

	June 30,	December 31,
	2019	2018
Premier/Dilworth	\$ 2,573	\$ 2,573
Silver Coin	71	71
Swamp Point	310	310
	\$ 2,954	\$ 2,954

Ascot Resources Ltd.

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

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 & development	57,185	561	-	3,210	60,956
Accumulated depreciation & amortization	(31)	(6)	-	-	(37)
Total December 31, 2018	89,890	18,014	-	5,352	113,256
Change in Cost					
Additions - acquisition	2	-	33,738	-	33,740
Additions - asset retirement cost	-	-	1,810	-	1,810
Additions - exploration & development	6,594	164	262	12	7,032
Capitalized borrowing costs	140	-	292	-	432
	6,736	164	36,102	12	43,014
Change in Accumulated Amortization					
Depreciation and amortization charge	(73)	(18)	(45)	-	(136)
	(73)	(18)	(45)	-	(136)
Cost - acquisition	18,089	17,095	33,738	2,142	71,064
Cost - asset retirement	14,649	364	1,810	-	16,823
Cost - exploration & development	63,779	725	262	3,222	67,988
Capitalized borrowing costs	140	-	292	-	432
Accumulated depreciation & amortization	(104)	(24)	(45)	-	(173)
Total June 30, 2019	\$ 96,553	\$ 18,160	\$ 36,057	\$ 5,364	\$ 156,134

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 \$1,100, 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.

Ascot Resources Ltd.

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9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Office furniture and equipment	Total
Cost	\$ 1,029	\$ 1,839	\$ 176	\$ 3,044
Accumulated depreciation and amortization	(37)	(1,348)	(69)	(1,454)
Net book value, December 31, 2018	992	491	107	1,590
Change in Cost				
Additions	-	1,158	47	1,205
Subtotal	-	1,158	47	1,205
Change in Accumulated Amortization				
Depreciation and amortization charge	(31)	(257)	(20)	(308)
Subtotal	(31)	(257)	(20)	(308)
Cost	1,029	2,997	223	4,249
Accumulated depreciation and amortization	(68)	(1,605)	(89)	(1,762)
Net book value, June 30, 2019	\$ 961	\$ 1,392	\$ 134	\$ 2,487

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.

10. PROVISIONS

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

Balance at December 31, 2018	\$ 15,575
Reclamation provision for properties acquired during the period	1,810
Accretion of reclamation liability	228
Balance at June 30, 2019	17,613
Current	-
Non Current	\$ 17,613

Additions during the six months ended June 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:

	June 30, 2019	December 31, 2018
Premier/Dilworth	14,901	14,713
Silver Coin	368	365
Swamp Point	527	497
Red Mountain	1,816	-
	17,613	15,575

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

	June 30, 2019	December 31, 2018
Premier/Dilworth	31,949	31,949
Silver Coin	448	448
Swamp Point	551	574
Red Mountain	1,699	-
	34,647	32,971

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	602	-	602
Interest expense capitalized	432	-	432
Interest payments	(507)	-	(507)
Gain on derivative component	-	(1,271)	(1,271)
Foreign exchange gain	(148)	-	(148)
Balance, June 30, 2019	11,405	431	11,836

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 June 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 June 30, 2019 were as follows:

Risk-free rate:	1.47%
Remaining life:	1.5 years
Share price:	\$0.69 per share
Expected volatility:	56.59%
Total fair value of the embedded derivative:	\$431

For the six months ended June 30, 2019, interest on the Note of \$432 (six months ended June 30, 2018: \$Nil) was capitalized to exploration and evaluation assets at the capitalization rate of 18.6%.

The Company elected to pay the interest payment due on June 30, 2019 in the Company common shares. On July 3, 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.

12. SHARE CAPITAL

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

During the six months ended June 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).

On May 22, 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 six months ended June 30, 2018, the Company issued 36,225 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.

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

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 June 30, 2019 and 2018.

13. WARRANTS AND OPTIONS

a) Warrants

As of June 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
Outstanding at June 30, 2019	19,228,619	1.17

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

Warrants		
Weighted- average exercise price C\$	Number outstanding and exercisable	Weighted- average remaining contractual life (years)
\$1.00	190,125	0.73
\$1.26	1,957,019	1.33
\$1.78	1,002,108	0.66
\$2.96	1,350,000	1.09
\$0.95	14,729,367	0.90
\$1.17	19,228,619	0.94

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.

