VICTORIA GOLD CORP
TSX | VGCX

Condensed Consolidated Interim Financial Statements

June 30, 2020 and May 31, 2019

(Unaudited)
(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed consolidated interim financial statements and all other financial information included in this report are the responsibility of management. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the condensed consolidated interim financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the condensed consolidated interim financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the condensed consolidated interim financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "John McConnell"
Director, President and CEO
August 13, 2020

(signed) "Marty Rendall"
CFO
August 13, 2020

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Financial Position

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	June 30, 2020	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		$ 30,406,517	$ 16,882,129
Marketable securities and warrants		3,349,977	870,902
GST and other receivables	*5*	7,201,315	5,271,203
Inventory	*6*	82,466,947	-
Due from related parties	*17*	1,402,907	1,389,435
Prepaid expenses		379,020	1,109,379
		125,206,683	25,523,048
Non-current assets			
Restricted cash	*7*	12,777,994	11,271,541
Exploration and evaluation assets	*7*	33,944,121	32,909,882
Property, plant and equipment	*8*	566,576,292	616,911,260
Total assets		$ 738,505,090	$ 686,615,731
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	*9*	$ 35,570,842	$ 26,609,092
Income taxes payable		856,694	-
Current portion of lease liability	*10*	736,688	592,396
Current portion of derivative instruments	*12*	27,414,590	2,753,750
Current portion of long-term debt	*11*	49,911,379	50,277,982
		114,490,193	80,233,220
Non-current liabilities			
Deferred taxes		4,890,000	3,000,000
Lease liability	*10*	1,748,469	815,576
Derivative instruments	*12*	46,484,788	23,238,542
Long-term debt	*11*	255,578,683	239,347,404
Asset retirement obligations ("ARO")	*13*	28,063,375	25,351,318
Total liabilities		451,255,508	371,986,060
Shareholders' Equity			
Share capital	*15*	394,082,535	359,000,352
Contributed surplus		22,380,399	24,529,288
Accumulated other comprehensive loss		(2,599,164)	(2,517,453)
Accumulated deficit		(126,614,188)	(66,382,516)
Total shareholders' equity		287,249,582	314,629,671
Total liabilities and shareholders' equity		$ 738,505,090	$ 686,615,731

Nature of operations and going concern *(Note 1)*
Commitments and Contingencies *(Note 18)*

See accompanying notes to the condensed consolidated interim financial statements.

Authorized for issue by the Board of Directors on August 13th, 2020 and signed on its behalf. **"T. Sean Harvey"** Director **"Chris Hill"** Director

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	Three month period ended June 30, 2020	Three month period ended May 31, 2019	Six month period ended June 30, 2020	Six month period ended May 31, 2019
Operating expenses					
Salaries and benefits excluding share-based payments		$ 876,543	$ 780,951	$ 2,237,369	$ 1,576,347
Office and administrative		354,565	354,699	852,086	769,182
Share-based payments	*16*	-	279,298	30,445	658,506
Marketing		244,034	274,849	437,585	575,516
Legal and accounting		203,192	60,410	420,832	105,151
Consulting		431,438	21,391	539,169	61,135
Amortization		29,074	29,500	58,148	31,174
Foreign exchange loss (gain)		(11,647,678)	3,448,432	13,555,805	1,907,303
Other	*22*	-	-	(6,721,000)	-
		(9,508,832)	5,249,530	11,410,439	5,684,314
Finance costs (income)					
Unwinding of present value discount: ARO		69,213	43,940	175,116	67,348
Interest and bank charges		27,368	15,162	43,692	20,284
Interest income		(52,022)	(191,785)	(144,542)	(444,467)
Change in fair value of marketable securities		(2,684,553)	33,609	(2,315,455)	31,209
Change in fair value of derivative instruments	*12*	25,088,589	(2,305,805)	47,907,086	4,561,735
		22,448,595	(2,404,879)	45,665,897	4,236,109
Loss before taxes		(12,939,763)	(2,844,651)	(57,076,336)	(9,920,423)
Current income taxes		-	-	(1,634,488)	-
Deferred tax recovery (expense)		74,174	4,338,606	(1,520,848)	1,301,823
Net income (loss)		(12,865,589)	1,493,955	(60,231,672)	(8,618,600)
Other Comprehensive income (loss)					
Items that may be reclassified subsequently to profit or loss					
Currency translation adjustment		(71,563)	(71,043)	(81,711)	(50,110)
Total items that may be reclassified subsequently to profit or loss		(71,563)	(71,043)	(81,711)	(50,110)
Total comprehensive income (loss) for the period		$ (12,937,152)	$ 1,422,912	$ (60,313,383)	$ (8,668,710)
Income (loss) per share - basic and diluted	*14*	$ (0.214)	$ 0.027	$ (1.020)	$ (0.160)
Weighted average number of shares					
Basic	*14*	60,257,495	55,537,777	59,055,482	53,901,677
Diluted		60,257,495	55,977,777	59,055,482	53,901,677

