SUPERIOR GOLD INC.

Condensed Consolidated Interim Financial Statements

June 30, 2020

(Unaudited - Expressed in thousands of United States dollars)

SUPERIOR GOLD INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
(Expressed in thousands of United States Dollars)

	June 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 15,615	$ 22,232
Receivables and other assets	1,344	3,592
Inventories (note 6)	7,753	8,214
Total current assets	24,712	34,038
Non-current assets		
Mining interests; exploration and evaluation assets; and property, plant and equipment (note 7)	62,035	62,882
TOTAL ASSETS	$ 86,747	$ 96,920
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 11,385	$ 16,015
Current portion of deferred revenue (note 9)	6,700	7,234
Current portion of derivative financial instruments (note 10)	2,423	154
Short-term loan (note 8)	117	852
Current portion of lease obligation (note 17)	2,508	3,449
Contingent royalty payable to Northern Star Resources (note 19)	4,461	4,413
Current portion of provisions (note 11)	5,481	5,018
Total current liabilities	33,075	37,135
Non-current liabilities		
Deferred revenue (note 9)	-	2,617
Derivative financial instruments (note 10)	1,862	642
Lease obligation (note 17)	2,768	2,781
Provisions (note 11)	25,523	25,905
Deferred tax liability (note 16)	420	373
Total non-current liabilities	30,573	32,318
TOTAL LIABILITIES	63,648	69,453
SHAREHOLDERS' EQUITY		
Share capital (note 14(a and b))	$ 50,107	$ 50,025
Contributed Surplus	6,344	6,026
Accumulated other comprehensive income (loss)	(3,496)	(2,928)
Retained deficit	(29,856)	(25,656)
TOTAL EQUITY	$ 23,099	$ 27,467
TOTAL EQUITY AND LIABILITIES	$ 86,747	$ 96,920

Commitments and contingencies note 12 and 19
Subsequent events note 17
The accompanying notes are an integral part of these consolidated financial statements.

SUPERIOR GOLD INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited)
(Expressed in thousands of United States Dollars, except per share amounts)

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
REVENUES				
Metal sales (note 5)	$ **25,026**	$ **31,629**	$ **51,502**	$ **61,036**
EXPENSES				
Cost of sales	**24,155**	**32,739**	**47,856**	**63,699**
Exploration expense	**613**	**523**	**1,257**	**1,075**
General and administrative	**681**	**657**	**1,698**	**1,630**
OPERATING INCOME (LOSS)	**(423)**	**(2,290)**	**691**	**(5,368)**
OTHER EXPENSES (INCOME)				
Net finance cost (income) (note 15)	**157**	**24**	**1,334**	**71**
(Gain) loss on change in valuation of warrant liability (note 14c)	**-**	**-**	**-**	**(85)**
Loss on, and change in valuation of, contingent royalty payable to Northern Star Resources (note 19)	**66**	**-**	**132**	**68**
Change in valuation of derivative financial instruments (note 10)	**(312)**	**-**	**3,363**	**-**
LOSS BEFORE TAXES	**(334)**	**(2,314)**	**(4,138)**	**(5,422)**
Income and mining tax expense (recovery) (note 16)	**30**	**(405)**	**62**	**(928)**
NET LOSS FOR THE PERIOD	$ **(364)**	$ **(1,909)**	$ **(4,200)**	$ **(4,494)**
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency translation difference on foreign operations	**1,952**	**(332)**	**(568)**	**(213)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ **1,588**	$ **(2,241)**	$ **(4,768)**	$ **(4,707)**
Net loss per share (note 14(e)):				
Basic loss per share	$ **(0.00)**	$ **(0.02)**	$ **(0.04)**	$ **(0.05)**
Diluted loss per share	**(0.00)**	**(0.02)**	**(0.04)**	**(0.05)**
Weighted average number of common shares outstanding (basic & diluted)	**97,134,473**	**96,982,473**	**97,100,231**	**96,743,688**

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

SUPERIOR GOLD INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited)
(Expressed in thousands of United States Dollars)

	Note	Number of shares issued	Share capital	Contributed Surplus	Retained earnings	Accumulated other comprehensive loss	Total
Balance as at January 1, 2019		**95,752,473**	**$ 49,313**	**$ 5,767**	**$ (13,637)**	**$ (2,550)**	**$ 38,893**
Exercise of warrants	14	1,230,000	712	-	-	-	**712**
Share-based payments	14	-	-	177	-	-	**177**
Total comprehensive loss		-	-	-	(4,494)	(213)	**(4,707)**
Balance as at June 30, 2019		**96,982,473**	**$ 50,025**	**$ 5,944**	**$ (18,131)**	**$ (2,763)**	**$ 35,075**
Balance as at January 1, 2020		**96,982,473**	**$ 50,025**	**$ 6,026**	**$ (25,656)**	**$ (2,928)**	**$ 27,467**
Shares for services	14	152,000	82	-	-	-	**82**
Share-based payments	14	-	-	318	-	-	**318**
Total comprehensive loss		-	-	-	(4,200)	(568)	**(4,768)**
Balance as at June 30, 2020		**97,134,473**	**$ 50,107**	**$ 6,344**	**$ (29,856)**	**$ (3,496)**	**$ 23,099**

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

SUPERIOR GOLD INC.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
(Expressed in thousands of United States Dollars)

