1911 Gold Corporation
(formerly Havilah Mining Corporation)

Condensed Interim Consolidated Financial Statements

(Unaudited - expressed in thousands of Canadian dollars)

For the three and nine months ended September 30, 2019 and 2018

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards and reviewed by the Audit Committee and Board of Directors of the Company.

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

1911 Gold Corporation
(formerly Havilah Mining Corporation)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in thousands of Canadian dollars)

	Note	September 30 2019	December 31 2018
		$	$
Assets			
Current			
Cash and cash equivalents		8,111	5,971
Short-term investments	**5**	-	3,000
Inventories	**6**	3,205	3,050
Prepaid expenses and other	**7**	630	651
		11,946	12,672
Non-current			
Mineral properties, plant and equipment, net	**8**	37,716	39,612
Total assets		**49,662**	**52,284**
Liabilities			
Current			
Accounts payable and accrued liabilities	**9**	1,287	1,034
Accrued compensation and benefits		208	448
Flow-through share premium liability	**11**	1,003	12
		2,498	1,494
Non-current			
Long-term liabilities		22	-
Reclamation obligations	**12**	2,588	2,462
Total liabilities		5,108	3,956
Shareholders' equity			
Share capital	**13**	21,749	18,915
Share-based payment reserve	**13**	382	335
Contributed surplus		130,106	130,106
Deficit		(107,683)	(101,028)
		44,554	48,328
Total liabilities and shareholders' equity		**49,662**	**52,284**

Nature of operations– Note 1
Commitments and Contingencies – Note 17
Subsequent Event – Note 18

On behalf of the Board:

/s/ Blair Schultz
Chairman

/s/ James Haggarty
Director

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

1911 Gold Corporation

(formerly Havilah Mining Corporation)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2019 and 2018

(Unaudited - expressed in thousands of Canadian dollars)

	Note	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
		$	$	$	$
Revenues		6,181	394	6,960	12,219
Cost of sales					
Production costs		3,360	2,563	8,666	18,871
Depreciation and depletion		824	750	2,642	3,050
Write-down of inventories		-	-	-	2,539
		1,997	(2,919)	(4,348)	(12,241)
Other operating expenses					
General and administrative		475	614	1,309	869
Exploration expense		499	-	1,474	-
Loss from operations		1,023	(3,533)	(7,131)	(13,110)
Interest expense on Klondex Advances	**10**	-	(416)	-	(4,368)
Flow-through premium recovery		223	-	468	-
Foreign currency loss, net		(1)	(28)	(4)	(1,056)
Interest income (expense)		24	(1)	105	(1)
Other income		3	10	33	669
Reclamation obligation accretion		(42)	(38)	(126)	(117)
Gain on equipment disposal		-	24	-	24
Impairment of mineral properties		-	(9,674)	-	(9,674)
Net loss and comprehensive loss for the period		1,230	(13,656)	(6,655)	(27,633)
Loss per share					
Basic and diluted		0.03	(0.53)	(0.19)	(1.16)
Weighted average number of shares outstanding					
Basic and diluted		37,893,736	25,810,456	35,667,857	23,785,327

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

1911 Gold Corporation

(formerly Havilah Mining Corporation)
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2019 and 2018
(Unaudited - expressed in thousands of Canadian dollars)

		Nine months ended September 30	
	Note	**2019**	**2018**
Cash (used in) provided by:		**$**	**$**
Operating activities			
Net loss and comprehensive loss for the period		(6,655)	(27,633)
Depreciation and depletion		2,573	3,660
Write-down of production inventories, non-cash portion		-	472
Foreign currency loss, net		4	1,056
Share-based payments		47	324
Gain on disposal of equipment		(2)	(24)
Gain on issuance of shares for services and debt		(17)	-
Shares issued for Rice Lake Belt claims		49	-
Flow-through premium recovery		(468)	-
Accretion on reclamation obligation		126	117
Interest on advances from Klondex Mines Ltd. ("Klondex")		-	4,486
Allocation of administration costs from Klondex		-	240
Impairment on mineral properties, plant and equipment		-	9,674
Changes in non-cash working capital items			
Inventories		(155)	4,112
Prepaid expenses and other		21	1,516
Accounts payable		476	(9,105)
Accrued compensation and benefits		(240)	(483)
		(4,241)	(11,588)
Investing activities			
Expenditures on mineral property, plant and equipment		(691)	(325)
Proceeds on disposal of equipment		18	54
Settlement of short-term investments		3,000	-
Change in accounts payable related to expenditures on mineral properties, plant and equipment		(76)	-
		2,251	(271)
Financing activities			
Proceeds from private placement, net of share issuance costs		4,130	10,203
Funding and expenses paid by Klondex	**10**	-	3,741
		4,130	13,944
Increase in cash		2,140	2,085
Cash and cash equivalents - beginning of period		5,971	5,683
Cash and cash equivalents - end of period		8,111	7,768
Components of cash:			
Cash		4,111	3,268
Cash equivalents		4,000	4,500

