



NIGHTHAWK
GOLD CORP

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2020 and 2019

Unaudited

Presented in Canadian Dollars



November 16, 2020

MANAGEMENT'S RESPONSIBILITY FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements of Nighthawk Gold Corp. ("**Nighthawk**") are the responsibility of the Board of Directors and executive management. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual consolidated financial statements and therefore should be read in conjunction with Nighthawk's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2019. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in Nighthawk's most recent audited annual consolidated financial statements, except as described in note 3. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to Nighthawk's circumstances. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with IFRS appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of Nighthawk, as of the date of and for the period presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews Nighthawk's Management's Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

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

(Signed) "Dr. Michael Byron"

Dr. Michael Byron
President & Chief Executive Officer

(Signed) "Michael Leskovec"

Michael Leskovec
Chief Financial Officer



NIGHTHAWK GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Presented in Canadian Dollars

Unaudited

As at	September 30, 2020	December 31, 2019 <i>(Audited)</i>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12,704,104	\$ 9,662,590
Amounts receivable	418,570	124,924
Prepaid expenses and supplies	787,983	702,212
	13,910,657	10,489,726
Non-current Assets		
Restricted cash <i>(note 5)</i>	4,669,310	4,669,310
Exploration and evaluation assets <i>(note 6)</i>	91,590,416	82,267,998
	96,259,726	86,937,308
	\$ 110,170,383	\$ 97,427,034
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,300,597	\$ 469,201
Non-current Liabilities		
Flow-through share premium liability	1,996,137	-
Provision for service obligation <i>(note 7)</i>	3,012,314	3,012,314
Reclamation provision <i>(note 8)</i>	401,150	401,150
Deferred tax liability	10,616,041	9,361,512
	16,025,642	12,774,976
SHAREHOLDERS' EQUITY		
Share capital <i>(note 9(a))</i>	103,788,859	94,828,475
Warrant reserve <i>(note 9(b))</i>	518,613	-
Share-based payment reserve <i>(note 9(c))</i>	18,290,527	18,154,940
Accumulated deficit	(30,753,855)	(28,800,558)
	91,844,144	84,182,857
	\$ 110,170,383	\$ 97,427,034

Subsequent Event *(note 14)*

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

On behalf of the Board:

(Signed) "Morris Prychidny"
Director

(Signed) "Michael Byron"
Director



NIGHTHAWK GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Presented in Canadian Dollars

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Expenses				
Salaries, director and consulting fees	\$ 162,243	\$ 186,203	\$ 479,265	\$ 521,190
Shareholder communication and marketing	63,635	74,405	269,366	313,009
Office and administration	31,990	6,921	142,257	158,620
Professional fees	42,973	33,095	141,972	94,564
Travel	1,560	15,331	100,111	73,475
Regulatory	20,838	6,544	84,379	75,581
Stock-based compensation (note 9(c))	50,111	-	150,333	-
	373,350	322,499	1,367,683	1,236,439
Other income				
Flow-through share premium	645,183	208,725	645,183	208,725
Interest income	26,313	55,369	103,157	167,280
Gain on sale of investment	-	-	-	38,750
	671,496	264,094	748,340	414,755
Income (loss) before income taxes	298,146	(58,405)	(619,343)	(821,684)
Deferred tax expense	(802,736)	(1,592,857)	(1,333,954)	(2,448,369)
Net loss and comprehensive loss	\$ (504,590)	\$ (1,651,262)	\$ (1,953,297)	\$ (3,270,053)
Net loss per share (note 10):				
Basic and fully diluted	\$ (0.01)	\$ (0.04)	\$ (0.04)	\$ (0.08)

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



NIGHTHAWK GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Presented in Canadian Dollars