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	Share capital: Number of shares	Share capital: Amount	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Total equity
Balance at November 30, 2018		51,863,078	$ 326,160,562	$ 22,170,386	$ (2,620,583)	$ (46,434,749)	$ 299,275,616
Transactions with owners:							
Proceeds from share issue		5,051,774	36,090,906	-	-	-	36,090,906
Proceeds from stock options exercised		311,444	560,600	-	-	-	560,600
Fair values allocated upon exercise:							
Stock options		-	276,562	(276,562)	-	-	-
Share issuance costs		-	(1,613,348)	-	-	-	(1,613,348)
Share-based payments, expensed		-	-	658,506	-	-	658,506
Share-based payments, capitalized		-	-	370,365	-	-	370,365
Premium on flow-through shares		-	(3,140,135)	-	-	-	(3,140,135)
Total transactions with owners:		5,363,218	32,174,585	752,309	-	-	32,926,894
Net loss for the period		-	-	-	-	(8,618,600)	(8,618,600)
Other comprehensive income/(loss):							
Currency translation adjustment		-	-	-	(50,110)	-	(50,110)
Balance at May 31, 2019	*15*	57,226,296	$ 358,335,147	$ 22,922,695	$ (2,670,693)	$ (55,053,349)	$ 323,533,800
Balance at December 31, 2019		57,278,629	$ 359,000,352	$ 24,529,288	$ (2,517,453)	$ (66,382,516)	$ 314,629,671
Transactions with owners:							
Proceeds from share issue		3,809,072	30,005,369	-	-	-	30,005,369
Proceeds from stock options exercised		692,896	4,856,925	-	-	-	4,856,925
Fair values allocated upon exercise:							
Stock options		-	2,194,345	(2,194,345)	-	-	-
Share issuance costs		-	(1,605,304)	-	-	-	(1,605,304)
Share-based payments, expensed		-	-	30,445	-	-	30,445
Share-based payments, capitalized		-	-	15,011	-	-	15,011
Premium on flow-through shares		-	(369,152)	-	-	-	(369,152)
Total transactions with owners:		4,501,968	35,082,183	(2,148,889)	-	-	32,933,294
Net loss for the period		-	-	-	-	(60,231,672)	(60,231,672)
Other comprehensive income/(loss):							
Currency translation adjustment		-	-	-	(81,711)	-	(81,711)
Balance at June 30, 2020	*15*	61,780,597	$ 394,082,535	$ 22,380,399	$ (2,599,164)	$(126,614,188)	$ 287,249,582

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	Six month period ended June 30, 2020	May 31, 2019
Operating activities			
Net loss for the period		$ (60,231,672)	$ (8,618,600)
Adjustments for:			
Share-based payments	*16*	30,445	658,506
Income taxes		3,313,276	(1,301,823)
Other	*22*	(6,721,000)	-
Unwinding of present value discount: ARO	*13*	175,116	67,348
Change in fair value of marketable securities		(2,315,455)	31,209
Change in fair value of derivative instruments	*12*	47,907,086	4,561,735
Amortization		58,148	31,174
Net unrealized foreign exchange (gain) loss		13,457,491	3,404,480
		(4,326,565)	(1,165,971)
Working capital adjustments:			
(Increase) decrease in GST and other receivables		(1,930,112)	3,443,053
(Increase) decrease in marketable securities		(163,620)	(30,150)
(Increase) decrease in prepaid expenses and deposits		716,886	340,670
Increase (decrease) in accounts payables and accrued liabilities		5,056,898	371,810
		3,680,052	4,125,383
Net cash flows (used) from operating activities		(646,513)	2,959,412
Investing activities			
Sale of mineral property interest		-	34,300,000
Exploration and evaluation assets	*7*	(760,871)	(1,860,796)
Related party loan	*17*	-	(355,021)
Restricted cash		(1,488,955)	(1,304,973)
Purchase of property, plant and equipment		(13,117,235)	(193,149,147)
Cash received from prior period sale	*22*	6,721,000	-
Net cash flows used in investing activities		(8,646,061)	(162,369,937)
Financing activities			
Shares issued for cash, net of issuance cost	*15*	28,400,065	34,477,558
Exercise of options		4,856,925	560,600
Credit Facility, net of deferred finance fees	*11*	9,619,674	156,557,853
Repayment of long-term debt	*11*	(20,238,077)	(5,455,441)
Repayment of lease liability		(467,770)	(135,491)
Net cash flows from financing activities		22,170,817	186,005,079
Foreign exchange gain (loss) on cash balances		646,145	407,359
Net increase in cash and cash equivalents		13,524,388	27,001,913
Cash and cash equivalents, beginning of the period		16,882,129	41,030,836
Cash and cash equivalents, end of the period		$ 30,406,517	$ 68,032,749

See accompanying notes to the condensed consolidated interim financial statements. Supplementary Cash Flow information is provided in Note 20.

(Unaudited)
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Victoria Gold Corp. ("Victoria" or "the Company"), a British Columbia company, was incorporated in accordance with the Business Corporations Act (British Columbia) on September 21, 1981. The Company's common shares were listed on the TSX Venture Exchange (TSXV) throughout 2019. On February 18, 2020, the Company announced that it had received final approval from the Toronto Stock Exchange (TSX) for the graduation of its listing from the TSXV to the TSX. The common shares of the Company began trading on the TSX, under the new symbol "VGCX" on February 19, 2020.

The Company is engaged in the operation, exploration and acquisition of mineral properties. The Company completed construction of the Eagle Gold Mine in mid 2019 and poured its first gold in September 2019. To date, the Company has not achieved commercial production and therefore, has not realized any revenues from its properties and is considered to be an exploration and development stage company, with a current focus on operations ramp up. The Company's registered office is located at 80 Richmond St. West, Suite 204, Toronto, Ontario, M5H 2A4, Canada.

Change in year-end
During the ten month period ended December 31, 2019, the Company changed its fiscal year end to December 31, from February 28. The Company's transition period is the ten months ended December 31, 2019. The comparative period for these condensed consolidated interim financial statements is the three and six months ended May 31, 2019. The new financial year will align the Company with its peer group in the mineral resources sector and facilitate marketplace assessment of the Company's business performance.

These condensed consolidated interim financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Company's future is currently dependent upon the existence of economically recoverable mineral reserves and its ability to successfully ramp up to commercial production.