Supplemental cash flow information – Note 16

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

1911 Gold Corporation
(formerly Havilah Mining Corporation)
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited - expressed in thousands of Canadian dollars)

	Note	Number of common shares	Share capital	Share–based payment reserve	Other capital reserves	Contributed Surplus	Deficit	Total
			$	$	$	$	$	$
Balance, December 31, 2017		–	–	–	129,346	–	(67,920)	61,426
Funding and expenses paid by Klondex		–	–	–	9,523	–	–	9,523
Shares issued pursuant to Klondex Arrangement Agreement	**2,13**	22,755,979	8,763	–	(8,763)	–	–	–
Adjustment to Shares issued in connection with Klondex Arrangement Agreement	**2**	–	–	–	(130,106)	–	130,106	–
Shares Issued by private placement	**13**	3,539,332	9,243	–	–	–	–	9,243
Shares Issued by private placement	**13**	2,380,000	960	–	–	–	–	960
Flow–through share premium	**11**	–	(51)	–	–	–	–	(51)
Share based payments		–	–	324	–	–	–	324
Loss for the period		–	–	–	–	–	(27,633)	(27,633)
Balance, September 30, 2018		28,675,311	18,915	324	–	–	34,553	53,792
Adjustment to Klondex Shares		–	–	–	–	130,106	(130,106)	–
Share based payments		–	–	11	–	–	–	11
Loss for the period		–	–	–	–	–	(5,475)	(5,475)
Balance, December 31, 2018		28,675,311	18,915	335	–	130,106	(101,028)	48,328
Shares Issued by private placement	**13**	385,000	110	–	–	–	–	110
Shares Issued by private placement	**13**	8,333,333	4,000	–	–	–	–	4,000
Shares Issued by private placement	**13**	66,667	20	–	–	–	–	20
Flow–through share premium	**11**	–	(1,459)	–	–	–	–	(1,459)
Shares issued for debt	**13**	100,000	27	–	–	–	–	27
Shares issued for services	**13**	52,083	15	–	–	–	–	15
Acquisition of Rice Lake Belt claims	**13**	150,000	49	–	–	–	–	49
Exercise of RSUs	**13**	213,335	72	–	–	–	–	72
Share based payments		–	–	47	–	–	–	47
Loss for the period		–	–	–	–	–	(6,655)	(6,655)
Balance, September 30, 2019		37,975,729	21,749	382	-	130,106	(107,683)	44,554

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

1. Nature of operations

1911 Gold Corporation (“1911 Gold” or the “Company”) is engaged in the acquisition, exploration, development and extraction of precious metals. The Company owns and operates the Rice Lake property which holds the True North gold mine and mill ("True North"), as well as the Ogama-Rockland properties ("Ogama"), both located in Manitoba, Canada. The Company was incorporated under the British Columbia Business Corporations Act on May 3, 2018 and is a corporation listed publicly on the TSX Venture Exchange (“TSX-V”). On June 18, 2019, the Company changed its name to 1911 Gold Corporation and is now trading on the TSX-V trading under the new stock symbol “AUMB”.

