Ascot Resources Ltd.

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the year ended December 31, 2020

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

Report date: March 26, 2021

This Management's Discussion and Analysis ("MD&A") of Ascot Resources Ltd. ("Ascot" or the "Company") is dated March 26, 2021 and provides an analysis of our audited financial results for the year ended December 31, 2020 compared to the year ended December 31, 2019. 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, 2020, 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, 2020, prepared in accordance with IFRS, can be found on SEDAR at www.sedar.com and on the Company's website at www.ascotgold.com.

DESCRIPTION OF THE BUSINESS

Ascot is a Canadian-based development and exploration company publicly traded on the Toronto Stock Exchange (the "TSX") in Canada (symbol AOT). The Company is also trading on the OTCQX market in the U.S. (symbol: AOTVF). The Company is 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 or "PGP"), situated 25 kilometres north of the town of Stewart. The Company also owns, through its wholly-owned subsidiary IDM Mining Ltd. ("IDM"), the Red Mountain Project ("RMP") located 18 kilometres east-northeast of the town of Stewart. PGP together with RMP is defined as the Project. In May 2020, the Company completed a NI 43-101 compliant feasibility study on the Project. The Company also has two other properties: 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.

2020 AND RECENT HIGHLIGHTS

- On March 18, 2021, the Company provided an update on permitting, engineering and exploration of the PGP. During the Basic Engineering studies, the project team focused on reducing operating risk by upgrading components of the grinding area and associated electrical requirements. In addition, cost inflation related to steel prices and indirect costs also increased our initial capital estimate. This has resulted in a revised estimate for the initial capital which is approximately 20% higher or a total of C$176M.
- On January 31, 2021, the Company submitted the Joint Mines Act/ Environmental Management Act Permit Application ("Joint MA/EMA Application") to amend Mines Act Permit M-179 and Environmental Management Act Permit PE-8044 for regulatory screening and then review. Subsequently, the screening phase was completed and the Joint MA/EMA Application moved to technical review phase on March 25, 2021.
- On December 10, 2020, the Company closed a US$105 million project financing package (the "Financing") with Sprott Private Resource Lending II (Collector), LP ("Sprott") and Beedie Investments Ltd. ("Beedie"). A portion of the proceeds from the Financing was used to repay the Company's previous convertible note. The remainder of the proceeds will be used to develop the Company's PGP and for general corporate purposes. The Financing is comprised of a senior credit facility (the "Senior Debt") for US$80 million provided by Sprott, and a subordinated convertible facility for US$25 million (the "Convertible Debt") provided by Beedie and Sprott.
- On October 15, 2020, the Company signed an agreement with Montreal based Farnell-Thompson Applied Technologies Inc. for the delivery of the Semi-Autogenous Grinding ("SAG") and ball mills, which is critical long lead time equipment required in the refurbishment of the concentrator facility for re-starting the past producing Premier gold mine.
- The Company commenced its 2020 exploration program at PGP in early June. Exploration activities this season consist of prospecting, geophysics and drill testing of a variety of different exploration targets at PGP. The focus of the program was on three highly prospective exploration areas, the west of the Premier deposit ("Premier West"), Silver Hill and Woodbine. The 2020 drill program was completed in late October and achieved the lowest first aid and medical reportable incidents in Ascot's history. Drill results were announced between July 2020 and January 2021 with high-grade gold intercepts at Premier West, Day Zone and Woodbine (see "2020 Exploration Program" below).

- On June 17, 2020, the Company closed its previously announced bought deal financing with 29,412,000 common shares of the Company sold at a price of C$0.85 per Share for aggregate gross proceeds to the Company of $25 million. The net proceeds of the Bought Deal will be used for the continued development of the Company's Premier Gold Project, including the purchase of long lead time equipment and for general working capital purposes
- On April 15, 2020, the Company reported robust feasibility study results with after-tax internal rate of return ("IRR") of 51%. The feasibility study was prepared in accordance with an NI 43-101 technical report for Ascot's 100% owned Premier and Red Mountain gold projects. The feasibility study outlines a low capital restart plan to feed the Premier mill at 2500 tonnes per day to produce approximately 1.1 million ounces of gold and 3.0 million ounces of silver over eight years (see "2020 Operating Overview").
- On February 25, 2020, the Company closed a non-brokered private placement 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.
- 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 with 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.

2020 OPERATING OVERVIEW

Premier Gold Project ("PGP")

The PGP comprises four claim groups, identified as the Premier, Big Missouri, Dilworth, and Silver Coin groups, and includes three mining leases, totaling 392 hectares, 175 Crown grants totaling 2,354 hectares, and 107 mineral claims totaling 8,907.1 hectares. The total area is 8,133 hectares when overlaps are accounted for. The Company owns three mining leases, two of which expire on December 17, 2050, and the third, which expires on December 14, 2048.

PGP is 100% owned by the Company and was acquired under two separate agreements: the Dilworth option agreement and related Premier asset purchase agreements and Silver Coin acquisition agreement. The original Dilworth option agreement between the Company and owners Boliden, R. Kasum, and the estate of J. Wang, was signed in March 2007. Under the original terms, the Company acquired the right to earn a 100% interest in the Dilworth property by making staged option payments over ten years totaling $6.75 million. The asset purchase agreement between Boliden and the Company dated July 31, 2017, facilitated the Company acquiring the Premier property for payment of $4.8 million in addition to all previously paid option payments of $6.2 million. Both the Dilworth option agreement and Premier asset purchase agreement are subject to a 5% net smelter royalty ("NSR") which the Company has the right to buy back for a total payment of $13.7 million. In addition, the property is subject to other smaller historical royalty arrangements.

The Silver Coin property is 100% owned by the Company. Prior to The Company's acquisition, the property was held under a joint-venture agreement between Jayden Resources (Canada) Inc. ("Jayden Canada"), a subsidiary of Jayden Resources Inc. ("Jayden"), and Mountain Boy Minerals Inc. ("MBM"). Jayden Canada owned 80% of the property, with the remaining 20% owned by MBM. On 29 October 2018, the Company completed purchase of the outstanding shares of Jayden Canada in exchange for 14,987,497 of the Company's shares, plus an additional 192,000 of the Company's shares for settlement of options and warrants. Concurrent with this, the Company acquired MBM's 20% interest in exchange for 3,746,874 of the Company's shares, plus an additional 48,000 shares for settlement of Jayden options and warrants. Nanika Resources Inc. retains a 2% NSR on certain claims pursuant to an earlier purchase agreement with Jayden. The NSR can be bought back for $1 million for each 1% NSR.

