Ascot Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2019

(Expressed in thousands of Canadian dollars, except where indicated)

Report date: March 13, 2020

This Management's Discussion and Analysis ("MD&A") of Ascot Resources Ltd. ("Ascot" or the "Company") is dated March 13, 2020 and provides an analysis of our audited financial results for the year ended December 31, 2019 compared to the nine months ended December 31, 2018. The following information should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2019 and the nine months ended December 31, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all currency amounts are expressed in thousands of Canadian dollars. Additional information about the Company, including the audited financial statements and the notes thereto, for the year ended December 31, 2019, prepared in accordance with IFRS, can be found on SEDAR at www.sedar.com and on the Company's website at www.ascotgold.com.

Change in year end - On March 26, 2018, the Company filed a notice of change of year end pursuant to Part 4 of NI 52-102 Continuous Disclosure Obligations. The Company changed its fiscal year end from March 31 to December 31 with transition year-end at December 31, 2018 to be more aligned with its peers. Consequently, the Company previously reported audited financial results for the nine month period from April 1, 2018 to December 31, 2018. For 2019, the Company is reporting its audited financial results for the full year period (twelve months) from January 1 to December 31, 2019. Going forward, the Company will follow a customary quarterly reporting calendar based on a December 31 financial year end, with fiscal quarters ending on the last day in March, June, September, and December of each year.

Ascot is a Canadian-based development and exploration company publicly traded on the Toronto Stock Exchange (the "TSX") (on the TSX Venture Exchange prior to October 1, 2019) and OTCQX under the symbols AOT and AOTVF respectively, focused on re-starting the historic past producing Premier gold mine located in British Columbia's Golden Triangle. The Company continues to define high-grade resources for underground mining with the near-term goal of upgrading the underground resources into reserves, while continuing to explore nearby targets on its Premier and Silver Coin properties (collectively referred to as the Premier Gold Project), situated 25 kilometres north of the town of Stewart. On March 28, 2019, the Company completed the acquisition of IDM Mining Ltd. ("IDM"), the owner of the Red Mountain Project located 15 kilometres northeast of the town of Stewart. The Company also has two other projects: Swamp Point, an aggregate mine in care and maintenance located in British Columbia on the Portland Canal, and Mt. Margaret, a porphyry copper-molybdenum-gold-silver deposit located in Washington State, USA.

2019 AND RECENT HIGHLIGHTS

- On January 7, 2019, the Company entered into a definitive arrangement agreement with IDM to acquire all of the issued and outstanding common shares of IDM (the "Transaction") which was closed on March 28, 2019. The Transaction consolidates Ascot's Premier Gold Project and IDM's Red Mountain Project, to create a high-grade gold development and exploration company in northwestern British Columbia's Golden Triangle (see "Red Mountain Project").
- On January 21, 2019, the Company entered into a subscription and note agreement related to a convertible loan for gross proceeds of US$10 million (the "Note") split between Sprott Private Resource Lending (Collector), LP and Resource Income Partners Limited Partnership for US$8.83 million and US$1.17 million respectively (see **"Liquidity"**).
- On February 15, 2019, both the BC Environmental Assessment Office and the Canadian Environmental Assessment Agency confirmed that the Premier Gold Project is not reviewable under the regulation. As a result, a new Environmental Assessment is not required and the Company intents to submit a Mines Act Permit Amendment application.
- On April 10, 2019, the Company's wholly-owned subsidiary IDM and Nisga'a Nation entered into a Benefits Agreement for the Red Mountain Project (see **"Red Mountain Project"**).
- The Company's 15,000 metre Phase I drill program commenced on April 17 with step-out drilling at high-grade expansion targets in the Northern Lights area just east of the Premier mill facility.
- On May 2, 2019 the Company announced a concurrent brokered and non-brokered private placement offering of units and common shares which qualify as "flow-through shares" for aggregate gross proceeds of $10,000. On May 7, 2019 and on May 15, 2019, the Company upsized the private placement offering to a total of $15,200 and

$15,700, respectively. On May 22, 2019, Ascot announced closing of the concurrent brokered and non-brokered private placement offering of units and common shares which qualify as "flow-through shares" for aggregate gross proceeds of $15,875.

- Subsequent to the close of the Offering, the Company expanded its 2019 drill program to approximately 53,000 metres comprising of infill drilling in Big Missouri, Silver Coin and Premier, geotechnical drilling at portal locations and exploration drilling on high priority targets including Silver Hill and Indian Ridge. The Company also completed additional ground geophysical survey of 3,000 metres north of Silver Hill. By the end of September, the infill drilling program was completed while exploration drilling continued until mid-October (See "2019 Drilling Program").
- In the second half of 2019, the Company engaged a number of consulting engineering and environmental firms to assist it to undertake the updated feasibility study at Red Mountain, a new feasibility study at Premier and completing the Mines Act and Environmental Management Act amendment applications for the Premier site.
- On October 31, 2019, the Company announced the results of an updated mineral resource estimate for its Red Mountain project with 782,600 ounces of gold in measured and indicated resource and 69,300 ounces of gold in inferred resource, an increase of 198,000 ounces in comparison to the 2017 feasibility study or 78,000 ounces in comparison to the 2018 resource in measured and indicated categories.
- On September 30, 2019, the Company's common shares were approved for listing on the TSX and commenced trading on the TSX at the opening of market on October 1, 2019. Concurrent with the TSX listing, the common shares of Ascot were de-listed from the TSX Venture Exchange. Ascot's trading symbol remained "AOT".
- On January 15, 2020, the Company announced an updated Resource Estimate for the Premier Gold Project including the Silver Coin, Big Missouri and Premier deposits. The update represented a 60% increase in the Indicated Category compared to the previous Resource Estimate. The resources at Premier Gold Project contained precious metals are 1,066,000 ounces of gold and 4,669,000 ounces of silver in the Indicated Category and 1,180,000 ounces of gold and 4,673,000 ounces of silver in the Inferred Category. Ascot's combined resources for the Premier and Red Mountain Projects have total contained precious metals of 1,848,600 ounces of gold and 6,824,000 ounces of silver in the Measured & Indicated Category and 1,249,300 ounces of gold and 4,769,000 ounces of silver in the Inferred Category.
- On February 25, 2020, the Company closed its previously announced non-brokered private placement (the "Offering") of 5,126,250 flow-through shares at a price of $0.98 per Flow-Through Share, and 8,170,588 common shares at a price of $0.64 per common share for aggregate gross proceeds of $10,253. The net proceeds from the Offering will be primarily used to fund exploration activities, permitting, engineering and economic studies and for general corporate and working capital purposes.