1911 Gold’s registered office is located at 666 Burrard Street, 25th Floor, Vancouver, British Columbia, V6C 2X8.

2. Basis of presentation

On March 16, 2018, Klondex Mines Ltd. ("Klondex") entered into an arrangement agreement (the "Arrangement Agreement") with Hecla Mining Company ("Hecla") and 1156291 B.C. Unlimited Liability Company, a wholly-owned subsidiary of Hecla. Under the terms of the Arrangement Agreement, Hecla acquired all the outstanding common shares of Klondex, and Klondex shareholders received consideration consisting of cash, shares of Hecla common stock, or a combination of cash and Hecla common stock, plus shares of a new company, 1911 Gold Corporation (formerly Havilah Mining Corporation), formed to hold Klondex’s Canadian assets comprised of Klondex Canada Ltd. (“Klondex Canada”) and Bison Gold Resources, Inc. (“Bison”).

After the Arrangement Agreement was completed on July 20, 2018, 1911 Gold holds Klondex's former Canadian assets, which are comprised of Klondex Canada Ltd., which holds True North and Bison Gold Resources Inc. which holds Ogama, the 10% buy-back rights on the Snow Lake Property, and various early-stage assets located in Manitoba and Ontario, Canada. Klondex placed True North into production in the third quarter of 2016 and operations continued until January 9, 2018, when the True North underground mining operations were placed on care and maintenance.

As the shareholders of Klondex continued to hold their respective interests in 1911 Gold, there was no resultant change in control of 1911 Gold. The Arrangement Agreement has thus been determined to be a capital reorganization (the “Reorganization”), and is excluded from the scope of IFRS 3, Business Combinations. Under the continuity of interest basis of accounting, the assets and liabilities transferred are recorded at their pre-arrangement carrying values. The statements of loss and comprehensive loss include the historical income and expenses related to Klondex Canada and Bison. Up to the date of the Reorganization, amounts advanced by Klondex to 1911 Gold have been reflected as other capital reserves in the consolidated statements of changes in equity. The carve-out entity did not operate as a separate legal entity and as such, the financial statements may not be indicative of the financial performance of the carve-out entity on a standalone basis and do not necessarily reflect what its results of operations, financial position and cash flows would have been had the carve-out entity operated as an independent entity during the periods presented.

(Unaudited - expressed in thousands of Canadian dollars)

The carrying value of the net assets received pursuant to the Arrangement Agreement, as at July 20, 2018 are as follows:

Assets:	
Cash and cash equivalents	5
Inventories	6,142
Prepaid expenses and other assets	744
Mineral properties, plant and equipment, net	52,171
Total Assets	59,062
Liabilities:	
Accounts payable	111
Accrued compensation and benefits	181
Reclamation obligations	2,384
Carrying value of net assets	**56,386**
Accumulated losses	82,483
Subtotal	138,869
Shares issued pursuant to the Arrangement Agreement	8,763
Adjustment for shares issued in connection with the Arrangement	**(130,106)**

An adjustment of $130,106 was made through contributed surplus to reconcile: i) the carrying values of the net assets contributed and recorded under the continuity of interest basis of accounting, to the fair value of the common shares issued upon closing of the Arrangement Agreement; and ii) the allocated accumulated losses which amounted to $82,483 up to the close of the Arrangement Agreement.

In July 2019, the Company amalgamated its 100% owned subsidiary, Bison Gold Resources Inc. into its other 100% owned subsidiary, 1911 Gold Canada Corporation.

Statement of compliance and functional currency

These condensed interim consolidated financial statements have been presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB') and interpretations of the IFRS Interpretations Committee ("IFRIC"), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting.*

These condensed interim consolidated financial statements have been prepared on a historical cost basis. These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company's Canadian entities. The functional currency of the Company's foreign entity is US dollars. The currency translation adjustment resulting from the translation of the foreign subsidiaries' US dollar functional currency to the Company's Canadian dollar presentation currency is charged to other comprehensive income or loss, and included in accumulated other comprehensive income or loss within the shareholders' equity section of the statement of financial position.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 25, 2019.

3. Accounting policies

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the most recent audited annual financial statements for the Company for the year ended December 31, 2018, except as outlined below:

IFRS 16

The Company adopted all of the requirements of IFRS 16 *Leases* as of January 1, 2019. IFRS 16 replaces IAS 17 *Leases* (“IAS 17”). IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and a cumulative catch up adjustment is recorded on January 1, 2019 for any differences identified, including adjustments to opening retained earnings balance. The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 resulted in no impact to the opening retained earnings on January 1, 2019.

