

# **ASCOT RESOURCES LTD**

## **Management's Discussion and Analysis**

---

**For the Period Ended:**                      **December 31, 2014**

**Date of Report:**                              **February 10, 2015**

### **Nature of the Business**

Ascot Resources Ltd ("Ascot" or the "Company") is a junior Canadian-based mineral exploration and development company with three major properties, the Premier/Dilworth option, a gold, silver, base metals project located near the town of Stewart in northwestern British Columbia, the Mt. Margaret property, a copper and gold play located in Washington, USA, and Swamp Point, a sand and gravel deposit, on the Portland Canal in northwestern British Columbia. The Mt. Margaret property is held in the Company's wholly owned subsidiary Ascot USA Inc. Ascot Resources Ltd is listed on the TSX Venture Exchange (the "TSXV") under the symbol "AOT".

### **Caution Regarding Forward-Looking Information:**

Certain disclosures contained in this management's discussion and analysis of the Company's financial condition and results of operations (the "MD&A") constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to investment performance, market fluctuations, fluctuations in prices of commodities, the strength of the Canadian and U.S. economies, foreign exchange fluctuations, political and economic conditions in the countries in which the Company's potential property interests are located and other risks included elsewhere in this MD&A under the heading "Risks" and in the Company's other public disclosure documents filed with certain Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com).

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking

information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

**Qualified Person:**

The Company's Qualified Person as defined by Canadian Securities Administrators NI 43-101 is Graeme Evans, a consulting geologist who has worked with the Company since 2009.

**Overall Performance:**

In the past two years, the Company raised \$13.9 million through share issues and the exercise of warrants and stock options.

Up to December 31, 2014 the Company had spent \$9.6 million on its Dilworth option, which was acquired in 2007, \$20.1 million on its Premier option, which was acquired in 2009 and \$4.7 million on its Mt. Margaret option which was acquired in 2010.

**Premier option:**

On June 15, 2009 the Company announced the signing of an Option Agreement to acquire a 100% interest in the mineral claims, mining leases, crown granted mineral claims and freehold and surface titles of the Premier Gold Mine held by Boliden Ltd in the Premier Gold Camp, north of Stewart, British Columbia in the Cassiar Mining District.

The Premier Gold Mine is a historical producer of 2 million ounces of gold and 42.8 million ounces of silver, until operations were suspended in 1996.

In order for the Company to purchase all of the assets of the Premier Gold Mine, under its original agreement, the Company had to make the following payments:

- a) \$100,000 within ten days of the later of the Execution Date and the approval of this agreement by the TSX Venture Exchange. (paid)
- b) \$100,000 on or before the first anniversary of the Execution Date. (paid)
- c) \$100,000 on or before the second anniversary of the Execution Date. (paid)
- d) \$20,000,000 on or before October 1, 2012.

In order for the Company to exercise the Option it had to:

- a) Have made all the above noted payments.
- b) Have exercised its option to acquire certain mineral claims under its option agreement dated March 2007 – the Dilworth option. The terms of the 2007 option agreement were amended to make the second anniversary payment, payable in two equal instalments over a two year period, to defer the third year anniversary payment to year four and to extend the closing date to October 1, 2012.

- c) Grant Boliden Limited a 1% Net Smelter Royalty, and the first right to purchase at market prices all base metal concentrates produced from the Property.

In March 2011 Ascot Resources Ltd. announced that its Premier option agreement had been extended by one year and the latest Closing Date was now October 1, 2013. In order to maintain its option until 2013, Ascot had to make an additional payment in 2012 on the agreement anniversary date of \$100,000, this payment was made in June 2012. In July 2012, the Company announced a further year extension to the Premier option. Pursuant to this amendment \$900,000 was now due in June 2013 and \$19,200,000 on or before October 1, 2014.

On July 19, 2013, an amending agreement was signed on the Premier option. The option payments due on June 27, 2013 and October 1, 2014 were cancelled and replaced by:

- i) \$500,000 on or before December 30, 2013 (paid)
- ii) \$500,000 on or before December 31, 2014 (paid)
- iii) \$9,550,000 on or before December 31, 2015

In addition, in order to exercise the option, Ascot will grant the optionor an additional 5% Net Smelter Royalty which can be bought out for \$9,550,000. The Net Smelter Royalty can only be bought out once the Net Smelter Royalty on the Dilworth option has been bought out (see Dilworth discussion).