The Company periodically seeks financing to continue the exploration and development of its exploration and evaluation assets, transition into commercial production and to meet its future administrative requirements. The Company had working capital surplus of $10.7 million at June 30, 2020 and will need to raise additional financing or generate sufficient positive cash flows to ensure debt service and repayment terms are met. Although the Company has been successful in raising funds to date, there can be no assurances that the steps management is taking, and will continue to take, will be successful in future reporting periods. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern and therefore these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

At June 30, 2020, the Company had a working capital surplus of $10.7 million (compared with a deficit of $54.7 million at December 31, 2019), an accumulated deficit of $126.6 million ($66.4 million at December 31, 2019) and reported a net loss of $60.2 million for the six months ended June 30, 2020 (net loss of $8.6 million at May 31, 2019). The Company's debt facilities are fully drawn with $49.9 million coming due within twelve months of June 30, 2020.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020 and May 31, 2019 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the ten month period ended December 31, 2019, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements include the accounts of Victoria and its wholly-owned subsidiaries including:

- Victoria Resources (U.S.) Inc., a Nevada corporation,
- Gateway Gold Corp., a British Columbia corporation,
- Gateway Gold (USA) Corp., a Nevada corporation,
- Victoria Gold (Yukon) Corp. (formerly StrataGold Corporation), a British Columbia corporation,

Gateway Gold Corp. and Gateway Gold (USA) Corp. (together referred to as “Gateway”) were acquired by the Company on December 18, 2008.

Victoria Gold (Yukon) Corp. was acquired by the Company on June 4, 2009.

These financial statements were approved by the Board of Directors for issue on August 13, 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company’s audited consolidated financial statements for the ten month period ended December 31, 2019, except for those noted below:

i) Inventory

Inventory classifications include “stockpiled ore,” “in-process inventory,” “finished goods inventory” and “materials and supplies.” The stated value of all production inventories include direct production costs and attributable overhead and depreciation incurred to bring the materials to their current point in the processing cycle. General and administrative costs for corporate offices are not included in any inventories.

Stockpiled ore represents unprocessed ore that has been extracted from the mine and is stored for future processing. Stockpiled ore is measured by estimating the number of tonnes (via truck counts or by physical surveys) added to, or removed from the stockpile, the number of contained ounces (based on assay data) and estimated gold recovery percentage. Stockpiled ore value is based on the costs incurred (including depreciation and depletion) in bringing the ore to the stockpile. Costs are added to the stockpiled ore based on current mining costs per tonne and are removed at the average cost per tonne of ore in the stockpile.

In-process inventory represents material that is currently being treated in the processing plants to extract the contained gold and to transform it into a saleable product. The amount of gold in the in-process inventory is determined by assay and by measure of the quantities of the various gold-bearing materials in the recovery process. The in-process inventory is valued at the average of the beginning inventory and the cost of material fed into the processing stream plus in-process conversion costs including applicable mine-site overheads, depreciation and depletion related to the processing facilities.

Finished goods inventory is saleable gold in the form of doré bars that have been poured and shipped to the refiner. Included in the costs are the direct costs of the mining and processing operations as well as direct mine-site overheads, depreciation and depletion.

Materials and supplies inventories consist mostly of equipment parts and other consumables required in the mining and ore processing activities.

All inventories are valued at the lower of average cost or net realizable value.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the ten month period ended December 31, 2019, except for those noted below:

The Company continues to manage and respond to the COVID-19 pandemic within the framework of its Pandemic Response Plan, along with recommendations of health authorities and local and national requirements. The Company has implemented preventative measures to ensure the safety of its workforce, local communities and other key stakeholders. Business continuity measures have been implemented at our Eagle Gold Mine in an effort to mitigate and minimize potential future impacts of this pandemic, particularly with travel and contractors from outside the immediate mine regions.

To date, production disruptions have been minimal and there has been no significant disruptions to operations including the delivery or receipt of goods as a result of COVID-19.

Inventory valuation
All inventory is valued at the lower of average costs or net realizable value. Management is required to make various estimates and assumptions to determine the value of stockpiled ore, in-process inventory and finished goods inventory. The estimates and assumptions included surveyed quantities of stockpiled ore, in-process volumes, contained metal content, recoverable metal content, costs to recover saleable metal and metal prices. Changes in these estimates can result in changes to the carrying amounts of inventories and mine operating costs in future periods.

5. GST AND OTHER RECEIVABLES

GST and other receivables includes the following components:

	June 30, 2020	December 31, 2019
GST receivable	$ 2,128,811	$ 1,539,807
Trade and other receivables	5,072,504	3,731,396
Total	$ 7,201,315	$ 5,271,203

(Unaudited)
(Expressed in Canadian Dollars)

6. INVENTORY

Inventory includes the following components:

	June 30, 2020	December 31, 2019
Stockpiled ore	$ 2,303,960	$ -
In-process inventory	63,520,457	-
Finished goods inventory	9,178,517	-
Total mineral inventory	75,002,934	-
Materials and supplies	7,464,013	-
Total	$ 82,466,947	$ -

As at June 30, 2020, $18.7 million (December 31, 2019 – $nil) of depreciation and depletion was included in inventory.

7. EXPLORATION AND EVALUATION ASSETS

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance December 31, 2019	$ 6,585,828	$ 24,642,125	$ 1,681,929	$ 32,909,882
Sale of property interest	-	-	-	-
Salaries and benefits	32,136	414,292	-	446,428
Amortization	-	-	-	-
Consulting and administration	9,141	-	-	9,141
Land claims and royalties	-	15,000	57,500	72,500
Environmental and permitting	13,595	-	-	13,595
Government and community relations	-	-	-	-
Drilling and indirects	-	-	-	-
Other exploration	-	168,253	-	168,253
Exploration and evaluation costs for the period	54,872	597,545	57,500	709,917
Currency translation	324,322	-	-	324,322
Balance June 30, 2020	$ 6,965,022	$ 25,239,670	$ 1,739,429	$ 33,944,121

** Other properties include interests in Donjek, Aurex, CanAlask, Dace and Clear Creek in Yukon Territory.

As of June 30, 2020, restricted cash consists of $0.4 million relating to Santa Fe (December 31, 2019 - $0.4 million), $5.6 million for Dublin Gulch (December 31, 2019 - $4.4 million) and $6.8 million for the CAT financial lease facility (December 31, 2019 - $6.5 million) which requires a 10% deposit of each drawdown into a debt service reserve account ("DSRA"). The restricted cash for Dublin Gulch is a restricted guaranteed investment certificate ("GIC") that supports a line of credit that the Bank of Nova Scotia provides to a surety provider that in turn provides a $27.4M surety bond related to the reclamation performance bond.