2019 DRILLING PROGRAM

After the successful completion of the 2018 program at Premier, the Company targeted exploration at a number of new targets that were identified with geophysical induced polarization surveys in late 2018 and in the spring of 2019. The exploration program consists of drill testing exploration targets focusing on: new gold zones in the Unuk formation (deeper or adjacent to) known resources; Epithermal/VMS targets on the Dilworth contact in northeast of Premier property (Silver Hill) and new areas like Lost Valley at Red Mountain.

The Company planned infill and step out drilling from known mineralization and upgrading the classification of resources in priority areas of the property. This plan entailed drilling at Premier's Northern Lights and 602 areas and in the southern portions of the Big Missouri and Silver Coin deposits. This was followed by drilling the Prew zone and part of northern Big Missouri.

In order to successfully execute its exploration plans, on May 2, 2019, the Company undertook a concurrent brokered and non-brokered private placement offering of units (the "Units") and common shares which qualify as "flow-through shares" (within the meaning of subsection 66(15) of the Income Tax Act (Canada)) (the "Flow-Through Shares" and together with the Units, the "Securities") to investors for aggregate gross proceeds of $10,000 (the "Offering"). Each Unit was offered at a price of $0.70 and included a common share and a common share purchase warrant at an exercise price of $0.95 exercisable within one year of the closing date of the Offering. Each Flow-Through Share was offered at a price of $0.76.

On May 7, 2019 and on May 15, 2019, the Company upsized the Offering to a total of $15,200 and $15,700, respectively. On May 22, 2019, the Company closed the Offering, raising $15,875 by issuing 8,139,548 flow-through shares and 13,841,035 Units. In connection with the Offering, the Company paid the agents and finders cash fees and other share issuance fees in the amount of $1,089 and issued 888,332 non-transferable warrants ("Compensation Warrants"). The Compensation Warrants are exercisable at $0.95 per Compensation Warrant into common shares of the Company for a period of one year from the closing date of the Offering.

The proceeds from the Offering were used primarily for exploration and resource upgrade drilling, permitting, engineering and economic studies and for general corporate and working capital purposes. Gross proceeds from flow-through shares were used for the 2019 exploration program at the Premier Gold Project.

A summary of the results of the 2019 drilling program is as follows (see full news releases at www.ascotgold.com):

- In July and August, 2019, the Company announced four sets of drill results from the Big Missouri Ridge. The highlights of the drilling results included intercepts of 56.80 g/t gold (Au) over 1.65 m in hole P19-1911, 320 g/t Au over 1.00 m in hole P19-1954 and 48.9 g/t Au over 1.00 m in hole P19-1949.
- On September 5, 2019, the Company announced positive drill results from its Silver Coin deposit acquired in 2018. The highlights of this release included 11.44 g/t Au over 6.00 m in hole P19-2025, 5.58 g/t Au over 14.08 m in hole P19-2024 and 6.45 g/t Au over 4.06 m in hole P19-2039.
- On September 10, 2019, the Company announced the initial results from three exploration drill holes targeting geophysical and deep anomalies southeast of the Big Missouri resource area and south of the Silver Coin deposit. The drill holes intercepted sulfide zones with anomalous gold, silver and base metals at the depth indicated by the geophysical data. The highlights of this release included 0.67g/t Au and 20.0 g/t silver (Ag) over 2.00m in hole P19-2049 and 0.22g/t Au and 3.1g/t Ag over 10.05m in hole P19-2049.
- On November 7, 2019, the Company announced that its field crews had identified a series of sulfide veins and quartz stockwork in outcrop near the historical Silver Hill prospect on Ascot's property, nine kilometres north of the Premier mill. Two surface grab samples from surface exploration at the Silver Hill prospect returned results as follows: 9.37 g/t Au, 14,898 g/t Ag, 5.90% Pb, 5.75% zinc (Zn) and 0.05 g/t Au, 12,393 g/t Ag, 3.42% lead (Pb) and 4.86% Zn.
- On December 5, 2019, the Company announced the results from exploration drill holes completed in a potential discovery to the west of the Premier deposit. The highlights of this release included 17.29 g/t Au over 3.58 m in hole P19-2177, 12.83 g/t Au over 4.20 m in hole P19-2177 and 15.30 g/t Au over 1.0 m in hole P19-2180.
- On December 16, 2019, the Company announced high-grade silver drill results from exploration drilling at the Silver Hill prospect as a follow up to high-grade grab samples reported in the Company's news release of November 7, 2019. Highlights of this release included 880 g/t Ag over 1.00 m in hole P19-2170, 787 g/t Ag over 1.00 m in hole P19-2170 and 220 g/t Ag over 0.85 in hole P19-2163.
- On January 6, 2020, the Company announced the results from drill holes completed in the Silver Coin deposit of Ascot's Premier Gold Project. The highlights from 30 drill holes included 30.81 g/t Au over 6.69 m in hole P19-2137, 28.96 g/t Au over 3.20 m in hole P19-2136 and 12.24 g/t Au over 4.59 m in hole P19-2130.

With positive results from the 2019 exploration program, the Company plans to expand its exploration targets on Silver Hills, north of Silver Coin and Lost Valley. The Company raised $5,024 in February 2020 through issuance of flow-through shares (see **"Liquidity"**) to fund its 2020 exploration program.