Unaudited

	Share capital	Warrant reserve	Share-based payment reserve	Accumulated deficit	Total equity
Balance at December 31, 2018	\$ 82,255,810	\$ -	\$ 17,567,258	\$ (24,168,762)	\$ 75,654,306
Issuance of shares, net of cash share issuance costs of \$732,882	11,905,043	-	-	-	11,905,043
Flow-through share premium	(208,725)	-	-	-	(208,725)
Tax effect of share issue costs	194,214	-	-	-	194,214
Issuance of common shares on exercise of stock options	170,000	-	-	-	170,000
Fair value of stock options transferred on exercise	118,440	-	(118,440)	-	-
Net loss for the period	-	-	-	(3,270,053)	(3,270,053)
Balance at September 30, 2019	94,434,782	-	17,448,818	(27,438,815)	84,444,785
Issuance of common shares on exercise of stock options	243,750	-	-	-	243,750
Fair value of stock options transferred on exercise	149,943	-	(149,943)	-	-
Stock-based compensation	-	-	856,065	-	856,065
Net loss for the period	-	-	-	(1,361,743)	(1,361,743)
Balance at December 31, 2019	94,828,475	-	18,154,940	(28,800,558)	84,182,857
Issuance of shares, net of cash share issue costs of \$331,455	11,669,146	-	-	-	11,669,146
Flow-through share premium	(2,641,320)	-	-	-	(2,641,320)
Tax effect of share issue costs	79,425	-	-	-	79,425
Fair value of warrants issued	(518,613)	518,613	-	-	-
Issuance of common shares on repurchase of royalties	282,000	-	-	-	282,000
Issuance of common shares on exercise of stock options	75,000	-	-	-	75,000
Fair value of stock options transferred on exercise	14,746	-	(14,746)	-	-
Stock-based compensation (note 9(c))	-	-	150,333	-	150,333
Net loss for the period	-	-	-	(1,953,297)	(1,953,297)
Balance at September 30, 2020	\$ 103,788,859	\$ 518,613	\$ 18,290,527	\$ (30,753,855)	\$ 91,844,144

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



NIGHTHAWK GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30,	2020	2019
Cash provided by (used in)		
Operations		
Net loss for the period	\$ (1,953,297)	\$ (3,270,053)
Items not involving cash:		
Deferred income tax expense (recovery)	1,333,954	2,448,369
Stock-based compensation	150,333	-
Gain on sale of investment	-	(38,750)
Flow-through share premium	(645,183)	(208,725)
Change in non-cash working capital:		
Amounts receivable	(293,646)	(344,311)
Prepaid expenses and supplies	(85,771)	(204,866)
Accounts payable and accrued liabilities	1,831,396	981,156
	337,786	(637,180)
Financing		
Issuance of common shares, net of share issue costs	11,669,146	11,905,043
Exercise of stock options	75,000	170,000
	11,744,146	12,075,043
Investing		
Exploration and evaluation costs	(8,626,718)	(13,662,895)
Acquisition costs	(413,700)	(84,936)
Proceeds on sale of investment	-	118,750
Restricted cash	-	(190,310)
	(9,040,418)	(13,819,391)
Increase (decrease) in cash	3,041,514	(2,381,528)
Cash and cash equivalents, beginning of period	9,662,590	13,948,633
Cash and cash equivalents, end of period	\$ 12,704,104	\$ 11,567,105

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



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

1. NATURE OF OPERATIONS

Nighthawk Gold Corp. ("**Nighthawk**" or the "**Company**") was incorporated on January 8, 2004 under the Business Corporations Act (Ontario) and is a publicly listed Canadian junior resource company with exploration and evaluation assets in Canada. Nighthawk is engaged in the identification, acquisition, exploration and evaluation of gold properties, is listed on the Toronto Stock Exchange ("**TSX**"), and trades under the symbol NHK. To date, Nighthawk has not earned any revenue from operations. The Company's registered office is located at Suite 301, 141 Adelaide Street West, Toronto, Ontario, Canada, M5H 3L5.

The condensed interim consolidated financial statements for the nine months ended September 30, 2020 and 2019 have been approved for issue by the Board of Directors on November 16, 2020.

Nighthawk is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively Nighthawk's ability to dispose of its exploration and evaluation assets on an advantageous basis; as well as global economic, precious and base metal price volatility; all of which are uncertain.

During the period, there was a global outbreak of COVID-19 ("**Coronavirus**"), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the Coronavirus outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, and staff shortages, all of which may negatively impact the Company's business and financial condition.