(Unaudited)
(Expressed in Canadian Dollars)

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 28, 2019	$ 6,987,892	$ 21,766,656	$ 1,709,429	$ 30,463,977
Sale of property interest	(465,716)	-	(52,500)	(518,216)
Salaries and benefits	45,270	669,818	-	715,088
Consulting and administration	10,590	457,347	-	467,937
Land claims and royalties	67,537	1,890	25,000	94,427
Environmental and permitting	25,650	85,404	-	111,054
Government and community relations	-	47,141	-	47,141
Drilling and indirects	-	396,743	-	396,743
Other exploration	-	1,217,126	-	1,217,126
Exploration and evaluation costs for the period	149,047	2,875,469	25,000	3,049,516
Currency translation	(85,395)	-	-	(85,395)
Balance December 31, 2019	$ 6,585,828	$ 24,642,125	$ 1,681,929	$ 32,909,882

** Other properties include interests in Donjek, Aurex, CanAlask, Dace and Clear Creek in Yukon Territory.

(Unaudited)
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8. PROPERTY, PLANT AND EQUIPMENT

	Other assets	Right-of-use assets	Leasehold improvements	Buildings & structures	Equipment	Eagle Mine / Construction in progress	Total
Cost							
March 1, 2019	$1,067,987	$ -	$ 146,532	$ 16,380,856	$ 8,129,158	$ 438,359,280	$464,083,813
IFRS 16 transition March 1, 2019	-	1,896,769	-	-	-	-	1,896,769
Sale of property interest	-	-	-	-	-	(19,600,000)	(19,600,000)
Net Capitalized Gold Sales	-	-	-	-	-	(30,075,964)	(30,075,964)
Reallocation of construction costs	-	-	-	219,493,112	73,811,404	(293,304,516)	-
Additions	147,696	-	442,617	391,411	46,406,402	171,086,417	218,474,543
December 31, 2019	1,215,683	1,896,769	589,149	236,265,379	128,346,964	266,465,217	634,779,161
Reallocation of inventory costs (*Note 6)*	-	-	-	-	-	(82,466,947)	(82,466,947)
Net Capitalized Gold Sales	-	-	-	-	-	(70,225,189)	(70,225,189)
Additions	-	1,435,713	-	3,260,170	1,273,275	115,162,588	121,131,746
June 30, 2020	$1,215,683	$ 3,332,482	$ 589,149	$ 239,525,549	$ 129,620,239	$ 228,935,669	$603,218,771
Accumulated amortization							
March 1, 2019	$ 830,916	$ -	$ 35,854	$ 5,544,111	$ 1,224,357	$ -	$ 7,635,238
Charge	84,701	518,489	93,340	4,156,508	5,379,625	-	10,232,663
December 31, 2019	915,617	518,489	129,194	9,700,619	6,603,982	-	17,867,901
Charge	46,540	443,269	78,134	10,060,659	8,145,976	-	18,774,578
June 30, 2020	$ 962,157	$ 961,758	$ 207,328	$ 19,761,278	$ 14,749,958	$ -	$ 36,642,479
Net book value							
March 1, 2019	$ 237,071	$ -	$ 110,678	$ 10,836,745	$ 6,904,801	$ 438,359,280	$456,448,575
December 31, 2019	$ 300,066	$ 1,378,280	$ 459,955	$ 226,564,760	$ 121,742,982	$ 266,465,217	$616,911,260
June 30, 2020	$ 253,526	$ 2,370,724	$ 381,821	$ 219,764,271	$ 114,870,281	$ 228,935,669	$566,576,292

During the period ended June 30, 2020, the Company capitalized amortization related to Eagle Mine / construction in progress of $18.7 million ($10.4 million – December 31, 2019). In addition, the Company transferred $82.5 million from Eagle Mine / construction in progress to inventory.

The carrying value of equipment pledged as security for the related Equipment Financing Facility at June 30, 2020 was $50.4 million ($55.7 million – December 31, 2019) (*Note 11*).

Certain of the Company's mining properties are subject to royalty arrangements based on their net smelter returns ("NSR"s). At June 30, 2020, the Company's royalty arrangements based on production were as follows:

Royalty arrangements:	
Franco-Nevada Corp.	1% NSR
Osisko Gold Royalties Ltd.	5% NSR

(Unaudited)
(Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following components:

	June 30, 2020	December 31, 2019
Trade payables	$ 17,146,279	$ 9,686,931
Accrued liabilities	11,118,061	14,585,250
Payroll related liabilities	7,306,502	2,336,911
Total	$ 35,570,842	$ 26,609,092

10. LEASE LIABILITY

	Total
As at December 31, 2019	$ 1,407,972
Additions	1,435,713
Interest expense	109,242
Lease payments	(467,770)
Lease liabilities at June 30, 2020	$ 2,485,157
Current lease liability	736,688
Non-current lease liability	1,748,469

The Company has lease liabilities for contracts related to equipment, vehicles, and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario and (3) Whitehorse, Yukon. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

	June 30, 2020	December 31, 2019
MATURITY ANALYSIS		
< 1 year	$ 736,688	$ 592,396
1 to 3 years	586,269	566,214
3 to 5 years	476,846	204,542
> 5 years	685,354	44,820
Total	$ 2,485,157	$ 1,407,972

11. DEBT

On May 28, 2019 the Company announced certain amendments to its existing debt facilities. The Company increased the senior secured credit facility to US$100 million from US$75 million while decreasing the subordinated secured credit facility to US$75 million from US$100 million. The quantum of the combined credit facilities remains unchanged at US$175 million. The subordinated secured credit facility continues to be held by Orion Mine Finance (“Orion”) while the senior secured credit facility is held by Societe Generale (“SocGen”), Macquarie Bank Ltd. (“Macquarie”) and Caterpillar Financial Services Limited (“Cat Financial”).

