Ascot Resources Ltd.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021
(Expressed in thousands of Canadian Dollars, except where indicated)
(Unaudited)

(Canadian Dollars in Thousands)

	Notes		June 30, 2022		December 31, 2021
ASSETS					
Current					
Cash and cash equivalents	3	$	60,211	$	59,129
Trade and other receivables			1,554		1,397
Derivative asset			-		23
Prepaid expenses and deposits			2,618		1,183
Total Current Assets			64,383		61,732
Reclamation deposits	4		2,447		2,447
Exploration and evaluation assets			5,424		5,424
Mineral properties, plant and equipment	5		320,039		261,151
Other assets	6		7,400		8,292
Total Non-Current Assets			335,310		277,314
Total Assets		$	399,693	$	339,046
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Trade and other payables		$	23,165	$	14,045
Reclamation Provisions	7		329		348
Lease liabilities			443		338
Other liabilities	9		2,591		-
Total Current Liabilities			26,528		14,731
Reclamation Provisions	7		18,597		25,277
Credit facilities	8		40,869		41,323
Lease liability			529		445
Deferred income tax liabilities			65		65
Total Non-Current Liabilities			60,060		67,110
Total Liabilities			86,588		81,841
Shareholders' Equity					
Share capital	9		351,099		298,733
Share-based payment reserve	9		25,486		19,528
Accumulated deficit			(63,480)		(61,056)
Total Shareholders' Equity			313,105		257,205
Total Liabilities and Shareholders' Equity		$	399,693	$	339,046

Commitments (Notes 5, 7 and 15), Contingencies (Note 5).
The accompanying notes are an integral part of these consolidated financial statements.

/s/ *"Rick Zimmer"*
Director

/s/ *"Andrée St-Germain"*
Director

(Canadian Dollars in Thousands Except Loss (Income) per Share)

	Notes	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
General and administrative	10	$ 1,455	$ 1,340	$ 2,964	$ 2,655
Stock-based compensation	9	487	418	1,557	946
Amortization and depreciation		115	214	330	440
Property maintenance costs		158	99	230	185
Finance expense	11	310	178	588	377
Financing costs	8	1,121	-	1,121	-
Other income	12	(1,358)	(198)	(1,422)	(213)
(Gain) loss on investment in marketable securities		-	(24)	-	285
Change in fair value of derivatives	8	(2,462)	1,988	(3,620)	(3,050)
Foreign exchange loss (gain)		1,228	(264)	676	(547)
Net loss for the period		$ 1,054	$ 3,751	$ 2,424	$ 1,078
Total comprehensive loss		$ 1,054	$ 3,751	$ 2,424	$ 1,078
Loss per share					
Basic and diluted		$ 0.00	$ 0.01	$ 0.01	$ 0.00
Weighted average shares outstanding - basic and diluted		435,640,030	361,163,216	413,693,661	319,972,322

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

(Canadian Dollars in Thousands except No. of Shares)

	Number of shares issued and outstanding	Share capital	Share-based payment - reserve	Deficit	Total share-holders' equity
Balance, January 1, 2021	**278,323,751**	**$ 217,928**	**$ 17,828**	**$ (58,108)**	**$ 177,648**
Shares issued for cash					
Bought deal financing, net of issue costs	70,700,000	57,249	-	-	57,249
Private placement (PP), net of issue costs	24,000,000	19,330	-	-	19,330
Flow-through PP, net of issue costs	2,651,796	3,716	-	-	3,716
Issued for other consideration					-
Premium on flow-through shares	-	(315)	-	-	(315)
Stock-based compensation (Note 9)	-	-	946	-	946
Net loss for the period	-	-	-	(1,078)	(1,078)
Balance, June 30, 2021	**375,675,547**	**$ 297,908**	**$ 18,774**	**$ (59,186)**	**$ 257,496**
Balance, January 1, 2022	**376,351,128**	**$ 298,733**	**$ 19,528**	**$ (61,056)**	**$ 257,205**
Shares issued for cash					
Bought deal financing, net of issue costs (Note 9)	59,271,000	56,110	4,235	-	60,345
Exercise of RSUs	17,902	24	(24)	-	-
Issued for other consideration					
Premium on flow-through shares (Note 9)	-	(3,768)	-	-	(3,768)
Stock-based compensation expense (Note 9)	-	-	1,557	-	1,557
Stock-based compensation capitalized	-	-	190	-	190
Net loss for the period	-	-	-	(2,424)	(2,424)
Balance, June 30, 2022	**435,640,030**	**$ 351,099**	**$ 25,486**	**$ (63,480)**	**$ 313,105**