In light of the current Coronavirus pandemic, Nighthawk suspended exploration activities on its Indin Lake Gold Property located in the Northwest Territories, Canada. The Colomac camp was temporarily closed on April 5, 2020, as precautions were taken to ensure the safety and well-being of all personnel at site, as well as the surrounding communities. As of the date of this document, the Company is not aware of any site personnel having contracted Coronavirus. Ongoing metallurgical testwork, preparation of an updated mineral resource estimate, and subsequently the preparation of an internal scoping study were not materially affected. On June 24, 2020, the Company announced its plans to resume exploration activities within the second week of July to target completion of the previously announced 25,000-metre drill program.

2. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting on the basis of International Financial Reporting Standards ("**IFRS**") and interpretations as approved by the International Accounting Standards Board ("**IASB**") and are presented in Canadian dollars.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting except for cash flow information.

The unaudited condensed interim consolidated statement of cash flows shows the changes in cash arising during the year from operating activities, investing activities and financing activities.



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES

The financial framework and accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those as disclosed in its most recently completed audited consolidated financial statements for the fiscal year ended December 31, 2019.

(a) Changes in Accounting Policies

The Company did not adopt any new accounting policies during the nine months ended September 30, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation and judgemental uncertainty that management has made at the consolidated statement of financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) Nighthawk assesses the carrying value of exploration and evaluation assets at each reporting period to determine whether any indication of impairment exists. When an impairment exists, the calculation of recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, recoverable metals, and operating performance;
- (ii) the calculation of the fair value of warrants, broker warrants and stock options issued by Nighthawk requires the use of estimates of inputs in the Black-Scholes option pricing valuation model;
- (iii) the calculation of the reclamation liability and provision for service obligation, being the present value of the estimated costs to restore the properties is discounted at rates which reflect current market assessments and the risks specific to the liability. The calculation requires management to estimate the total restoration costs, timing of remediation and an appropriate discount rate; and
- (iv) valuation of deferred income taxes.



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

5. RESTRICTED CASH

During fiscal 2011, Nighthawk posted two irrevocable standby letters of credit with a Canadian chartered bank in the amount of \$401,000 (collectively, the "**Permit LOC's**") to provide security under its land use permit and water access licence for the existing reclamation work associated with the Damoti Reclamation Obligation (*notes 6 and 8*) as well as with its exploration activities relating to the Indin Lake Gold Property in the Northwest Territories, Canada. In March 2012, Nighthawk posted additional security of \$78,000 (the "**Additional Security**") upon receiving approval on its updated land use permit, which was submitted to support its expanded exploration activities on its Indin Lake Gold Property. During fiscal 2019, Nighthawk received its renewed land use permit and water access licence, thereby approving its exploration activities over the next 5 years, expiring in February 2024, and which are extendible up to February 2026. The Permit LOC's are secured by guaranteed investment certificates (the "**Permit GIC's**") at a Canadian chartered bank for the same amount. The Permit GIC's and the Additional Security may be recovered by Nighthawk at expiration of the land use permit and water access licence in absence of any environmental disturbances provided Nighthawk carries out activities to satisfy the Damoti Reclamation Obligation.

On January 26, 2012, under the terms of its agreement to acquire 100% ownership of the mineral claims and leases of the former producing Colomac Gold Mine (the "**Colomac Gold Project**") (*note 6*), Nighthawk entered into three letters of credit totaling \$5,000,000 at a Canadian chartered bank in favour of Aboriginal Affairs and Northern Development Canada ("**AANDC**") to secure Nighthawk's service obligation to perform reclamation services on three other sites as follows: \$3,000,000 for the Diversified site, \$1,000,000 for the Spider Lake site and \$1,000,000 for the Chalco Lake site (collectively, the "**Colomac LOC's**") (*note 7*). The Colomac LOC's are secured by guaranteed investment certificates (the "**Colomac GIC's**") at a Canadian chartered bank for the same amounts. Upon completion of the service obligation with respect to each reclamation site to the satisfaction of an independent third party engineer, the Colomac LOC's with respect to each site will be released and the hold restriction on the related Colomac GIC will be eliminated. At any time, the Company may terminate the liability relating to this service obligation, but as a consequence would relinquish the related Colomac GIC still held as security against the Colomac LOC's at that time.