The existing debt facilities include certain covenants that impact each fiscal quarter commencing August 30, 2020. As at June 30, 2020, the Company is in compliance with all covenants.

(Unaudited)
(Expressed in Canadian Dollars)

Debt Facilities

Senior Secured Debt Facility

US$100 million debt facility with SocGen, Macquarie and Cat Financial under the following commercial terms:

- Interest rate of 3-month LIBOR (minimum LIBOR set at 1.5%) plus 5.00%;
- Interest accrues until May 31, 2020;
- Principal and accrued interest is repayable in 15 quarterly installments which began on May 31, 2020.

As at June 30, 2020, the Company had drawn the full US$100 million Senior Secured Debt Facility. Deferred financing charges in the amount of $1.5 million will be amortized over the term using the effective interest rate method.

Subordinated Loan Facility

US$75 million debt facility with Orion under the following commercial terms:

- Interest rate of 3-month LIBOR (minimum LIBOR set at 1.5%) plus 6.70%;
- Interest accrues until May 31, 2020;
- Accrued interest is repayable quarterly beginning on August 31, 2020;
- Principal is due at maturity on May 31, 2024.

As at June 30, 2020, the Company had drawn the full US$75 million Subordinated Loan Facility. Deferred financing charges in the amount of $1.8 million will be amortized over the term using the effective interest rate method.

Equipment Finance Facility

US$50 million facility with Caterpillar Financial Services Limited (“Cat Financial”) under the following commercial terms:

- Available for drawdown against the acquisition cost of Cat mining equipment;
- Interest rate of 3-month LIBOR (minimum LIBOR set at 1.0%) plus 4.25%;
- 4-6 year, amortizing facility, maturing between November 29, 2022 and July 1, 2025 (the “Term”);
- Secured by Cat mining equipment.

Each drawdown made under the Equipment Finance Facility is amortized and repaid over a term of 4 to 6 years, not exceeding the maturity date (July 1, 2025). Upon drawdown, 10% is immediately repayable, with the remainder to be repaid in quarterly instalments as set out by each drawdown’s amortization schedule. In addition, the Company is required to deposit 10% of each drawdown into a debt service reserve account (“DSRA”). Funds in the DSRA are released back to the Company when certain conditions defined in the Equipment Finance Facility are met.

As at June 30, 2020, the Company had drawn US$49.9 million of the Equipment Finance Facility. Quarterly repayments commenced in November 2018. Deferred financing charges in the amount of $2.7 million will be amortized over the Term using the effective interest rate method.

(Unaudited)
(Expressed in Canadian Dollars)

	June 30, 2020	December 31, 2019
Senior Secured Debt Facility, principal	$ 134,501,974	$ 132,625,637
Senior Secured Debt Facility, interest	786,338	850,691
Senior Secured Debt Facility, ending balance	$ 135,288,312	$ 133,476,328
Subordinated Loan Facility, principal	$ 115,889,821	$ 105,538,626
Subordinated Loan Facility, interest	830,839	848,412
Subordinated Loan Facility, ending balance	$ 116,720,660	$ 106,387,038
Equipment Finance Facility, principal	$ 53,481,090	$ 48,951,103
Equipment Finance Facility, interest	-	810,917
Equipment Finance Facility, ending balance	$ 53,481,090	$ 49,762,020
	$ 305,490,062	$ 289,625,386
Less: Current portion	(49,911,379)	(50,277,982)
Debt	$ 255,578,683	$ 239,347,404

During the period ended June 30, 2020 the Company incurred interest expense of $11.1 million (May 31, 2019 - $6.6 million) and amortized deferred financing charges of $0.7 million (May 31, 2019 - $0.5 million). These charges were capitalized to construction in progress.

The Equipment Finance Facility with CAT is secured by leased equipment with a carrying value of $50.4 million as of June 30, 2020 ($55.7 million – December 31, 2019).

The Company's scheduled debt principal repayments as at June 30, 2020 are summarized in the table, below:

	2020	2021	2022	2023	2024 and thereafter	Total
Senior Secured Debt Facility	19,442,429	38,884,857	38,884,857	38,884,857	-	$ 136,097,000
Subordinated Loan Facility	-	-	-	-	117,664,127	117,664,127
Equipment Finance Facility	6,272,944	12,545,887	15,046,033	15,214,923	13,947,277	63,027,064
	$ 25,715,373	$ 51,430,744	$ 53,930,890	$ 54,099,780	$ 131,611,404	$ 316,788,191

Subsequent to the quarter ended, on August 4, 2020, the Company made a US$10 million early, unscheduled repayment of interest and principal on its Senior Secured Debt Facility. Under the terms of the Senior Secured Debt Facility, there are no fees or penalties for early payments.

(Unaudited)
(Expressed in Canadian Dollars)

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Instruments outstanding	Quantity outstanding	Remaining term	Exercise price (C$/oz)	Fair value - asset (liability)[1]
Zero-cost collars				
Gold call options - sold	55,000 oz	June 2020 - March 2021	$ 1,936	$ (27,430,750)
Gold put options - purchased	55,000 oz	June 2020 - March 2021	$ 1,500	16,160
				$ (27,414,590)
Gold call options - sold	45,000 oz	June 2021 - December 2021	$ 1,936	(24,089,812)
Gold put options - purchased	45,000 oz	June 2021 - December 2021	$ 1,500	261,804
				$ (51,242,598)
Gold call options				
Gold call options - sold	20,000 oz	April 13, 2023	US$1,485	(11,033,161)
Warrants				
Warrants	1,666,667	April 13, 2023	$ 9.375	(11,623,619)
				$ (73,899,378)

1. The Company presents the fair value of put and call options on a net basis on the Condensed Consolidated Interim Statements of Financial Position. The Company has a legally enforceable right to off set the amounts under its option contracts and intends to settle on a net basis.