The 2009 program at Premier consisted of prospecting and trenching of historic showings on the property and diamond drilling 48 holes totalling 7465 metres. Results for this program are fully disclosed in the MD & A for the year ended March 31, 2010.

The Company drilled 56 holes at Premier in 2010, for a total of 18,000 metres. Results for this program are fully disclosed in the MD & A for the year ended March 31, 2011.

The exploration program for 2011 cost approximately \$4.5 million, and consisted of a 34,000 meter drill campaign in 144 diamond drill holes. Results for this program are fully disclosed in the MD & A for the year ended March 31, 2012.

In May 2012 the Company announced an initial independent resource estimate for the Big Missouri area which has been the focus of drilling by Ascot from 2009 to 2011.

That resource covered approximately 20-25% of the Big Missouri target area. This initial resource was undertaken in order to help direct future work on this large gold system. The mineral resource estimate was based on results from 56,048m of drilling within 214 drill holes conducted by Ascot Resources from 2009-2011 which equates to 80% of the drill holes Ascot has completed on the property in the last three years. Historic drilling performed by Westmin Resources was used to assist with interpretations and domain creation however this data was not utilized for the purpose of inclusion in the resource estimation. In addition, a number of holes that were outside the resource area were not utilized for the estimation. Garth Kirkham P.Geo. of Kirkham Geosystems Ltd. prepared the Mineral Resource Estimate for the Premier Gold Project, and is independent of Ascot Resources for purposes of National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

Highlights:

- Indicated mineral resource of 1.29 million ounces of gold and 7.94 million ounces of silver using a 0.2 g/t gold cutoff.
- Inferred mineral resource of 0.99 million ounces of gold and 6.64 million ounces of silver also using a 0.2 g/t gold cutoff.

The full NI 43-101 technical report in respect of the updated resource can be viewed or downloaded at SEDAR and at [www.ascotresources.ca](http://www.ascotresources.ca).

In the 2012 drill season the Company drilled approximately 37,000 metres at Premier / Dilworth and commissioned a new and updated NI 43-101 Technical Report, the full Report can now be viewed or downloaded at SEDAR and at [www.ascotresources.ca](http://www.ascotresources.ca). The report was completed by P&E Mining Consultants Inc. ("P&E") and consists of an updated independent National Instrument 43-101 mineral resource estimate for the Company's Premier property located near Stewart, British Columbia.

Highlights for the 2013 mineral resource estimate: all mineral resources have been reported inside an optimized pit shell at a cut-off grade of 0.25 g/t gold-equivalent (AuEq), and contain a total of 2.43 million ounces AuEq at a grade of 0.85 g/t AuEq in the Indicated category and 0.49 million ounces AuEq at a grade of 0.74 g/t AuEq in the Inferred category.

The updated mineral resource estimate is based on 155,153 m of drilling from 1,080 drill holes, incorporating results from three target areas: the Big Missouri deposit, the Martha Ellen deposit, and the Dilworth deposit. At present a mineral resource has not been estimated for the mineralization at the Company's Dilworth zone as additional drilling will improve the modelling. All three target areas remain open for expansion as shallow dipping sheets within a six square kilometre area. This latest resource represents approximately 15% of the total target area.

A much higher percentage of mineralization is within the present Indicated category compared to the 2012 resource, as a better understanding of controls on mineralization is gained with further work. The optimized pit for the mineral resource estimate is based on a 0.25 g/t AuEq cut-off aided by the favourable infrastructure and topography of the project.

The field season for 2013 did not get underway until the Company was able to renegotiate its option agreement and raise financing. Work started in late July 2013 and came to an end in early November 2013. Total drilling at Premier was in excess of 20,000 metres. Results were announced in news releases dated September 12, 2013, September 26, 2013, October 24, 2013, November 14, 2013 and December 10, 2013.

In March, 2014 the Company announced that Ronald G. Simpson, P.Geol. (Geosim Services Inc.) had completed an updated independent National Instrument 43-101 compliant mineral resource estimate for the Company's Premier-Dilworth Gold-Silver Project located near Stewart, British Columbia.

Highlights for the 2014 mineral resource estimate include:

- New mineral resources estimates, covering the Big Missouri, Martha Ellen and Dilworth areas, within optimized pit shells, at a cut-off grade of 0.3 g/t gold equivalent (AuEq) of 2.830 million ounces AuEq at a grade of 0.94 g/t AuEq in the indicated category and 1.804 million ounces AuEq at a grade of 0.71 g/t AuEq in the inferred category.
- Indicated resource at Big Missouri of 2.007 million ounces AuEq at a grade of 1.01 g/t AuEq.
- Indicated resource at Martha Ellen of 0.354 million ounces AuEq at a grade of 1.32 g/t AuEq.