	Three months ended June 30		Six months ended June 30	
	2020	**2019**	**2020**	**2019**
Cash flows provided from (used by):				
OPERATING ACTIVITIES				
Net loss for the period	**$ (364)**	**$ (1,909)**	**$ (4,200)**	**$ (4,494)**
Adjustments:				
Depreciation and amortization	**2,138**	**3,251**	**3,963**	**8,938**
Loss on contingent royalty payable to Northern Star Resources	**66**	**-**	**132**	**68**
Gain on change in valuation of warrant liability	**-**	**-**	**-**	**(85)**
Share-based payments	**264**	**64**	**318**	**177**
Employee provisions expense	**615**	**1,254**	**1,387**	**1,979**
Net finance (income) cost	**157**	**24**	**1,334**	**71**
Change in valuation of derivative financial instruments	**(312)**	**-**	**3,363**	**-**
Income tax expense (recovery)	**30**	**(405)**	**62**	**(928)**
Gold loan repayments	**(1,879)**	**-**	**(3,761)**	**-**
Employee provisions paid	**(163)**	**(613)**	**(855)**	**(1,165)**
Reclamation payments	**-**	**(264)**	**-**	**(334)**
	552	**1,402**	**1,743**	**4,227**
Net changes in non-cash working capital items:				
Receivables and other assets	**843**	**(286)**	**2,006**	**(341)**
Inventories	**(380)**	**290**	**241**	**(2,089)**
Accounts payable and accrued liabilities	**(436)**	**2,841**	**(4,274)**	**2,853**
	579	**4,247**	**(284)**	**4,650**
INVESTING ACTIVITIES				
Interest received	**11**	**40**	**37**	**84**
Expenditures on mineral interests; exploration and evaluation assets; and property, plant and equipment	**(1,197)**	**(2,104)**	**(3,020)**	**(3,366)**
	(1,186)	**(2,064)**	**(2,983)**	**(3,282)**
FINANCING ACTIVITIES				
Issuance of common shares	**-**	**-**	**-**	**467**
Repayment of short-term loan	**(340)**	**(280)**	**(688)**	**(475)**
Repayment of lease obligation	**(1,011)**	**(774)**	**(1,928)**	**(1,514)**
Interest paid	**(77)**	**(93)**	**(171)**	**(206)**
	(1,428)	**(1,147)**	**(2,787)**	**(1,728)**
Effect of exchange rates on cash & cash equivalents	**1,371**	**53**	**(563)**	**215**
Increase (decrease) in cash and cash equivalents	**(664)**	**1,089**	**(6,617)**	**(145)**
Cash and cash equivalents, beginning of period	**16,279**	**16,098**	**22,232**	**17,332**
Cash and cash equivalents, end of period	**15,615**	**17,187**	**15,615**	**17,187**

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Superior Gold Inc. (the "Company") was incorporated under the Business Corporations Act in Ontario on July 4, 2016 and is engaged in the acquisition, exploration, development and operation of gold resource properties. The address and domicile of the Company's registered office and its principal place of business is 70 University Avenue, Suite 1410, Toronto, Ontario M5J 2M4.

The Company is subject to risks and challenges similar to other companies in a comparable stage of operation, exploration and development. These risks include, but are not limited to, losses, successfully raising cash flows through debt or equity markets and the successful operation and development of its mineral property interests to satisfy its commitments and continue as a going concern. The Company believes it has sufficient funds available from existing cash on hand or available from continuing operations to maintain its mineral investments, fund its exploration and evaluation and administration costs for the next 12 months.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements (the "financial statements") have been prepared in accordance with IAS 34, *Interim Financial Reporting,* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These financial statements do not include all the information required for full annual financial statements and therefore should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2019. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes to the Company's financial position and performance since the last annual consolidated financial statements.

The Company has applied the same accounting policies and methods as those described in the annual consolidated financial statements for the year ended December 31, 2019, except as described in note 3.

Basis of measurement

The financial statements have been prepared on a historical cost basis, with the exception of certain financial instruments, warrant liability, contingent royalty to Northern Star, share-based payments, and derivative financial instruments which are measured at fair value.

The preparation of the 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 at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2019.

On March 11, 2020, the World Health Organization declared COVID-19 as a global pandemic and therefore the Company is susceptible to the impacts from COVID-19. The duration of the COVID-19 pandemic is currently unknown, as are future measures to reduce the spread of COVID-19. The unpredictable nature of the length of the COVID-19 pandemic and the severity of measures that may be taken is subject to significant variability and accordingly, estimates as to the impact on the Company's financial results in future periods is uncertain. The judgments, inputs and assumptions used as at June 30, 2020 and for the three and six months ended June 30, 2020, whether related to COVID-19 or otherwise, have been considered and, where appropriate, reflected in the financial statements. The future impact of COVID-19 actions as at June 30, 2020 are unknown. To address the risk of the pandemic to the Plutonic Gold Operations, the Company has instituted a number of measures to reduce the potential risk to employees and communities. To date COVID-19 has not had a significantly negative impact on the Company's operations.

Basis of consolidation

These consolidated financial statements include the assets, liabilities, revenues and expenses of the Company and its 100% owned subsidiary, Billabong Gold Pty. Ltd. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Superior Gold Inc. obtains control of the subsidiary, and continues to be consolidated until the date when such control ceases. All intercompany balances and transactions have been eliminated.

3. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The Company adopted the following accounting standards and amendments to accounting standards, effective January 1, 2020:

On October 22, 2018, the IASB issued amendments to IFRS 3 *Business Combinations*, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets acquired are concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

On September 26, 2019, the IASB issued amendments for some of its requirements for hedge accounting in IFRS 9, *Financial Instruments,* and IAS 39, *Financial Instruments: Recognition and Measurement*, as well as the related standard on disclosures, IFRS 7, *Financial Instruments: Disclosures,* in relation to Phase 1 of IBOR Reform and its Effects on Financial Reporting project. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs). The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of the above amendments had no impact on the financial statements.

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Standards and amendments to standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards and amendments to standards when they become effective:

On April 1, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*. The amendments to IAS 1 clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective from January 1, 2023.

On May 14, 2020, the IASB issued amendments to IAS 16 *Property, Plant and Equipment*. The amendments to IAS 16 require that proceeds derived from items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management be recognized, along with the cost of those items, in profit or loss in accordance with applicable Standards. The entity measures the cost of those items by applying the measurement requirements of IAS 2 *Inventories*. The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.