In Fiscal 2013, the reclamation activities at the Chalco Lake site were completed and the approval of the third party engineer was obtained. As a result, the Colomac LOC with respect to the Chalco Lake site was released and the hold restriction on \$1,000,000 was eliminated at that time (*note 7*).

	Permit security	Colomac GIC's	Total restricted cash
Balance - December 31, 2019 and September 30, 2020	\$ 669,310	\$ 4,000,000	\$ 4,669,310

6. EXPLORATION AND EVALUATION ASSETS

	December 31, 2019			September 30, 2020		
	Option & acquisition costs	Exploration	Balance	Option & acquisition costs	Exploration	Balance
Mineral Property						
Indin Lake Gold Property	\$ 10,456,144	\$ 71,811,854	\$ 82,267,998	\$ 11,151,844	\$ 80,438,572	\$ 91,590,416



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

6. EXPLORATION AND EVALUATION ASSETS (continued)

Mineral Property	Indin Lake Gold Property
Balance - December 31, 2019	\$ 82,267,998
Acquisition costs	695,700
Exploration expenditures	8,626,718
Balance - September 30, 2020	\$ 91,590,416

Indin Lake Gold Property

In August 2008, Nighthawk acquired 6 mining leases and 6 mining claims (the "**Damoti Lake Property**") which lie within Nighthawk's Indin Lake Gold Property in the Indin Lake Greenstone Belt located approximately 200 kilometres north of Yellowknife, Northwest Territories. The Damoti Lake Property is subject to an existing 2% net smelter return royalty. Upon acquisition, a reclamation obligation existed at the Damoti Lake Property (the "**Damoti Reclamation Obligation**"). At the time of acquisition, the estimated cost of the Damoti Reclamation Obligation could not be reliably measured. Nighthawk has since carried out environmental assessments using a third party specialist and has estimated the cost of the Damoti Reclamation Obligation to be \$401,150 (*note 8*). Nighthawk has capitalized the Damoti Reclamation Obligation, and related assessment costs, as acquisition costs related to the Damoti Lake Property as the liability was assumed at acquisition. During the nine months ended September 30, 2020, Nighthawk incurred \$113,095 of assessment costs which have been capitalized as acquisition costs (2019 - \$62,646).

Under agreements dated January 7, 2011, and as amended on April 4, 2013, Nighthawk acquired 100% interest in 15 mining leases and 3 mining claims (the "**Indin Lake Properties**") within the Indin Lake Greenstone Belt, subject to existing net smelter royalties on certain claims ranging from 2% to 5%, by making payments of cash and shares totalling \$725,000. In January and April 2011, Nighthawk staked 107 additional mining claims in the Northwest Territories which link the Indin Lake Properties and the Damoti Lake Property, thereby consolidating much of the Indin Lake Gold Property's ground. During the current period, the Company paid an aggregate of \$280,000 in cash and issued 200,000 common shares (valued at \$282,000) to purchase certain net smelter return and net profit interest royalties on the Indin Lake Properties.

In January 2012, Nighthawk completed an agreement to acquire 100% ownership of the mineral claims and leases of the Colomac Gold Project, located within the Indin Lake Greenstone Belt and contiguous to and surrounded by Nighthawk's existing Indin Lake Gold Property in the Northwest Territories, from AANDC. As consideration for the Colomac Gold Project, Nighthawk committed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC: the Diversified, Chalco Lake, and Spider Lake sites. The obligation for the services is to be carried out on behalf of AANDC to a maximum of \$5,000,000. See note 7 for further details on the provision for service obligation remaining at September 30, 2020. The Company did not assume the reclamation liabilities of these three sites and is not responsible for any historical environmental liabilities associated with the Colomac Gold Project. At any time, the Company may terminate the liability relating to this service obligation, but as a consequence would relinquish the related Colomac GIC still held as security against the Colomac LOC's at that time.