Since October 2017, the Company has been focusing on identifying and developing high-grade underground resources, engineering, permitting 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 PGP 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 PGP 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.

Red Mountain Project ("RMP")

The RMP consists of 47 contiguous mineral claims for a total of 17,125. It is located approximately 18 km east-northeast of the town of Stewart and within Nisg̱a'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.

RMP is 100% owned by the Company after an acquisition on March 27, 2019, when the Company completed purchase of the outstanding shares of IDM Mining Ltd. ("IDM") in exchange for 35,078,939 of the Company's shares, 715,500 Company options, and 4,309,128 Company warrants.

RMP is subject to payment of production royalties, payment of an annual minimum royalty of $50 on the key Wotan Resources Corp. claim group, a one-time payment upon commercial production, and a gold metal streaming arrangement. There is a 1.0% NSR payable to Franco-Nevada Corporation and a 2.5% NSR payable to Wotan Resources Corp. RMP is also subject to a gold metal stream whereby Seabridge Gold Inc. ("Seabridge Gold") may acquire up to 10% of the annual gold production from the RMP at a cost of US$1,000/oz up to a maximum of 500,000 oz produced. Alternatively, Seabridge Gold may elect to receive a one-time cash payment of $4 million at the commencement of production in exchange for a buy-back of the gold metal stream.

On April 15, 2020, the Company announced robust results in a feasibility study combining both the PGP and RMP projects with an after-tax IRR of 51% and NPV5% of C$341 million (based on US$1400/oz gold price, $17/oz silver price and CAD to US exchange rate of 0.76.) (see "Feasibility Study").

Feasibility Study for the Project ("the Study")

Overview
The Study is based on four underground mining operations feeding a centralized 2500 tpd processing facility, located at PGP. The four mining operations known as Silver Coin, Big Missouri, Premier and Red Mountain will be sequenced over an 8-year period to initially produce 1.1 Moz. of gold and 3.0 Moz. of silver. PGP benefits from existing road access, historical mining, milling, the nearby Long Lake Hydro power plant, tailings and mine waste stockpile infrastructure resulting in a low initial capital refurbishment cost. Mining will commence from the Silver Coin and Big Missouri deposits, which will be followed by the Red Mountain deposit in year 3 and then the Premier deposit. In the four planned operations, access for production will be through both new and existing adits (side hill portal access) utilizing a combination of new ramp development and refurbishment of existing underground infrastructure. Mining methods will largely consist of low-cost long hole stoping for most of the ore, with limited use of inclined undercut long hole, room & pillar and cut & fill mining methods in specific shallow or flat lying stopes. Ore will be trucked to the processing facility and mining waste will be used underground as a combination of rockfill and cemented rockfill.

The existing processing facility will be refurbished within a construction period of approximately 40 weeks. The process plant will utilize conventional crushing, grinding and gravity circuits followed by a standard carbon-in-leach ("CIL") process to produce a gold doré. The plant refurbishment will consist of a combination of existing, new and repaired equipment and supporting plant infrastructure. Prior to ore from RMP being treated, the plant will add an energy efficient fine grinding mill and an additional pre-leach thickener to accommodate processing of the harder ore feed and the finer grind required for recovery purposes.

PGP has an existing tailings storage facility and water treatment plant, and is adjacent to the Long Lake Hydro power plant, which currently supplies Pretium's Brucejack Mine and connects to the BC Hydro grid. Currently, the site receives power via a 25-kiloVolt power line from the town of Stewart. This arrangement would be modified with a new substation to be constructed adjacent to the processing plant that would receive power from the Long Lake power plant approximately 800 metres south of the processing plant. Power would be distributed to the site from this substation. The Study has two key enhancements to the existing infrastructure: the tailings dam would be successively raised using centreline lifts throughout the mine life with approximately 1.2 million cubic metres ("m3") of non-acid generating rock excavated from a nearby quarry; and the water treatment plant would be modified to nearly double the existing capacity to accommodate additional water treatment from the Big Missouri and Silver Coin operations, and would also include an ammonia treatment plant, a water clarifier and lime high density sludge system.

In order to complete this study, Ascot engaged a team of highly experienced professional consultants led by Sacre-Davey Engineering Inc. ("SDE"). SDE was responsible for overall coordination, infrastructure and the economic evaluation; InnovExplo Inc. and Mine Paste Ltd. for mining; Sedgman Canada Limited (a member of CIMIC Group) for metallurgy and processing; Knight Piésold Ltd. for tailings and water management; SRK Consulting (Canada) Inc. for the water treatment plant; Paul Hughes Consulting Ltd. for site geotechnical; McElhanney Ltd. for access roads; Prime Engineering for the Electrical substation; Palmer Environmental Consulting Group Inc. for geochemistry, hydrology and water quality modelling; and Falkirk Environmental Consultants and EcoLogic Consultants for environmental studies.

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

Table 1: Life of Mine Summary

Assumptions	
Gold Price (US$)	1400
Exchange Rate (US$/C$)	0.76
Payable Metals	
Gold Production (koz)	1059
Silver Production (koz)	2964
Mining & Processing	
Mine Life (Years)	8
Total Tonnage Milled (Mt)	6.2
Gold Recovery (%)	91.4
Silver Recovery (%)	76.5
Processing Throughput (tpd)	2500
Diluted Average Gold Grade (g/t)	5.9
Diluted Average Silver Grade (g/t)	19.7
Capial Expenditure Costs	
Initial CAPEX (C$M)	146.6
Sustaining Capital (C$M)	157.1
Closure Costs (C$M)	20.5
Operating Costs	
UG Mining Cost (C$/t Milled)	97.00
Processing Cost (C$/t Milled)	31.05
G&A Cost (C$/t Milled)	7.93
Site Services (C$/t Milled)	3.36
Total Operating Costs (C$/t Milled)	139.34
Effective Taxation rate %	33.6
Metrics	
Direct Cash Costs[1] ("C1") (US$/oz)	642
All in Sustaining Cash Costs[1] ("ASIC") (US$/oz)	769
LOM Pre Tax Free Cash Flow (C$M)	710
Pre-Tax IRR (%)	62
Pre-Tax NPV_5 (C$M)	516
After-Tax IRR (%)	51
After-Tax NPV_5 (C$M)	341
After-Tax Payback Period (years)	1.8

1. C1 includes mining processing, site services, G&A, refining & transportation cost and royalty cost less by-product credits. AISC includes C1 cost plus sustaining capital. C1 and AISC costs are non-GAAP performance measures;

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

Sensitivities

After-tax economic sensitivities are presented in Table 2 illustrating the effects of varying precious metals prices and exchange rates to LOM base-case. Additional project sensitivities will be presented in the Technical Report.