(expressed in thousands of United States dollars unless otherwise stated)

5. METAL SALES

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Gold sales	$ 24,980	$ 31,601	$ 51,439	$ 60,978
Silver sales	46	28	63	58
	$ 25,026	**$ 31,629**	**$ 51,502**	**$ 61,036**

The Company's main source of revenue is the sale of gold. The sale of gold is transacted with two customers, The Perth Mint and Auramet International LLC ("Auramet"). There are no contract receivables for gold sales as at June 30, 2020 or December 31, 2019.

6. INVENTORIES

	June 30, 2020	December 31, 2019
Consumable stores	$ 4,298	$ 4,432
Stockpiles	278	118
Gold in circuit	3,107	3,649
Dore on hand	70	15
	$ 7,753	**$ 8,214**

The cost of inventories recognized as an expense and included in Cost of sales in the three and six months ended June 30, 2020 (2019) was $24,140 ($32,720) and $47,829 ($63,661), respectively. During the three and six months ended June 30, 2020, there were $13 write downs (June 30, 2019 - $nil) of consumables inventory.

7. MINING INTERESTS; EXPLORATION AND EVALUATION; AND PROPERTY, PLANT AND EQUIPMENT

	Mining interests	Property, plant and equipment	Capital work in progress	Total
Cost:				
As at December 31, 2019	$ 81,696	$ 29,906	$ 247	$ 111,849
Additions	1,223	-	2,007	3,230
Right of use assets (note 17)	-	1,155	-	1,155
Transfers	-	1,263	(1,263)	-
Foreign exchange movement	(1,620)	(485)	7	(2,098)
June 30, 2020	81,299	31,839	998	114,136
Accumulated depreciation:				
As at December 31, 2019	33,500	15,467	-	48,967
Depreciation charge	1,281	2,682	-	3,963
Foreign exchange movement	(628)	(201)	-	(829)
June 30, 2020	34,153	17,948	-	52,101
Net book value:				
As at beginning of period	$ 48,196	$ 14,439	$ 247	$ 62,882
As at June 30, 2020	**$ 47,146**	**$ 13,891**	**$ 998**	**$ 62,035**

(expressed in thousands of United States dollars unless otherwise stated)

	Mining interests	Exploration and evaluation	Property, plant and equipment	Capital work in progress	Total
Cost:					
As at December 31, 2018	$ 76,115	$ 446	$ 23,250	$ 70	$ 99,881
Additions	5,488	-	41	3,431	8,960
Right of use assets (note 17)	-	-	3,980	-	3,980
Transfers	647	(446)	3,042	(3,243)	-
Disposals	-	-	(302)	-	(302)
Foreign exchange movement	(554)	-	(105)	(11)	(670)
December 31, 2019	81,696	-	29,906	247	111,849
Accumulated depreciation:					
As at December 31, 2018	26,299	-	10,415	-	36,714
Depreciation charge	7,434	-	5,395	-	12,829
Disposals	-	-	(302)	-	(302)
Foreign exchange movement	(233)	-	(41)	-	(274)
December 31, 2019	33,500	-	15,467	-	48,967
Net book value:					
As at beginning of period	$ 49,816	446	$ 12,835	$ 70	$ 63,167
As at December 31, 2019	**$ 48,196**	**$ -**	**$ 14,439**	**$ 247**	**$ 62,882**

In the six months ended June 30, 2020 the Company capitalized $nil (December 31, 2019 - $224) of costs pertaining to the unincorporated Bryah Basin joint venture.

The right-of-use assets will be amortized over the remaining term of the contracts, which is 0.6 to 3.7 years as of June 30, 2020.

8. SHORT-TERM LOAN

The short-term loan of $117 (December 31, 2019 - $852) represents amounts owing to a financial institution which financed the Company's annual insurance premium. The term of loan is 10 equal monthly installments commencing in October 2019, bears interest at 2.1%, is secured by any proceeds of insurance claims and was repaid in July 2020.

9. DEFERRED REVENUE

On November 12, 2019, the Company entered into a Senior Secured Gold Loan ("Gold Loan") agreement with Auramet under which the Company received gross proceeds of AUD$15 million before associated costs.

In connection with the Gold Loan with Auramet, the Company:

- Is required to deliver a total of 7,920 ounces of gold over 18 equal monthly instalments beginning on January 30, 2020 and terminating on June 30, 2021.
- Granted Auramet 20,000 gold call options ("Call Options") at strike prices ranging from AUD$2,275 to AUD$2,360 per ounce of gold. These Call Options have expiration dates between July 2020 and December 31, 2021 up to a maximum of 1,500 ounces per month (note 10).
- Entered into a zero-cost collar price protection program with 19,800 puts at a strike price of AUD$1,950 per ounce and 19,800 of calls with strike prices ranging from AUD$2,275 to AUD$2,400. All of the puts and calls under the zero-cost collar price protection program have maturities on or before December 31, 2020, and
- Agreed to sell a minimum of 80% of its gold production at market prices from the Plutonic Gold Operations to Auramet for a period that is not less than 6 months following repayment of the Gold Loan.

(expressed in thousands of United States dollars unless otherwise stated)

The Company paid an upfront fee equal to 1% of the gross proceeds and out-of-pocket costs of $70. The Gold Loan is secured by a first priority security interest over all of the assets, with certain exclusions, of the Company's wholly-owned subsidiary, Billabong Gold Pty Ltd. ("Billabong"), an assignment over all pertinent mining leases and a Guarantee from the Company, which is secured by a pledge of its shares of Billabong.

The Company must repay the Gold Loan from proceeds received from any debt issuance, royalty sales, sale of material assets or equity issuance, provided that certain amounts from equity offerings may be exempted with Auramet's consent. In addition, the Company must repay the Gold Loan at the option of Auramet, with reasonable cause, upon a change of control event or if there is a change of any Key Management Personnel of the Company. Subsequent to June 30, 2020, in connection with the change in the Company's Chief Executive Officer in July 2020, the Company obtained a waiver such that the change in the Company's Chief Executive Officer would not trigger a repayment of the Gold Loan.