7. PROVISION FOR SERVICE OBLIGATION

As consideration for the Colomac Gold Project (*note 6*), Nighthawk agreed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC: Diversified, Chalco Lake, and Spider Lake. The obligation for the reclamation services is to be carried out on behalf of AANDC to a maximum of \$5,000,000. Upon closing, Nighthawk entered into the Colomac LOC's totaling \$5,000,000 in favour of AANDC to secure Nighthawk's obligation to perform the services for each site. The Colomac LOC's are secured by the Colomac GIC's at a Canadian chartered bank for the same amounts (*note 5*).



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

7. PROVISION FOR SERVICE OBLIGATION (continued)

Nighthawk did not assume the reclamation liabilities of these three sites. Upon completion of the service obligation with respect to each site to the satisfaction of an independent third party engineer, the Colomac LOC's with respect to each site will be released and the hold restriction on the related Colomac GIC will be eliminated. At any time, the Company may terminate the liability relating to this service obligation, but as a consequence would relinquish the related Colomac GIC still held as security against the Colomac LOC's at that time. In March 2013, the reclamation activities at the Chalco Lake site were completed upon approvals of the third party engineer.

	Service Obligation
Balance - December 31, 2019 and September 30, 2020	\$ 3,012,314

8. RECLAMATION PROVISION

Upon acquisition of the Damoti Lake Property (*note 6*), the Damoti Reclamation Obligation existed at the Damoti Lake Property. At the time of acquisition, the estimated cost of the Damoti Reclamation Obligation could not be reliably measured. Nighthawk has since carried out environmental assessments using a third party specialist and estimated the cost of the Damoti Reclamation Obligation to be \$401,150. Nighthawk has posted the Permit GIC's and the additional security for an amount of \$669,310 (*note 5*) to provide security under its land use permit and water access licence for the Damoti Reclamation Obligation as well as for exploration activities relating to the Indin Lake Gold Property.

	Amount
Balance - December 31, 2019 and September 30, 2020	\$ 401,150

9. SHARE CAPITAL

(a) Common Shares

Authorized Capital - Unlimited common shares
Issued

	Number of shares	Consideration
Balance - December 31, 2019	44,672,192	\$ 94,828,475
Issuance of common shares on repurchase of royalties	200,000	282,000
Issued for cash - flow-through shares	3,211,716	6,102,261
Issued for cash - premium flow-through units	1,995,050	4,748,219
Issued for cash - common share units	676,542	1,150,121
August 2020 Warrants	-	(518,613)
Flow-through share premium	-	(2,641,320)
Issue costs	-	(331,455)
Tax effect of share issue costs	-	79,425
Exercise of stock options	100,000	75,000
Fair value of stock options transferred to common shares	-	14,746
Balance - September 30, 2020	50,855,500	\$ 103,788,859



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

9. SHARE CAPITAL (continued)

(a) Common Shares (continued)

On January 13, 2020, Nighthawk completed a share consolidation on the basis of one post-consolidated common share for every five pre-consolidated common shares (the "**Share Consolidation**"). The Share Consolidation reduced Nighthawk's 223,360,960 issued and outstanding common shares to 44,672,192 post-consolidation common shares. The exercise price of outstanding stock options, and the number of such options, were also proportionately adjusted based upon the Share Consolidation. All historical information presented in the financial statements has been adjusted to reflect the Share Consolidation.

On August 20, 2020, the Company completed a non-brokered private placement (the "**Offering**") with a total of 5,883,308 common shares issued for total gross proceeds of \$12,000,601. Pursuant to the Offering, the Company issued an aggregate of 3,211,716 flow-through shares at a price of \$1.90 per flow-through share, 1,995,050 premium flow-through units ("**Premium FT Units**") at a price of \$2.38 per Premium FT Unit and 676,542 units ("**Units**") at a price of \$1.70 per Unit. Each Premium FT Unit is comprised of one flow-through common share and one-half of one transferable common share purchase warrant (each whole common share purchase warrant, a "**August 2020 Warrant**"). Each Unit is comprised of one common share and one-half of one August 2020 Warrant. Each August 2020 Warrant entitles the holder thereof to acquire one common share of the Company at a price of \$2.00 until August 20, 2021. Share issue costs in relation to the financing were \$331,455. The August 2020 Warrants contain an acceleration clause whereby if the common shares trade at a volume-weighted average price of \$2.50 or more for 20 consecutive trading days, the Company will have the right to accelerate the exercise period to a period ending at least 30 days from the date that notice of such acceleration is provided to the holders of the warrants.