Table 2: After-Tax NPV (5%) and IRR Sensitivities to Gold Prices & Exchanges rate

Sensitivities	Lower Case	Base Case	Higher Case
Gold Price (US$/oz)	1200	**1400**	1600
CAD to USD exchange rate	0.80	**0.76**	0.71
After-Tax Payback Period (years)	2.5	**1.8**	1.4
After-Tax NPV (5%) (C$M)	177	**341**	534
After-Tax IRR (%)	31	**51**	71

Mineral Resource Estimate

The Company's Mineral Resources at the PGP noted in Table 3 and for RMP in Table 4 are combined to form the basis of the mineral reserves in this Study. The QP for the resource estimation work for RMP was completed by independent* consultant Dr. Gilles Arseneau, P.Geo (APEGBC) with an effective date of the Mineral Resource Statement of August 30, 2019. The QP for the resource estimation work at PGP was completed by independent* consultant Susan Bird, P.Eng (APEGBC) with an effective date of the Mineral Resource Statement of December 12, 2019.

* Independent 'qualified persons' within the meaning of NI 43-101

Table 3: PGP Mineral Resource Statement reported at 3.5g/t AuEq cut-off

		Grade		Contained Ounces	
	Tonnes	Au	Ag	Au	Ag
	kt	g/t	g/t	koz	koz
Total Indicated	4,141	8.01	35.1	1,066	4,669
Total Inferred	5,061	7.25	28.7	1,180	4,673

Notes for Table 3:

1. Mineral Resources are estimated at a cut-off grade of 3.5g/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 2.85 t/m3 is used for Premier and of 2.80t/m3 for all other deposit areas.
4. A minimum mining width of 2.5m true thickness is required in order to be classified as Resource material.
   Mineral Resources are inclusive of Mineral Reserves declared below. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The CIM definitions were followed for the classification of Indicated and Inferred Mineral Resources. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated Mineral Resource category.

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

Table 4: RMP Mineral Resource Statement reported at 3.0g/t Au cut-off

		Grade		Contained Ounces	
	Tonnes	Au	Ag	Au	Ag
	kt	g/t	g/t	koz	koz
Total Measured	1,920	8.81	28.3	543.8	1,747
Total Indicated	1,271	5.85	10.01	238.8	409
Total Measured and Indicated	**3190**	**7.63**	**21.02**	**782.6**	**2,156**
Total Inferred	405	5.32	7.33	69.3	95.5

Notes for Table 4:

1. RMP Resources are reported at a 3.0g/t Au cut-off for underground long hole stoping.
2. Reported Mineral Resources are inclusive of Mineral Reserves declared below. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The CIM definitions were followed for the classification of Indicated and Inferred Mineral Resources. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated Mineral Resource category.

Mining and Mineral Reserves

The mineral resources were determined using conservative cut-off grade estimates and incorporating mining thicknesses into wireframing and converted to reserves, by applying mining economics to the resources, including allowing for recovery and dilution underground. As part of the mine planning exercise, the Indicated mineral resource was run through the Deswik Stope Optimizer and evaluated under a number of different mining methods.

The Study's mine plan generally utilizes a combination of three mining methods: longhole (64%), inclined undercut longhole (14%), and room & pillar (12%), with minor amounts of cut and fill (2%) and development ore (8%) to extract the mineral reserves. A particular mining method was chosen based on an economic assessment of each method for a given geometry and geotechnical characteristics depending on its location in the deposit. The stope shapes and mine access development were individually modelled and evaluated to form the final mineable reserve. Mining dilution occurs at various rates depending on the mining method and ground conditions based on rock quality in geotechnical domains in the block model. Dilution comes in from a number of sources: planned dilution is material taken within the bounds of a stope layout while unplanned material comes from the hanging wall and footwall outside the stope boundary. Dilution generally ranges from 10 to 40%. In some cases where two wireframes are very close together, the waste parting between the wireframes was taken provided that it was economically justified. The over-arching philosophy was to maximize the extraction of resource ounces at the lowest cost per ounce.

Initial mining commences at Silver Coin (1.794Mt) and Big Missouri (0.809Mt), followed by RMP (2.545Mt) and Premier (1.028Mt). This sequencing allows mobile mining equipment and some fixed assets (electrical and ventilation) to most effectively be remobilized and re-used at different deposits as dictated by mine schedules. The Study assumes a lease to own cost for the mobile mining equipment, which primarily consists of the following key pieces of equipment: 2 scissor lifts,3 jumbo drills, 5 haul trucks, 5 load-haul-dump machines, 15 ventilation fans, and several other smaller supporting pieces of equipment.

The mineral reserve figures are shown below in tables 5 and 6. The QP for the mineral reserve estimation work for the Project is the independent* consultant Frank Palkovits, P.Eng.