2019 OPERATING OVERVIEW

Premier Gold Project ("PGP")

Overview

PGP includes the previously separated Premier, Dilworth and Silver Coin properties which are now consolidated and host the Premier, Silver Coin and Big Missouri deposits. Each deposit is accessible through historic underground infrastructure, which will be incorporated into future mining plans. Since October 2017, the Company has been focusing on identifying and developing high-grade underground resources, engineering and environmental studies to restart the mill facility. In February 2020, the Company published an updated independent National Instrument 43-101 ("NI 43-101") mineral resource estimate for the Premier Gold Project which increased indicated resources by 60%. Indicated Resources are important because Inferred material can not be used in Feasibility Studies. The updated NI 43-101 resource estimate for the Premier Gold Project reported 1.1 million ounces of gold and 4.7 million ounces of silver in the Indicated category, and 1.2 million ounces of gold and 4.67 million ounces of silver in the Inferred category (see "Resource Update").

Resource Update

Since late 2017, Ascot management turned its focus towards developing high-grade underground resources. Starting with limited high-grade underground resources, Ascot now has a substantial amount of high-grade resources from four deposits, which could feed the centrally located Premier mill. In 2019, the Company completed over 53,000 metres of drilling, of which 43,000 metres was focused on an infill drill program to improve the confidence level and classification of the Premier Gold Project resource from the Inferred Category to the Indicated Category. The Company now has an updated NI 43-101 compliant Resource Estimate for the Premier Gold Project based on this drilling.

In August of 2019, the Company engaged Ms. Sue Bird, P.Eng. of Bird Resource Consulting Corp. to prepare an updated mineral resource estimate for the Premier Project. The new estimate incorporates the drill results from the 2019 field season and required an update to the modeled mineralized zones and the modelling methodology for Premier, Big Missouri and Silver Coin to accommodate the results from the new drill holes in these three areas.

On January 15, 2020, Ascot reported an updated independent National Instrument 43-101 mineral resource estimate for PGP titled "Resource Estimate Update for the Premier Gold Project, Stewart, British Columbia, Canada" with an effective date of December 12, 2019. The updated NI 43-101 resource estimate, filed on SEDAR on February 28, 2020, for the project reported:

- 1,066,000 ounces of gold and 4,669,000 ounces of silver in the Indicated category, and
- 1,180,000 ounces of gold and 4,673,000 ounces of silver in the Inferred category.

(Expressed in thousands of Canadian dollars, except where indicated)

Mineral Resources at Premier Gold Project reported at a 3.5 g/t AuEq cut-off (effective date of December 12, 2019)

Class	Deposit	In situ Tonnes 000's	Average In situ Grades			Contained oz (000's)		
			Au g/t	Ag g/t	AuEq g/t	Au	Ag	AuEq
Indicated	Premier	1,298	8.46	64.2	8.90	353	2,680	372
	Big Missouri	1,116	8.36	16.9	8.48	300	607	304
	Silver Coin	1,597	7.61	23.0	7.77	390	1,181	399
	Martha Ellen	130	5.47	48.0	5.80	23	201	24
Total Indicated	**All Above**	**4,141**	**8.01**	**35.1**	**8.25**	**1,066**	**4,669**	**1,099**
Class	**Deposit**	**In situ Tonnes 000's**	**Average In situ Grades**			**Contained oz (000's)**		
Inferred	Premier	1,753	6.72	39.8	7.00	379	2,243	394
	Big Missouri	1,897	8.34	14.7	8.44	508	896	515
	Silver Coin	523	7.03	23.2	7.19	118	390	121
	Martha Ellen	653	6.12	34.3	6.36	129	720	134
	Dilworth	235	6.13	56.0	6.51	46	424	49
Total Inferred	**All Above**	**5,061**	**7.25**	**28.7**	**7.45**	**1,180**	**4,673**	**1,213**

Notes:

1. Mineral Resources are estimated at a cut-off grade of 3.5 g/t AuEq based on metal prices of US$1,300/oz Au and US$20/oz Ag.
2. The AuEq values were calculated using US$1,300/oz Au, US$20/oz Ag, a silver metallurgical recovery of 45.2%, and the following equation: AuEq(g/t) = Au(g/t) + 45.2% x Ag(g/t) x 20 / 1,300
3. A mean bulk density of 2.84 t/m3 is used for Premier and of 2.80 t/m3 for all other deposit areas
4. A minimum mining width of 2.5 m true thickness is required in order to be classified as Resource material
5. Numbers may not add due to rounding.

Qualified Person

Sue Bird, P. Eng. and Tracey Meintjes, P.Eng are independent "qualified persons" (as defined in NI 43-101) responsible for this mineral resource estimate. Ms. Bird has conducted independent data verification relating to drill hole location and orientation, sampling methodology, assay QA/QC and database integrity and found the results satisfactory. Ms. Bird acknowledges that she has reviewed the technical content presented in this document and approved the written disclosure.

Quality Assurance/Quality Control

Lawrence Tsang, P. Geo., the Company's Senior Geologist provides the field management for the Premier exploration program. John Kiernan, P. Eng., Chief Operating Officer of the Company is the Company's Qualified Person (QP) as defined by National Instrument 43-101 and has reviewed the technical information throughout the MD&A.

Analytical work is being carried out by SGS Canada Inc. ("SGS"). Ascot's quality-assurance and quality-control program includes the use of analytical blanks to monitor for cross contamination, certified reference material standards to assess analytical accuracy, and duplicate samples to quantify sampling precision. This is in addition to the internal quality assurance program employed by SGS.

Samples are dried and weighed by SGS. They are then crushed to 75% passing 2 mm, with 250 g split and pulverized to 85% passing 75 µm. Samples are processed on site by a mobile lab supplied by SGS and run by SGS personnel. All splits are sent to SGS in Burnaby. There, all samples are digested using aqua-regia with an ICP-AES finish and fire assay with AA finish for gold. Samples over 100 ppm silver are digested with aqua regia and then volumetrically diluted before an ICP-AES or AA finish (up to 1,500 ppm). Samples over 1,500 ppm silver are fire assayed with a gravimetric finish. Samples over 10 ppm gold are fire assayed with a gravimetric finish. Identified or suspected metallic gold or silver are subjected to "metallics" assays. Sampling and storage are at the Company's secure facility in Stewart.