- Sensitivity to cut-off grades indicates the system remains robust with higher grade cut-offs.
- Big Missouri and Martha Ellen deposits have a significant increase in gold grades compared to the Feb.12, 2013 resource while the new Dilworth deposit adds substantial silver to the resource. All reported with higher cut-off grades.

The new and updated mineral resource estimates are based on data from 647 core holes (141,166 m) completed by Ascot since 2007 from three target areas: the Big Missouri deposit, Martha Ellen deposit and the Dilworth deposit. All three target areas remain open for expansion as shallow dipping sheets within a six square kilometre area and are believed to be portions of one large continuous system. This latest resource represents approximately 20% of the total target area.

These targets have the advantage of having favourable moderate topography and developed infrastructure from previous mine operations and a new hydroelectric project at Long Lake on the property.

The new and updated mineral resource estimates are summarized in the following table:

**Mineral Resources reported at a 0.3 g/t AuEq cut off.**

Class	Deposit	Tonnes 000's	Average Grades			Contained oz (000's)		
			Au g/t	Ag g/t	AuEq	Au	Ag	AuEq
<b>Indicated</b>	Big Missouri	61,859	0.91	5.8	1.01	1,810	11,535	2,007
	Martha Ellen	8,345	1.15	9.9	1.32	309	2,656	354
	Dilworth	23,298	0.48	8.8	0.63	357	6,592	469
	<b>Total</b>	<b>93,502</b>	<b>0.82</b>	<b>6.9</b>	<b>0.94</b>	<b>2,475</b>	<b>20,783</b>	<b>2,830</b>
<b>Inferred</b>	Big Missouri	34,665	0.74	8.0	0.88	825	8,916	976
	Martha Ellen	3,236	0.70	11.6	0.90	73	1,207	93
	Dilworth	41,377	0.45	6.1	0.55	596	8,115	734
	<b>Total</b>	<b>79,278</b>	<b>0.59</b>	<b>7.2</b>	<b>0.71</b>	<b>1,494</b>	<b>18,238</b>	<b>1,804</b>

1-Mineral Resources have an effective date of March 31, 2014; Ronald G. Simpson, P.Geo. is the Qualified Person responsible for the Mineral Resource estimates.

2-Mineral Resources are reported inside optimized pit shells using a gold equivalent grade of 0.3 g/t.

3-Tonnages are rounded to the nearest thousand tonnes; grades are rounded to two decimal places for Au and two for Ag. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

The mineral resource estimate is based on a three geologic block models. A combination of lithologic, structural and grade domain models were used to constrain grade estimation. Block dimensions were 10 by 10 by 10 metres. Density values assigned to the principal lithologies are based on 2,044 specific gravity measurements of pulp samples.

Gold and silver grade estimation was carried out by the inverse distance weighting method to the third power (ID3) using 2 metre downhole drill hole composites. Only data from Ascot programs was used in grade estimation. Data from historical drilling programs (pre-2007) was used to assist in modeling of lithologic and grade domains.

Classified blocks have been constrained by a Lerch-Grossman optimized pit shell using a gold price of \$1,400 per ounce and a silver price of \$24 per ounce. Cost Assumptions for pit optimization included processing + G & A at \$10.00/t and mining at \$2.00/t. Assumed metal recovery factors were 92% for gold 65% for silver. Pit slope was set at 45°.

The following tables show the sensitivity of the Premier-Dilworth Mineral Resource to a range of cut-off grades with the Base Case highlighted. These cases represent application of cut-off grades to classified blocks in the resource model and do not represent different pit optimizations.

***Sensitivity to Cut-off***

**Combined Indicated**

COG g/t AuEq	Tonnes 000's	Au g/t	Ag g/t	AuEq g/t	Oz Au 000's	Oz Ag 000's	Oz AuEq 000's
0.25	96,180	0.80	6.8	0.92	2,484	21,150	2,845
<b>0.30</b>	<b>93,502</b>	<b>0.82</b>	<b>6.9</b>	<b>0.94</b>	<b>2,475</b>	<b>20,783</b>	<b>2,830</b>
0.35	87,809	0.86	7.1	0.98	2,425	20,115	2,767
0.40	79,938	0.92	7.5	1.04	2,352	19,174	2,678
0.45	71,923	0.97	7.8	1.11	2,252	17,974	2,557
0.50	64,030	1.05	8.2	1.19	2,157	16,795	2,442
1.00	24,184	1.81	11.1	2.00	1,410	8,657	1,558
2.00	6,682	3.46	14.4	3.70	743	3,098	796
3.00	3,156	4.90	14.8	5.15	497	1,504	523