The Company is subject to financial covenants requiring it to maintain a total minimum balance of cash, cash equivalents and undrawn lines of credit of AUD$5.0 million and a restriction on additional indebtedness, except for permitted indebtedness as agreed to between the Company and Auramet. The Company is also subject to non-financial covenants, along with a restriction on liens. At June 30, 2020, the Company was in compliance with all covenants.

Accounting for the Gold Loan comprised the following:

- The upfront fee and out-of-pocket costs as a reduction of proceeds received with an offset to the Deferred Revenue liability.
- The Call Options were valued using the Black-Scholes pricing model (refer to note 10 for assumptions used in estimating the fair value of these derivative financial instruments) and charged, upon inception of the Gold Loan, to Derivative financial instruments on the consolidated statement of financial position. Changes in the fair value of the Call Options are recorded in the consolidated statement of loss and comprehensive loss on a mark to market basis as a Change in valuation of derivative financial instruments.
- The zero-cost collar price protection program of 19,800 ounces is considered a component of the Gold Loan arrangement and is therefore accounted for as an executory contract consistent with the accounting for the Gold Loan.
- Deferred Revenue is recorded at fair value with reference to quoted forecast prices for gold at inception of the loan.

Gross proceeds	$	10,271
1% Upfront fee		(103)
Out-of-pocket cost reimbursement		(70)
Derivative financial instrument liability – Call Options		(665)
Balance at inception		**9,433**
Accretion charge		196
Foreign exchange movement		222
Balance, December 31, 2019		**9,851**
Accretion charge		936
Gold loan repayments		(3,761)
Foreign exchange movement		(326)
Balance, June 30, 2020		**6,700**
Current		6,700
Non-current		-
Balance, June 30, 2020	**$**	**6,700**

As at June 30, 2020 (December 31, 2019 – 7,920), 5,280 ounces of gold were deliverable under the Gold Loan, all classified as current. Under the zero-cost collar price protection program, during the six month period ended June 30, 2020, Auramet exercised 6,750 ounces of calls and the Company delivered the ounces to Auramet for proceeds at an average call strike price of AUD$2,303 per ounce of gold.

(expressed in thousands of United States dollars unless otherwise stated)

10. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where available. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2. As at June 30, 2020, all of the Company's derivative financial instruments have been classified as Level 2 financial instruments according to the Company's fair value hierarchy. The fair value of these instruments is determined using the Black-Scholes method.

The Company did not apply hedge accounting on its outstanding derivatives. Therefore, changes in fair value are recorded in the consolidated statement of loss and comprehensive loss on a mark to market basis and recorded in financial assets and liabilities. For the six months ended June 30, 2020, the table below summarizes the movements in derivative assets (liabilities):

Fair value at inception – Call options	$	665
Net unrealized gains/(losses) on derivative instruments		111
Foreign exchange movement		20
Balance, December 31, 2019	**$**	**796**
Net unrealized (gains)/losses on derivative instruments		3,363
Foreign exchange movement		126
Balance, June 30, 2020	**$**	**4,285**

		Call option maturity				Total
		2020		**2021**		
Call options						
Ounces		4,800		15,200		20,000
Weighted average price per ounce (in AUD)		$2,275		$2,342		$2,326
Fair value – liability (asset) at December 31, 2019	$	154	$	642	$	796
Balance, December 31, 2019	$	154	$	642	**$**	**796**
Weighted average price per ounce (in AUD)		$2,275		$2,342		$2,326
Fair value – liability (asset) at June 30, 2020	$	1,069	$	3,216	$	4,285
Balance, June 30, 2020	$	1,069	$	3,216	**$**	**4,285**
Current	$	1,069	$	1,354	$	2,423
Non-current		-		1,862		1,862
	$	1,069	$	3,216	**$**	**4,285**

(expressed in thousands of United States dollars unless otherwise stated)

The fair value of these derivative instruments has been estimated using the Black Scholes option pricing model. The weighted average inputs used in the measurement of fair value of the Gold Loan and during the six months ended June 30, 2020 (December 31, 2019) are disclosed in the following table:

Call options		As at June 30, 2020	As at December 31, 2019
Number of call options granted		20,000	20,000
Expected volatility		18%	11%
Risk free interest rate		0.25%	0.92%
Expected life in years		0.9	1.4
Fair value (weighted average)	**- AUD$**	**$ 312.16**	**$ 56.81**
	- U.S. $ [1]	**$ 214.24**	**$ 39.80**

[1] At June 30, 2020, the U.S. dollar weighted average exercise price was calculated using the period end Australian to U.S. dollar exchange rate of 0.6863 (December 31, 2019 – 0.7006).

11. PROVISIONS

	June 30, 2020	December 31, 2019
Employee entitlements	$ 5,524	$ 5,072
Rehabilitation	25,480	25,851
Total provisions	**$ 31,004**	**$ 30,923**
Current	$ 5,481	$ 5,018
Non-current	25,523	25,905
	$ 31,004	**$ 30,923**

	Employee Entitlements	Rehabilitation	Total provisions
Beginning balance on December 31, 2019	$ 5,072	$ 25,851	$ 30,923
Accretion	-	69	69
Revisions to expected cash flows	1,387	84	1,471
Disbursements	(855)	-	(855)
Foreign exchange movement	(80)	(524)	(604)
Balance, June 30, 2020	**5,524**	**25,480**	**31,004**
Current	5,481	-	5,481
Non-current	43	25,480	25,523
Balance, June 30, 2020	**$ 5,524**	**$ 25,480**	**$ 31,004**

(i) Employee entitlements

Employee entitlement obligations cover Plutonic Gold Operation's liability for long service leave and annual leave. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the annual leave portion of the provision is presented as current, since the Plutonic Gold Operation does not have an unconditional right to defer settlement for any of these obligations. Current employee entitlements also include provisions for bonus and Fringe Benefits tax.