Engineering Studies

The 2019 drill program focused on upgrading the inferred resources to the indicated category, to allow for developing a mining plan for a feasibility study scheduled to be completed in the first half of 2020. Several engineering firms have been engaged to complete the feasibility study, including Sacré-Davey Engineering for overall and infrastructure, InnovExplo for mine plan and design, SRK Consulting for water treatment, Knight Piésold Consulting for tailings storage facility, Sedgman for plant and processing, Palmer for hydrology and Ecologic for environmental studies. Additional engineering and test work was undertaken to optimize the mine plan and metallurgy as well as a class 3 estimate of the mill refurbishment based on a site inspection. Further work is being completed on a tailings upgrade to best alternative technology, site infrastructure upgrades, water treatment and baseline environmental studies.

Permitting

On February 15, 2019, both the BC Environmental Assessment Office and the Canadian Environmental Assessment Agency confirmed that the Premier Gold Project is not reviewable under the regulation. As a result, a new Environmental Assessment is not required and a Mines Act Permit Amendment ("MAPA") will be submitted. The Company is undertaking advanced engineering studies related to MAPA and Environmental Management Act Amendment ("EMA") for the Premier Gold Project in order to re-activate the Company's mining permit to "Active" status. These activities are comprehensive and significant progress has been made to date on the respective projects, which will be based on the outcome of the feasibility study currently being completed. The Company is expected to submit the MAPA application once the engineering studies are completed in the first half of 2020.

Red Mountain Project ("RMP")

On January 7, 2019, the Company entered into a definitive arrangement agreement with IDM pursuant to which Ascot would acquire all of the issued and outstanding common shares of IDM (the "Transaction"). Each IDM shareholder was entitled to receive 0.0675 of a common share of Ascot for each share of IDM held. The Transaction was approved by the securityholders of IDM on March 20, 2019 and closed on March 28, 2019. The Transaction consolidates Ascot's Premier Gold Project and IDM's Red Mountain Project, to create a high-grade gold development and exploration company in northwestern British Columbia's Golden Triangle. The combined entity benefits from numerous operational and development synergies.

In connection with the Transaction, a former IDM independent director Ms. Andrée St-Germain was appointed to the Board of Directors of Ascot. Ms. St-Germain is the Chief Financial Officer of Integra Resources Corp. and is an experienced mining finance executive with an extensive background in banking, mining finance and financial management.

The 17,125-hectare Red Mountain Project is located 15 km northeast of the town of Stewart and within Nisga'a Nation traditional territory. A previous Feasibility Study announced by IDM in June 2017 confirmed the positive economics for a near-term, high-grade, bulk mineable underground gold operation at Red Mountain.

On August 28, 2018, the Red Mountain Project was referred by the BC EAO to the Minister of Energy, Mines and Petroleum Resources and the Minister of Environment for consideration and granted an Environmental Assessment Certificate on October 5, 2018.

On April 10, 2019, the Company and Nisga'a Nation entered into a Benefits Agreement (the "Agreement") for the Red Mountain Project. The comprehensive Agreement sets the basis for a long-term success of the project, which will benefit

(Expressed in thousands of Canadian dollars, except where indicated)

Nisga'a Nation, its citizens, and businesses as well as the shareholders, management and employees of Ascot. The Nisga'a Nation has rights and interests as set out under the Nisga'a Final Agreement with Canada and British Columbia, encompassing the entirety of the Red Mountain Project property.

On October 31, 2019, the Company announced the results of an updated mineral resource estimate on RMP titled "2019 Mineral Resource Update for the Red Mountain Gold Project, Northwestern BC, Canada" with an effective date of August 30, 2019, which incorporated the results of drilling completed during Q4 2018. The updated mineral resource estimate included 782,600 ounces of gold in measured and indicated resource and 69,300 ounces of gold in inferred resource, an increase of 198,000 ounces in comparison to the 2017 feasibility study or 78,000 ounces in comparison to the 2018 resource in measured and indicated categories. The resource estimate is authored by Dr. Gilles Arseneau, P.Geo. (of Arseneau Consulting Services, "ACS") with input from Ascot's technical team. This new resource estimate contains almost 200,000 additional ounces of gold in the Measured and Indicated categories compared to the 2017 feasibility study for Red Mountain. The substantial increase warrants an updated economic evaluation at a feasibility level.

Mineral Resources at Red Mountain Project reported at a 3.0 g/t Au cut-off for underground longhole stoping (effective date of August 30, 2019)

Class	In situ Tonnes 000's	Average In situ Grades		Contained oz (000's)	
		Au g/t	Ag g/t	Au	Ag
Measured	1,920	8.81	28.3	544	1,747
Indicated	1,270	5.85	10.01	239	409
Measured & Indicated Total	**3,190**	**7.63**	**21.02**	**783**	**2,156**
Inferred Total	**405**	**5.32**	**7.33**	**69**	**96**

Quality assurance / quality control

The mineral resource model prepared by ACS utilized a total of 699 drill holes, 230 of which were drilled by IDM Mining: 12 in 2014, 62 in 2016, 116 in 2017 and 40 in 2018. The resource estimation work was completed by Dr. Gilles Arseneau, P. Geo. (EGBC) an appropriate independent "qualified person" within the meaning of NI 43-101. The effective date of the Mineral Resource statement is August 30, 2019 (the full report can be found on SEDAR).

