



Ascot Resources Ltd.

Consolidated Financial Statements

For the year ended December 31, 2019 and nine months ended December 31, 2018
(Expressed in thousands of Canadian Dollars, except where indicated)



Independent auditor's report

To the Shareholders of Ascot Resources Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Ascot Resources Ltd. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of comprehensive income (loss) for the year ended December 31, 2019 and nine months ended December 31, 2018;
- the consolidated statements of changes in equity for the year ended December 31, 2019 and nine months ended December 31, 2018;
- the consolidated statements of cash flows for the year ended December 31, 2019 and nine months ended December 31, 2018; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

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Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

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

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

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

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

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

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



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

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

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

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



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

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

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

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia

March 13, 2020

Ascot Resources Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian Dollars in Thousands)

	Notes	December 31, 2019		December 31, 2018
ASSETS				
Current				
Cash and cash equivalents	5	\$ 4,418	\$	6,530
Marketable securities	6	507		-
Trade and other receivables		579		186
Prepaid expenses and deposits		620		344
Total Current Assets		6,124		7,060
Reclamation deposits	7	4,893		2,954
Exploration and evaluation assets	8	169,097		113,256
Property, plant and equipment	9	3,212		1,590
Total Non-Current Assets		177,202		117,800
Total Assets		\$ 183,326	\$	124,860
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Trade and other payables		\$ 2,440	\$	1,113
Reclamation Provisions	10	464		-
Lease liability	9	217		-
Other liabilities		-		202
Total Current Liabilities		3,121		1,315
Reclamation Provisions	10	18,502		15,575
Convertible note	11	12,223		-
Lease liability	9	711		-
Deferred income tax liabilities	12	601		-
Total Non-Current Liabilities		32,037		15,575
Total Liabilities		35,158		16,890
Shareholders' Equity				
Share capital	13	183,289		138,699
Share-based payment reserve		14,560		13,158
Accumulated deficit		(49,681)		(43,887)
Total Shareholders' Equity		148,168		107,970
Total Liabilities and Shareholders' Equity		\$ 183,326	\$	124,860

Nature of operations and going concern (Note 1), Change in year-end (Note 2d), Commitments (Notes 7, 8, 11 and 23), Subsequent events (Note 24)

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

/s/ "Rick Zimmer"

/s/ "Andrée St-Germain"

Director

Director

Ascot Resources Ltd.

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

	Notes	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
General and administrative	15	\$ 5,570	\$ 3,167
Share-based payments	14	1,547	1,303
Property maintenance costs		412	397
Finance expense	16	1,364	133
Other income	16	(2,258)	(1,414)
Other expense	16	862	-
Foreign exchange loss (gain)		(317)	19
Loss before income taxes		\$ 7,180	\$ 3,605
Income tax expense (recovery)	12	601	(9,856)
Net loss (income) for the period		\$ 7,781	\$ (6,251)
Total comprehensive loss (income)		\$ 7,781	\$ (6,251)
Loss (income) per share			
Basic and diluted		\$ 0.04	\$ (0.04)
Weighted average shares outstanding			
- basic		215,119,821	157,941,146
- diluted		215,119,821	158,507,443

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

Ascot Resources Ltd.