The following is the Company’s new accounting policy for financial instruments under IFRS 16:

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company’s incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset’s useful life.

4. Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual consolidated financial statements and the reported amounts of gain and expenses during the reporting period. Such estimates and assumptions, which by their nature are uncertain, affect the carrying value of assets, impact decisions as to when exploration and evaluation costs should be capitalized or expensed. Other significant estimates made by the Company include factors affecting the impairment of mineral properties and the amount and timing of rehabilitation costs. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

5. Short-term investments

Short-term investments include GIC investments with original maturities of one year or less.

6. Inventories

	September 30 2019	December 31 2018
	$	$
Production related inventories:		
Supplies	1,317	1,374
In-process	1,822	1,566
Doré finished goods	66	110
	3,205	3,050

As at September 30, 2019 the in-process, and doré finished goods inventories included approximately $390 (2018 - $452) of capitalized non-cash depreciation and depletion costs.

The period-end market value of the Company’s production-related inventories is determined in part by using the period-end prices of gold and is sensitive to this input. Due to increased production costs, the Company’s application of its lower of average cost or net realizable value accounting policy historically resulted in write-downs of production inventories. Write-downs have resulted solely from the Company’s application of its lower of average cost or net realizable value accounting policy. The following table provides information about the Company’s write-downs (in thousands, except per ounce amounts):

	September 30 2019	December 31 2018
	$	$
Type of previously incurred cost		
Cash production costs	–	3,653
Allocated depreciation and depletion	–	372
Write-down of production inventories	–	4,025
Prices used in write-down calculation		
Price per gold ounce - US$	1,466	1,282

7. Prepaid expenses and other

	September 30 2019	December 31 2018
	$	$
Sales tax receivable	83	113
Deposits	208	208
Other	339	330
	630	651

(Unaudited - expressed in thousands of Canadian dollars)

8. Mining properties, plant and equipment

	Note	Plant and equipment	Mineral properties	Total
		$	$	$
Cost				
Balance at December 31, 2017		30,401	62,922	93,323
Additions		359	22	381
Transfer		–	(1,222)	(1,222)
Disposals		(832)	–	(832)
Balance at December 31, 2018		29,928	61,722	91,650
Additions		491	200	691
Disposals		(121)	–	(121)
Balance at September 30, 2019		30,298	61,922	92,220
Accumulated depreciation and depletion				
Balance at December 31, 2017		(16,815)	(22,114)	(38,929)
Additions		(4,678)	(233)	(4,911)
Disposals		254	–	254
Transfer		–	1,222	1,222
Impairment		–	(9,674)	(9,674)
Balance at December 31, 2018		(21,239)	(30,799)	(52,038)
Additions		(2,573)	–	(2,573)
Disposals		107	–	107
Balance at September 30, 2019		(23,705)	(30,799)	(54,504)
Net – December 31, 2018		**8,689**	**30,923**	**39,612**
Net – September 30, 2019		**6,593**	**31,123**	**37,716**

Plant and equipment at September 30, 2019 includes $15 (December 31, 2018 - $142) of construction in progress. During the year ended December 31, 2018, the Company completed an evaluation of existing mine plans related to the True North underground mine as well as future development plans for the Company's properties. The Company determined that the existing mine plans would not be economic at the current commodity price levels and the net development costs ($9,674) associated with these mine plans were written off during the year.

As a result of the shutdown of mining operations and the focus on exploration activity for the foreseeable future, all the Company's mineral properties are considered to be in the exploration phase.

Mineral property acquisition

On July 10, 2019, the Company completed the acquisition of the remaining 50% interest in the Tully mining claims and mining lease located in Timmins, Ontario from 55 North Mining Inc. ("55 North"). As a result of this acquisition, the Company is now the 100% direct owner of the Tully Property. Total consideration for this acquisition included a payment of $200 in cash for the settlement of outstanding litigation between 55 North and a former employee and the waiver of outstanding liabilities owing to the Company by 55 North in the amount of approximately $971. Concurrent with the closing of the acquisition, the Company acquired 3,333,333 common shares of 55 North at a price of $0.06 per share, for total consideration of $200.