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, 2022	Six months ended June 30, 2021
Cash flows from operating activities			
(Loss) income for the period		$ (2,424)	$ (1,078)
Adjustment to reconcile loss			
to net cash used in operating activities:			
Stock-based compensation	9	1,557	946
Amortization and depreciation		330	440
Financing costs	8	1,121	-
Gain on flow through share premium		(1,177)	(135)
Finance expense		339	203
Change in fair value of derivative asset		23	529
Change in fair value of embedded derivatives	8	(3,643)	(3,579)
Unrealized foreign exchange gain		684	(873)
Unrealized loss on marketable securities		-	285
Changes in non-cash working capital balances:			
Increase in receivables		(157)	(40)
Increase in prepaid expenses and deposits		(1,435)	(363)
Increase (decrease) in trade and other payables		499	(235)
Payment for reclamation provision		(173)	(187)
Total cash outflows from operating activities		**(4,456)**	**(4,087)**
Cash flows from investing activities			
Investment in mineral properties, plant and equipment		(54,221)	(11,163)
Return of deposits for environmental bonds		-	1,937
Proceeds from sale of marketable securities		-	1,266
Payment for derivative asset		-	(818)
Total cash outflows from investing activities		**(54,221)**	**(8,778)**
Cash flows from financing activities			
Proceeds from share issuance	9	64,241	85,207
Share issue costs	9	(3,896)	(4,912)
Deferred financing costs		(232)	(41)
Payment for lease liabilities		(354)	(116)
Total cash inflows from financing activities		**59,759**	**80,138**
Effect of exchange rate changes on cash and cash equivalents		-	(102)
Total increase in cash during the period		**1,082**	**67,171**
Cash and cash equivalents, beginning of period		**59,129**	**42,080**
Cash and cash equivalents, end of period		**$ 60,211**	**$ 109,251**
Supplemental cash flow information	15		

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

1. NATURE OF OPERATIONS

Ascot Resources Ltd. ("Ascot" or the "Company") is a development and exploration company focusing on re-starting the past producing historic Premier gold mine located in British Columbia's Golden Triangle. The Company filed its feasibility study in May 2020 for its 100% owned Premier and Red Mountain Gold Projects which would supply gold and silver ores to the process plant. The Silver Coin, Big Missouri, and Premier deposits, collectively named the Premier Gold Project ("PGP") are located near the processing facility on the historical Premier Mine site, and the Red Mountain Project ("RMP") is located 23 km to the southeast in an adjacent valley. PGP together with RMP is defined as the "Project". The Company also has two other properties: Swamp Point, an aggregate project located in British Columbia on the Portland Canal, and Mt. Margaret, a porphyry copper-molybdenum-gold-silver deposit located in Washington State, USA.

Ascot was incorporated under the Business Corporations Act of British Columbia in May 1986. The Company's wholly-owned subsidiaries, as of June 30, 2022 were:

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

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

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

2. BASIS OF PRESENTATION

a) Statement of compliance

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2022 and 2021 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Auditing Standard ("IAS") 34, Interim Financial Reporting ("IAS 34"). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB").

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Company's audited financial statements for the year ended December 31, 2021, except as noted in Note 2c below.

These Interim Financial Statements were authorized for issue by the Board of Directors on August 8, 2022.

b) Basis of measurement

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

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

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

c) New and amended IFRS pronouncements

In May 2020, the IASB issued amendments to IAS 16, Property, Plant and Equipment (IAS 16). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss. The amendments apply to annual reporting periods beginning on or after January 1, 2022. The amendments are applied retrospectively only to items of property, plant and equipment that are available for use after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The Company adopted the amendments on January 1, 2022. On adoption of the amendments, there was no immediate effect on the Company's financial statements.

A number of new IFRS standards and amendments to IFRS standards are effective for annual periods beginning on or after January 1, 2023 and earlier application for some is permitted. The Company has not early adopted any of the new or amended standards and management is assessing the impact of these new and amended standards on the Company.