Zero Cost Collars

In May 2018, the Company entered into gold price zero cost collars using option contracts that the Company has elected not to designate as cash flow hedges for hedge accounting under IFRS 9. The purchase of gold put options was financed through selling gold call options at a higher level such that the net premium payable by the Company at the time of entering into the contracts was $nil. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed consolidated interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company recognized the mark-to-market adjustment loss of $35.8 million, based on US$1,784 per ounce of gold and a foreign exchange rate of 1.3628 US$ to C$, in net income (loss) of the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the six month period ended June 30, 2020.

Gold Call Options

On April 13, 2018, the Company sold a gold call option on 20,000 ounces of gold at a price of US$1,485 per ounce, with an expiry date of April 13, 2023. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed consolidated interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at June 30, 2020 the gold call option fair value was $11.0 million, based on US$1,784 per ounce of gold and a foreign exchange rate of 1.3628 US$ to C$. The Company recognized the mark-to-market adjustment loss of $5.3 million in net income (loss) of the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the six month period ended June 30, 2020.

(Expressed in Canadian Dollars)

Warrants

On April 13, 2018, the Company granted 1,666,667 warrants with a strike price of $9.375 and a term of five years. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the condensed consolidated interim financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using Black-Scholes option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at June 30, 2020, the warrant fair value was $11.6 million based on the June 30, 2020 closing share price of $14.19. The Company recognized the mark-to-market adjustment loss of $6.8 million in net income (loss) of the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the six month period ended June 30, 2020.

13. ASSET RETIREMENT OBLIGATIONS

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements and measured with the most reliable information available. Management's estimate is determined based on the net present value of estimated future cash expenditures for reclamation and closure activities. Reclamation and closure costs are capitalized into exploration and evaluation assets depending on the nature of the asset related to the obligation and amortized over the life of the related asset. Future changes to those regulations and standards, as well as changes resulting from operations, may result in actual reclamation costs differing from the estimate. Details of the Company's reclamation performance obligations can be found within *Note 7.*

The Company's asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with the Santa Fe and Dublin Gulch properties. As a result of construction and ramp-up activities, the ARO was increased during the period ended June 30, 2020. The Company prepared the Dublin Gulch reclamation obligation using prescribed third-party contractor rates with a 10% contingency. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date use the following assumptions:

a) total undiscounted amount of inflation adjusted future reclamation costs at June 30, 2020 was determined to be $32.3 million for Dublin Gulch (December 31, 2019 - $31.0 million) and $0.4 million for Santa Fe (December 31, 2019 - $0.4 million);
b) weighted average risk-free interest rate at 1.3% and a long-term inflation rate of 2.0%; and
c) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2033 for Dublin Gulch and through 2029 for Santa Fe.

The following is an analysis of the Company's asset retirement obligation:

	June 30, 2020	December 2019
Balance, beginning of period	$ 25,351,318	$ 8,405,028
Unwinding of discount: ARO	175,116	146,977
Currency translation	17,676	(6,618)
ARO change due to increased footprint	2,519,265	16,805,931
Balance, end of period	$ 28,063,375	$ 25,351,318

(Unaudited)
(Expressed in Canadian Dollars)

14. EARNINGS (LOSS) PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of ordinary shares in issue during the period.

	Three month period ended		Six month period ended	
	June 30, 2020	May 31, 2019	June 30, 2020	May 31, 2019
Net income (loss)	$ (12,865,589)	$ 1,493,955	$ (60,231,672)	$ (8,618,600)
Weighted average number of common shares issued	60,257,495	55,537,777	59,055,482	53,901,677
Basic earnings (loss) per share	$ (0.214)	$ 0.027	$ (1.020)	$ (0.160)

(b) Diluted

	Three month period ended		Six month period ended	
	June 30, 2020	May 31, 2019	June 30, 2020	May 31, 2019
Net income (loss) attributable to common shareholders	$ (12,865,589)	$ 1,493,955	$ (60,231,672)	$ (8,618,600)
Weighted average number of common shares issued	60,257,495	55,537,777	59,055,482	53,901,677
Adjustment for:				
Stock options	-	440,000	-	-
Weighted average number of ordinary shares for diluted earnings per share	60,257,495	55,977,777	59,055,482	53,901,677
Diluted earnings (loss) per share	$ (0.214)	$ 0.027	$ (1.020)	$ (0.160)

The effect of potential issuances of shares under options would be anti-dilutive for the three and six month period ended June 30, 2020, and accordingly, basic and diluted loss per share are the same.

15. SHARE CAPITAL AND OTHER EQUITY

Authorized, issued and outstanding common shares
Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 61,780,597 and 57,226,296 shares for the period ended June 30, 2020 and May 31, 2019, respectively.

On February 27, 2020, the Company closed a flow-through financing of 572,659 common shares of the Corporation that qualifies as “Canadian development expenses (“CDE”) flow-through shares” at a price of $8.73 per share for gross proceeds of $4,999,313. The Company also closed an over-allotment of 229,163 CDE flow-through common shares of the Corporation at a price of $8.73 per share for gross proceeds of $2,000,593. No finders’ fees were paid in connection with this transaction. The shares were subject to a four-month hold period.

On May 8, 2020, the Company closed a financing of 3,007,250 common shares of the Corporation at a price of $7.65 per share for gross proceeds of $23,005,463. Broker fees of 5% and other issuance costs were paid in connection with this offering.