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

	Number of shares issued and outstanding	Share capital	Share- based payment - reserve	Deficit	Total share- holders' equity
Balance, March 31, 2018	152,251,614	\$ 119,046	\$ 16,206	\$(54,503)	\$ 80,749
Shares issued for cash					
Private placement, net of issue costs (Note 13)	3,000,000	2,735	37	-	2,772
Exercise of options	15,000	14	-	-	14
Exercise of warrants	15,530	18	-	-	18
Issued for other consideration					
Acquisition of mineral properties	18,974,371	17,077	-	-	17,077
Finders' fees	121,436	146	-	-	146
Transfer to share capital on exercise of options	-	12	(12)	-	-
Transfer to deficit on expiry of options	-	-	(2,436)	2,436	-
Transfer to share capital on exercise of warrants	-	11	(11)	-	-
Transfer to deficit on expiry of warrants	-	-	(1,929)	1,929	-
Premium on flow-through shares	-	(360)	-	-	(360)
Share-based payments (Note 14b)	-	-	1,303	-	1,303
Net loss for the period	-	-	-	6,251	6,251
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 13)	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	-	-	407	-	407
Acquisition of IDM (Note 4) - advisory fee	315,226	268	-	-	268
Transfer to deficit on expiry of options	-	-	(1,987)	1,987	-
Payment of interest on convertible note	726,111	501	-	-	501
Private placement - finder's and agent's warrants (Note 13)	-	-	96	-	96
Premium on flow-through shares	-	(163)	-	-	(163)
Share-based payments (Note 14b)	-	-	1,547	-	1,547
Net loss for the year	-	-	-	(7,781)	(7,781)
Balance, December 31, 2019	232,478,810	\$ 183,289	\$ 14,560	\$(49,681)	\$ 148,168

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

Ascot Resources Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian Dollars in Thousands)

		Twelve months ended	Nine months ended
	Notes	December 31, 2019	December 31, 2018
Cash flows from operating activities			
Income (loss) for the period		\$ (7,781)	\$ 6,251
Adjustment to reconcile income (loss) to net cash used in operating activities:			
Share-based payments	14	1,547	1,303
Amortization and depreciation	15	871	312
Gain on flow through share premium	16	(731)	(1,193)
Finance expense		1,210	133
Deferred income tax expense (recovery)	12	601	(9,856)
Unrealized gain on embedded derivative	11	(1,248)	-
Unrealized foreign exchange gain	11	(236)	-
Unrealized loss on marketable securities	6	811	-
Changes in non-cash working capital balances:			
Receivables		(93)	31
Prepaid expenses and deposits		(276)	20
Trade and other payables		(1,532)	770
Total cash outflows from operating activities		(6,857)	(2,229)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(215)	-
Investment in exploration & evaluation assets	8	(17,952)	(11,959)
Payment of deposits for environmental bonds	7	(841)	(2,597)
Bridge loan issued for acquisition of exploration & evaluation assets	4	(3,350)	-
Acquisition of exploration & evaluation assets	4	(425)	-
Total cash outflows from investing activities		(22,783)	(14,556)
Cash flows from financing activities			
Proceeds from convertible note	11	12,728	-
Proceeds from share issuance	13	15,874	3,000
Share issue costs	13	(1,074)	(228)
Proceeds from exercise of warrants and options	14	-	32
Total cash inflows from financing activities		27,528	2,804
Total decrease in cash during the period		(2,112)	(13,981)
Cash and cash equivalents, beginning of period		6,530	20,511
Cash and cash equivalents, end of period		\$ 4,418	\$ 6,530

Supplemental cash flow information

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

- Swamp Point, an aggregate project located in British Columbia on the Portland Canal, and
- Mt. Margaret, a porphyry copper-molybdenum-gold-silver deposit located in Washington State, USA.

The Company is in the exploration and development stage, therefore, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures.

Ascot was incorporated under the Business Corporations Act of British Columbia in May 1986. The Company's wholly-owned subsidiaries, as of December 31, 2019 were:

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

On January 1, 2020, Ascot Gold Ridge Ltd. amalgamated with Ascot Resources Ltd.

On September 30, 2019, the Company's common shares were approved for listing on the TSX and commenced trading on the TSX 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.

Going concern

These consolidated financial statements have been prepared in accordance with IFRS applicable to going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. The Company has not generated revenue from operations to date. As at December 31, 2019 the Company had a cash and cash equivalents balance of \$4,418 and working capital of \$3,003. Subsequent to December 31, 2019, the Company raised \$10,253 through private placement to fund its 2020 exploration program and other corporate expenditures. Although the Company has sufficient funding to meet its obligations in 2020, the Company needs to secure additional funding for the development of its Premier Gold Project and repayment of its convertible note (Note 11), which is due in January 2021. These considerations indicate material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Realization values could be substantially different from carrying values as shown, which could result in material adjustments to these consolidated financial statements.