(expressed in thousands of United States dollars unless otherwise stated)

(ii) Rehabilitation provision

The Company assesses its mine rehabilitation provision quarterly. Significant judgment is required in determining the provision for mine rehabilitation and closure as there are many factors that will affect the ultimate liability payable to rehabilitate the mine sites, including future disturbances caused by further development, changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plans and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which the change becomes known. As at June 30, 2020, the mine rehabilitation provision has been discounted using discount rates of 0.2% - 1.3% (December 31, 2019 – 0.9% - 1.5%) and the cash flows have been inflated using an inflation rate of 1.4% - 1.8% (December 31, 2019 – 1.6% - 2.5%), payable over the years 2022 to 2034. As at June 30, 2020, the total undiscounted estimated reclamation costs are approximately $22,728 (December 31, 2019 - $23,201). These expenditures are expected to be incurred in Australian dollars.

12. COMMITMENTS & CONTINGENCIES

Commitments contracted for and contingences at the end of the reporting period not recognized as liabilities are as follows:

	June 30, 2020	December 31, 2019
Property, plant and equipment (i)	$ 415	$ 2,363
Termination payment (ii)	4,118	420
Guarantee (ii)	2,230	-
	$ 6,763	**$ 2,783**

(i) Capital commitments

In the six months ended June 30, 2020, the Company entered into commitments for milling equipment. These commitments totalled $415 at June 30, 2020 (December 31, 2019 - $2,363).

(ii) Contingencies

The Company has signed an agreement with its existing supplier to upgrade its power supply. The agreement includes a termination provision in the event the Company terminates the upgrade of the power supply prior to its completion in the amount of $4,118 as at June 30, 2020 (December 31, 2019 - $420). On July 1, 2020, the power supply upgrade was completed and as such, the termination payment relating to the Company terminating the agreement prior to completion of the upgrade of the power supply no longer applies (note 17). As a result of completing the power supply upgrade and separate from the termination provision; on or before July 1, 2021, the Company is required to provide a guarantee to the supplier in the amount of $2,230 that may become payable as a result of non-payment under the power supply arrangement.

13. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash and cash equivalents, restricted cash, receivables, accounts payable and accrued liabilities, and short-term loan approximate fair value, due to the short-term maturity of these instruments and are classified as Level 1 in accordance with the fair value hierarchy. The carrying value of the contingent royalty payable to Northern Star Resources is classified as Level 3 in accordance with the fair value hierarchy.

The carrying value of lease obligations approximate fair value due to its short-term maturity and are classified as Level 2 in accordance with the fair value hierarchy. The carrying value of the derivative instruments are valued using pricing models which require the use of observable inputs including market prices and interest rates obtained from or verified with information available to the market, and are therefore classified as Level 2 in accordance with the fair value hierarchy.

(expressed in thousands of United States dollars unless otherwise stated)

The contingent royalty payable to Northern Star Resources (note 19) is valued using pricing models which require the use of discount rates obtained from or verified with information available to the market along with forecasted production information used to estimate the expected life of the contingent royalty and determine whether the liability is current or non-current. The discount rate is used to discount the AUD$6.5 million liability over its expected life (note 19) to derive the contingent royalty liability's value. This financial instrument is classified as Level 3 in accordance with the fair value hierarchy.

The fair value of financial instruments is summarized as follows:

	June 30, 2020		December 31, 2019	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial Assets				
Held-for-trading				
Cash and cash equivalents	$ 15,615	$ 15,615	$ 22,232	$ 22,232
Loans and receivables				
Other receivables (excluding HST and GST receivable)	51	51	299	299
Financial Liabilities				
Accounts payable and accrued liabilities	$ 11,385	$ 11,385	$ 16,015	$ 16,015
Short-term loan	117	117	852	852
Derivative financial instruments	4,285	4,285	796	796
Lease obligations	5,276	5,276	6,230	6,230
Contingent Royalty payable (note 19)	4,461	4,461	4,413	4,413

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

Letter of guarantee facility

The Company has an amended AUD$2.5 million Guarantee Credit Facility dated November 11, 2019 (the "Credit Facility") with a leading international bank. The Credit Facility permits the Company to issue letters of guarantee for a term of up to 12 months to various suppliers from time to time to support the Plutonic Gold Operations.

The Credit Facility includes an aggregate fee of 3.19% calculated on drawn amounts and is secured by an assignment of a performance security guarantee issued by Export Development Canada ("EDC") in support of the Plutonic Gold Operations. The Credit Facility contains covenants customary for a loan facility of this nature, including limits on indebtedness and change of control. It contains a financial covenant test requiring that the Company maintain a minimum liquidity covenant of AUD$5.0 million. At June 30, 2020 the Company was in compliance with all covenants.

Guarantees have been issued under the Credit Facility as at June 30, 2020 in the amounts of $683, $553 and $137, respectively to secure power and gas supply (December 31, 2019 - $701, $565 and $140, respectively). During the three and six months ended June 30, 2020, the Company paid $nil and $36 in associated fees on the Credit Facility (three and six months ended June 30, 2019 - $9 and $55).

(expressed in thousands of United States dollars unless otherwise stated)

14. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued and outstanding

	Number of shares		Amount
Balance, January 1, 2019	**95,752,473**	**$**	**49,313**
Shares issued under:			
Exercise of Broker Warrants	1,230,000		712
Balance, December 31, 2019	**96,982,473**	**$**	**50,025**
Shares issued under:			
Issued for Services	152,000		82
Balance, June 30, 2020	**97,134,473**	**$**	**50,107**

c) Warrants

(i) Broker Warrants and Offering Broker Warrants

In connection with the Subscription Receipts and Offering transactions, the Company incurred $3,618 of commissions and fees, excluding the value of warrants that have been recorded as share issue costs. As part of the consideration of the services rendered by the Agent in connection with the Private Placement and Offering, the Company issued to the Agent 1,230,000 Broker Warrants and 681,525 Offering Broker Warrants. The 1,230,000 Broker Warrants and 681,525 Offering Broker Warrants were exercisable at CAD$0.50 per Broker Warrant and CAD$1.00 per Offering Broker Warrant, respectively, up to February 23, 2019. The Company accounted for the warrants as a financial liability as the strike price of the warrants was in a different currency than the Parent Company's functional currency. For accounting purposes, the Company determined the fair value of the Broker Warrants and Offering Broker Warrants using the Black-Scholes option pricing model and recorded the amount as a warrant liability within non-current liabilities with the change in fair value from the date of issuance being reflected in the consolidated statement of comprehensive income as a change in valuation of warrant liability.