3. CASH AND CASH EQUIVALENTS

		June 30, 2022		December 31, 2021
Cash	$	7,404	$	12,846
Guaranteed Investment Certificates ("GICs") and term deposits		52,807		46,283
Cash and cash equivalents	$	60,211	$	59,129

Cash is held at Canadian chartered banks. GICs and term deposits are held at a Canadian chartered bank and at registered brokers. The Canadian dollar GICs and term deposits bear interest at fixed rates between 1.05% and 2.35% per annum (December 31, 2021: between 0.25% and 0.7%). The Company's GICs and term deposits may be redeemed on twenty-four-hour notice to the bank and are considered cash equivalents.

Included in cash and cash equivalents is $15,134 (December 31, 2021: $Nil), which is required to be spent on qualifying flow-through expenditures prior to December 31, 2022 ($12,687) and 2023 ($2,447).

4. 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.

Based on a revised closure and reclamation plan in Mines Act Permit M-179 amendment ("MAPA") issued in December 2021, Ascot's environmental bonding requirement for its Premier property increased from $14,950 to $45,176. The additional amount of $30,226 is being posted in stages over a three-year period beginning in January 2022. The Company posted the first tranche of $10,226 in January 2022 through a surety bond. The second tranche of $10,000 will be due on December 31, 2022 and the last tranche of $10,000 will be due on December 31, 2023.

As of June 30, 2022, Ascot has posted an environmental bond of $1,098 for its Red Mountain property (December 31, 2021: $1,098).

The Company established a surety bonding arrangement with a Canadian insurance company (the "Surety") with respect to its environmental bonds. The surety arrangement required the Company to provide cash collateral and pay an annual bond fee equal to 2% of the respective bond amount. As of June 30, 2022, the cash collateral was $2,000 (December 31, 2021: $2,000). Except for the $2,000 held as cash collateral with the surety bond trust account, the reclamation deposits are held in certificates of deposits with a Canadian chartered bank and the Ministry of Finance of British Columbia.

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

The following table summarizes the reclamation deposits by property:

	June 30, 2022	December 31, 2021
Surety bond trust account:		
Premier Gold Project	$ 1,861	$ 1,861
Red Mountain	139	139
Cash security:		
Premier Gold Project and Silver Coin	137	137
Swamp Point	310	310
	$ 2,447	$ 2,447

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.

5. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Mineral properties and project development costs	Cons-truction in progress	Land and buildings	Machi-nery and equip-ment	Office furniture and equip-ment	Right-of-use assets	Total
Cost	$ 200,406	$ 41,375	$ 1,354	$ 20,636	$ 313	$ 1,137	$ 265,221
Accum. depreciation & amortization	(1,093)	-	(154)	(2,230)	(233)	(360)	(4,070)
Net book value, December 31, 2021	**199,313**	**41,375**	**1,200**	**18,406**	**80**	**777**	**261,151**
Change in Cost							
Additions	9,147	39,163	290	14,686	7	500	63,793
Capitalized borrowing costs	2,505	-	-	-	-	-	2,505
Decrease in asset retirement cost	(6,830)	-	-	-	-	-	(6,830)
Subtotal	4,822	39,163	290	14,686	7	500	59,468
Change in Accumulated Amortization							
Depreciation & amortization charge	(349)	-	(10)	(116)	(18)	(87)	(580)
Subtotal	(349)	-	(10)	(116)	(18)	(87)	(580)
Cost	205,228	80,538	1,644	35,322	320	1,637	324,689
Accum. depreciation & amortization	(1,442)	-	(164)	(2,346)	(251)	(447)	(4,650)
Net book value, June 30, 2022	**$ 203,786**	**$ 80,538**	**$ 1,480**	**$ 32,976**	**$ 69**	**$ 1,190**	**$ 320,039**

The Company has agreements in place for the delivery of critical long lead time equipment. During the six months ended June 30, 2022, the Company made progress payments totaling $14,686 towards the engineering and fabrication of such equipment, which has been capitalized in machinery and equipment. As at June 30, 2022, the Company has outstanding purchase commitments totaling $6,589 for such equipment.

Mineral properties and project development cost additions of $9,147 consist of $5,623 spent on underground mining development, $2,044 spent on permitting, studies and pre-construction activities, and $1,480 spent on exploration.

In April 2022, the Company entered into an Option to Purchase ("OTP") Agreement, which gives the Company a right to purchase certain land and buildings in the town of Stewart for a total purchase price of $1,928 until April 1, 2024. Under the OTP Agreement, the Company paid $281 in April 2022 as a non-refundable option fee, which would be applied to the purchase price if the OTP is exercised. The $281 OTP fee is recorded as a part of land and buildings cost additions. The Company is also required to pay certain non-refundable license fees and interest under the OTP Agreement until such time that the OTP is exercised or expires.