2. BASIS OF PRESENTATION**a) Basis of presentation**

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

These financial statements were approved for issue by Ascot's board of directors on March 13, 2020.

b) Basis of measurement

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

These consolidated financial statements are presented in Canadian dollars, which is also the Company's and its wholly-owned subsidiaries' functional currency. At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars using the exchange rate in effect at that date. At the period-end date, unsettled monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the period-end date and the related translation differences are recognized in net income.

The accounting policies have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

c) Judgments and estimates

The preparation of financial statements in compliance with IFRS requires management to exercise judgment in applying the Company's accounting policies and make certain critical accounting estimates.

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

Impairment of exploration and evaluation assets

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

Acquisition accounting

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

The areas involving significant measurement uncertainty that have the biggest impact on the assets and liabilities recognized in the financial statements are:

Decommissioning and rehabilitation provision

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

Derivative liability

When debt includes an embedded derivative component, its fair value is estimated using the Black-Scholes option pricing model. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the remaining term of the corresponding debt instrument.

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

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. These consolidated financial statements are for the year ended December 31, 2019 and the comparative period for the statement of comprehensive loss, statement of changes in equity, and statement of cash flows is the nine month ended December 31, 2018. For the statement of financial position at December 31, 2019, the comparative balances are as at December 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and evaluation expenditures

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

i) Recognition and measurement

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

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

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

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

ii) Impairment

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

b) Property, plant and equipment

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

i) Recognition and measurement

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

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

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

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

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

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

ii) Depreciation

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

Office furniture and equipment	Straight line basis over 5 years
Leasehold improvements	Straight line basis over the term of the lease
Machinery and equipment	Straight line basis over 3 years
Building	Straight line basis over 10 years

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

c) Impairment of non-current assets

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

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

d) Cash and cash equivalents

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

e) Share capital

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

f) Flow-through shares

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

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

g) Earnings/loss per share

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

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

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

h) Income taxes

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

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

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

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

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

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

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

i) Share-based compensation

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

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

j) Provisions

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

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

k) 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. 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.

l) Financial instruments

The Company applies IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments.

i) Classification and measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The classification of the Company's financial instruments under IFRS 9 is as follows:

Cash and cash equivalents:	Amortized cost
Trade and other receivables:	Amortized cost
Marketable securities:	FVTPL
Reclamation deposits:	Amortized cost
Trade and other liabilities:	Amortized cost
Convertible debt:	Amortized cost
Embedded derivative:	FVTPL

ii) Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's receivables, the Company has no material loss allowance as at December 31, 2019.

4. ACQUISITION

On January 7, 2019, the Company entered into a definitive arrangement agreement with IDM pursuant to which Ascot would acquire 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. Based on the closing share price of Ascot on March 27, 2019, the fair value of the consideration, including transaction costs, was \$31,818.

The transaction was accounted for as an asset acquisition and the allocation of the purchase price to the assets acquired and liabilities assumed is based on estimated fair values at the time of acquisition.

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The 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	407
Transaction costs	792
	\$ 31,818

Fair value of assets and liabilities acquired

Cash	\$ 82
Cash security deposit	17
Receivable and prepaid	300
Marketable securities	1,318
Exploration and evaluation assets	36,625
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	(2,912)
	\$ 31,818

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

	December 31, 2019	December 31, 2018
Cash	\$ 202	\$ 355
Guaranteed Investment Certificates ("GICs") and term deposits	4,216	6,175
Cash and cash Equivalents	\$ 4,418	\$ 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 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 and are considered cash equivalents.

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

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 December 31, 2019 the Company had 10,138,000 (December 31, 2018: None) common shares of Strikepoint with a fair value of \$507 (December 31, 2018: \$Nil). The Company recorded an unrealized loss of \$811 on its marketable securities for the year ended December 31, 2019 (nine months ended 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 was appointed as 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 were estimated to be \$14,649 when the Company completed the acquisition from Boliden Ltd. (Note 8). 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. In 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.