On April 2, 2019, the Company closed a private placement financing of 2,272,727 common shares of the Corporation at a price of $6.60 per share for gross proceeds of $15,000,000. The Company also closed an overallotment brokered prospectus financing on April 5, 2019 of 668,046 common shares of the Corporation at a price of $6.60 per share for gross proceeds of $4,409,106. The Company also closed a brokered flow-through financing of 1,887,333 common shares of the Corporation that qualifies as "Canadian development expenses (CDE) flow through shares" at a price of $7.95 per share for gross proceeds of $15,004,300. Finders' fees of 5%, other than certain insider orders which were at 1.25%, and other issuance costs were paid in connection with this transaction. The shares were subject to a four-month hold period.

(Expressed in Canadian Dollars)

On December 28, 2018, the Company closed a brokered flow-through share offering (the "Offering") raising gross proceeds of $1,677,500, representing the issuance of 223,666 common shares priced at $7.50 per share. Finders' fees of $54,550 were paid for this transaction. Other issuance costs were paid in conjunction with the Offering. The flow-through shares were subject to a four-month hold period.

16. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN AND WARRANTS

Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. At June 30, 2020, 3,410,484 (3,311,196 as at December 31, 2019) additional stock options were available for grant under the Company's stock option plan.

A summary of the status of the Plan as at June 30, 2020 and as at December 31, 2019, and changes during the periods ended on those dates is presented below:

	June 30, 2020				December 31, 2019			
	Number of stock options		Weighted average exercise price	Fair Value Assigned	Number of stock options		Weighted average exercise price	Fair Value Assigned
Outstanding, beginning of the period	2,364,334	$	6.86	$6,087,224	2,002,000	$	6.67	$5,270,008
Granted	-	$	-	-	474,000	$	8.05	1,327,626
Exercised	(692,896)	$	7.01	(2,239,876)	(52,333)	$	8.25	(233,458)
Expired	(29,999)	$	7.50	(149,947)	(50,000)	$	9.06	(263,316)
Forfeited	-	$	-	-	(9,333)	$	7.50	(13,636)
Outstanding, end of the period	1,641,439	$	6.78	$3,697,401	2,364,334	$	6.86	$6,087,224

As at June 30, 2020, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

Date of grant	Number of options outstanding	Number of options exercisable		Exercise price	Expiry date
December 15, 2015	295,998	295,998	$	2.25	December 15, 2020
August 9, 2016	20,000	20,000	$	10.50	August 9, 2021
May 28, 2018	281,999	281,999	$	7.50	May 28, 2021
August 15, 2018	219,776	219,776	$	7.50	August 15, 2021
January 25, 2019	382,666	382,666	$	7.50	January 25, 2022
December 9, 2019	441,000	441,000	$	8.05	December 9, 2022
	1,641,439	1,641,439			

(Expressed in Canadian Dollars)

The fair value of each option is accounted for in the condensed consolidated interim statements of income (loss) and comprehensive income (loss) or capitalized to exploration and evaluation assets over the vesting period of the options, and the related credit is included in contributed surplus.

On January 25, 2019, the Company granted 429,333 incentive stock options with an exercise price of $7.50 per option to directors, officers and employees of the Company. The stock options have a term of three years and expire on January 25, 2022. The fair value of these options, totalling $1,246,140 ($832,142 expensed and $413,998 capitalized to property, plant and equipment) has been fully recognized as at June 30, 2020. The fair value of these options was calculated based on a risk-free annual interest rate of 1.9%, an expected life of 3.0 years, an expected volatility of 61% and a dividend yield rate of nil. This results in an estimated fair value of $2.90 per option at the grant date using the Black-Scholes option-pricing model.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the above assumptions and a forfeiture rate of 9.8%.

Warrants

The following table summarizes information regarding changes in the Company's warrants outstanding:

	June 30, 2020			December 31, 2019		
	Number of Warrants	Weighted average exercise price	Fair Value	Number of Warrants	Weighted average exercise price	Fair Value
Outstanding, beginning of the period	1,666,667	$ 9.375	$ 4,359,345	4,333,334	$ 7.30	$10,979,345
Expired	-	$ -	-	(2,666,667)	$ 6.00	(6,620,000)
Outstanding, end of the period	1,666,667	$ 9.375	$ 4,359,345	1,666,667	$ 9.375	4,359,345

	Number of Warrants	Exercise price	Expiry date
Issued in private placement	1,666,667	$ 9.375	April 13, 2023
	1,666,667		

The fair value of the warrants expiring on April 13, 2023 were estimated as of the date of issuance using the Black-Scholes option pricing model with the following assumptions: a risk-free annual interest rate of 2.1%, an expected life of 5 years, an expected volatility of 76% and a dividend yield rate of nil.

These April 13, 2023 warrants are considered financial instruments at fair value through profit or loss ("FVTPL"). The holder of the warrants may exercise the warrants for the Company's common shares. However, if the exercise would result in the holder's total share ownership exceeding 19.99% of the total number of the Company's common shares then issued and outstanding the Company would have to pay the value of the warrant. As a result, the warrants have been classified as a financial liability instrument and are recorded at fair value at each reporting period end using a Black-Scholes model. Warrant pricing models require the input of certain assumptions including price volatility and expected life. Changes in these assumptions could affect the reported fair value of the warrants (*Note 12*).

(Expressed in Canadian Dollars)

17. RELATED PARTIES

Related parties include key management personnel, Orion Mine Finance, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Transactions as of June 30, 2020 and during the six months ended June 30 with Orion are included in *Note 11.*

The remuneration of directors and key management of the Company for the six month periods ended June 30, 2020 and May 31, 2019 was as follows:

	June 30, 2020	May 31, 2019
Salaries and other short term employment benefits	$ 2,146,355	$ 1,756,250
Share-based compensation	$ 42,789	$ 874,352

The Company granted unsecured loans in May 2018 which were subsequently amended, to directors and officers of the Company at interest rates of 2% per annum and payable in full on January 9, 2021.