**Combined Inferred**

COG g/t AuEq	Tonnes 000's	Au g/t	Ag g/t	AuEq g/t	Oz Au 000's	Oz Ag 000's	Oz AuEq 000's
0.25	81,493	0.58	7.0	0.70	1,508	18,449	1,822
<b>0.30</b>	<b>79,278</b>	<b>0.59</b>	<b>7.2</b>	<b>0.71</b>	<b>1,494</b>	<b>8</b>	<b>1,804</b>
0.35	73,056	0.61	7.5	0.74	1,443	17,517	1,742
0.40	62,597	0.67	8.1	0.80	1,341	16,333	1,619
0.45	52,181	0.72	8.9	0.88	1,216	14,952	1,470
0.50	42,440	0.80	9.9	0.97	1,094	13,453	1,323
1.00	11,690	1.50	14.6	1.75	563	5,469	656
2.00	2,362	3.12	17.8	3.42	237	1,352	260
3.00	873	4.96	13.7	5.19	139	383	146

In June 2014, after more than two years of compilation of extensive historic data, the Company has commenced drilling at the old Premier Mine site itself, which is located at the south end of the project area, approximately six kilometres south of Big Missouri. This new target is outside of any of the present resource areas (Big Missouri, Martha Ellen and Dilworth). This area is a separate system and the priority was to define the potential for higher grade underground mineralization. Despite a number of lost holes due to encountering old workings or difficult ground conditions, the new drilling demonstrates the continuity of the main Premier system with wider intervals of stockwork veining, containing gold and silver values cored by higher grades in quartz breccia bodies.

The Company completed a total of 36,672 metres in 169 drill holes in 2014, most of this drilling was focused on the old Premier mine area. Results were announced in a series of news releases between July and November 2014. These results were extremely encouraging, detailed drill plan maps and sections are available on the Company's website.

### **Dilworth Project:**

The Dilworth property is located 25 kilometres north of the town of Stewart in north western British Columbia. Under its option agreement the Company could earn a 100% interest in the property, subject to a 2% net smelter royalty, by making staged option payments over five years totalling \$10.5 million. The first payment of \$200,000 was made in April 2007 and the second payment of \$300,000 was made in March 2008. In November 2007, the Company purchased three crown grants (Old Timer, Butte and Yellowstone) that were surrounded by the Dilworth property. The purchase price was \$100,000, 200,000 shares of Ascot and a 1% net smelter royalty on the crown grants. In June 2009, the terms of the Dilworth option were revised as part of the package to acquire the adjacent Premier option (see below). Under the amended terms the second anniversary payment were now payable in two equal instalments over a two year period, the third year anniversary payment has been deferred to year four and the closing date for exercising the option has been extended to October 1, 2012. The first instalment of the second year anniversary payment, \$200,000 was paid in June 2009 and the second instalment of \$200,000 was paid in March 2010. The third year anniversary payment of \$500,000 was paid in March 2011. In March 2011 Ascot Resources Ltd. announced that its Dilworth option agreement had been extended by one year and the latest Closing Date was now October 1, 2013. In order to maintain its option until 2013, Ascot had to make an additional payment in 2012 on the agreement anniversary date of \$200,000, this payment was made in March 2012. In July 2012, the Company announced a further year extension to the Dilworth option. Pursuant to this amendment \$600,000 was now due in March 2013 and \$8,500,000 on or before October 1, 2014.

On July 19, 2013, an amending agreement was signed on the Dilworth option. The option payments due on March 23, 2013 and October 1, 2014 were cancelled and replaced by:

- i) \$400,000 on or before December 31, 2013 (paid)
- ii) \$400,000 on or before December 31, 2014 (paid)
- iii) \$4,150,000 on or before December 31, 2015

In addition, in order to exercise the option, Ascot will grant the optionor an additional 5% Net Smelter Royalty which can be bought out for \$4,150,000.

In the 2007 and 2008 field seasons Ascot spent just under \$5 million exploring the Dilworth property.

In the 2009 field season the Company focused its exploration activity on the Premier option.

In 2010, the Company drilled a further 12 exploratory holes at Dilworth.