(Unaudited - expressed in thousands of Canadian dollars)

9. Accounts payable and accrued liabilities

	September 30 2019	December 31 2018
	$	$
Accounts payable	718	1,034
Accrued liabilities	569	–
	1,287	1,034

10. Advances from Klondex

As at September 30, 2019 and December 31, 2018, the Company had no outstanding Debt.

Corporate Charges from Klondex
Prior to the completion of the Amalgamation Agreement, the corporate activities for the Company were performed by Klondex. These activities were charged to 1911 Gold during that period and included in general and administrative expense.

Interest on Advances from Klondex Mines Ltd.
Interest charges from Klondex to 1911 Gold are for previously advanced funds through various debt obligations existing prior to the Arrangement Agreement. Interest was charged at a rate per annum equal to the sum of LIBOR and 7.0% on the unpaid principal balance. All debt obligations arising from these advances were settled on completion of the Arrangement Agreement. The interest expense on advances from Klondex for the three and nine months ended September 30, 2019 was $nil and $nil (2018 - $416 and $4,368)

11. Flow-through share premium liability

The flow-through share premium liability balance as at September 30, 2019 of $1,003 (December 31, 2018 - $12) arose in connection with the flow-through share offerings the Company completed on September 19, 2018 and March 5, 2019 (Note 13(b)). The reported amount is the unamortized balance of the premium received from issuing the flow-through shares. This balance does not represent a cash liability to the Company. The flow-through premium liability will be amortized to the statement of loss pro-rata with the amount of qualifying flow-through expenditures that are incurred by the Company. The Company is committed to incurring qualifying Canadian exploration expenses as defined under the Canadian Income Act ("Qualifying CEE") in the amount of $725 with respect to the flow-through share financing completed on September 19, 2018, and $4,000 with respect to the flow-through share financing completed on March 5, 2019. None of the Qualifying CEE will be available to the Company for future deduction from taxable income. As at September 30, 2019, the Company had incurred $725 of the Qualifying CEE related to the September 19, 2018 private placement (2018 - $556), and $1,249 of the Qualifying CEE related to the March 5, 2019 private placement. Accordingly, the Company recognized a flow-through premium recovery of $223 and $468 during the three and nine months ended September 30, 2019 from the qualifying CEE related to the September 19, 2018 and March 5, 2019 private placements. The remaining $2,751 of Qualifying CEE must be incurred and renounced by December 31, 2020.

12. Reclamation obligation

The reclamation obligation is related to True North and is estimated based upon the present value of expected cash flows using estimates of inflation and a credit adjusted risk-free discount rate. The undiscounted amount of estimated cash flows required to settle the reclamation obligation was estimated at $9,824 as at September 30, 2019 (December 31, 2018 – $9,824).

(Unaudited - expressed in thousands of Canadian dollars)

The key assumptions on which the provision estimates were based for the periods ended September 30, 2019 and December 31, 2018 are:

- Expected timing of the cash flows is expected to occur between 2023-2041 based on the estimated useful life of True North.
- The inflation rate used for the period ended September 30, 2019 is 2.40% (year ended December 31, 2018 – 2.40%).
- The discount rate used for the period ended September 30, 2019 is 6.80% (year ended December 31, 2018 – 6.80%).

The following table provides a summary of changes in the reclamation obligation:

Balance at December 31, 2017	2,306
Accretion expense	156
Balance at December 31, 2018	2,462
Accretion expense	126
Balance at September 30, 2019	2,588

13. Share Capital

a) Authorized: Unlimited common shares without par value.

b) Shares issued

Acquisition of Klondex Mines Ltd.

On March 16, 2018, Klondex Mines Ltd. ("Klondex") entered into an arrangement agreement (the "Arrangement Agreement") with Hecla Mining Company ("Hecla") and 1156291 B.C. Unlimited Liability Company, a wholly-owned subsidiary of Hecla. On July 20, 2018, the Arrangement Agreement was completed and 22,755,979 common shares were issued to Klondex shareholders as consideration for Klondex' Canadian operations, Klondex Canada Ltd. and Bison Gold Resources, Inc.