Upon the acquisition of IDM (Note 4), the Company assumed a cash reclamation deposit of \$1,098, which 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. In September 2019, the Company made an additional security deposit of \$1,939 as collateral with a trust amount bringing its total cash collateral of \$4,439 for surety bond totaling \$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.

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The following table summarizes the reclamation deposit by property:

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

8. EXPLORATION AND EVALUATION ASSETS

	Premier Gold	Red Mountain	Mt. Margaret	Total
Cost - acquisition	\$ 35,182	\$ -	\$ 2,142	\$ 37,324
Cost - asset retirement	15,013	-	-	15,013
Cost - exploration	55,003	-	3,210	58,213
Cost - permitting and engineering studies	2,743	-	-	2,743
Accumulated depreciation & amortization	(37)	-	-	(37)
Total December 31, 2018	107,904	-	5,352	113,256
Change in Cost				
Additions - acquisition	-	33,768	-	33,768
Additions - asset retirement cost	-	2,912	-	2,912
Additions - exploration	9,797	-	66	9,863
Additions - permitting and engineering studies	7,228	1,126	-	8,354
Capitalized borrowing costs	718	625	-	1,343
	17,743	38,431	66	56,240
Change in Accumulated Amortization				-
Depreciation and amortization charge	(182)	(217)	-	(399)
	(182)	(217)	-	(399)
Cost - acquisition	35,182	33,768	2,142	71,092
Cost - asset retirement	15,013	2,912	-	17,925
Cost - exploration	64,800	-	3,276	68,076
Cost - permitting and engineering studies	9,971	1,126	-	11,097
Capitalized borrowing costs	718	625	-	1,343
Accumulated depreciation & amortization	(219)	(217)	-	(436)
Total December 31, 2019	\$ 125,465	\$ 38,214	\$ 5,418	\$ 169,097

PREMIER GOLD PROJECT ("PGP")

PGP comprises the previously separate Premier, Dilworth and Silver Coin Properties. In October 2018, the Company completed its acquisition of the Premier Property from Boliden Limited ("Boliden"). The 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 October 2018, the Company acquired the Silver Coin property ("Silver Coin") adjacent to the Company's Premier and Dilworth properties from Jayden Resources Inc. and Mountain Boy Minerals Ltd. The acquisition was considered an asset acquisition for accounting purposes.

The Silver Coin property is subject to a 2% NSR royalty to Nanika Resources Inc.

In May 2019, the Company entered into a Funding Agreement with Nisga'a Nation for PGP. Under the terms of the Funding Agreement, the Company 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 PGP MAPA application review and the Benefits Agreement negotiations. The Company paid \$225 in 2019 under the Funding Agreement.

RED MOUNTAIN PROJECT ("RMP")

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 RMP located near Stewart, B.C. In May 2017, IDM exercised its option to acquire 100% of the project 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 RMP to acquire 10% of the annual gold production from the property at a cost of one thousand U.S. dollars per ounce up to a maximum of 500,000 ounces produced (50,000 ounces to Seabridge). 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 royalties. Production from the claims, which contain the Red Mountain gold deposit are subject to two separate net smelter return royalties aggregating 3.5% (Franco-Nevada Corp. - 1% and Wotan - 2.5%).

In April 2019, the Company, through its wholly owned subsidiary IDM, entered into a Benefits Agreement with Nisga'a Nation for the Red Mountain gold project. Under the terms of the Benefits Agreement, the Company is required to make cash payments to Nisga'a Nation, which are tied to permitting, project financing and production milestones, totaling up to \$2,000. 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)
Net book value, December 31, 2018	992	491	107	-	1,590
Change in Cost					
Additions	-	1,351	131	865	2,347
Subtotal	-	1,351	131	865	2,347
Change in Accumulated Amortization					
Depreciation and amortization charge	(62)	(605)	(44)	(14)	(725)
Subtotal	(62)	(605)	(44)	(14)	(725)
Cost	1,029	3,190	307	865	5,391
Accumulated depreciation and amortization	(99)	(1,953)	(113)	(14)	(2,179)
Net book value, December 31, 2019	\$ 930	\$ 1,237	\$ 194	\$ 851	\$ 3,212

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 \$227 per annum (including operating costs) with escalating payments. As at December 1, 2019, the present value of future payments under the lease is \$865, calculated using an incremental borrowing rate of 8.5%. The Company recognized a total lease liability of \$865 and a corresponding right-of-use asset of \$865. During the year ended December 31, 2019, lease payments were \$18, right-of-use asset depreciation was \$14 and interest expense recorded under the office lease was \$7.