The bulk of the 2011 drill program was focused on the Premier property. There was 1,353 metres of drilling at Dilworth in six holes in 2011. The results were summarized in a news release in December, 2011 and are available on the Company's website.

The bulk of the 2012 drill program was focused on the Premier property. There was 4,939 metres of drilling at Dilworth in 18 holes in 2012. The results were summarized in news releases in October and November, 2012 and are available on the Company's website.

The field season for 2013 did not get underway until the Company was able to renegotiate its option agreement and raise financing. Work started in late July 2013 and came to an end in early November 2013. Total drilling at Dilworth was 4,250 metres. Results were announced in news releases dated September 12, 2013, September 26, 2013, October 24, 2013, November 14, 2013 and December 10, 2013.

In March, 2014 the Company announced that Ronald G. Simpson, P.Geo. (Geosim Services Inc.) had completed an updated independent National Instrument 43-101 compliant mineral resource estimate for the Company's Premier-Dilworth Gold-Silver Project located near Stewart, British Columbia. This included, for the first time, a resource for the Dilworth. The highlights of this report are shown under the Premier section of this MD & A.

No drilling was done on Dilworth in 2014 as the Company focused its drilling activity on the old Premier mine area.

**Mt. Margaret option:**

In March 2010, the Company announced the signing of an Option Agreement to purchase a 100% interest of the 50% interest in the Mt. Margaret property held by General Moly Inc. in the St. Helens Mining District of Skamania County in Washington State.

The Mt. Margaret property covers a large portion of the undeveloped resource known as the Mt. Margaret deposit. This is one of the largest of the Cu-Mo-Au-Ag calc-alkaline porphyries of Miocene age in Washington State. Since discovery in 1969 Duval Corporation conducted numerous exploration programs and mine/metallurgical studies on Mt. Margaret deposit until the eruption of Mt. St. Helens halted all fieldwork in 1980.

The Mt. Margaret porphyry copper-molybdenum-gold-silver deposit is located 22.5 km southwest of Randle Washington in Skamania County. The Mt. Margaret deposit was discovered by Duval Corporation in 1969 and was actively explored annually from 1971-1980. By 1980, a total of 105 diamond drill holes totalling 20,729 metres had been completed.

The historic geological resource "non 43-101 compliant" stated by Duval, dated 1980 (Taylor) using a 0.33% CuEq cut-off.; is quoted below:

<b><i>Mt. Margaret Geological Resource* –Source (CIM Special Volume 37, 1986)</i></b>					
	<i>Tonnes</i>	<i>Cu Grade (%)</i>	<i>Mo Grade (%)</i>	<i>Gold Grade g/t</i>	<i>Silver Grade g/t</i>
<i>Geological Resource</i>	<i>523MT</i>	<i>0.36</i>	<i>0.011</i>	<i>0.24</i>	<i>1.6</i>

\* Geological Resources for the Mt. Margaret deposit are referenced in CIM Special Volume 37 as well as several USGS and GSC databases. These historical resource estimates predate the implementation of National Instrument 43-101 ("NI 43-101") guidelines and are not compliant with current accepted reserve and resource classifications as set forth by Canadian Institute of Mining and Metallurgy, Aug 20, 2000 (CIM Guidelines). The Mt. Margaret resource estimates are considered relevant as they have been calculated on the basis of 20,729 metres of diamond drilling in 105 drill holes, However, Ascot has not completed the work necessary to have the historical estimate verified by a Qualified Person as a current mineral resource or mineral reserve estimate. The Company is not treating the estimate as a current NI 43-101 defined resource or reserve estimate and the historical estimate should not be relied upon. There is no current economic evaluation that demonstrates the potential economic

viability of the stated resources therefore none of the geological resources should be considered "reserves" under current CIM Guidelines.

In order for the Company to purchase all of the interests of the Mt. Margaret property held by General Moly Inc. the Company had to make the following payments:

- 1) \$ 100,000 US on signing (paid)
- 2) \$ 300,000 US fifteen months from the date of signing (paid)
- 3) \$1,600,000 US twenty seven months from the date of signing.

General Moly Inc retains a 1.5% Net Smelter Return.

In June 2012 the Company entered into an extension agreement on its Mt Margaret option agreement. Pursuant to the extension agreement the final option payment was replaced with a payment of \$335,000 US by May 31, 2012 and a final payment of \$1,300,000 US by October 10, 2012. Both these payments have been made.

Ascot drilled 11 holes at Mt. Margaret in 2010. The intent of the program was to confirm and expand the historic resource estimates.