Private Placements

On July 20, 2018, as part of the Arrangement Agreement (Note 2), Hecla subscribed for 3,539,332 common shares of the Company, on a private placement basis at a price of $2.61 per share for a gross purchase price of $9,243 (US$7,000).

On September 19, 2018, the Company issued 655,000 units ("Units") of the Company, with each Unit comprised of one common share of the Company ("Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"), at a price of $0.36 per Unit, and 1,725,000 units ("FT Units") of the Company, with each FT Unit comprised of one Common Share issued on a flow-through basis (within the meaning of the Income Tax Act (Canada), as amended), and one-half of one Warrant, at a price of $0.42 per FT Unit. Each Warrant will entitle the holder thereof to purchase one additional Common Share at a price of $0.50 per Common Share for a period of 36 months following the closing of the Offering. The fair value of the flow-through shares was determined to be $673 with the remaining $51 being allocated to flow-through premium liability (Note 11). No value has been allocated to the warrants issued.

On January 10, 2019, the Company closed a private placement by issuing 385,000 Units at a price of $0.285 per Unit for gross proceeds of $110. Under the private placement, each Unit consists of one common share in the capital of the Company and one-half of one share purchase warrant (each whole warrant being a "Warrant" of the Company). Each whole Warrant will entitle the holder to purchase one share at an exercise price of $0.50 per share until September 19, 2021.

On March 5, 2019, the Company closed a private placement by issuing 8,333,333 flow-through common shares ("FT Shares") at a price of $0.48 per FT Share for gross proceeds of $4,000. The fair value of the flow-through shares was determined to be $2,541 with the remaining $1,459 being allocated to flow-through premium liability (Note 11).

On March 21, 2019, the Company closed a private placement by issuing 66,667 Units at a price of $0.30 per Unit for gross proceeds of $20. Under the private placement, each Unit consists of one common share in the capital of the Company and one-half of one share purchase warrant. Each whole Warrant will entitle the holder to purchase one share at an exercise price of $0.50 per share until September 19, 2021.

Debt settlement

On April 17, 2019, the Company negotiated the settlement of $34 related to historical accounts payable for a third-party consultant to Bison Gold Resources Inc. (a subsidiary of the Company) in consideration for the issuance of 100,000 common shares of the Company at a price of $0.27 per common share. This resulted on a gain on debt settlement of $7, which is included in other income (expense) on the consolidated statements of comprehensive loss.

Shares for Services

On April 22, 2019, pursuant to an advisory agreement with Canaccord Genuity Corp, the Company issued 52,083 shares at a price of $0.29 per share for $25 in services rendered. This resulted on a gain on debt settlement of $10, which is included in other income (expense) on the consolidated statements of comprehensive loss.

Shares issued for acquisition of Rice Lake Belt claims

On July 19, 2019, the Company entered into an arms' length agreement to acquire three additional mineral claims, totaling approximately 230 hectares, on the Rice Lake belt in Manitoba, Canada. Under the terms of the purchase agreement the Company issued 150,000 shares for consideration of $49, to the private owner of these claims.

Shares issued on exercise of RSUs

On July 22, 2019, 213,335 RSUs were exercised, with each RSU converting into one common share of the Company at a price of $0.34 per share.

c) Options

The Company has adopted a share option plan that allows for the issuance of up to 10% of the issued and outstanding shares as incentive share options to directors, officers, employees and consultants to the Company. Share options granted under the plan may be subject to vesting provisions as determined by the Board of Directors.

The options vest as to one-third immediately and one-third after the first and second anniversary of the date of grant.

(Unaudited - expressed in thousands of Canadian dollars)

The Company's share options outstanding as at September 30, 2019 and December 31, 2018 and the changes for the periods then ended are as follows:

	Number	Weighted average exercise price
		$
Balance as at December 31, 2017	–	–
Granted – August 15, 2018	1,550,000	0.36
Granted – November 26, 2018	175,000	0.31
Balance as at December 31, 2018	1,725,000	0.35
Granted – January 15, 2019	400,000	0.31
Granted – March 4, 2019	175,000	0.36
Granted – September 27, 2019	470,000	0.30
Forfeited	(10,000)	0.36
Balance as at September 30, 2019	2,760,000	0.34

The total share-based payment expense recorded during the three and nine months ended September 30, 2019 was $9 and $47 (2018: $324 and $324).