Immediately prior to exercise, the Company determined the fair value of the Broker Warrants and reflected the change in fair value in the consolidated statement of comprehensive income (loss) as a change in valuation of warrant liability. Upon exercise, the warrant liability associated with the Broker Warrants was transferred to Share Capital.

On expiry on February 23, 2019, the Company recorded the remaining fair value of the Offering Broker Warrants from December 31, 2018 in the consolidated statement of comprehensive income (loss).

(ii) Northern Star Warrants

On February 23, 2017, the Company issued 14,429,521 common share purchase warrants to Northern Star under the amended Acquisition Agreement, dated February 9, 2017 as partial consideration for the Plutonic Gold Operations. The common share purchase warrants are exercisable at $1.5166 per warrant, up to and including February 23, 2022. The Company has accounted for the warrants as an equity instrument as the strike price of these warrants is in Superior Gold Inc.'s functional currency.

(expressed in thousands of United States dollars unless otherwise stated)

A summary of the status of warrants as of June 30, 2020 are as follows:

	Number outstanding		Weighted average exercise price (CAD$)
Balance, January 1, 2019	**16,341,046**	**$**	**1.91**
Exercised	(1,230,000)		0.50
Expired	(681,525)		1.00
Balance, December 31, 2019	**14,429,521**	**$**	**1.97**
Exercised	-		-
Balance, June 30, 2020	**14,429,521**	**$**	**2.06**

d) Share-based payments

(i) Share option plan

Movements in the share options are summarized below:

	Number of options		Weighted average exercise price [(1)]		Weighted average exercise price (CAD$)
Balance, January 1, 2019	5,791,667	$	0.74	$	1.01
Granted	1,200,000		0.46		0.60
Forfeited	(300,000)		0.77		1.00
Balance December 31, 2019	**6,691,667**	**$**	**0.72**	**$**	**0.93**
Granted	350,000		0.43		0.59
Forfeited	(200,000)		0.74		1.00
Balance June 30, 2020	**6,841,667**	**$**	**0.67**	**$**	**0.91**

(1) At June 30, 2020, the U.S. dollar weighted average exercise price was calculated using the period end Canadian to U.S. dollar exchange rate of 0.7367 (December 31, 2019 – 0.7689).

The fair value of the options granted to employees, officers and directors under the share option plan was measured using the Black-Scholes option pricing model. The grant date fair value is amortized, as part of compensation expense over the vesting period with one third of the Stock Options vesting on the first grant date anniversary, one third vesting on the second grant date anniversary and one third vesting on the third grant date anniversary. The weighted average inputs used in the measurement of fair value were:

			June 30, 2020		December 31, 2019
Number of share options granted			350,000		1,200,000
Expected volatility [(1)]			59%		56%
Risk free interest rate			0.43%		1.53%
Estimated forfeiture rate			0%		0%
Expected dividend yield			Nil		Nil
Expected life in years			3.5		3.5
Fair value (weighted average)	**- CAD$**	**$**	**0.23**	**$**	**0.24**
	- U.S. $ [(2)]	**$**	**0.16**	**$**	**0.18**

(1) Expected volatility is measured as the annualized standard deviation of share price returns, based on the historical movements in the price of the Company where sufficient share prices history exists and comparable publicly traded companies considered included in the Company's peer group over the same period as the expected life of the option being valued.

(2) The U.S. dollar weighted average Black-Scholes value was calculated using the spot Canadian to U.S. dollar exchange rate on the date of grant.

(expressed in thousands of United States dollars unless otherwise stated)

Share options outstanding and exercisable at June 30, 2020 are:

	Options outstanding				Options exercisable			
Exercise price (CAD$)	Number of options	Weighted average exercise price (1)	Weighted average exercise price CAD$	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price (1)	Weighted average exercise price CAD$	Weighted average remaining contractual life (years)
$0.47	200,000	$0.35	$0.47	4.75	-	-	-	-
$0.52	750,000	$0.38	$0.52	3.75	250,000	0.37	0.52	3.75
$0.55	150,000	$0.41	$0.55	4.47	-	-	-	-
$0.55	150,000	$0.55	$0.75	4.87	-	-	-	-
$0.79	250,000	$0.58	$0.79	4.24	-	-	-	-
$0.96	50,000	$0.71	$0.96	4.13	-	-	-	-
$1.00	5,166,667	$0.74	$1.00	1.68	5,166,667	$0.74	$1.00	1.68
$1.29	125,000	$0.95	$1.29	2.94	83,333	$0.95	$1.29	2.94
$0.91	**6,841,667**	**$0.67**	**$0.91**	**2.26**	**5,500,000**	**$0.72**	**$0.98**	**1.79**

(1) At June 30, 2020, the U.S. weighted average exercise price was calculated using the period end Canadian to U.S. dollar exchange rate of 0.7367 (2019 – 0.7689).

(ii) Performance Share Units

Under the omnibus equity plan, Performance Share Units (PSUs) may be granted to employees of the Company. A PSU represents the right to receive a common share of the Company at vesting, subject to the determination of the Company's Board of Directors. PSUs are equity settled.