A plan map of drill hole locations, detailed sections and assay results are available on the Company's website.

The Company's 2011 drill program was scheduled to start in early July, it was planned to drill up to 30 holes on the Company's MS 708 lease to increase the drill density to allow an NI 43-101 resource to be calculated. The drill program was suspended pending the completion of an Environmental Assessment report which was being prepared in conjunction with the prospecting permit application mentioned below.

The Company applied for prospecting permits on land adjacent to its MS 708 lease, the Company wanted to confirm and expand on Duval drilling that indicated this land could have significant economic potential if developed in conjunction with MS 708. The prospecting permits received final approval in December 2012. In March 2013 the U.S. Forest Service denied an appeal of these decisions by an environmental group. In July 2014, following a court challenge of the denied appeal, the court set aside the permit approvals pending further action consistent with the court's findings. The Company is working with the government agencies to amend its Environmental Assessment in a manner consistent with the court's findings.

The proposed exploration program involves drilling 63 drill holes from 23 drill pads. The results of the program would be very significant in determining the size and grade of the Mt. Margaret deposit.

### **Swamp Point Project:**

The Swamp Point project is located on the Portland Canal in north western British Columbia, Canada, at Latitude – 58° 28' N, Longitude – 130° 02' W. The Company's legal title is through its ownership of Lots 7360 (upland) and 7359 (foreshore deep water docks) in Cassiar Mining District. The official survey of the lots was completed in 2008, total – 91hectares. A second foreshore lease to cover the small craft dock area was issued May 2008. In August 2006 the Company was issued a Mines Act Permit, permitting mining of up to 3.3 million tons per year for a minimum of 15 years.

The Company SEDAR filed a National Instrument 43-101 in January 2006, highlights included a measured mineral resource, pre-feasibility of 46 million tonnes. The Company's consultants completed a Pre-Feasibility study in January 2006 and a 500 tonne Bulk Sample report in May 2006.

The Property is subject to two royalties, \$1.00 per cubic metre (approximately \$0.46 per tonne) due to the B.C. Provincial Government and a royalty to a private company of 5% of sales less shipping costs on the first seven million tones and 8% thereafter.

Access to the Property is by boat, float plane or helicopter, it is 85 miles from Prince Rupert or 30 miles from Stewart. Water access can be made through deep water barge landing (for barges with ramps), deep water barge dock (for loading aggregates) and a deep water ship dock, which was under construction, but not completed, designed to handle up to Panamax size vessels. There is also a small craft dock inside a steel floating breakwater.

Construction of the deep water ship dock was suspended in July 2008 as a result of the dramatic downturn in the United States housing market. This downturn had a negative effect on the demand for aggregate products in California which the Company had seen as its primary market.

In December, 2010, as there had been minimal activity at Swamp Point for more than two years, management decided to write off the property and associated assets for accounting purposes. In June 2011, in order to reduce its costs at Swamp Point, the Company closed its camp at the mine site and removed most of the associated equipment.

The Company believes that value can still be had from Swamp Point. The proposed LNG projects for northwestern British Columbia should create significant local demand for sand and gravel. Management believes Swamp Point is strategically located to take advantage of this.

### **Critical Accounting Estimates and Judgments:**

Ascot Resources Ltd. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities are discussed below:

#### **i) Rehabilitation Provisions**

Rehabilitation provisions have been created based on Ascot Resources Ltd.'s internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

**ii) Exploration and Evaluation Expenditure**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

**iii) Title to Mineral Property Interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**iv) Income Taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

**v) Share-based Payment Transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

**Financial Instruments and risk management:**

The Company is in the exploration stage. The mining exploration business is an extremely high risk business and the Company relies on being able to raise money in the financial markets to fund its activities. Although the Company has been successful at this in the past, there is no guarantee that it will continue to be so.

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

How the Company handles these risks is fully described in note 15 to the financial statements for the period ended December 31, 2014.

**Results of Operations:**

	<b>Three months ended December 31 2014</b>	Three months ended December 31 2013	<b>Nine months ended December 31 2014</b>	Nine months ended December 31 2013
Net income (loss)	<b>\$(361,868)</b>	\$(433,577)	<b>\$(3,482,934)</b>	\$(3,253,649)
Impairment charges	-	-	-	-
Interest and other income	<b>60,970</b>	9,447	<b>196,690</b>	19,819
Administration costs	<b>156,101</b>	149,587	<b>644,364</b>	615,097
Stock-based compensation	<b>39,168</b>	-	<b>2,232,218</b>	1,994,101

**Three months ended December 31, 2014:**

In the quarter ended December 31, 2014, the Company had a net loss of \$361,868 as compared to net loss of \$433,577 for the comparative quarter in 2013. The following discussion explains the variations in the key components of these numbers, but as with most junior exploration and development companies the results of operations are not the major factors in establishing the financial health of the company. Of far greater significance are the properties the company has, the outlook for those properties, the company's working capital and how many shares the company has outstanding.