Right-of-use assets cost additions of $500 represent vehicle leases initiated in the first half of 2022.

MINERAL PROPERTIES

Mineral properties include PGP and RMP (together defined as the "Project"). PGP comprises the previously separate Premier, Dilworth and Silver Coin Properties. Ascot's properties are subject to a number of royalties and product purchase rights:

- A 1% Net Smelter Return royalty ("NSR") and a 5% Net Profit Interest royalty on production from certain areas of the Premier Property granted to Boliden Limited ("Boliden");
- A 5% NSR royalty on production from certain areas of the Premier Property granted to Boliden, which could be purchased by the Company for $9,550 at any time;
- A 1% NSR royalty and the first right to purchase all base metal concentrates produced from the Premier Property granted to Boliden;
- A 5% NSR royalty on production from the Dilworth Property granted to Boliden and one of Ascot's former directors, which could be purchased by the Company for $4,150 at any time;
- A 1% NSR royalty on three crown grants (Old Timer, Butte and Yellowstone) which are located near the Dilworth Property;
- A 2% NSR royalty on the Silver Coin property granted to Nanika Resources Inc.;
- A gold metal stream granted to Sprott Private Resource Streaming and Royalty (B) Corp. ("SRSR"), which allows it to acquire 10% of the annual gold production from the Red Mountain Property at a cost of the lower of US$1,000/oz and spot price up to a maximum of 500,000 ounces produced (50,000 ounces to SRSR), and SRSR may elect to receive a one-time cash payment of 4 million U.S. dollars at the commencement of production in exchange for the buyback of the gold metal stream;
- A 2.5% NSR royalty on the Red Mountain Property and a $50 minimum annual pre-production royalty (which is deductible against future production royalty) on the Red Mountain Property granted to Wotan Resources Corp.;
- A 1% NSR royalty on the Red Mountain Property granted to Franco-Nevada Corp.

In May 2019, the Company entered into a Funding Agreement with Nisga'a Nation for PGP. Under the terms of the Funding Agreement, the Company was required to make cash payments totaling $400 to Nisga'a Nation. By October 2021, the Funding Agreement was increased to a total funding amount of $600. The Company made its final payment under the Funding Agreement in March 2022 thus satisfying its total obligation of $600.

In July 2021, the Company entered into an updated Benefits Agreement with Nisga'a Nation, which encompasses both PGP and RMP. Under the terms of the Benefits Agreement, the Company is required to make cash payments to Nisga'a Nation tied to permitting, project development and production milestones, totaling up to $3,425. The Company made its first payment of $250 in July 2021. The Company made its second milestone payment of $500 in February 2022. The Company is also required to make annual payments as a percentage of Provincial Mineral Tax during production.

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

6. OTHER ASSETS

		June 30, 2022		December 31, 2021
Deferred financing cost (Note 8)	$	6,150	$	7,042
Pre-production royalty (Note 5)		1,250		1,250
	$	7,400	$	8,292

7. RECLAMATION PROVISIONS

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

Balance, December 31, 2021	**$**	**25,625**
Additions		-
Change in estimate		(6,830)
Accretion of reclamation liability		304
Reclamation work done to reduce liability		(173)
Balance, June 30, 2022		**18,926**
Current		329
Non Current	**$**	**18,597**

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

	June 30, 2022	December 31, 2021
Premier Gold including Silver Coin	15,872	21,938
Swamp Point	576	576
Red Mountain	2,478	3,111
	18,926	25,625

The Company's provision for environmental obligations at the Premier Gold mine is based on project plans prepared by management with the input of an independent engineering firm. As at June 30, 2022, the estimated future cash flows have been discounted using a risk-free rate between 3.14% and 3.23% and an inflation rate between 2% and 2.25% was used to determine future expected costs (as at December 31, 2021: 1.68% and 2%, respectively).

The Company's provision for environmental obligations at the Red Mountain property is based on the reclamation cost estimate prepared by management. As at June 30, 2022, the estimated future cash flows have been discounted using a risk-free rate of 3.23% and an inflation rate of 2% was used to determine future expected costs (as at December 31, 2021: 1.42% and 2%, respectively).