During the quarter ended June 30, 2019, the Company granted 3,200,000 stock options to directors, employees and consultants at an exercise price of \$0.75. In addition, 3,000,000 stock options expired unexercised.

The total stock-based compensation expense for the six months ended June 30, 2019 was \$1,045 (six months ended June 30, 2018: \$1,566). The unrecognized compensation cost for non-vested share options at June 30, 2019 was \$747 (June 30, 2018: \$1,274).

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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	(3,000,000)	0.88
Cancelled	(6,750)	1.19
Outstanding at June 30, 2019	15,148,750	1.51

The following summarizes information about the stock options outstanding and exercisable at June 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	4.89	0.76	1,696,583	4.87	0.77
\$1.30 to \$1.50	1,407,500	3.34	1.34	1,217,500	3.34	1.34
\$1.51 to \$2.00	9,263,500	2.93	1.67	7,963,499	2.87	1.68
\$2.01 to \$2.34	923,375	2.35	2.28	923,375	2.35	2.28
\$2.35 to \$3.56	293,625	1.40	3.02	293,625	1.40	3.02
	15,148,750	3.32	1.51	12,094,582	3.12	1.59

14. GENERAL AND ADMINISTRATIVE COSTS

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Employee wages and benefits	\$ 480	\$ 321	\$ 998	\$ 531
Management fees	160	93	286	182
Share-based payments	870	577	1,045	1,566
Depreciation	238	82	381	158
Legal and professional services	243	113	341	257
Office and administration expenses	135	78	241	162
Travel	48	81	73	81
Investor relations and shareholders costs	91	41	254	240
	\$ 2,265	\$ 1,386	\$ 3,619	\$ 3,177

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15. FINANCE EXPENSE

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Interest on convertible note	\$ 105	\$ -	\$ 602	\$ -
Accretion of asset retirement obligation	117	-	228	-
Reclamation bond fee	47	-	72	-
	\$ 269	\$ -	\$ 902	\$ -

16. OTHER INCOME

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Interest income	\$ 82	\$ 61	\$ 140	\$ 136
Flow through share premium	568	772	568	784
Gain on convertible note	747	-	1,271	-
	\$ 1,397	\$ 833	\$ 1,979	\$ 920

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

17. RELATED PARTY TRANSACTIONS

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

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 June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Salaries and short-term benefits	\$ 106	\$ 100	\$ 209	\$ 125
Management fees	193	84	305	247
Exploration and evaluation costs	30	-	34	86
Share-based payment transactions	633	496	799	1,380
	\$ 962	\$ 680	\$ 1,347	\$ 1,838

As at June 30, 2019, accounts payable included \$45 (December 31, 2018: \$192) due to related parties.

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. As a result, the Company's exposure to foreign currency risk is insignificant.

Interest Risk

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

Liquidity Risk

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

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

20. COMMITMENTS

The Company must make cash deposits in 2019 and in 2020 as collateral with a trust account to maintain the Surety with respect to its environmental bond at the Premier mine (Note 7). In June 2019, the Company entered into an agreement to lease office premises from December 1, 2019 to November 30, 2024. The Company also has an agreement to lease its current office premises, which expires on December 1, 2019; an agreement to lease office space, which expires on September 30, 2019; an agreement to lease a passenger truck, which expires on January 2, 2020, and a license of occupation, which is cancellable upon 3 months' notice, allowing Ascot to use certain property. The gross payments for these and other items are as follows:

	Within 1 year	1-5 years	After 5 years
Surety bond (Note 7)	\$ 2,500	\$ 2,500	\$ -
Office leases	65	683	-
Truck lease	6	-	-
Funding agreement - Premier Gold project (Note 8)	25	175	-
Benefits agreement - Red Mountain project (Note 8)	-	950	1,000
License of occupation	1	-	-
	\$ 2,598	\$ 4,308	\$ 1,000

In addition to basic rent, the Company is also subject to taxes and operating costs. The Red Mountain property is subject to payment of a minimum annual pre-production royalty of \$50 to Wotan (Note 8). 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.