The following table summarizes information about the share options as at September 30, 2019:

Exercise price per share of options outstanding	Number of options outstanding	Weighted average remaining life (years)	Weighted exercise price of options exercisable	Number of options exercisable	Expiry date
$0.36	1,540,000	3.88	$0.36	1,540,000	August 15, 2023
$0.31	175,000	4.16	$0.31	58,333	November 26, 2023
$0.31	400,000	4.30	$0.31	66,667	January 15, 2024
$0.36	175,000	4.43	$0.36	133,333	March 4, 2024
$0.30	470,000	5.00	$0.30	156,667	September 27, 2024

The fair value of options recognized has been estimated using the Black-Scholes Pricing Model with the following assumptions on the grant date of the options:

Issue date	Expected Option life (years)	Risk free interest rate	Dividend yield	Expected volatility(1)	Weighted average fair value
August 15, 2018	5.00	2.18%	nil	80%	$0.21
November 26, 2018	5.00	2.27%	nil	80%	$0.20
January 15, 2019	5.00	1.91%	nil	80%	$0.18
March 4, 2019	5.00	1.80%	nil	80%	$0.23
September 27, 2019	5.00	1.34%	nil	80%	$0.18

(1) As the Company does not have sufficient history of past share prices, the expected volatility was calculated by taking the average volatility of similar junior resource companies.

(Unaudited - expressed in thousands of Canadian dollars)

d) Warrants

The Company’s warrants outstanding as at September 30, 2019 and December 31, 2018 and the changes for the periods then ended are as follows:

	Number	Weighted average exercise price
		$
Balance as at December 31, 2017	–	–
Transferred under the Arrangement Agreement – July 20, 2018	625,000	1.52
Transferred under the Arrangement Agreement – July 20, 2018	625,000	4.24
Granted – September 19, 2018	1,190,000	0.50
Balance as at December 31, 2018	2,440,000	1.72
Granted – January 10, 2019	192,500	0.50
Granted – March 21, 2019	33,333	0.50
Balance as at September 30, 2019	2,665,833	1.62

The balance of warrants outstanding as at September 30, 2019 is as follows:

Expiry Date	Exercise Price $	Remaining Life (Years)	Warrants Outstanding
February 11, 2029	$1.52	9.63	625,000
April 3, 2032	$4.24	12.77	625,000
September 19, 2021	$0.50	2.22	1,190,000
September 19, 2021	$0.50	2.22	192,500
September 19, 2021	$0.50	2.22	33,333

e) Restricted share units (“RSU”)

The Company’s RSUs outstanding as at September 30, 2019 and December 31, 2018 and the changes for the periods then ended are as follows:

	Number
Balance as at December 31, 2018 and 2017	–
Granted – January 14, 2019	500,000
Granted – March 21, 2019	140,000
Exercised	(213,335)
Balance as at September 30, 2019	426,665

The RSUs vested one-third upon approval by the Company’s shareholders of the RSU plan at the Annual General Meeting held on June 18, 2019 and one-third after the first and second anniversaries from their initial grant date. Each RSU is convertible into one common share of the Company.

The fair values of the 640,000 restricted share units granted during the nine months ended September 30, 2019 were between $0.28 and $0.31.

As at September 30, 2019, the RSU liability was $65 (December 31, 2018 - $nil).

(Unaudited - expressed in thousands of Canadian dollars)

14. Related party transactions

During the three and nine months ended September 30, 2019 and 2018, the Company incurred the following charges by directors and officers of the Company and by companies controlled by directors and officers of the Company. Until July 2018, the Company operated as a subsidiary of Klondex, at which time no compensation was paid to Directors or Officers. All fees have been reported as general and administrative expenses:

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
	$	$	$	$
Salaries and wages	156	5	460	5
Professional fees	2	–	13	–
Directors' fees	45	59	131	59
Management fees	–	156	13	156
Share–based payments	21	322	183	322
	224	542	800	542

Key management includes directors and executive officers of the Company. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

15. Financial Instruments and Capital Risk Management

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders, and to explore and develop assets with a view to building a diversified mineral resource company.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit.