Block modelling was performed using 4 x 4 x 4 metre blocks. ACS considers that blocks in the Marc, AV and JW zones estimated during pass one and from at least 3 drill holes could be assigned to the Measured category. All other blocks interpolated during pass 1 in the Marc, AV and JW zones were assigned to the Indicated category. Blocks estimated with at least 3 holes during pass 2 in all zones were classified Indicated. All other estimated blocks were classified as Inferred. Interpolation was by ordinary kriging, or inverse-distance squared methods on smaller or dispersed data sets, with anisotropic search ellipsoids designed to fit the strike and dips of the zones. An extensive quality control and quality assurance ("QA/QC") review was completed on all 2018 and previous exploration work and a comparative analysis was performed on drill hole data, underground bulk sampling and geology. Bulk density was interpolated using inverse-distance squared method where there were sufficient data populations. For zones with sparse data, average values from the data available for a given zone were applied. Metallurgical studies have indicated that gold recoveries for the main resource zones (Marc, AV, JW, 141) range from 88.1% to 92.8% and average 90.9% (tonnage weighted).

For the mineral resource estimate, grade estimates were based on capped composited assay data. Gold values, depending on the zone, were top cut in a range from 20g/tonne to 75 g/tonne and silver values were top cut in a range from 45 g/tonne to 500 g/tonne. For the updated 2019 mineral resource estimate, it was decided to cap raw assays with top cuts for gold and silver on a zone by zone basis. The most significant capping was undertaken in the Marc and AV zones of the deposit.

Sensitivity

This mineral resource estimate is reported at a 3.0 g/t Au cut-off grade. Cut-off grades may be re-evaluated considering prevailing market conditions (including gold prices, exchange rates and mining costs). Opportunities identified during the engineering phase show potential for reduced operating costs and the potential for lowering the cut-off.

Mt. Margaret Project

The Mount Margaret porphyry copper-molybdenum-gold-silver deposit is located 22.5 kilometres southwest of Randle Washington in Skamania county in Southwest Washington State.

Ascot obtained property title to the 50% undivided private mineral interests on the lands on a private land package MS-708 and the government of the United States owns the other 50% interest. Ascot has the right to earn a 100% interest in the property subject to a 1.5% NSR and a negotiated federal royalty.

On December 6, 2018, the Bureau of Land Management ("BLM") released its Decision Record for Hardrock Prospecting Permit Applications with a Finding of No Significant Impact ("FONSI") related to two prospecting permits that had been submitted by Ascot regarding its Mt. Margaret property. The United States Forest Service ("USFS") released its final decision to consent to the BLM to issue prospecting permit applications on February 8, 2019. The prospecting permits grant Ascot the exclusive right to prospect on and explore for hardrock mineral deposits during the term of the permits. Any future proposal for leasing and site development would be subject to public notification, separate National Environmental Policy Act analysis, and administrative action by the BLM and USFS. Both BLM decision and USFS decisions were subject to appeal period (45-day and 30-day respectively). Subsequently, there have been appeals and lawsuits against BLM and USFS decisions. In June 2019, the Company filed a Motion to Intervene to move under U.S. Federal Rule of Civil Procedure 24(a) and (b) to intervene in this action and the Court entered a minute order granting the Company's motion to intervene.

Swamp Point Project

Ascot acquired the aggregate deposit in 2002 to access potential local markets such as the port expansions in Prince Rupert along with the California markets, which were quickly running out of readily available local supply. Surface transport costs are much higher than seaborne transport making BC source aggregate cost competitive. The property is subject to two royalties; one to the BC Provincial Government and one to a private company owned by the former management of Ascot. The project was put on care and maintenance in 2008 as a result of the economic downturn.

The site has some existing onsite infrastructure and a deep-water port, giving it the advantage of being able to re-start within a short lead time, with some further site preparation required. The Company is seeking to divest Swamp Point, which it considers a non-core asset, and use proceeds from the sale for general working capital purposes and to assist in funding the Company's Premier Gold Project. Ascot has engaged a financial advisory firm to assist in the sales process. To date, the advisory firm has been assisting the Company in the identification of potential purchasers, facilitating the exchange of information between parties and the analysis of possible transaction terms.

MANAGEMENT'S OUTLOOK FOR 2020

Management is planning a number of activities for the calendar year 2020, which include:

- Completing the feasibility study in the early part of 2020;
- Continuing exploration drilling to follow up high priority geophysical anomalies in previously unexplored areas like Silver Hill;
- Performing follow-up drilling at the western edge of Premier in order to extend the resource to the west and continuing to explore targets east of the Silver Coin deposit;
- Prospecting of the Red Mountain property and drill testing the Lost Valley prospect;
- Continuing consultation with local communities and First Nations;

- Continuing ground water, climate and ecological studies related to restarting the operations;
- Preparing the Mines Act Permit Amendment application for the Premier Gold Project, and
- Completing the financing for the restart of operations.

SUMMARY OF RESULTS

The consolidated financial statements of the Company, to which the MD&A relates, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The following table was prepared based on the Company's consolidated financial statements for the fiscal periods noted:

Selected financial data (C$000)	Year ended December 31, 2019	Nine months ended December 31, 2018	Year ended March 31, 2018
Employee salaries and benefits	1,968	1,300	708
Management fees	667	493	435
Share-based payments	1,547	1,303	5,072
Legal and professional services	563	394	580
Office and administration expenses	520	326	270
Promotion and shareholders costs	817	153	323
Property maintenance costs	412	397	599
Deferred income tax expense (recovery)	601	(9,856)	2,709
Net income (loss)	(7,781)	6,251	(9,064)
Earnings (loss) per share - basic and diluted	$ (0.04)	$ 0.04	$ (0.06)
Total assets	183,326	124,860	92,536

Operations

For the twelve months ended December 31, 2019 compared with the nine months ended December 31, 2018:

The Company reported a net loss of $7,781 for the twelve months ended December 31, 2019 compared to a net income of $6,251 for the nine months ended December 31, 2018. The income in 2018 was mainly driven by a deferred income tax recovery of $9,856. At December 31, 2018, following the completion of the Premier acquisition, the Company recognized deferred tax assets arising from Canadian tax losses to the extent of the deferred tax liabilities. Deferred income tax expense of $601 for the twelve months ended December 31, 2019 is mainly a result of deferred tax liabilities arising from flow-through expenditures that exceeded deferred tax assets recognized.