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

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

	June 30, 2022	**December 31, 2021**
Premier Gold	36,225	36,398
Swamp Point	576	576
Red Mountain	2,827	2,827
	39,628	39,801

8. CREDIT FACILITIES

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

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

Under the terms of the credit agreements, if an event of default shall occur and be continuing, Sprott and Beedie may, by notice to the Company, declare their commitment to advance the facilities be terminated and the outstanding principal and accrued interest and fees be due and payable. Events of default include but are not limited to failing to make principal interest and fee payments, defaulting on certain covenants and failing to achieve project completion by September 30, 2023. Due to a revised construction schedule implemented in late June 2022, the Company may not have the ability to achieve project completion by September 30, 2023, which resulted in a default. As of June 30, 2022, the Company obtained waivers from both Sprott and Beedie providing for limited suspension of covenant compliance requirements until November 30, 2022.

a) Senior Debt

	Senior Debt - Liability component	**Senior Debt - Derivative component**	**Senior Debt - PPA**	**Total**
Balance, December 31, 2021	**$ 24,634**	**$ 492**	**$ 4,070**	**$ 29,196**
Interest and accretion	1,576	-	228	1,804
Change in fair value of derivative	-	(418)	-	(418)
Foreign exchange loss (gain)	442	-	70	512
Balance, June 30, 2022	**26,652**	**74**	**4,368**	**31,094**

Concurrent with closing of the Senior debt, the Company made an initial draw of US$20 million. The remainder of US$60 million facility was available until June 30, 2022. The Company has not drawn the remainder of the facility as of June 30, 2022. Therefore, the remaining amount was canceled and the transaction costs and fees of $1,121 attributed to the remaining amount were expensed. Sprott waived the 5% cancellation fee.

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

As of June 30, 2022, the Company had accrued interest of $3,579 (December 31, 2021: $2,376) on the Senior Debt, which was added to the principal loan amount. The outstanding principal amount of the Senior Debt at June 30, 2022 was US$20 million (December 31, 2021: US$20 million).

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

The floating interest rate floor of 1.50% over the base rate has been determined to be an embedded derivative that is not closely related to the Senior Debt, and is bifurcated and accounted for separately. At each reporting period, the derivative is fair valued with changes in fair value recorded as a gain or loss in the statement of profit or loss. As at June 30, 2022, the fair value of the derivative was $74 (December 31, 2021: $492), resulting in a gain on change in fair value of the derivative of $418.

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

b) Production payment agreement (PPA)

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

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

c) Convertible Debt

	Convertible Debt - Liability component	Convertible Debt - Derivative component	Total
Balance, December 31, 2021	**$ 7,783**	**$ 4,344**	**$ 12,127**
Interest expense	701	-	701
Change in fair value of derivative	-	(3,225)	(3,225)
Foreign exchange loss	172	-	172
Balance, June 30, 2022	**8,656**	**1,119**	**9,775**

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

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

As of June 30, 2022, the Company accrued interest of $1,702 (December 31, 2021: $1,120) on the Convertible Debt, which was added to the principal loan amount. As of June 30, 2022, the Company also accrued standby fee of $883 (December 31, 2021: $599). The outstanding principal amount of the Convertible Debt at June 30, 2022 was US$10 million (December 31, 2021: US$10 million).

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

The conversion feature within the Convertible Debt agreement has been determined to be an embedded derivative that is not closely related to the Convertible Debt, and is bifurcated and accounted for separately, by first valuing the derivative component. At each reporting period, the derivative is fair valued with changes in fair value recorded as a gain or loss in the statement of profit or loss. The fair value of the derivative at the inception date and at each reporting period was calculated using the Finite Difference Method. The expected volatility assumption in the valuation model is based on the historical volatility of the Company's stock commensurate with the remaining term of the conversion option. As at June 30, 2022, the fair value of the derivative was $1,119 (December 31, 2021: $4,344), resulting in a gain on change in fair value of the derivative of $3,225.