The number of PSUs that will ultimately vest is based on the Company's share price performance relative to the VanEck Vectors Junior Gold Miners ETF over the term of the applicable PSU performance period. Under the terms of the PSU Plan, the Board of Directors is authorized to determine whether the performance criteria have been met.

The Company has granted Performance Share Units ("PSU") to certain employees. Each PSU provides the holder with a right to receive common shares upon redemption of the PSU.

	Number of Performance Share Units
Balance, January 1, 2019	125,000
Granted	401,500
Balance December 31, 2019	**526,500**
Granted	125,000
Expired	(166,666)
Balance June 30, 2020	**484,834**

The PSUs vest over a period of time as established by the Board. The PSUs issued in 2018 vest in two tranches: 83,333 on the second anniversary and 41,667 on the third anniversary, of the grant. The PSUs issued in 2019 vest in three tranches: 83,333 on the first anniversary, 83,333 on the second anniversary and 234,834 on the third anniversary of the grant. The PSUs issued in 2020 vest in one tranche on the third anniversary of the grant.

The fair value of the PSUs granted was calculated using a Monte Carlo model approach. The Monte Carlo model approach requires the use of subjective assumptions including expected share price volatility, risk-free interest rate, and estimated forfeiture rate. Historical data is considered in setting the assumptions. The estimated fair value of PSUs is amortized on a straight-line basis over the related performance period. Under this method, a portion of the fair value of the PSUs is recognized at each reporting period based on the pro-rated number of months the eligible employees are employed by the Company compared to the vesting period of each grant.

(expressed in thousands of United States dollars unless otherwise stated)

The following is a summary of the assumptions used in the Monte Carlo model approach for PSUs granted in the periods ended June 30, 2020 and December 31, 2019:

			2020		2019
Number of performance share units granted			125,000		401,500
Expected volatility [1]			69%		53%
Risk free interest rate			0.29%		1.56%
Estimated forfeiture rate			0%		0%
Expected dividend yield			Nil		Nil
Expected life in years			2.89		2.38
Fair value (weighted average)	**- CAD$**	**$**	**0.31**	**$**	**0.24**
	- U.S. $ [2]	**$**	**0.22**	**$**	**0.18**

(1) Expected volatility is measured as the annualized standard deviation of share price returns, based on the historical movements in the price of the Company where sufficient share price history exists and comparable publicly traded companies considered included in the Company's peer group over the same period as the expected life of the option being valued.

(2) The U.S. dollar weighted average Monte Carlo model value was calculated using the spot Canadian to U.S. dollar exchange rate on the date of grant.

(iii) Restricted Share Units

Under the omnibus equity plan, Restricted Share Units ("RSUs") may be granted to employees of the Company. A RSU represents the right to receive a common share of the Company at vesting. RSUs are equity settled.

The Company has granted Restricted Share Units (RSU) to certain employees. Each RSU provides the holder with a right to receive common shares upon redemption of the RSU.

	Number of Restricted Share Units
Balance December 31, 2019 and June 30, 2020	**50,000**

The RSUs vest over a period of time as established by the Board. The currently issued and outstanding RSUs vest on the third anniversary of the grant. The vesting of the RSUs cannot be deferred by the holder beyond three years from the initial date of grant.

The fair value of RSUs is determined by reference to the Company's share price when the units are awarded. The total fair value of unvested RSUs that will be recognized in future periods amounted to $24 as at June 30, 2020 (December 31, 2019: $29).

(iv) Deferred Share Units

Under the omnibus equity plan, the Company issued Deferred Share Units ("DSU'") to independent directors for the purposes of strengthening the alignment of interests between members of the Board of Directors and shareholders by linking a portion of the annual director compensation to the future value of the Company's common shares. A DSU represents the right to receive a common share of the Company and vest when the director leaves the Board of Directors. DSUs are equity settled. DSUs must be retained until the director leaves the Board of Directors.

(expressed in thousands of United States dollars unless otherwise stated)

	Number of Deferred Share Units
Balance December 31, 2019	**-**
Granted	424,656
Balance June 30, 2020	**424,656**

The fair value of DSUs is determined by reference to the Company's share price when the units are awarded.

The share based payments recognized in these financial statements are as follow:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Equity settled plans				
Cost of sales				
Mining – Share option plans	$ 8	$ 19	$ 17	$ 38
Site services – Share option plan	7	-	10	-
	15	19	27	38
General and administrative				
Share option plan	18	30	42	118
Deferred share units	216	-	216	-
Performance share units	12	15	27	21
Restricted share units	3	-	6	-
	249	45	291	139
	$ 264	**$ 64**	**$ 318**	**$ 177**

e) Earnings per share

The following table details the weighted average number of common shares outstanding for the purpose of computing basic and diluted earnings (loss) per share:

	Three months ended June 30		Six months ended June 30	
Number of common shares	**2020**	**2019**	**2020**	**2019**
Basic weighted average shares outstanding	97,134,473	96,982,473	97,100,231	96,743,688
Weighted average shares dilution adjustments:				
Share options and PSU's	-	-	-	-
Warrants	-	-	-	-
Diluted weighted average shares outstanding	**97,134,473**	**96,982,473**	**97,100,231**	**96,743,688**

The impact of all outstanding potentially dilutive instruments is excluded from the diluted share calculation for loss per share amounts as they are anti-dilutive for the three and six months ended June 30, 2020 and 2019.

(expressed in thousands of United States dollars unless otherwise stated)

15. NET FINANCE (INCOME) COSTS

	Three months ended June 30		Six months ended June 30	
	2020	**2019**	**2020**	**2019**
Accretion of provisions	$ 13	$ 101	$ 69	$ 221
Accretion on Gold loan	210	-	936	-
Lease and short-term loan finance charges	77	93	171	206
Interest income	(11)	(40)	(37)	(84)
Foreign exchange (gain)/loss	(132)	(130)	195	(272)
	$ 157	**$ 24**	**$ 1,334**	**$ 71**

16. TAXES

The Company estimates the effective tax rate expected to be applied for the full fiscal year and uses this rate to determine income provisions in interim periods. The impact of changes in judgments and estimates concerning the probable realization of losses, changes in tax rates, and foreign exchange rates are recognized in the interim period in which they occur.