10. RECLAMATION 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	2,912
Accretion of reclamation liability	479
Balance at December 31, 2019	18,966
Current	464
Non Current	\$ 18,502

Additions during the year ended December 31, 2019 resulted from the acquisition of IDM (Note 4) and are related to IDM's estimated reclamation obligations with regards to its Red Mountain gold project.

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

	December 31, 2019	December 31, 2018
Premier/Dilworth	15,089	14,713
Silver Coin	371	365
Swamp Point	557	497
Red Mountain	2,949	-
	18,966	15,575

The provision of \$15,089 (discounted) is provided against the Company's environmental obligations at the Premier mine and is based on the project plan prepared by an independent engineering firm. As at December 31, 2019, the estimated future cash flows have been discounted using a rate between 1% and 3% and an inflation rate of 2% was used to determine future expected costs.

The provision of \$2,949 (discounted) is provided against the Company's environmental obligations at the Red Mountain property and is based on the reclamation cost estimate prepared by management. As at December 31, 2019, the estimated future cash flows have been discounted using a risk-free rate of 1.7% and an inflation rate of 2% was used to determine future expected costs.

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

	December 31, 2019	December 31, 2018
Premier/Dilworth	31,949	31,949
Silver Coin	448	448
Swamp Point	547	574
Red Mountain	2,827	-
	35,771	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	731	-	731
Interest expense capitalized	1,343	-	1,343
Interest paid	(501)	-	(501)
Interest payable	(594)	-	(594)
Gain on derivative component	-	(1,248)	(1,248)
Foreign exchange gain	(236)	-	(236)
Balance, December 31, 2019	11,769	454	12,223

On January 18, 2019, the Company entered into a subscription and note agreement related to a convertible loan for gross proceeds of US\$10 million (the “Note”) split between Sprott Private Resource Lending (Collector), LP and Resource Income Partners Limited Partnership (the “Lenders”) for US\$8.83 million and US\$1.17 million respectively. The Note matures 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.

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

For accounting purposes, the conversion option is classified as a derivative liability, hence the Note is separated into a liability (measured at amortized cost) and an embedded derivative (measured at FVTPL) components by first valuing the derivative component. The fair value of the embedded derivative at the issuance date and at December 31, 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

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

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

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.

On January 2, 2020, the Company issued 652,615 common shares of Ascot to the Lenders for the payment of interest due on the Note from July 1 to December 31, 2019.

12. INCOME TAXES

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

	Twelve months ended Dec. 31, 2019	Nine months ended Dec. 31, 2018
Loss before income taxes	(7,180)	(3,605)
Income tax rate	27.00%	27.00%
Income tax expense (recovery) calculated using statutory rate	(1,939)	(973)
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	537	366
Flow-through shares	2,420	1,789
Financing costs	(291)	(72)
Impact of change in provision from the prior year	(75)	201
Change in unrecognized deferred tax assets	(57)	(11,167)
Other, net	6	-
Income tax expense (recovery)	601	(9,856)

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As of December 31, 2019, the Company compared the timing of the expected reversal of the temporary difference on the exploration and evaluation assets to the timing of the expiry of the Canadian tax losses. As a result, deferred tax assets to the extent of the deferred tax liabilities were recognized.