The assumptions used in this valuation model, and the resulting fair value of the embedded derivative at June 30, 2022 and at December 31, 2021 were as follows:

Maturity date:	December 10, 2024
Risk-free rate:	3.18% and 1.14%, respectively
Foreign exchange rate:	1.2886 and 1.2678, respectively
Share price:	US$0.39 and US$0.96 per share, respectively
Expected volatility (rounded):	70%
Dividend yield:	$Nil
Interest rate:	8.0%
Conversion price:	$1.32672 per share
Conversion price cap:	$1.92374 per share

The Company may elect to prepay the outstanding principal and accrued interest balance in whole or in part at any time. The Company shall pay to Beedie an amount equal to 24 months' interest on outstanding amount if prepayment is made prior to December 10, 2022. The Company shall pay to Beedie an amount equal to 1% of the outstanding amount if prepayment is made after December 10, 2022.

9. CAPITAL AND RESERVES

a) Share capital

The Company is authorized to issue an unlimited number of common shares with no par value. As at June 30, 2022, the number of total issued and outstanding common shares is 435,640,030 (December 31, 2021: 376,351,128).

On March 8, 2022, the Company closed a bought deal financing (the "Offering"). The Offering consisted of (i) 28,610,000 common shares of the Company (the "Offered Shares") sold at a price of $1.02 per Offered Share for aggregate gross proceeds of $29,182; (ii) 12,831,000 hard dollar units of the Company (the "HD Units") at a price of $1.02 per HD Unit for gross proceeds of $13,088; (iii) 14,590,000 units of the Company that qualify as "flow through shares", as defined in the *Income Tax Act* (Canada) (the "CDE FT Units") at a price of $1.255 per CDE FT Unit for gross proceeds of $18,310; and

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(iv) 3,240,000 common shares of the Company that qualify as "flow-through shares" (the "CEE FT Shares", and together with the Offered Shares, HD Units and CDE FT Units, the "Offered Securities") as defined in the *Income Tax Act* (Canada) at a price of $1.13 per CEE FT Share for gross proceeds of $3,661. Each HD Unit and CDE FT Unit is comprised of one common share of the Company and one half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant") with each Warrant entitling the holder to purchase one common share of the Company at a price of $1.25 for a period of 24 months subject to acceleration. In aggregate, a total of 59,271,000 shares and 13,710,500 warrants were issued for the gross proceeds of $64,241 to the Company. In connection with the Offering, the Company paid underwriters' fees and other fees and expenses in the amount of $3,884. A premium of $3,768 on the issuance of CDE FT Units and CEE FT Shares was recorded in other liabilities.

b) Stock options

Total compensation expense related to stock options for the six months ended June 30, 2022 was $1,078 (six months ended June 30, 2021: $581). The unrecognized compensation cost for non-vested stock options at June 30, 2022 was $996 (December 31, 2021: $269).

As of June 30, 2022, the Company had outstanding and exercisable stock options as follows:

	Options outstanding			Options exercisable		
Range of price	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Number exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price C$
$0.50 to $0.99	7,473,406	2.42	0.78	7,281,691	2.36	0.78
$1.00 to $1.29	4,555,651	4.22	1.11	2,302,243	3.85	1.11
$1.30 to $1.50	3,228,276	2.26	1.34	2,996,458	2.17	1.34
$1.51 to $2.00	6,100,000	0.27	1.61	6,100,000	0.27	1.61
$2.01 to $2.34	84,375	0.30	2.08	84,375	0.30	2.08
	21,441,708	2.16	1.18	18,764,767	1.82	1.19

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

	Options	Weighted average exercise price (C$)
Outstanding at January 1, 2021	19,985,209	1.26
Granted	603,190	1.26
Exercised	(66,667)	0.82
Expired	(1,400,000)	1.70
Forfeited	(505,558)	1.20
Outstanding at December 31, 2021	18,616,174	1.23
Granted	3,732,284	1.08
Expired	(906,750)	1.93
Outstanding at June 30, 2022	21,441,708	1.18

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.

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During the six months ended June 30, 2022, the Company granted 3,732,284 stock options at a weighted average exercise price of $1.08 to its employees, directors and consultants. The weighted average assumptions used in the stock option pricing model and the resulting weighted average fair values per option for the options granted during the six months ended June 30, 2022 were as follows:

Risk-free rate:	1.72% - 2.72%
Expected life:	5 years
Expected volatility:	59.27% - 60.23%
Expected dividends:	Nil
Weighted average fair value per option:	$ 0.56

Subsequent to June 30, 2022, 200,000 stock options were granted.

c) Share units

The Company uses Ascot's closing stock price on the day prior to the grant date to estimate the fair value for restricted share units ("RSU") and performance share units ("PSU"). The RSUs vest over a three-year period. The PSUs vest based on specific performance-based measures established by the Company's executive management and/or the Board. The RSUs and PSUs are settled in Ascot common shares. For the six months ended June 30, 2022, $311 (six months ended June 30, 2021: $335) was expensed in the statement of comprehensive loss as stock-based compensation expense for RSUs and PSUs.