(b) Warrants

	Warrants	Allocated value
Balance - July 31, 2008	-	\$ -
August 2020 Warrants	1,335,796	518,613
Balance - September 30, 2020	1,335,796	\$ 518,613

During the nine months ended September 30, 2020, the following warrants were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends and a nil forfeiture rate):

	Expiry date	Exercise price	Grant date stock price	Black-Scholes Option Pricing Parameters			Fair value
				Risk-free interest rate	Expected life (years)	Volatility factor	
August 2020 Warrants	Aug. 20, 2021	\$2.00	\$1.50	0.23%	1.0	92%	\$0.20

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of Nighthawk. Changes in the underlying assumptions can materially affect the fair value estimates.



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

9. SHARE CAPITAL (continued)

(c) Contributed Surplus

Share-based Payment Reserve

Balance - December 31, 2019	\$ 18,154,940
Stock-based compensation - expensed	150,333
Exercise of stock options	(14,746)
Balance - September 30, 2020	\$ 18,290,527

Incentive Plans

The shareholders of Nighthawk have approved a stock option plan (the “**Stock Option Plan**”) and a share unit plan (the “**Share Unit Plan**”) and together with the Stock Option Plan, the “**Incentive Plans**”). The Incentive Plans supersede the previous option plan of Nighthawk, however, awards outstanding under the previous option plan continue to be outstanding and governed by the previous stock option plan. The Incentive Plans are each a “rolling evergreen” plan and provide that the number of common shares of Nighthawk available for issuance from treasury under the Incentive Plans or any other security based compensation arrangement (pre-existing or otherwise, including the previous option plan), subject to adjustments, shall not exceed 10% of the issued and outstanding common shares of the Nighthawk at the time of grant. Any increase in the issued and outstanding common shares of Nighthawk will result in an increase in the available number of common shares issuable under the Incentive Plans. Any issuance of common shares from treasury pursuant to the settlement of stock options or share units granted pursuant to the Incentive Plans shall automatically replenish the number of common shares issuable under the Incentive Plans. When each option or share unit is exercised/settled (as applicable), cancelled or terminated, a common share shall automatically be made available for the grant of a stock option/share unit under the Incentive Plans.

Stock Option Plan

The Stock Option Plan provides for the issuance of stock options to acquire common shares to employees, directors, officers, consultants, and management company employees of Nighthawk. The period within which stock options may be exercised and the number of stock options which may be exercised in any such period are determined by the Board of Directors at the time of grant of such stock options, however, that the maximum term of any stock option awarded under the Stock Option Plan is ten (10) years. The exercise price per common shares under a stock option is determined by the Board of Directors, but in any event, shall not be lower than the “market price” of the common shares on the date of grant of the stock option.

	Number of options	Weighted average exercise price
Balance - December 31, 2019	2,798,500	\$ 2.35
Exercised	(100,000)	0.75
Balance - September 30, 2020	2,698,500	\$ 2.39



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

9. SHARE CAPITAL (continued)

(b) Contributed Surplus (continued)

A summary of Nighthawk's outstanding stock options at September 30, 2020 is presented below:

Grant date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining life (years)
December 1, 2015	180,000	180,000	\$0.75	0.2
June 8, 2016	466,000	466,000	\$1.25	0.7
July 4, 2016	90,000	90,000	\$1.85	0.8
March 20, 2017	800,000	800,000	\$4.00	1.5
September 19, 2018	761,000	761,000	\$2.00	3.0
December 10, 2019	401,500	401,500	\$2.10	4.2
	2,698,500	2,698,500	\$2.39	2.1

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of Nighthawk. Changes in the underlying assumptions can materially affect the fair value estimates. The options issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.

Share Unit Plan

The Share Unit Plan provides for the issuance of share units to employees, directors, officers, consultants, and management company employees of Nighthawk. Share units are units created by means of an entry on the books of Nighthawk representing the right to receive one common share (subject to adjustments) issued from treasury per share unit. The number of share units granted and any applicable vesting conditions are determined in the discretion of the Board of Directors (or a committee thereof) on the date of grant. In granting share units, the Board of Directors (or a committee thereof) may include other terms, conditions, and/or vesting criteria which are not inconsistent with the Share Unit Plan. Share units are settled by way of issuance of common shares from treasury as soon as practicable following the maturity date in accordance with the Share Unit Plan.