There were no impairment charges in the quarters ended December 31, 2014 and December 31, 2013.

Interest and other income was \$60,970 for the quarter ended December 31, 2014 as compared to \$9,447 for the quarter ended December 31, 2013. Other income is the recognition of the premium received on the issue of flow through shares as the funds are spent. The number is thus a function of the premium received and the expenditures made. (See accounting policies for flow through shares). Other income was \$46,866 for the quarter ended December 31, 2014 and nil for the quarter ended December 31, 2013.

In the quarter ended December 31, 2014, administration costs increased slightly to \$156,101 from \$149,587 in the quarter ended September 30, 2013. The major components of administration costs are professional fees, promotion and shareholder costs and office and other costs. Professional fees consist of management fees, accounting fees, legal fees and auditing fees. Total professional fees in the quarter ended December 31, 2014 decreased to \$109,935 as compared to \$114,229 in the comparable period in 2013. The main reason for this was a decrease in legal fees related to the Company's US Mt. Margaret property. Promotion and shareholder costs were up in the quarter ended December 31, 2014 to \$32,161 from \$9,268 in the comparable period in 2013. The major reason for this is the Company's ongoing efforts to raise its profile in the investment community. Administration and other costs consist of all costs in running the Company's office, including office rent, insurance costs and miscellaneous costs. Office and other costs decreased to \$14,005 in the quarter ended December 31, 2014 from \$25,972 in the quarter ended December 31, 2013.

Stock based compensation expense is a non-cash item that puts a dollar value on the granting of stock options. It is based on statistical models, taking into account the volatility of the stock, the risk free rate and the weighted average life of the options. Where, as in the Company's case, the market is volatile and not very liquid the results may not be that meaningful. In the quarter ended December 31, 2014, 50,000 stock options vested resulting in a stock option compensation expense (as described

in note 13 to the audited financial statements) of \$39,168, compared to zero options vesting and an expense of \$0 in the quarter ended December 31, 2014.

Deferred taxes is a non cash item that is made up of the tax applicable to the expenditure of flow through funds and the tax applicable to the fluctuations in value of the Company's "available for sale" investment. The charge was \$225,569 for the quarter ended December 31, 2014 and \$291,437 for the comparative 2013 period.

The Company is required to report its comprehensive income. In Ascot's case the difference between its net loss for the year and its comprehensive loss derives from the fluctuating fair value of its "available for sale" investment in Cardero Resource Corporation. At September 30, 2014 the investment had a fair value of \$59,500 (based on the quoted market price). By December 31, 2014 the value of the investment had fallen by \$25,500 which after allowing for future income tax recovery of \$3,188 made for a comprehensive loss for the period of \$384,180.

### **Nine months ended December 31, 2014:**

In the nine months ended December 31, 2014, the Company had a net loss of \$3,482,934 as compared to a net loss for the nine months ended December 31, 2013 of \$3,253,649.

There were no impairment charges in the nine months ended December 31, 2014 and December 31, 2013.

Interest and other income was \$196,690 for the nine months ended December 31, 2014 as compared to \$19,819 for the nine months ended December 31, 2013. The major component of interest and other income is the recognition of the premium received on the issue of flow through shares as the funds are spent. The number is thus a function of the premium received and the expenditures made. (See accounting policies for flow through shares). Other income was \$164,955 for the nine months ended December, 2014 and nil for the nine months ended December 31, 2013.

In the nine months ended December 31, 2014, administration costs were \$644,364 as compared to \$615,097 in the comparative nine months in 2013. Professional fees were up in 2014 as a result of an increase in legal fees related to the Company's US Mt. Margaret property. Office costs dropped in 2014 as the Company downsized and relocated its head office operation. Promotion costs decreased slightly in 2014. Costs at Swamp Point were up in 2014 as a result of some required maintenance work.