** Independent 'qualified persons' within the meaning of NI 43-101*

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

Table 5: PGP Mineral Reserve Statement

		Grade		Contained Ounces	
	Tonnes	Au	Ag	Au	Ag
	kt	g/t	g/t	koz	koz
Total Probable	3,632	5.45	19.1	637	2,231

Notes for Table 5: CIM Definition Standards were followed for classification of Mineral Reserves

1. A mean bulk density of 2.85 t/m³ is used for Premier and of 2.80 t/m³ for all other deposit areas
2. The AuEq values were calculated using US$1,400/oz Au and a US$17/oz Ag and the following equation: AuEq(g/t) = Au(g/t)+ Ag(g/t) x 17 / 1,400
3. The following CoG based on AuEq grade were used to estimate the economic potential of the stopes: Longhole = 2.85 g/t, Inclined undercut Longhole = 3.44 g/t, cut and fill = 3.44 g/t, room & pillar = 3.82 g/t and development = 2.85 g/t

Table 6: RMP Mineral Reserve Statement

		Grade		Contained Ounces	
	Tonnes	Au	Ag	Au	Ag
	kt	g/t	g/t	koz	koz
Proven	2,194	6.68	21.7	471	1,530
Probable	351	5.51	13.8	62	155
Total Proven and Probable	**2545**	**6.52**	**20.6**	**534**	**1685**

Notes for Table 6 CIM Definition Standards were followed for classification of Mineral Reserves

1. The AuEq values were calculated using US$1,300/oz Au and a US$15/oz Ag and the following equation: AuEq(g/t) = Au(g/t) + Ag(g/t) x 15 / 1,300
2. The following CoG based on AuEq grade were used to estimate the economic potential of the stopes: Longhole = 3.11 g/t, Inclined undercut Longhole = 4.0 g/t, cut and fill = 4.1 g/t and development = 3.11 g/t

Metallurgical & Processing Overview

During 2019, an engineering assessment was conducted by CGT Industrial on the existing processing facility to establish its working condition and provide the basis for the recently completed Study.

The existing plant arrangement is suitable for a semi autogenous grinding ("SAG") and ball milling flowsheet followed by the refurbished carbon-in-leach circuit. Over the mine life, the plant will operate 365 days a year to produce gold doré with an overall plant availability of 92% and an average throughput of 2500 tpd. In the latter part of year three, ore from RMP will be introduced to the existing mill facility.

Ore will be fed from either one of the PGP or the RMP stockpiles using a campaigning methodology. Ore from PGP will be primary crushed, stockpiled and fed into the existing SAG and Ball Milling arrangement to be ground to a particle size ("P80") of 80 microns ("µm"). An integrated gravity circuit will remove coarse gold for cyanidation in the intensive leach reactor ("ILR") with the remainder to be cyanide leached in a conventional CIL circuit. Gold will be recovered on carbon, eluted and then electro-won to produce a silver/gold doré. Gold recovered from the ILR will be electro-won separately to produce a separate gold doré.

Leached tails will be detoxified in an Air and Sulphur Dioxide cyanide destruction circuit, then thickened and pumped to a tailings storage facility ("TSF"). Raw water required for fresh water make-up is pumped to the plant from Cascade Creek whilst process water is recovered from the TSF decant water, which will be used for grinding and utility water.

For the processing of the RMP ores, the initial circuit flow sheet will be adapted in the latter part of year two of production. Gravity recoverable gold is absent from the RMP ore; therefore, the gravity circuit will be bypassed whilst processing this ore. The RMP gold and silver recovery is sensitive to grind size, and as such a P80 target of 25µm is required to optimize precious metals recoveries in the leaching circuit. In order to achieve the targeted fine grind, a tertiary/fine stirred mill will be installed in the plant. The grinding circuit product will require thickening prior to introduction to the CIL circuit. Based on the current and historical test work, a 27-meter diameter pre-leach thickener will be required for this application. When PGP ores are campaigned, the fine grinding circuit will be bypassed. Estimated gold and silver recoveries used for the design of the processing facilities are shown in Table 7 below.

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

Table 7: Recovery by Deposit

	PGP plant gravity and leach recovery		RMP plant leach recoveries		LOM average	
	Au %	Ag %	Au %	Ag %	Au %	Ag %
Premier	98.4	69.2				
Silver coin	94.5	74.2				
Big Missouri	93.5	68.6				
Marc	-	-	91.9	89.7		
AV	-	-	80.6	75.5		
JW	-	-	90.1	87.5		
Average	95.4	71.5	86.8	83.6	91.4	76.5

Tailings and Water Management

Tailings will be managed in the existing Tailings Storage Facility ("TSF") that will be progressively raised to store 100% of the tailings during the design operating life. Knight Piésold is the Engineer of Record for the TSF. Upgrades to the TSF include modification of water management structures, additional material added to the embankment to flatten the slopes to meet current codes, and installation of new tailings distribution and reclaim water systems.

Non-contact water diversion structures located upstream of the TSF will be upgraded to minimize flood routing through the TSF. Site surplus water and underground dewatering will be directed to the new water treatment plant for treatment as required prior to release.

Capital Costs

The Project benefits from significant existing infrastructure, which helps reduce the initial capital cost. Total initial pre-production capital cost (capex) is C$146.6M inclusive of construction indirect costs, engineering-procurement-construction-management ("EPCM"), contingencies and owners' costs. The mobile equipment is leased and these costs have been included in the operating costs. The sustaining capital is C$157.3M inclusive of mine development capital, road construction to RMP, and process plant modifications for the fine grind and additional pre-leach thickener. The total life of mine capex is C$324M inclusive of closure costs. Underground mining and haulage are anticipated to be completed using an owner-operator development model operating 365 days per year. Table 8 shows the capital cost breakdown.

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

Table 8: Project Capital Cost Estimate (C$M)

	Initial	Sustaining	LOM Total
Mine	14.0	110.2	124.2
Processing	35.6	10.3	45.9
On-Site Services	50.4	20.3	70.7
Tailings & Water Management	15.7	9.3	25.0
Roads	5.9	0.0	5.9
Site Services & water treatment *	28.8	11.0	39.8
Total Directs	100.0	140.9	240.9
Indirects (EPCM, Contingency, Owners Costs)	46.6	16.3	62.9
Total Directs + Indirects	146.6	157.1	303.7
Additional Costs			
Closure		20.5	20.5
Project Total			
Grand Total	146.6	177.6	324.2

** includes the RMP road*

During the Basic Engineering studies, the project team focused on reducing operating risk by upgrading components of the grinding area and associated electrical requirements. In addition, cost inflation related to steel prices and indirect costs also increased our initial capital estimate. This has resulted in a revised estimate for the initial capital which is approximately 20% higher or a total of C$176M.

Operating Costs

Life of mine operating costs for the Project were developed from first principles for mining, processing, site services and administration using the mine and processing plans, incorporating development rates, labour, materials, consumables, and certain contract services for a 2500 tpd processing rate. Processing cost in year 3 increases by $4.25 per tonne processed due the higher grinding requirements for harder ore from RMP. Table 9 shows the breakdown of LOM operating costs.