Loss before income taxes was $7,180 for the twelve months ended December 31, 2019 compared to a loss of $3,605 for the nine months ended December 31, 2018. Loss before income taxes for the twelve months ended December 31, 2019 was higher mainly due to higher general and administrative (G&A) costs, a loss of $811 on marketable securities (nine months ended December 31, 2018: $Nil) interest expense of $731 on convertible debt (nine months ended December 31, 2018: $Nil), lower flow-through share premium of $731 (nine months ended December 31, 2018: $1,194), higher accretion of asset retirement obligation of $479 (nine months ended December 31, 2018: $133) and reclamation bond fees of $147 (nine months ended December 31, 2018: $Nil). The increase in loss for the twelve months ended December 31, 2019 was partially offset by an accounting gain of $1,249 on convertible debt valuation (nine months ended December 31, 2018: $Nil) and a foreign exchange gain of $317 (nine months ended December 31, 2018: foreign exchange loss of $19).

Interest income of $278 for the twelve months ended December 31, 2019 (nine months ended December 31, 2018: $220) reflects interest earned on cash held on deposit and invested in short-term market instruments. Premium on flow-through shares was $731 for the twelve months ended December 31, 2019 as compared to $1,194 for the nine months ended December 31, 2018. The accounting gain of $1,249 on convertible debt for the twelve months ended December 31, 2019 is related to the convertible note issued by the Company in January 2019, which is segregated into a liability and an embedded derivative component for accounting purposes. The fair value of the embedded derivative is then calculated using the Black-Scholes option pricing model, which uses the Company's stock price and its expected volatility, based on the historical volatility of the Company's stock over a term equal to the remaining term of the convertible note. As the Company's stock price decreased during 2019, the fair value of the embedded derivative became lower, resulting in an accounting gain.

Finance expenses of $1,364 for the twelve months ended December 31, 2019 consisted of $731 interest on the convertible debt, $479 accretion expense on the Company's asset retirement obligations, $147 reclamation bond fees and $7 interest on office lease liability. The Company did not have any debt during the nine months ended December 31, 2018.

G&A costs for the twelve months ended December 31, 2019 were $5,570 compared to $3,167 for the nine months ended December 31, 2018. For comparison purposes, annual G&A costs for the twelve months ended December 31, 2018 (including Q1 2018) were $3,969. Annual G&A costs in 2019 increased by $1,601 compared to the annual G&A costs in 2018 due to a $458 increase in employee wages and benefits, a $489 increase in depreciation expense, a $465 increase in investor relations & shareholder costs and a $189 increase in other G&A costs. Employee salaries and benefits as well as depreciation expense were higher in 2019 due to additional employees and fixed assets from Boliden and IDM after the acquisitions completed in October 2018 and in March 2019 respectively. Investor relations and shareholder costs increased in 2019 mainly due to a one-time Toronto Stock Exchange listing fee of $200 as well as increased marketing activity for the Company.

Share-based payments expense for the twelve months ended December 31, 2019 was $1,547 compared to $1,303 for the nine months ended December 31, 2018. For comparison purposes, annual share-based payments expense for the twelve months ended December 31, 2018 (including Q1 2018) was $2,292. Annual share-based payments expense in 2019 decreased by $745 compared to the annual share-based payments expense in 2018 mainly due to lower average fair value of stock options granted in 2019.

For the three months ended December 31, 2019 compared with the three months ended December 31, 2018:

The Company reported a net loss of $2,956 for the quarter ended December 31, 2019 compared to a net income of $10,103 for the quarter ended December 31, 2018. The income in 2018 was mainly driven by a deferred income tax recovery of $11,744. Deferred income tax expense of $601 for the quarter ended December 31, 2019 is mainly a result of deferred tax liabilities arising from flow-through expenditures that exceeded deferred tax assets recognized.

Loss before income taxes increased by $714, from a loss of $1,641 for the quarter ended December 31, 2018 to a loss of $2,355 for the quarter ended December 31, 2019. Loss before income taxes for the quarter ended December 31, 2019 was higher due mainly to a $309 increase in G&A costs, a $247 accounting loss on embedded derivative and a $101 loss on marketable securities. Higher G&A costs for the quarter ended December 31, 2019 were due mainly to initial listing fee on TSX. The accounting loss on embedded derivative was a result of increase in fair value of the embedded derivative liability on the convertible note.

Key financial results for the last eight quarters are provided in the table below:

C$000	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**	**Dec 31, 2018**	**Sep 30, 2018**	**Jun 30, 2018**	**Mar 31, 2018**
Mineral property cost capitalized	4,585	8,641	6,676	36,338	18,684	4,449	5,200	654
G & A expense	1,702	1,294	1,395	1,179	1,393	965	809	802
Share-based payments	195	307	870	175	191	535	577	989
Property maintenance costs	149	69	157	37	133	137	127	339
Net income (loss)	(2,956)	(2,215)	(1,274)	(1,336)	10,103	(1,865)	(1,987)	(2,590)
Income (loss) per share								
- basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ 0.06	$ (0.01)	$ (0.01)	$ (0.02)

Factors that can cause fluctuations in the Company's quarterly results include the nature and extent of exploration activities carried out under specific work program, finance expenses, stock option grant and vesting, and issuance of shares. Over the past eight quarters, the Company has been focused mainly on the exploration, engineering studies and permitting of its Premier Gold Project near Stewart, BC. The Company carried out an exploration program on the Premier Gold Project in

2019, which wrapped up in October 2019. High mineral property costs in Q4 2018 and Q1 2019 were mainly due to the acquisitions of Silver Coin property ($17,880) and IDM's Red Mountain Project ($34,896), respectively.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

During the twelve months ended December 31, 2019, the Company issued 58,100,859 common shares, 3,630,000 stock options and 14,729,367 stock warrants. Also, 3,077,625 stock options and 185,647 warrants expired, and 684,375 stock options were cancelled during this period. The Company also issued 715,500 stock options and 4,309,128 warrants for its acquisition of IDM. The cost of the stock options and warrants issued was recorded as a part of the acquisition price of IDM and did not affect the Company's G&A expenses.