The Company uses Ascot's closing stock price on the day prior to the grant date to estimate the fair value for deferred share units ("DSU"). The Company's DSUs vest immediately and may be redeemed when the individual ceases to be a director of the Company, following which the DSUs will be settled in cash or common shares of the Company at the election of the Board at the time of grant. During the six months ended June 30, 2022, $168 (six months ended June 30, 2021: $30) was expensed in the statement of comprehensive loss as stock-based compensation expense for DSUs.

Movements in the number of RSUs and DSUs outstanding during the six months ended June 30, 2022 and during the year ended December 31, 2021 are as follows:

	Number of RSUs/PSUs	Number of DSUs
Outstanding at January 1, 2021	1,052,871	450,370
Granted	-	40,781
Forfeited	(29,167)	-
Outstanding at December 31, 2021	1,023,704	491,151
Granted	883,594	176,312
Exercised	(17,902)	-
Outstanding at June 30, 2022	1,889,396	667,463

The weighted average remaining contractual life of RSUs and PSUs outstanding at June 30, 2022 was 3.88 years. The DSUs outstanding at June 30, 2022 expire one year after the individual ceases to be a director of the Company.

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d) Warrants

On March 8, 2022, as a part of the Offering (Note 9a), the Company issued 13,710,500 share purchase warrants exercisable for two years at an exercise price of $1.25 per warrant. 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 January 1, 2021	-	-
Outstanding at December 31, 2021	-	-
Issued	13,710,500	1.25
Outstanding at June 30, 2022	13,710,500	1.25

The weighted average remaining contractual life of the warrants outstanding at June 30, 2022 was 1.69 years.

The Company used the relative fair value method to allocate consideration received for the Offering between common shares and share purchase warrants. The Company used the Black-Scholes option pricing model to estimate the fair value of the warrants and it used Ascot's closing stock price on the day prior to the Offering closing date to value the common shares. The expected volatility assumption inherent in the Black-Scholes pricing model was 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 fair value per warrant for the warrants issued on March 8, 2022 were as follows:

Risk-free rate:	1.46%
Expected life:	2 years
Expected volatility:	61.86%
Expected dividends:	Nil
Fair value per warrant:	$ 0.35

10. GENERAL AND ADMINISTRATIVE COSTS

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Wages, benefits and management fees	$ 805	$ 952	$ 1,822	$ 1,805
Legal and professional services	311	198	557	438
Office and administration expenses	136	105	237	187
Travel	35	4	42	4
Investor relations and shareholders costs	168	81	306	221
	$ 1,455	$ 1,340	$ 2,964	$ 2,655

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11. FINANCE EXPENSE

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Accretion	$ 166	$ 86	$ 305	$ 171
Reclamation bond fee	133	77	259	175
Interest on office lease liability	11	15	24	31
	$ 310	$ 178	$ 588	$ 377

12. OTHER INCOME

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Interest income	$ 181	$ 76	245	$ 78
Flow through share premium	1,176	122	1,176	135
Other	1	-	1	-
	$ 1,358	$ 198	$ 1,422	$ 213

13. RELATED PARTY TRANSACTIONS

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

a) Key management compensation

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

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Salaries, short-term benefits and management fees	$ 334	$ 295	$ 669	$ 592
Project development costs	26	30	53	55
Share-based payment transactions	243	178	1,015	413
	$ 603	$ 503	$ 1,737	$ 1,060

b) Other related party transactions

Included in accounts payable and accruals at June 30, 2022 is $254 (December 31, 2021: $369) due to related parties.

During the six months ended June 30, 2022, key management personnel were granted 2,304,036 stock options at a weighted average exercise price of $1.11. Using the Black-Scholes model, the fair value of the options granted to key management personnel was determined at $1,315.

During the six months ended June 30, 2022, key management personnel were granted 381,327 RSUs. Based on the Company's share price on the day prior to the grant date, the fair value of the RSUs granted to key management personnel was $423.

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During the six months ended June 30, 2022, the Company's directors were granted 176,312 DSUs. Based on the Company's share price on the day prior to the grant dates, the fair value of the DSUs granted to directors was $168.