Table 9: Project LOM Operating Costs (C$/t milled)

Operating Costs	CAD$/t	US$/oz Au
Mining Cost	97.00	430
Processing Cost	31.05	138
G&A Cost	7.93	35
Site Services Cost	3.36	15
Royalties	15.30	68
Refining & Transportation	0.90	4
By-product Credits	-10.74	-48
Total Cash Cost	**144.81**	**642**

Permitting Process

PGP is currently in care and maintenance with existing permits for continued reclamation and mine water discharge. The site has been maintained in good standing with reclamation activities and environmental monitoring ongoing. In 2018 and 2019, Ascot undertook additional environmental baseline monitoring and data collection to support permit amendments for the Mine's Act and the Environmental Management Act, and several ancillary permits, which will be required to bring PGP back into operation. In 2018, Ascot received confirmation from both the BC Environmental Assessment Agency and the Canadian Environmental Assessment Agency that PGP will not need to undergo an environmental assessment pursuant to provincial and federal environmental assessment legislation. Nisga'a Lisims Government (NLG) confirmed that an assessment of the impacts of the proposed PGP and amendments to the proposed RMP on Nisga'a Nation treaty interests needed to be conducted pursuant to the Nisga'a Final Agreement.

In 2019, RMP received federal approval and issuance of a provincial Environmental Assessment Certificate ("EAC"). The decision also included a determination of the potential effects of the Nisga'a Final Agreement (2000). RMP will next require issuance of the necessary statutory permits and authorizations to commence construction. Any changes to the RMP project description, resulting from coupling activities or toll milling with PGP, will first require an amendment to the RMP EAC before proceeding to detailed design and ensuing permit applications.

Aboriginal and Community Stakeholders

PGP is located in the Nass Area and RMP is located in the Nass Wildlife Area, as defined in the Nisga'a Final Agreement (2000), a modern treaty between the federal government, provincial government, and Nisga'a Nation, which sets out Nisga'a Nation's rights under Section 35 of the Canadian Constitution Act. Nisga'a Nation's Treaty rights under the Nisga'a Final Agreement include: establishing the boundaries and the Nisga'a Nation's ownership of Nisga'a Lands and Nisga'a Fee Simple Lands; water allocations; the right of Nisga'a citizens to harvest fish, wildlife, plants and migratory birds; and the legislative jurisdiction of the NLG. Nisga'a citizens have Treaty rights to manage and harvest wildlife in the Nass Wildlife Area and to harvest fish, aquatic plants, and migratory birds within the Nass Area. The clarity and certainty provided by the Nisga'a Final Agreement, including Chapter 10, which sets out the required processes for the assessment of environmental effects on Nisga'a Nation Treaty rights from projects such as this one, is a major advantage to development.

The nearest communities to RMP and PGP are the town of Stewart, British Columbia and the village of Hyder, Alaska. Both communities have a long-standing history with mining projects and have historically been supportive of mining activities. Broader stakeholders may include overlapping tenure holders (such as trapline holders, guide outfitters, and independent power producers), local and regional governments, and government regulatory agencies.

Ascot is committed to meaningful, timely and transparent engagement and consultation with the NLG, community members, stakeholders and the public. Ascot will maintain this commitment throughout the proposed development, construction, operation and closure of the Project.

Project Opportunities and Value Enhancements

The Study focused on existing Indicated mineral resources and utilized proven conventional mining and processing methods. The Study did not consider potential alternatives or additional resources to improve value. During the course of study, a number of value enhancements to the Project were identified, including:

- Reducing mining dilution and development by undertaking further studies and testing of an emerging mining method called the shallow angle mining system ("**SAMS**") which is currently being tested by its developer Minrail at Eldorado Gold Corporation's Lamaque Mine in Val D'or Quebec. SAMS is similar to Alimak mining but at a low angle, with a central drive and long holes drilling laterally, offering the potential to significantly reduce dilution, operating costs and mine capital development costs;

- Conversion of Inferred resources that could extend the mine life and increase throughput rates. The resource inventory of the Premier, Silver Coin and Big Missouri deposits currently contains 4.173Mt in the Inferred Category. Approximately 2.2Mt of Inferred resources (approximately 53%) are located within 100 metres of existing or planned underground development. The Company will focus on converting these resources to the Indicated Category and make them available for conversion to reserves in future mine plans;

- Completion of testwork opportunities to further optimize the reagent consumption rates over the processing cycle which could reduce processing costs;

- Completion of value enhancement studies that will potentially lower the capital and operating costs particularly for the RMP ore that will be introduced in approximately year 3 of production.

Recommendations and Next Steps
Given the positive economics of the Project and potential for further value enhancements to the Project economics, the Company will continue to advance the Project towards development. Ascot will seek funding from capital sources for the construction and development of the Project over the coming months. In addition, the Company will do the following activities:

- Continue working with NLG and Provincial regulators to promote a cooperative and mutually respectful relationship to advance the permit amendment applications for PGP;
- Continue with the optimization of the Project execution and construction schedule, including procurement and permitting;
- Commencement of further detailed engineering and design activities to investigate value enhancements to the Project noted above;
- Continue additional drilling to advance the discovery and conversion of additional resources on the Project sites.

Qualified Persons and NI 43-101 Disclosure
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, approved and takes responsibility for all of the written scientific and technical disclosure of this MD&A.

PGP and RMP project development

After completing the feasibility study, the Company carried out various activities to develop the Project, including mine plan optimization study, Basic Engineering studies, constructible review and procurement of certain long lead-time equipment. In October 2020, the Company signed an agreement for the delivery of the Semi-Autogenous Grinding ("SAG") and ball mills, which are critical long lead time equipment required in the refurbishment of the Premier mill. During the Basic Engineering studies, the project team focused on reducing operating risk by upgrading components of the grinding area and associated electrical requirements. In addition, cost inflation related to steel prices and indirect costs also increased our initial capital estimate. This has resulted in a revised estimate for the initial capital which is approximately 20% higher or a total of CAD $176 million.

On December 10, 2020, the Company closed a US$105 million project financing package for the development of PGP and RMP. The package was comprised of a US$80 million senior secured facility from Sprott and a US$25 million subordinated convertible facility from Beedie and Sprott. Upon closing, the Company received an initial advance of US$20 million before discounts and fees from the senior facility. The initial advance of US$10 million from the convertible facility was used to repay the existing convertible notes.