The tax expense (recovery) for the three and six months ended June 30, 2020 was $30 and $62 (June 30, 2019 – ($405) and ($928)).

17. LEASE OBLIGATION

Right-of-use assets

The Company classifies right-of-use ("ROU") assets as an asset either explicitly specified in the contract or implicitly specified at the time it is made available for use by the Company. In conjunction, the Company controls either directly or indirectly the operation of that asset, as well, derives substantially all the economic benefits from use of the asset.

The following ROU assets have been included within in the Mining interests; exploration and evaluation assets; and property, plant and equipment section of the consolidated financial statements (note 7):

Cost:	
December 31, 2019	$ 11,774
ROU asset additions	1,155
Foreign exchange movement	(187)
June 30, 2020	12,742
Accumulated depreciation	
December 31, 2019	5,624
Depreciation charge	1,732
Foreign exchange movement	(40)
June 30, 2020	7,316
Balance, as at June 30, 2020	**$ 5,426**

Amounts recognized in the Consolidated Statement of Income (loss) and Comprehensive Income (loss)

Interest expense on lease obligations for the three and six months ended June 30, 2020 was $70 and $157 (June 30, 2019 - $90 and $199). Total cash outflow for leases for the three and six months ended June 30, 2020 was $1,448 and $2,481 (June 30, 2019 - $864 and $1,713), including $367 and $396 (June 30, 2019 - $23 and $49) for short-term leases. Expense relating to variable lease payments not included in the measurement of the lease liability was $214 and $420 for the three and six months ended June 30, 2020 (June 30, 2019 - $254 and $507). Expenses for leases of low-dollar value items are not material. All extension options have been included in the measurement of lease obligations, where applicable.

The Company has certain contracts that are based on variable measures, and not fixed payments. These contracts include measures such as tonnes mined, or metres developed, which exempt the contracts from recognizing the ROU asset or lease liability.

On July 1, 2020, the power supply upgrade was completed with the Company's existing supplier. The upgrade is in the form of a lease which includes certain existing power equipment currently recognized as an ROU asset, as well as the new power generating equipment, which will be recognized as a new ROU asset (AUD$8.4 million) beginning on July 1, 2020.

18. CAPITAL MANAGEMENT

The Company's objective when managing capital is to ensure the Company continues as a going concern by ensuring it has an appropriate amount of liquidity and that it has an appropriate capital structure. Management monitors the amount of cash, undrawn (or potentially available) financing, equity in the capital structure and adjusts the capital structure, as necessary, to support the operation, development and exploration of its projects. As at June 30, 2020, the Company's current liabilities of $33,075 exceeded its current assets of $24,712. The Company believes it will have adequate liquidity for the next 12 months from continuing operations, cash on hand, and proceeds from financing obtained in November 2019 (refer to note 9).

In order to ensure there is adequate liquidity and an appropriate capital structure, the Company may issue new equity, repay debt, issue new debt, draw on credit facilities or sell assets.

The Board of Directors has not established criteria for quantitative return on capital for management, but rather relies on the expertise of management to sustain future development of the business. The Company considers its capital to be shareholders' equity, which amounted to $23,099 at June 30, 2020 (December 31, 2019 - $27,467).

19. PLUTONIC GOLD OPERATIONS ACQUISITION

As part of the Acquisition, the Company agreed to pay Northern Star a 2% net smelter return royalty on future gold recovered from the Plutonic Gold Operations in excess of a cumulative 300,000 ounces. The royalty terminates on the earlier of; (i) the date that a cumulative AUD$10 million is paid to Northern Star under the royalty, or (ii) gold in excess of a cumulative 600,000 ounces being produced (the "Northern Star Royalty"). The Company maintains the right to purchase the Northern Star Royalty back from Northern Star for a purchase price of AUD$6.5 million at any time before the expiry of 30 days after the date the royalty first becomes payable. The fair value of the Northern Star Royalty was determined to have nil value on the Acquisition date.

In addition, the Company agreed to pay Northern Star milestone payments ("Milestone Payments") of AUD$2.5 million for every 250,000 ounces of NI 43-101 compliant measured and indicated resources identified at the Plutonic Gold Operations in excess of the 1,717,000 ounces of Joint Ore Reserves Committee 2012 compliant measured, indicated and inferred resources. The aggregate of the Milestone Payments are capped at AUD$10 million. The fair value of the Milestone Payments was determined to have nil value on the Acquisition Date.

The fair value of the Milestone Payments was determined to have nil value as at June 30, 2020 as Management had determined that it was uncertain that the threshold outlined in the Acquisition Agreement of 1,717,000 ounces of Joint Ore Reserves Committee 2012 compliant measured, indicated and inferred resources will be reached.

Upon completion of the Company's reserve and resource update effective December 31, 2017, the Company accrued a contingent royalty payable of $4,533 and a corresponding charge to the Statement of income (loss) and comprehensive income (loss). The Company has accounted for the contingent royalty payable as a financial liability as it is denominated in Australian dollars. For accounting purposes, the fair value of the contingent royalty payable was determined to be AUD$5.9

million as at March 31, 2018 based on the net present value of the Northern Star Royalty's AUD$6.5 million buyback option, discounted from the time the Company anticipates it to become payable. As at June 30, 2020, payment of the contingent royalty of $4,461 (December 31 ,2019 - $4,413) is estimated to occur in the fourth quarter of 2020.

The Company translated the contingent royalty payable using the period end Australian to U.S. dollar exchange rate of 0.6863, with any changes in fair value being reflected in the consolidated statement of comprehensive income as a change in valuation of the contingent royalty payable.

In early July of 2020, the cumulative gold recovered from the Plutonic Gold Operations exceeded 300,000 ounces.