14. SEGMENT REPORTING

The Company has two operating segments: the development of the Project (Note 5) and exploration and evaluation of Mt. Margaret. The Company has two geographic areas, Canada and the US.

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

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Six months ended June 30, 2022	Six months ended June 30, 2021
Net changes in non-cash working capital items included in mineral properties		
Depreciation and amortization	$ (165)	$ (188)
Capitalized borrowing cost	2,505	2,106
Stock-based compensation	190	-
Accounts payable and accrued liabilities	8,624	2,271
	$ 11,154	$ 4,189

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

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

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

The recorded amounts of cash and cash equivalents, interest, trade and other receivables, trade and other payables and other liabilities approximate their respective fair values due to their short-term nature. The carrying value of the reclamation deposit approximates its fair value, as it is cash-based. The carrying values of PPA and liability components of senior and convertible debt approximate their fair values since the increase in the market interest rates between the date of the debt inception (December 10, 2020) and June 30, 2022 is being offset by a decrease in the Company's overall risk profile, as Ascot now has all necessary permits for construction of the Project.

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

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

As at June 30, 2022	**Fair value**		
	Level 1	**Level 2**	**Level 3**
Financial liabilities			
Senior debt - derivative portion	$ -	$ -	$ 74
Convertible debt - derivative portion	-	-	1,119
	$ -	$ -	$ 1,193

As at December 31, 2021	**Fair value**		
	Level 1	**Level 2**	**Level 3**
Financial assets			
Marketable securities	$ -	$ 23	$ -
	$ -	$ 23	$ -
Financial liabilities			
Senior debt - derivative portion	-	-	492
Convertible debt - derivative portion	$ -	$ -	$ 4,344
	$ -	$ -	$ 4,836

Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, currency risk, interest rate risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in cooperation with the Company's departments. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance, in the context of its general capital management objectives.

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company's significant financial instruments denominated in a foreign currency (U.S. dollar) are the credit facilities (Note 8). A 10% decrease (increase) of the value of the Canadian dollar relative to the U.S. dollar as at June 30, 2022 would result in an additional $3,655 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the six months ended June 30, 2022 (six months ended June 30, 2021: $2,706).

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Interest Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash in savings accounts and GIC's carried at fixed interest rates. The Company's significant financial instruments valued using fluctuating risk-free interest rates are the derivative components of the senior and convertible debt (Note 8). The Company's senior debt is carried at a floating interest rate. The Company has estimated that a one percentage point increase in the interest rate on its senior debt would have an annual impact on net earnings of approximately $104 for the six months ended June 30, 2022. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered minimal.

Liquidity Risk

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

Contractual undiscounted cash flow requirements for financial liabilities as at June 30, 2022 were as follows:

	Less than 1 year	1-3 years	4-5 years	After 5 years	TOTAL
Trade and other payables	$ 23,165	$ -	$ -	$ -	$ 23,165
Lease liabilities	443	588	62	-	1,093
Production payment agreement (Note 8)	502	3,295	3,386	355	7,538
Senior and convertible debt (Note 8)	2,536	44,980	6,037	-	53,553
	$ 26,646	$ 48,863	$ 9,485	$ 355	$ 85,349

The Company endeavors to ensure that it has sufficient cash on demand to meet its obligations as they become due by preparing annual capital and administrative expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable as well as the Senior and Convertible Debt (Note 8). Except for the Senior and Convertible debt, most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

17. CAPITAL MANAGEMENT

The Company monitors its cash and cash equivalents, common shares, stock options and share units, and senior and convertible debt as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business. According to the Senior Debt agreement (Note 8), the Company is required to maintain a minimum of US$5 million (or Canadian dollar equivalent) in unrestricted cash and cash equivalents, and a working capital ratio of at least 1:1. As of June 30, 2022, the Company was in compliance with these requirements.

After drawing down the initial US$20M tranche under the Senior Debt, Ascot was required to satisfy various conditions before drawing down the remaining US$60M (Note 8). However, the Company has been unable to reach an agreement with Sprott on the satisfaction of the drawdown conditions for the remaining US$60M of the Senior Facility. Therefore, the initial US$20M drawdown will remain outstanding and Ascot is pursuing alternative financing options to replace the remainder of the Senior Debt.

There has been no significant change to the Company's capital management policies during the six months ended June 30, 2022.