Subsequent to the Feasibility study, the Company worked together with representatives of the NLG to agree the joint permitting process for the joint permit amendments for PGP pursuant to Section 10(1) of the Mines Act (1996) (Permit M-179) and amendment to the existing Effluent Discharge Permit under the BC Environmental Management Act (2018) (Permit PE-8044), to refurbish, construct, operate, and decommission the Project. Through engagement with NLG, the Company has learned that the Premier mine was constructed and developed prior to the ratification of the Nisga'a Final Agreement (NFA) and, therefore, has not undergone the environmental and socio-economic assessments required under Chapter 10, paragraphs 8(e) and 8(f) of the NFA. The Company recognized the importance of these assessments to NLG for understanding the potential effects of the mine on their treaty interests. Through dialogue with NLG on this topic, the Company has reached an agreement with NLG and conducted 8(e) and 8(f) assessments and included them as an integral part of the application. On January 31, 2021, the Company submitted the Joint MA/EMA Application to amend existing Mines Act Permit M-179 and Environmental Management Act Permit PE-8044 for regulatory screening and then review.

Subsequently, the screening phase was completed and the Joint MA/EMA Application moved to technical review phase on March 25, 2021.

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.

In 2011, the Company applied for two hardrock mineral prospecting permits. In December 2018, after many years of environmental analysis, the United States Forest Service and United States Bureau of Reclamation (together, the "Federal Defendants") concluded the proposed prospecting activity would have no significant environmental impacts and released decisions allowing the applications to be granted. Cascade Forest Conservancy filed an action in federal court challenging those decisions; the Company intervened on the side of the Federal Defendants. On February 18, 2021, the United States District Court for the District of Oregon (the "Court") released an opinion on the litigation. The court ruled in favor of the Federal Defendants and Ascot on most issues; however, the court held that the environmental analysis performed by the Federal Defendants was insufficient in two narrow respects—one related to potential recreational impacts, and one related to potential groundwater impacts. The court ordered the parties to brief the court on what remedies are necessary to address the insufficiencies in the environmental analysis. Since the Court released the opinion, Federal Defendants have been evaluating how best to address the deficiencies identified by the Court. In order to allow them adequate time to undertake that evaluation, on March 22, 2021 the parties filed a "Joint Motion to Stay Further Proceedings and Status Report" and jointly proposed that the case be stayed until November 1, 2021, at which point the parties would either submit a proposed briefing schedule, if necessary, to address remedies. Federal Defendants and Ascot agreed not to request permit issuance or notices to proceed during the 2021 season.

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. Swamp Point 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 continues to seek 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 PGP.

2020 EXPLORATION PROGRAM

The Company completed its 2020 exploration drill program on October 20, 2020 with nearly 20,000 metres of drilling covering various parts of the property as well as additional ground geophysical profiles in strategic locations. The drill results from Premier West are very encouraging and demonstrate the prospectivity of the ground to the west of the Premier mine. Three geophysical profiles have been completed just before the end of the field season in order to aid in the exploration of this area. The westernmost of these profiles was extended further north than the other two and shows a strong chargeability anomaly in a location that is a potential extension of the Northern Light mineralization. This is an area that will be targeted in the future. It is of high priority due to its proximity to the Premier mill.

The initial drill results from the Day Zone at Big Missouri returned significant high-grade gold intercepts to the west of planned underground workings at Big Missouri. Assay results from a second drill pad at the Day Zone shows multiple intercepts of gold and silver in quartz breccia horizons. The mineralization has been extended 150m to the north from the original drill pad and mineralization occurs at multiple elevations similar to what can be observed at the Big Missouri deposit. The mineralization at the Day Zone is open to the north and south of the 2020 drill holes. Additional drill holes are required to assess the full extent of mineralization.

The drilling at Silver Hill returned high-grade silver intercepts and the possibility of wide-spread hydrothermal mineralization in that area. In the last weeks of the exploration season, drilling shifted to the Woodbine prospect that is separated from the Premier deposit by a major fault. The assay results from the Woodbine area show mineralization at two different elevations, close to the upper and the lower existing portal. The mineralized zones dip gently to the northwest and soil geochemistry suggests that there may be a third level of mineralization above the two zones that were intercepted by drilling. The initial drill results from Woodbine are encouraging and will require further work to determine the potential of this area.

A summary of the results of the 2020 drilling program is as follows (see full news releases at www.ascotgold.com):

- On July 29, 2020, the Company reported high gold grades in the first seven drill holes (1,930 metres) of the 2020 season. The drill site is strategically located to the west of the Premier deposit ("Premier West"), potentially adding to existing resources outlined in the feasibility study. Highlights of the drill results included 20.06g/t Au over 3.23m in hole P19-2193, 9.21g/t Au over 6.00m in hole P19-2183 and 16.25g/t Au in a grab sample from Cascade Creek.

- On August 19, 2020, the Company reported high-grade gold intercepts from the second batch of ten drill holes (for a total of 2,820 metres) from Premier West. Highlight of the drill results included 13.74g/t Au over 24.15m in hole P20-2202 including 40.78g/t Au over 6.00m in the same hole, 15.75g/t Au over 4.50m in hole P20-2197 and 9.91g/t Au over 4.25m in hole P20-2203.

- On September 14, 2020, the Company announced the discovery of new high-grade gold mineralization at the "Day Zone". The high-grade intercepts are located 300m west from the planned underground development at Big Missouri, approximately 5 kilometres north of the Premier Mill. Highlights of the drill results included 20.62g/t Au over 4.10m in hole P20-2212 and 54.60g/t Au over 2.05m in hole P20-2213.

- On October 8, 2020, the Company announced high-grade silver intercepts at the Silver Hill prospect at PGP. These holes are from drill pad SH-02 at Silver Hill located 260 metres to the northeast of last year's intercepts from SH-01, demonstrating the presence of wide-spread mineralization in the area. Highlights of the drill results included 1,320g/t Ag over 1.00m in hole P20-2211, 154.3g/t Ag over 7.12m in hole P20-2220 and 4.31g/t Au over 1.00m in hole P20-2219.