The Company considers its capital structure to be primarily through shareholders' equity and convertible debt. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and has relied primarily on equity and debt financings.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

Liquidity

On January 21, 2019, the Company entered into a subscription and note agreement related to a convertible loan ("the Note") for gross proceeds of US$10 million. The Note will mature in two years with an interest rate between 8% and 8.5% and subject to certain terms will be convertible into common shares in the capital of the Company at a conversion price of US$1.13 per share. The proceeds of the Note were used to fund a convertible loan by the Company to IDM, the development of the Premier Gold Project and for other general corporate purposes of the Company.

On May 22, 2019, the Company raised $15,874 by issuing 8,139,548 flow-through shares at $0.76 per share and 13,841,035 units (the "Units") at $0.70 per Unit, with each Unit comprising of one common share in the capital of the Company and one common share purchase warrant exercisable for one year at an exercise price of $0.95 per warrant ("the Offering"). In connection with the Offering, the Company paid the agents and finders cash fees and other share issuance fees in the amount of $1,089 and issued 888,332 non-transferable warrants ("Compensation Warrants"). The Compensation Warrants are exercisable at $0.95 per Compensation Warrant into common shares of the Company for a period of one year from the closing date of the Offering.

As at December 31, 2019, the Company had working capital of $3,003 (December 31, 2018: $5,745). As at December 31, 2019, cash totaled $4,418, a decrease of $2,112 from the December 31, 2018 cash balance. The decrease was due to operating activities of $6,857; expenditures on mineral properties of $18,377; deposits of $841 for environmental bonding (net of returned environmental bond of $1,098); acquisitions of property, plant and equipment of $215 and bridge loan of $3,350 issued to IDM prior to its acquisition. The decrease was partially offset by proceeds of $12,728 from the issuance of the Note and proceeds of $14,800 (net of issue costs) from the Offering. The Company expects to have sufficient funds to meet its obligations in 2020.

As of December 31, 2019, there are material uncertainties, which may cast significant doubt upon the Company's ability to continue as a going concern (refer to Note 1 in the Company's consolidated financial statements for the year ended December 31, 2019).

On February 25, 2020, Ascot closed a non-brokered private placement (the "Offering") of 5,126,250 flow-through shares (the "Flow-Through Shares") at a price of $0.98 per Flow-Through Share, and 8,170,588 common shares (the "Common Shares" and together with the Flow-Through Shares, the "Securities") at a price of $0.64 per common share for aggregate gross proceeds of $10,253. The gross proceeds from the issuance of Flow-Through Shares will be used for "Canadian exploration expenses", and will qualify as "flow-through mining expenditures" as those terms are defined in the Income Tax Act (Canada), which will be renounced to the initial purchasers of the Flow-Through Shares with an effective date no later than December 31, 2020 in an aggregate amount not less than the gross proceeds raised from the issue of the Flow-Through Shares. The remaining of the net proceeds from the Offering will be used for engineering studies, permitting, and general corporate purposes. In connection with the Offering, the Company paid a cash fee equal to 6.2% of the proceeds from the sale of Common Shares and Flow-through Shares to advisors and finders.

(Expressed in thousands of Canadian dollars, except where indicated)

SEGMENT INFORMATION

The Company is principally engaged in the acquisition, exploration, evaluation and development of mineral properties. The Company has two geographic areas, Canada and the US. The United States assets relate solely to expenditures on the Mt. Margaret property, which is included in exploration and evaluation assets at December 31, 2019 at $5,418 (December 31, 2018: $5,352). All of the Company's material assets are located in Canada.

RELATED PARTY TRANSACTIONS

Included in accounts payable at December 31, 2019 is $39 (December 31, 2018: $192) due to key management personnel.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation comprised:

		Twelve months ended December 31, 2019		Nine months ended December 31, 2018
Salaries and short-term benefits	$	427	$	394
Management fees		610		455
Exploration and evaluation costs		59		-
Share-based payment transactions		1,099		1,164
	$	2,195	$	2,013

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at December 31, 2019, the Company's commitments are as follows:

		Within 1 year		1-5 years		After 5 years
Reclamation liabilities	$	464	$	3,788	$	31,519
Surety bond		1,860		-		-
Funding agreement - Premier Gold project		175		-		-
Benefits agreement - Red Mountain project		-		950		1,000
Pre-production royalty - Red Mountain project		50		250		-
Minimum lease payments		227		913		-
	$	2,776	$	5,901	$	32,519

Reclamation liabilities represent the Company's environmental obligations at PGP, RMP, Silver Coin and Swamp Point. Reclamation liability estimates are based on reclamation plans prepared by management with assistance from independent consultants, when necessary.

The Company has a surety bonding arrangement with a Canadian insurance company with respect to Ascot's environmental bond. The surety arrangement requires the Company to provide cash collateral equal to 40% of the respective bond amount and pay an annual bond fee equal to 2% of the respective bond amount.

The Company has a Funding Agreement with Nisga'a Nation for PGP. Under the terms of the Funding Agreement, the Company is required to make cash payments to Nisga'a Nation, which are the Company's contribution to the reasonable costs and expenses incurred by the Nisga'a Nation in respect of PGP MAPA application review and the Benefits Agreement negotiations.

The Company has a Benefits Agreement with Nisga'a Nation for RMP. Under the terms of the Benefits Agreement, the Company is required to make cash payments to Nisga'a Nation, which are tied to permitting, project financing and production milestones. The Company is also required to make annual payments as a percentage of Provincial Mineral Tax during production.

The Company's Red Mountain property is subject to payment of a minimum annual pre-production royalty of $50 to Wotan Resources Corp. Total historical pre-production royalty paid to date is deductible against future production royalties.

The Company is under a lease contract for Ascot's office premises from December 1, 2019 to November 30, 2024. The initial lease rate, commencing on December 1, 2019, is $227 per annum (including operating costs) with escalating payments.

The Company is also responsible for demobilization costs in case it decides to demobilize the exploration camp facilities at its Red Mountain property. Such potential demobilization costs are estimated at $150.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain accounting estimates. These estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from amounts included in the financial statements.