	June 30, 2020	December 31, 2019
Outstanding, beginning of the period	$ 1,389,435	$ 1,366,948
Interest charged	13,472	22,487
Outstanding, end of the period	$ 1,402,907	$ 1,389,435

18. COMMITMENTS AND CONTINGENCIES

As at June 30, 2020, the Company had commitments of $4.8 million for goods to be settled during the quarter ended September 30, 2020.

A contractor has placed a lien on Victoria Gold (Yukon) Corp. in the amount of approximately $8.2 million before tax in conjunction with certain construction activities. The Company has agreed to approximately $4.2 million, which has been paid. The remaining $4.0 million is in dispute. The Company believes the disputed amount to be without merit. The Company may advance to legal proceedings should a settlement not be achieved.

(Unaudited)
(Expressed in Canadian Dollars)

19. SEGMENTED INFORMATION

The Company's principal activity is the exploration and development of mineral properties. The Company reports separately three operating segments, corporate segment and mineral exploration and development in two geographical segments, Canada and the United States. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 7.*

In millions of Cdn $	Canada	USA	Corporate	Total
As at June 30, 2020				
Property, plant and equipment	566.3	-	0.3	566.6
Exploration and evaluation assets	26.9	7.0	-	33.9
Total Assets	691.3	8.5	38.7	738.5
As at December 31, 2019				
Property, plant and equipment	616.5	-	0.4	616.9
Exploration and evaluation assets	26.3	6.6	-	32.9
Total Assets	660.5	7.0	19.1	686.6
Period ended June 30, 2020				
Net loss/(income) – 3 months	(11.5)	-	24.4	12.9
Net loss/(income) – 6 months	17.2	(5.1)	48.1	60.2
Period ended May 31, 2019				
Net loss/(income) – 3 months	0.9	-	(2.4)	(1.5)
Net loss – 6 months	3.0	-	5.6	8.6

20. SUPPLEMENTARY CASH FLOW INFORMATION

	June 30, 2020	December 31, 2019
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to property, plant and equipment and exploration and evaluation asset expenditures	$ 25,276,563	$ 22,228,487
Stock-based compensation, capitalized to property, plant and equipment	$ 15,011	$ 778,285
Income taxes paid	$ -	$ -
Interest paid	$ 2,485,660	$ 2,449,070

(Expressed in Canadian Dollars)

Reconciliation of movements in liabilities to cash flows arising from financing activities:

	Long term debt (*Note 11*)	Lease liability (*Note 10)*	Total
Balance, January 1, 2020	$ 289,625,386	$ 1,407,972	$ 291,033,358
Changes from financing activities:			
Net Proceeds from Credit Facility Draws:	9,619,674	-	9,619,674
Principal paid	(17,861,659)	(358,528)	(18,220,187)
Interest paid	(2,376,418)	(109,242)	(2,485,660)
Transaction Cost paid:	-	-	-
	279,006,983	940,202	279,947,185
Non-cash changes:			
Balance, January 1, 2020			
Lease additions	-	1,435,713	1,435,713
Interest expense	-	109,242	109,242
Foreign exchange loss (gain)	14,643,731	-	14,643,731
Capitalized amortization of deferred financing fees	690,028	-	690,028
Capitalized interest	11,149,320	-	11,149,320
Balance, June 30, 2020	$ 305,490,062	$ 2,485,157	$ 307,975,219

21. FINANCIAL RISK MANAGEMENT

(a) Fair value of financial assets and liabilities

The book values of the cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, approximate their respective fair values.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

		June 30, 2020		December 31, 2019	
	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	*Level 1*	$ 30,406,517	$ 30,406,517	$ 16,882,129	$ 16,882,129
Restricted cash	*Level 1*	12,777,994	12,777,994	11,271,541	11,271,541
Marketable securities	*Level 1*	3,349,977	3,349,977	870,902	870,902
Other receivables	*Amortized Cost*	7,201,315	7,201,315	5,271,203	5,271,203
Due from related parties	*Amortized Cost*	1,402,907	1,402,907	1,389,435	1,389,435
Accounts payable and accrued liabilities	*Amortized Cost*	(35,570,842)	(35,570,842)	(26,609,092)	(26,609,092)
Lease liability	*Amortized Cost*	(2,485,157)	(2,485,157)	(1,407,972)	(1,407,972)
Debt	*Amortized Cost*	(305,490,062)	(305,490,062)	(289,625,386)	(289,625,386)
Fair value of derivative instruments	*Level 2*	73,899,378	73,899,378	25,992,292	25,992,292

The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Restricted cash/Securities in listed entities (financial assets at fair value through profit and loss)
Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Trade and other receivables/payables
For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Derivative instruments
The fair value of these derivatives is determined using a valuation model that incorporates such factors as metal prices, metal price volatility, risk-free interest rate and expiry date.

(c) Foreign currency risk

The Company incurs minimal exploration expenditures in the United States and holds a portion of its restricted cash and cash and cash equivalents in US dollars. The Company also has debt facilities in US dollars being utilized. The Company funds certain construction expenditures in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings and debt may be adversely impacted by fluctuations in foreign exchange. The Company does not currently undertake currency hedging activities.

22. OTHER

During the period ended June 30, 2020, the Company received a cash payment from Barrick Gold Corporation in the amount of US$5 million, as a result of the sale of Mill Canyon, which closed on June 1, 2012. The proceeds were received by the Company upon the occurrence of a specified event, which took place during the period.

23. SUBSEQUENT EVENTS

The Company declared commercial production at the Eagle Gold Mine on July 1, 2020. In making this determination, management concluded all facilities required at this stage of the mine to be complete. Mining, crushing, processing and maintenance operations are performing at a high level. The Company's first reporting period under commercial production will be the third quarter ended September 30, 2020.