- On November 19, 2020, the Company announced additional high-grade gold intercepts at PGP's Day Zone. These results are highly significant as the Day Zone is in a strategic location approximately 300 metres west of reserves and resources at the Big Missouri deposit and 5 kilometres north of the Premier mill. Highlights from the Day Zone included 16.59g/t Au over 3.62m in hole P20-2217 and 15.31g/t Au over 5.60m in hole P20-2245.

- On January 18, 2021, the Company announced additional gold intercepts at the Day Zone. The new drill holes have extended previously reported mineralization 150 metres to the north. Mineralization is open along strike to the north and the south. Additionally, an update was provided on two drill holes at Silver Hill. Highlights from the Day Zone included 23.20g/t Au and 9.6g/t Ag over 2.00m in hole P20-2263 and 2.31g/t Au and 125.1g/t Ag over 5.93m in hole P20-2271.

- On January 26, 2021, the Company announced exploration drill results from PGP's Woodbine prospect. Nine drill holes (for a total of 1,991m) were completed in an area separate from current known resources but in proximity to the Premier mill. The Woodbine prospect is located to the west of the Cascade Creek fault and the reported drill holes are the first Ascot holes on that side of the fault in the southern part of the PGP. The high-grade gold and silver intercepts are very encouraging and open up the area to the west of the fault for further Ascot exploration. Highlights from Woodbine drilling included 29.60g/t Au and 32.7g/t Ag over 1.73m in hole P20-2293 as well as

1.75g/t Au and 148.3g/t Ag over 8.70m in hole P20-2295 (including 7.31g/t Au and 28.5g/t Ag over 0.90m in hole P20-2295).

MANAGEMENT'S OUTLOOK FOR 2021

Management is planning a number of activities for 2021, which include:

- Completing the basic engineering of the Project post feasibility study and preparing the early works for construction. This would include completing optimization studies to improve mine life and reduce costs, including converting and incorporating near development inferred material, and the impact of the use of innovative mining techniques such as Shallow Angle Mining System.

- Compiling all drilling results from the 2020 exploration program and incorporating data into the existing models and preparing and undertaking the exploration plans for 2021 both from surface and underground. The Company is planning to submit a Notice of works for underground exploration near the S1 pit at the Big Missouri mine.

- Working closely with regulators and Nisga'a Lisims Government on Joint MA/EMA Application screening and reviewing process; and continuing consultation with local communities regarding the Project development

- Seeking to raise the last required capital for the total project funding before the end of June 2021 and carrying out detailed engineering, early works program, vendor engineering and placing orders for remaining long lead time equipment.

- Expecting the delivery of the SAG and Ball mills at the end of Q2 2021 and once receiving its updated Joint MA/EMA permits commencing the construction and refurbishment of the site

The COVID-19 global outbreak may have an impact on the Company's business. Management has put in place measures to protect its employees' safety, the communities in which it operates, and to secure essential site activities. The Company continues to monitor the situation and the impact the virus may have on the Company's projects.

COVID-19

In March of 2020 the World Health Organization (WHO) declared a global pandemic related to COVID-19. The Company is committed to protecting the health and safety of its workforce and the communities in which it operates. Ascot's 2021 field season will continue to operate in compliance with the guidelines established by the Provincial Health Officer.

Ascot has developed and implemented a COVID-19 Safety Plan (posted on the Company's website) to minimize the risk of COVID-19 exposure for its employees, their families and the residents of the communities of Stewart, BC and Hyder, Alaska.

The exploration team and its operations are based out of the community of Stewart, BC. The 2021 program will continue to keep travel to and from the community to a minimum by drawing on the local workforce when possible and having workers that are brought from outside of Stewart stay for longer work cycles.

To date there have been no significant interruptions to the Company's supply chain or service providers. Assay turnaround has been slowed by COVID-19 related procedures at the assay lab.

Ascot's health and safety staff have procedures in place, including daily screening of all workers for symptoms of COVID-19, to ensure that in case a possible exposure to COVID-19 occurs, it will be quickly contained. The work force has been divided into work pods. If anyone in a particular work pod exhibits symptoms of COVID-19 (e.g. fever, cough, shortness of breath, difficulty breathing and/or chills), the whole pod is put in isolation until their test results for COVID-19 are back and reported as negative. While in isolation, the worker will be quarantined in a house rented specifically for that person. The quarantined worker may not leave the house. The COVID-19 coordinator will deliver food and other necessities as well as do wellness checks on the worker to ensure symptoms have not escalated. For more details refer to Ascot's COVID-19 Safety Plan posted on the Company's website.

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, 2020	Year ended December 31, 2019	Nine months ended December 31, 2018
Employee salaries & benefits and management fees	2,919	2,635	1,793
Share-based payments	3,092	1,547	1,303
Legal and professional services	779	563	394
Office and administration expenses	328	520	326
Promotion and shareholders costs	397	817	153
Property maintenance costs	452	412	397
Deferred income tax expense (recovery)	(310)	601	(9,856)
Net income (loss)	(8,427)	(7,781)	6,251
Earnings (loss) per share - basic and diluted	$ (0.03)	$ (0.04)	$ 0.04
Total assets	249,982	183,326	124,860

Operations

Three months ended December 31, 2020 compared to three months ended December 31, 2019

The Company reported a net loss of $4,436 for Q4 2020 compared to $2,956 for Q4 2019. The higher loss in Q4 2020 is attributable to a combination of factors including:

- A $2,026 change in fair value of the Company's convertible debt, driven by fluctuations in the variables used to calculate the fair value of the embedded derivatives;
- A $1,286 increase in stock-based compensation charge due to stock options and units granted in December 2020;
- A $179 increase in finance expense mainly due to higher principal and effective interest on the Company's new project financing debt beginning December 10, 2020;

Partially offset by:

- A $654 change in fair value of marketable securities, from a $101 loss in Q4 2019 to a $553 gain in Q4 2020, driven by fluctuations in quoted share prices of the securities held by the Company;
- A $624 change in deferred income tax, from a $601 expense in Q4 2019 to a $23 recovery in Q4 2020;
- A $311 increase in flow-through share premium recognition, as the premium on flow-through shares issued in 2020 was higher than the premium on flow-through shares issued in 2019;
- A $279 decrease in overall general and administrative expenses primarily due to lower investor relations and shareholder costs resulting from reduced travel and related expenses due to COVID-19, and
- A $126 decrease in property maintenance costs.