Areas requiring estimates that have the most significant effect on the amounts recognized in the financial statements are:

Impairment of long-lived assets

Management assesses the possibility of impairment in the carrying value of its long-lived assets whenever events or circumstances indicate that the carrying amounts of the asset or asset group may not be recoverable. Significant judgments are made in assessing the possibility of impairment. Management considers several factors in considering if an indicator of impairment has occurred, including but not limited to, indications of value from external sources, significant changes in the legal, business or regulatory environment, and adverse changes in the use or physical condition of the asset. These factors are subjective and require consideration at each period end. If an indicator of impairment is determined to exist, management calculates the estimated undiscounted future net cash flows relating to the asset or asset group using estimated future prices, mineral resources, and operating, capital and reclamation costs. When the carrying value of an asset exceeds the related undiscounted cash flows, the asset is written down to its estimated fair value, which is usually determined using discounted future cash flows. Management's estimates of mineral prices, mineral resources, foreign exchange rates, production levels and operating capital and reclamation costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset.

Stock-based compensation

Compensation expense for options granted to employees, directors and certain service providers is determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model, which takes into account, as of the grant date, the fair market value of the shares, expected volatility, expected life, expected forfeiture rate, expected dividend yield and the risk-free interest rate over the expected life of the option. The use of the Black-Scholes option pricing model requires input estimation of the expected life of the option, volatility, and forfeiture rate which can have a significant impact on the valuation model, and resulting expense recorded.

Provision for decommissioning and site restoration

The future obligations for site closure activities are estimated by the Company based on the laws and regulations of the countries in which it operates, with due consideration to the fact that the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resources companies. As the estimate of obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The decommissioning and site restoration provisions are more uncertain the further into the future the site closure activities are to be carried out.

Derivative liability

When debt includes an embedded derivative component, its fair value is estimated using the Black-Scholes option pricing model. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the remaining term of the corresponding debt instrument.

NEW ACCOUNTING STANDARD ADOPTION

On January 1, 2019, the Company adopted IFRS 16, Leases, which specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The adoption of this new standard has not had a material impact on the financial position and results of the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, interest and other receivables, reclamation bond, trade and other payables, convertible note and other liabilities. The recorded amounts of cash and cash equivalents, interest and other receivables, reclamation deposits, trade and other payables, convertible note and other liabilities approximate their respective fair values due to their short-term nature.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company's significant financial instruments denominated in foreign currency (US dollar) as at December 31, 2019 are the convertible note and term deposit. A 10% decrease (increase) of the value of the Canadian dollar relative to the US dollar as at December 31, 2019 would result in an additional $1,026 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the year ended December 31, 2019 (nine months ended December 31, 2018: not applicable).

Interest risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at bank and GIC's carried at fixed interest rates. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company ensures that it has sufficient cash on demand to meet its obligations as they become due by preparing annual capital and administrative expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. Most of the Company's financial liabilities have contractual maturities of less than 12 months and are subject to normal trade terms.

As of December 31, 2019, there are material uncertainties, which may cast significant doubt upon the Company's ability to continue as a going concern (refer to Note 1 in the Company's consolidated financial statements for the year ended December 31, 2019).

OUTSTANDING SHARE DATA

As at March 13, 2020, the Company had 246,428,263 common shares outstanding, 18,473,500 stock options, 180,000 deferred share units, 340,000 restricted share units outstanding and 19,042,972 share purchase warrants outstanding.

RISKS AND UNCERTAINTIES

The Company's securities should be considered a highly speculative investment and investors are directed to carefully consider all of the information disclosed in the Company's regulatory filings prior to making an investment in the Company, including the risk factors discussed under the heading "Risk Factors" in the Company's most recent Annual Information Form ("AIF") dated March 13, 2020 available on SEDAR at www.sedar.com and www.sec.gov.

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.

(a) Exploration

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

(b) Estimation of mineralization, resources and reserves

There is a degree of uncertainty attributable to the calculation of mineralization, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralization are actually mined and processed, the quantity of mineralization and reserve grades must be considered estimates only. In addition, the quantity of reserves and mineralization may vary depending on commodity prices. Any material change in quantity of reserves, mineralization or grade may affect the economic viability of a mine. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under onsite conditions or during production.

(c) Market

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

(d) Commodity price

The Company's exploration projects are primarily related to exploration for gold and other precious metals in British Columbia, Canada. There can be no assurance that favourable price levels for these precious metals will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

(e) Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

(f) Financing

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

(g) Share price volatility and price fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

(h) Key personnel

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

(i) Completion

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

(j) Realization of assets

Exploration and evaluation assets comprise a substantial portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

(k) Environmental and other regulatory requirements

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits.

(l) History of net losses, accumulated deficit and lack of revenue from operations

The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

(m) Indebtedness

As of the date of this MD&A, the Company has outstanding US$10 million principal amount of the Convertible Note that bears interest at a rate between 8% and 8.5% per annum, which is unsecured. The Convertible Note is convertible into Ascot Shares, which may cause dilution to shareholders. As a result of this indebtedness, the Company is required to use a portion of its cash flow to service the principal and interest on these debts, which will limit the cash flow available for other business opportunities.

The Company's ability to pay interest, repay the principal or to refinance its indebtedness depends on the Company's future performance, which is subject to economic, financial, competitive and other factors beyond its control. The Company currently does not generate cash flows from operations and relies on financing. If the Company is unable to generate such cash flow, it may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. The Company's ability to refinance its indebtedness will depend on the capital markets and its financial condition at such time. The Company may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations.

(n) Uninsurable

The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

(o) Legal proceedings

As at the date of this MD&A, there were no legal proceedings against or by the Company.

Cautionary Note

This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled'; "estimates': "forecasts': "intends': "anticipates", or results "may", "could'; "would", "might' or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as *plans continue to be refined; future prices of minerals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this document and the Corporation disclaims any obligation to update any forward- looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*