The Company manages the capital structure and adjusts it based on changes in economic conditions and the risk characteristics of the mineral property assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or sell assets to fund activities. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management policies on an ongoing basis. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2019.

Financial Instruments

The Company's financial instruments consist of cash equivalents, deposits, accounts payable and accrued liabilities. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

The Company's activities potentially expose it to a variety of financial risks, including liquidity risk, interest rate risk, foreign exchange currency risk, and commodity price risk.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at September 30, 2019, the Company had working capital of $9,448. Management believes that the Company has sufficient financial resources to meet its obligations as they come due.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances, interest-bearing bank accounts and no interest-bearing debt. The Company also invests excess cash in short term GIC's. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as at September 30, 2019.

Foreign Exchange Risk
The Company's Canadian entities have a Canadian dollar functional currency. Foreign currency risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Company's historical foreign currency gains and losses primarily relate to amounts on intercompany loan balances and US dollar transactions with vendors. Subsequent to the Arrangement Agreement the Company has had minimal US dollar transactions.

Commodity Price Risk
The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the gold it produces. Prior to completion of the Arrangement Agreement, the Company's parent, Klondex, would mitigate price risk by entering into derivative financial instruments, such as fixed forward sales and collars. As of September 30, 2019, the Company itself had not entered into any agreements to mitigate its exposure to market price risk.

16. Supplemental Cash Flow Information

Investing and financing activities that do not have a direct impact on the current cash flows are excluded from the cash flow statements. The following transactions were excluded from the statement of cash flows:

During the nine months ended September 30, 2019:

- The movement of $76 in mineral property exploration expenditures in accounts payable and accrued liabilities;
- The issuance of shares for debt and services in the amount of $59; and
- The issuance of shares for RSUs exercised in the amount of $72.

During the nine months ended September 30, 2018:

The issuance of 22,755,979 common shares valued at $8,763 pursuant to the Klondex Arrangement Agreement (Note 13(b)).

17. Commitments and Contingencies

Following completion of the plan of Arrangement Agreement involving Hecla and Klondex, the Company issued to Waterton Nevada Splitter, LLC ("Waterton") a warrant to acquire up to 625,000 common shares of the Company at an exercise price of $4.24 per share and expiring April 3, 2032 (the "1911 Gold Replacement Warrant"). 1911 Gold Replacement Warrants were issued to Waterton along with a replacement warrant from Hecla (collectively the "Replacement Warrants") in accordance with the terms of the warrant certificate issued by Klondex to Waterton on October 3, 2016 (the "Original Warrant Certificate").

On September 11, 2018 Waterton filed a claim with the Ontario Superior Court of Justice alleging breach of contract against Hecla, Klondex Mines Unlimited Liability Company and the Company for failure to honour the terms of the Original Warrant Certificate and, or in the alternative, a declaration that the Replacement Warrants do not satisfy Hecla's obligations as successor-in-interest to Klondex's obligations under the Original Warrant Certificate and a new replacement warrant. Waterton claims, among other things, that the Replacement Warrants purport to apportion the value of the original Warrant Certificate between the Hecla and 1911 Gold warrants using the aggregate transaction value of the Arrangement (as determined unilaterally by Hecla), rather than protecting the economic value of the Original Warrant Certificate, and that with the Replacement Warrants, Hecla and 1911 Gold failed to protect the economic value of Waterton's Original Warrant immediately prior to the consummation of the Arrangement. Instead it is alleged that in breach of contractual obligations, Hecla and the Company made an arbitrary allocation in a manner convenient to them, without regard for the economic value of the Original Warrant. The Company, as a party to this claim, is working with counsel to evaluate the merits of the claim by Waterton and, at this time, cannot determine the possible outcome of this matter.

18. Subsequent Events

Grant of Stock Options

On October 2, 2019, the Company granted options to purchase 395,000 common shares to certain officers and employees at an exercise price of $0.30 per share. The options expire on September 27, 2024. The options vest as to one-third immediately, one-third on September 27, 2020, and one-third on September 27, 2021.