The grant date fair value of the share units equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense with a corresponding increase in equity. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied.

During the nine months ended September 30, 2020, the Company did not grant any share units under its Share Unit Plan. Compensation for the nine months period ended September 30, 2020 was \$150,333 (nine months period ended September 30, 2019 - \$nil) and was recorded as stock based compensation in the statement of loss and comprehensive loss. Compensation for the three months period ended September 30, 2020 was \$50,111 (three months period ended September 30, 2019 - \$nil) and was recorded as stock based compensation in the statement of loss and comprehensive loss.

As at September 30, 2020, there were 286,500 share units outstanding and no units exercisable (December 31, 2019 - 286,500 outstanding and no units exercisable).



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

10. NET LOSS PER SHARE

Net loss per share has been calculated using the weighted average number of shares outstanding during the nine months ended September 30, 2020 and 2019.

For the nine months ended September 30,	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net loss for the period	\$ (504,590)	\$ (1,651,262)	\$ (1,953,297)	\$ (3,270,053)
Basic and fully diluted weighted average number of shares outstanding during the period	47,531,058	44,199,281	45,697,067	41,160,349
Basic and fully diluted net loss per share	\$ (0.01)	\$ (0.04)	\$ (0.04)	\$ (0.08)

Fully diluted weighted average common shares outstanding for the three and nine months ended September 30, 2020 and 2019 are not reflective of the outstanding stock options and warrants as their exercise would be anti-dilutive in the loss per share calculation.

11. RELATED PARTY DISCLOSURES

(a) Director and Executive Management Compensation

Directors and executive management's compensation for the nine months ended September 30, 2020 and 2019 consisted of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Cash compensation	\$ 139,611	\$ 138,500	\$ 388,911	\$ 415,500
Employment benefits	5,661	3,171	16,332	9,514
Fair value of share units	50,111	-	150,333	-
	\$ 195,383	\$ 141,671	\$ 555,576	\$ 425,014

Directors and executive management did not receive any stock options during the nine months ended September 30, 2020 and 2019.

(b) Director and Executive Management Transactions

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence were as follows:

Transaction	Note	Transaction value for the nine months ended		Balance outstanding as at	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Geological consulting	(1)	\$ 168,000	\$ 180,000	\$ -	\$ -
Consulting	(2)	84,000	90,000	-	-
Rent	(3)	51,384	44,109	-	-
Participation in private placement	(4)	188,150	-	-	-
		\$ 491,534	\$ 314,109	\$ -	\$ -



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

11. RELATED PARTY DISCLOSURES (continued)

(b) Director and Executive Management Transactions (continued)

- (1) During the nine months ended September 30, 2020, Nighthawk paid geological consulting fees of \$168,000 (nine months ended September 30, 2019 - \$180,000) to Byron Geological Inc., a company controlled by Dr. Michael Byron, the current Chief Executive Officer and a Director of Nighthawk. At September 30, 2020, the balance owed was \$nil (December 31, 2019 - \$nil).
- (2) During the nine months ended September 30, 2020, Nighthawk paid financial consulting fees of \$84,000 (nine months ended September 30, 2019 - \$90,000) to 2245448 Ontario Inc., a company controlled by Michael Leskovec, the Chief Financial Officer of Nighthawk. At September 30, 2020, the balance owed was \$nil (December 31, 2019 - \$nil).
- (3) During the nine months ended September 30, 2020, the Company paid rent and office costs of \$51,384 (nine months ended September 30, 2019 - \$44,109) to 1249687 Ontario Ltd., a company controlled by Brent Peters, a former director of the Company and to 2756189 Ontario Inc., a company controlled by Northfield Capital Corporation. At September 30, 2020, the balance owed was \$nil (December 31, 2019 - \$nil).
- (4) During the nine months ended September 30, 2020, combined insider participation by the Directors and executive management in the bought deal private placement (*note 9(a)*) totaled 52,000 Units and 52,200 flow-through shares for aggregate proceeds of \$188,150.