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at December 31, 2019 and 2018, are summarized as follows:

	Dec. 31, 2019	Dec. 31, 2018
Deferred tax assets		
Non-capital loss carry-forwards	24,816	11,294
Property, plant and equipment	1,385	1,312
Financing costs	858	527
Marketable securities	159	50
Reclamation provision	331	160
Other, net	(28)	-
	27,521	13,343
Unrecognized deferred tax assets	(1,143)	(1,200)
	26,378	12,143
Deferred tax liabilities		
Exploration and evaluation assets	(26,979)	(12,143)
Net deferred tax liabilities recognized	(601)	-

As at December 31, 2019, the Company has estimated non-capital losses for Canadian and US income tax purposes of \$89,081 and US \$2,803 respectively (December 31, 2018 - \$39,158 and US \$2,518, respectively), which may be carried forward to reduce taxable income derived in the future.

Non-capital Canadian tax losses expire as follows:

Year of expiry	Taxable losses
2029	\$ 512
2030	2,210
2031	24,038
2032	4,399
2033	3,498
2034	3,680
2035	2,548
2036	5,276
2037	9,569
2038	13,782
2039	19,569
Total	\$ 89,081

Non-capital US tax losses expire between 2031 and 2039.

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

13. SHARE CAPITAL

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

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On March 27, 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.

In 2019, the Company incurred sufficient qualifying Canadian exploration expenses, as defined by the Canadian Income Tax Act, to meet its obligations under the issuance of flow-through shares. As of December 31, 2019, there is no obligation remaining under any of the previously issued flow-through shares (December 31, 2018: \$1,681).

During the nine months ended December 31, 2018, the Company issued 15,000 common shares on the exercise of options for proceeds of \$14.

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.

14. WARRANTS AND OPTIONS

a) Warrants

As of December 31, 2019, the Company had outstanding and exercisable warrants as follows:

	Warrants	
Weighted-average exercise price C\$	Number outstanding and exercisable	Weighted-average remaining contractual life (years)
\$1.00	190,125	0.22
\$1.26	1,908,545	0.85
\$1.78	864,935	0.30
\$2.96	1,350,000	0.58
\$0.95	14,729,367	0.39
\$1.16	19,042,972	0.45

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

	Warrants	Weighted average exercise price (C\$)
Outstanding at 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 13)	14,729,367	0.95
Expired	(185,647)	1.64
Outstanding at December 31, 2019	19,042,972	1.16

The Company uses the Black-Scholes option pricing model to estimate the fair value of the warrants. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the expected term of the warrants granted. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per warrant for the warrants issued during the year ended December 31, 2019 were as follows:

i) Issued for the acquisition of IDM

Average risk-free rate:	2.21%
Expected average life:	1.36 years
Expected average volatility:	71.1%
Expected dividends:	Nil
Average fair value per warrant:	\$ 0.09

ii) Issued for the Offering

Risk-free rate:	1.66%
Expected life:	1 year
Expected volatility:	58.0%
Expected dividends:	Nil
Fair value per warrant:	\$ 0.11

The assumptions and the resulting fair value per warrant for the warrants granted during the nine months ended December 31, 2018 were as follows:

Risk-free rate:	2.17%
Expected life:	1.5 years
Expected volatility:	52.97%
Expected dividends:	Nil
Fair value per warrant:	\$ 0.19

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

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are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria.

The total stock-based compensation expense for the year ended December 31, 2019 was \$1,547 (nine months ended December 31, 2018: \$1,303). The unrecognized compensation cost for non-vested share options at December 31, 2019 was \$337 (December 31, 2018: \$530).

As of December 31, 2019, the Company had outstanding and exercisable stock options as follows:

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\$
\$0.50 to \$1.29	3,507,000	4.45	0.74	1,754,500	4.43	0.75
\$1.30 to \$1.50	1,357,500	2.82	1.34	1,357,500	2.82	1.34
\$1.51 to \$2.00	9,263,500	2.42	1.67	9,263,500	2.42	1.67
\$2.01 to \$2.34	479,500	1.99	2.24	479,500	1.99	2.24
\$2.35 to \$3.56	216,000	1.39	2.82	216,000	1.39	2.82
	14,823,500	2.91	1.45	13,071,000	2.70	1.55

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
Forfeited	(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	3,630,000	0.74
Expired	(3,077,625)	0.95
Forfeited	(684,375)	1.84
Outstanding at December 31, 2019	14,823,500	1.45