Stock based compensation expense is a non-cash item that attempts to put a dollar value on the granting of stock options. It is based on statistical models, taking into account the volatility of the stock, the risk free rate and the weighted average life of the options. Where, as in the Company's case, the market is volatile and not very liquid the results may not be that meaningful. There were 3,500,000 options vesting in the nine months ended December 31, 2014 and 2,600,000 in the comparative period ended December 31, 2013. Using the Black-Scholes valuation model, this resulted in an expense of \$2,232,218 in 2014 and \$1,994,101 in 2013.

Deferred taxes is a non cash item that is made up of the tax applicable to the expenditure of flow through funds and the tax applicable to the fluctuations in value of the Company's "available for sale" investment. The charge was \$797,042 for the nine months ended December 31, 2014 and \$658,270 in the comparative period in 2013.

At March 31, 2014 the Company's investment in Cardero had a fair value of \$102,000 (based on the quoted market price). By September 30, 2014 the value of the investment had fallen by \$68,000 which after allowing for future income tax recovery of \$8,500 made for a comprehensive loss for the period of \$3,542,434.

**Summary of Quarterly Results:**

	Quarter ended			
	<b>December 31, 2014</b>	<b>September 30, 2014</b>	<b>June 30, 2014</b>	<b>March 31, 2014</b>
Other income	<b>\$60,970</b>	<b>\$114,936</b>	<b>\$20,784</b>	<b>\$10,860</b>
Net loss	<b>(361,868)</b>	<b>(642,903)</b>	<b>(2,478,163)</b>	<b>(279,765)</b>
Loss per share – basic and diluted	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.00)</b>

	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Other income	\$9,447	\$9,080	\$1,292	\$1,431
Net loss	(433,577)	(2,575,805)	(244,268)	(265,580)
Loss per share – basic and diluted	(0.01)	(0.03)	(0.00)	(0.00)

**Investments:**

No investments were purchased during the quarters ended December 31, 2014 and 2013.

**Segmented information:**

As at December 31, 2014, the Company had two reportable geographic segments, Canada and the United States. The United States assets relate solely to expenditures on the Mt Margaret option, which is included in exploration and evaluation assets at December 31, 2014 at \$4,713,102. All of the Company's current assets are located in Canada.

**Liquidity and Capital Resources:**

At March 31, 2014 the Company had working capital of \$3,496,797. During the nine months ended December 31, 2014 Ascot spent, \$3,667,732 on its Premier project, \$400,000 on its Dilworth project and \$62,877 on its Mt. Margaret option. In the same period the Company raised net proceeds of \$2,997,427 through a private placement and \$2,954,851 through the exercise of warrants and stock options. At December 31, 2014 the Company had working capital of \$4,829,752 of which \$2,354,000 is committed to flow through expenditures.

The Company had sufficient cash and cash equivalents to cover all of its accounts payable and accrued liabilities as at December 31, 2014 and to cover its general and administrative costs for the next year.

The final option payments on Premier and Dilworth totalling \$13.7 million are due by December 31, 2015. The Company has not yet determined how these payments will be made.

The proposed program at Mt. Margaret is budgeted at \$6 million. The Company has to first to amend its Environmental Assessment and then raise these funds before proceeding with this program.

**Related Party Transactions:**

During the nine months ended December 31, 2014 the Company made the following payments to officers and directors or companies controlled by directors:

	<b>2014</b>	2013
Office and other services	\$ <b>150,000</b>	\$ 150,000
Management fees	\$ <b>150,000</b>	\$ 150,000
Exploration and evaluation costs	\$ <b>138,646</b>	\$ 120,803

2,400,000 stock options were granted to directors in the period ended December 31, 2014, exercisable at a price of \$0.88. Using the Black-Scholes model (see Results of Operations) the ascribed value of this option grant was \$1,515,017. 2,100,000 stock options were granted to directors in the period ended December 31, 2013, exercisable at a price of \$0.95. Using the Black-Scholes model (see Results of Operations) the ascribed value of this option grant was \$1,610,620.

Prepays includes \$50,000 in prepaid management fees.

**Off-Balance Sheet Arrangements:**

There are no such existing arrangements.

**Outstanding Share Data:**

As at February 10, 2015 the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of the Company are as follows:

Common shares	Number
Outstanding	99,966,730
Issuable under options	9,200,000
Issuable under warrants	6,876,874
<b>Total diluted common shares</b>	<b>116,043,604</b>

**Future accounting changes:**

Future accounting changes are fully described in note 3(n) to the audited financial statements for the period ended March 31, 2014.

**Additional Information:**

Other additional information relating to Ascot Resources Ltd. may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.ascotresources.ca](http://www.ascotresources.ca).