12. MANAGEMENT OF CAPITAL RISK

Nighthawk's capital management objective is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metal deposits. Achieving this objective requires management to consider the underlying nature of exploration activities, availability of capital, the cost of various capital alternatives and other factors.

Nighthawk raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that Nighthawk will be able to continue raising equity capital in this manner.

Establishing and adjusting capital requirements is a continuous management process. Exploration involves a high degree of "discovery" risk and substantial uncertainties about the ultimate ability of Nighthawk to achieve positive cash flows from operations. Consequently, management primarily funds Nighthawk's exploration activities and administrative costs by issuing share capital rather than using other capital sources that require fixed repayments of principal or interest. Nighthawk will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Development activities may begin once a property's mineral reserves are estimated and Nighthawk makes a positive production decision. At this point, management may consider other sources of financing such as senior debt or convertible debentures as a means to reduce equity dilution.

Nighthawk's capital under management at September 30, 2020 includes share capital of \$103,788,859 (December 31, 2019 - \$94,828,475).



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

12. MANAGEMENT OF CAPITAL RISK (continued)

Nighthawk invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and short-term guarantee deposits, all held with major Canadian financial institutions.

There were no changes in Nighthawk's approach to capital management during the nine months ended September 30, 2020 and Nighthawk is not subject to any externally imposed capital requirements other than the restricted cash held as guaranteed investment certificates at a Canadian chartered bank as security for the letters of credit posted with respect to Damoti Reclamation Obligation and the Colomac Security (*note 5*).

As of September 30, 2020, Nighthawk had \$8,592,338 of flow-through expenditure obligations remaining, which must be expended by December 31, 2021.

13. MANAGEMENT OF FINANCIAL AND OTHER RISK

Nighthawk's financial instruments are exposed to financial risks as summarized below:

(a) Fair Value

The carrying amount of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities represent their fair value due to their short-term nature. The fair value of the restricted cash are equal to its carrying value. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price if one exists.

(b) Credit Risk

Nighthawk's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Nighthawk has no significant concentration of credit risk arising from operations. Restricted cash consists of guaranteed investment certificates, which secure Nighthawk's two irrevocable standby letters of credit with a Canadian chartered bank (*note 5*) which Nighthawk considers to be a reputable financial institution. Management therefore believes the risk of loss to be remote.

(c) Liquidity Risk

Nighthawk's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020, Nighthawk had a cash balance of \$12,704,104 (December 31, 2019 - \$9,662,590) to settle current liabilities of \$2,300,597 (December 31, 2019 - \$469,201). All of Nighthawk's financial trade liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

(d) Interest Rate Risk

Nighthawk's cash primarily includes highly liquid bank deposits that earn a fixed rate of interest thereon. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2020. The restricted cash and secured notes are not subject to cash flow interest rate risk due to the fixed rate of interest thereon. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Nighthawk manages interest rate risk by maintaining an investment policy for short-term investments. This policy focuses primarily on preservation of capital and liquidity. Nighthawk is exposed to interest rate price risk on fixed interest rate instruments.



NIGHTHAWK GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Presented in Canadian Dollars

Unaudited

For the nine months ended September 30, 2020 and 2019

13. MANAGEMENT OF FINANCIAL AND OTHER RISK (continued)

(e) Other Risk

Nighthawk is exposed to other risks as follows:

Commodity Price Risk

Nighthawk is exposed to price risk with respect to the commodity price of gold. Future declines in this commodity price may impact the future profitability of Nighthawk and the valuation of its mineral properties. A significant decline in gold prices may affect Nighthawk's ability to obtain capital for the exploration and development of its mineral resource properties.

14. SUBSEQUENT EVENT

- (a) Subsequent to period end, 53,000 stock options having an exercise price of \$0.75 were exercised for gross proceeds of \$39,750 and 75,000 stock options having an exercise price of \$1.30 expiring on October 5, 2025 were granted to directors of the Company.
- (b) Subsequent to period end, 50,000 share units were granted to directors of the Company and 25,000 share units vested.