The Company uses the Black-Scholes option pricing model to estimate the fair value for all stock-based compensation. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the expected term of the option granted. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per option for the options granted during the year ended December 31, 2019 were as follows:

i) Issued for the acquisition of IDM

Average risk-free rate:	2.26%
Expected average life:	2.44 years
Expected average volatility:	96.2%
Expected dividends:	Nil
Average fair value per option:	\$ 0.14

ii) Granted

Risk-free rate:	1.25% - 1.53%
Expected life:	5 years
Expected volatility:	62.16% - 66.04%
Expected dividends:	Nil
Weighted average fair value per option:	\$ 0.38

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

15. GENERAL AND ADMINISTRATIVE COSTS

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Employee wages and benefits	\$ 1,968	\$ 1,300
Management fees	667	493
Depreciation	871	306
Legal and professional services	563	394
Office and administration expenses	520	326
Travel	164	195
Investor relations and shareholders costs	817	153
	<u>\$ 5,570</u>	<u>\$ 3,167</u>

16. OTHER INCOME AND EXPENSES

Other income is comprised of the following:

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Interest income	\$ 278	\$ 220
Flow through share premium	731	1,194
Gain on convertible note	1,249	-
	<u>\$ 2,258</u>	<u>\$ 1,414</u>

Finance expense is comprised of the following:

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Interest on convertible note	\$ 731	\$ -
Accretion of asset retirement obligation	479	133
Reclamation bond fee	147	-
Interest on office lease liability	7	-
	<u>\$ 1,364</u>	<u>\$ 133</u>

Other expense of \$862 for the twelve months ended December 31, 2019 consists of a \$811 loss on marketable securities and \$51 in other fees (nine months ended December 31, 2018: \$Nil and \$Nil, respectively).

17. RELATED PARTY TRANSACTIONS

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

a) Key Management Compensation

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

	Twelve months ended December 31, 2019		Nine months ended December 31, 2018	
Salaries and short-term benefits	\$	427	\$	394
Management fees		610		455
Exploration and evaluation costs		59		-
Share-based payment transactions		1,099		1,164
	\$	2,195	\$	2,013

b) Other Related Party Transactions

Included in accounts payable at December 31, 2019 is \$39 (December 31, 2018: \$192) due to related parties.

During the year ended December 31, 2019, key management personnel were granted 1,885,000 stock options at a price of \$0.75. Using the Black-Scholes model (Note 14b), the fair value of the options granted to key management personnel was determined at \$743.

18. SEGMENT REPORTING

The Company is principally engaged in the acquisition, exploration, evaluation and development of mineral properties. The segments presented in Notes 8 and 10 reflect the way in which the Company monitors its business performance. The Company has two geographic areas, Canada and the US.

All of the Company's assets are in Canada except for the Mt. Margaret property which is located in the US. Costs for Mt. Margaret are included in exploration and evaluation assets, as disclosed in Note 8.

19. EARNINGS/LOSS PER SHARE

	Twelve months ended December 31, 2019		Nine months ended December 31, 2018	
Loss (income) attributable to ordinary shareholders	\$	7,781	\$	(6,251)
Weighted average number of shares outstanding - basic		215,119,821		157,941,146
Stock options		-		552,438
Finder's warrants		-		13,859
Weighted average number of shares outstanding - diluted		215,119,821		158,507,443
Basic loss (income) per share	\$	0.04	\$	(0.04)
Diluted loss (income) per share	\$	0.04	\$	(0.04)

For the year ended December 31, 2019, none of the Company's issued and outstanding share purchase warrants and stock options were included in the calculation of diluted loss per share as they are anti-dilutive.

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

20. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Net changes in non-cash working capital items included in exploration and evaluation assets		
BC Mining Exploration Tax Credit (BCMETC) receivable	(246)	-
Depreciation and amortization	(146)	(37)
Capitalized borrowing cost	1,343	-
Accounts payable and accrued liabilities	67	-
	\$ 1,018	\$ (37)
Net changes in non-cash working capital items included in financing activities		
Shares issued for settlement of interest on convertible note (Note 11)	(501)	-
	\$ (501)	-

21. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Fair value

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

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

The recorded amounts of cash and cash equivalents, interest and other receivables, trade and other payables and other liabilities approximate their respective fair values due to their short-term nature. Reclamation deposits and the convertible note approximate their carrying value due to the consistency of the credit risk of the Company since the initial recognition of these instruments.

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

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As at December 31, 2019	Carrying value		Fair value		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	\$ -	\$ 4,418	\$ -	\$ -	\$ -
Marketable securities	507	-	507	-	-
Reclamation deposits	-	4,893	-	-	-
	\$ 507	\$ 9,311	\$ 507	\$ -	\$ -
Financial liabilities					
Accounts payable and accrued liabilities	\$ -	\$ 2,440	\$ -	\$ -	\$ -
Lease obligation	-	928	-	-	-
Convertible note - debt portion	-	11,769	-	-	-
Convertible note - derivative portion	454	-	-	-	454
	\$ 454	\$ 15,137	\$ -	\$ -	\$ 454
As at December 31, 2018					
	Carrying value		Fair value		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	\$ -	\$ 6,530	\$ -	\$ -	\$ -
Reclamation deposits	-	2,954	-	-	-
	\$ -	\$ 9,484	\$ -	\$ -	\$ -
Financial liabilities					
Accounts payable and accrued liabilities	\$ -	\$ 1,113	\$ -	\$ -	\$ -
	\$ -	\$ 1,113	\$ -	\$ -	\$ -

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 December 31, 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 December 31, 2019 would result in an additional \$1,026 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the year ended December 31, 2019 (nine months ended December 31, 2018: not applicable).

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

As of December 31, 2019, there are material uncertainties, which may cast significant doubt upon the Company's ability to continue as a going concern (Note 1).

22. CAPITAL MANAGEMENT

The Company monitors its cash and cash equivalents, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business. According to the convertible note agreement (Note 11), the Company is required to maintain a minimum of \$1 million U.S. dollars (or Canadian dollar equivalent) in unrestricted cash, cash equivalents and working capital until the date on which the convertible note is repaid in full.

There has been no significant change to the Company's capital management policies during the year ended December 31, 2019.

23. COMMITMENTS

As at December 31, 2019, the Company's commitments are as follows:

	Within 1 year	1-5 years	After 5 years
Surety bond (Note 7)	\$ 1,860	\$ -	\$ -
Funding agreement - Premier Gold project (Note 8)	175	-	-
Benefits agreement - Red Mountain project (Note 8)	-	950	1,000
Pre-production royalty - Red Mountain project (Note 8)	50	250	-
	\$ 2,085	\$ 1,200	\$ 1,000

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 \$150.

24. SUBSEQUENT EVENTS

On February 25, 2020, Ascot has closed a non-brokered private placement (the "Offering") of 5,126,250 flow-through shares (the "Flow-Through Shares") at a price of \$0.98 per Flow-Through Share, and 8,170,588 common shares (the "Common Shares" and together with the Flow-Through Shares, the "Securities") at a price of \$0.64 per common share for aggregate gross proceeds of \$10,253. The gross proceeds from the issuance of Flow-Through Shares will be used for "Canadian exploration expenses", and will qualify as "flow-through mining expenditures" as those terms are defined in the Income Tax Act (Canada), which will be renounced to the initial purchasers of the Flow-Through Shares with an effective date no later than December 31, 2020 in an aggregate amount not less than the gross proceeds raised from the issue of the Flow-Through Shares. The remaining of the net proceeds from the Offering will be used for engineering studies, permitting, and general corporate purposes. In connection with the Offering, the Company paid a cash fee equal to 6.2% of the proceeds from the sale of Common Shares and Flow-through Shares to advisors and finders.

On February 25, 2020, the Company granted 3,850,000 stock options with the exercise price of \$0.82 to directors, officers, employees and consultants. In addition, 520,000 Restricted Share Units and Deferred Share Units were granted to key management personnel and directors.