Year ended December 31, 2020 compared to year ended December 31, 2019

The Company reported a net loss of $8,427 for 2020 compared to $7,781 for 2019. The higher loss in 2020 is attributable to a combination of factors including:

- A $3,545 change in fair value of the Company's convertible debt, driven by fluctuations in the variables used to calculate the fair value of the embedded derivatives;

- A $1,545 increase in stock-based compensation charge due to more stock options and units granted in 2020 than in 2019 (2019 annual grant was deferred to February 2020);
- A $404 change in foreign exchange, from a $317 gain in 2019 to a $87 loss in 2020, mainly driven by fluctuations of the foreign exchange rate used in translation of the Company's short-term and long-term debt as well as in revaluation of the Company's U.S. dollar term investments;
- A $126 increase in depreciation mainly due to depreciation of IDM assets acquired at the end of Q1 2019;

Partially offset by:

- A $1,972 gain on marketable securities (a $811 loss in 2019) driven by fluctuations in quoted share prices of the securities held by the Company;
- A $911 change in deferred income tax, from a $601 expense in 2019 to a $310 recovery in 2020;
- A $621 increase in flow-through share premium recognition, as the premium on flow-through shares issued in 2020 was higher than the premium on flow-through shares issued in 2019;
- A $501 decrease in finance expense mainly due to more interest being capitalized in 2020 compared to 2019 as well as lower accretion of the Company's asset retirement obligation in 2020 compared to 2019, and
- A $209 decrease in overall general and administrative expenses primarily due to lower investor relations and shareholder costs resulting from reduced travel and related expenses due to COVID-19.

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

C$000	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Mineral property cost capitalized	5,371	4,380	4,585	8,645	4,585	8,641	6,676	36,338
G & A expense (excluding depreciation)	1,174	1,186	1,032	1,098	1,453	1,053	1,157	1,036
Stock-based compensation	1,481	289	305	1,017	195	307	870	175
Property maintenance costs	23	305	121	3	149	69	157	37
Net income (loss)	(4,436)	682	(1,189)	(3,484)	(2,956)	(2,215)	(1,274)	(1,336)
Income (loss) per share - basic and diluted	$ (0.02)	$ 0.00	$ 0.00	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

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, unrealized gains and losses on embedded derivatives and marketable securities, grant and vesting of stock options, RSUs and DSUs, and issuance of shares. Over the past eight quarters, the Company has been focused mainly on the exploration, engineering studies and permitting of PGP. The Company carried out an exploration program on PGP in 2019, which started in May and wrapped up in October. The Company's 2020 exploration program at PGP commenced in early June and wrapped up in October. High mineral property costs in Q1 2019 were mainly due to the acquisition of the Red Mountain Project ($34,896). High mineral property costs in Q1 2020 were mainly due to the accounting revaluation of the Company's asset retirement obligations following a significant drop in long-term interest rates. Net income in Q3 2020 was mainly driven by a $912 unrealized gain on marketable securities and a $442 unrealized gain on valuation of embedded derivative. Higher loss in Q4 2020 was mainly due to a $2,750 change in fair value of the embedded derivative within the Convertible Debt.

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

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

During 2020, the Company issued 45,844,941 common shares (2019: 58,100,859), 6,693,709 stock options (2019: 3,630,000), 450,370 Deferred Share Units ("DSU") (2019: Nil) and 1,052,871 Restricted Share Units ("RSU") (2019: Nil). Also, 981,000 stock options expired, 551,000 stock options were forfeited and 19,042,972 warrants expired during 2020.

The Company considers its capital structure to be primarily through shareholders' equity and Senior 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 and development 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 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") 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 have been used for "Canadian exploration expenses", and qualify as "flow-through mining expenditures" as those terms are defined in the Income Tax Act (Canada), which have been renounced to the initial purchasers of the Flow-Through Shares with an effective date of December 31, 2020 in an aggregate amount not less than the gross proceeds raised from the issue of the Flow-Through Shares. The remainder of the net proceeds from the Offering has been 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. The table below summarized the expected use of proceeds and the actual use of proceeds:

Principal purposes	Expected use of proceeds C$ in million	Actual use of proceeds (as of December 31, 2020) C$ in million	Difference C$ in million
Exploration	5.0	4.7	0.3
Permitting	1.5	1.5	-
Engineering and ecomonic studies	2.0	2.0	0.0
General corporate purposes	1.0	1.0	(0.0)
Total	9.5	9.2	0.3

The actual use of proceeds shown in the above table represents funds spent to date. The Company does not expect the final use of proceeds to differ materially from the expected use of proceeds.

During 2020, the Company spent $4,731 on qualifying flow-through mining expenditures. As at December 31, 2020, the Company had a balance of $293 required to be spent on flow-through expenditures prior to December 31, 2022.

On June 17, 2020, the Company raised $25,000 through a bought deal (the "Bought Deal") by issuing 29,412,000 common shares at $0.85 per share. In connection with the offering, the Company paid offering cash commission, agent's fees and other share issuance fees in the amount of $1,676. The net proceeds of the Bought Deal are being used for the continued development of PGP, including the purchase of long lead time equipment and for general working capital purposes. The table below summarized the expected use of proceeds as of the date of the financing:

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

Principal purposes	Expected use of proceeds C$ in million	Actual use of proceeds (as of December 31, 2020) C$ in million	Difference C$ in million
Long lead time equipment			
Ball mill and SAG mill	5.0	1.1	3.9
Fabrication of tailing thickener	1.0	-	1.0
Fabrication of water treatment clarifier	1.0	-	1.0
Development and de-risking the project			
Basic and detailed engineering	4.5	2.4	2.1
Pre-construction planning and preparation	4.0	0.2	3.8
Permitting	1.5	1.4	0.1
General working capital purposes	6.3	2.0	4.3
Total	23.3	7.2	16.1

The actual use of proceeds shown in the above table represents funds spent to date. The Company does not expect the final use of proceeds to differ materially from the expected use of proceeds

On December 10, 2020, the Company closed a project financing package with Sprott and Beedie for the development of the Project. The financing package consists of a) a US$80 million Senior Debt; b) the Production payment agreement ("PPA"), and c) a US$25 million Convertible Debt. The Company incurred $2,155 of debt advisory, legal and due diligence expenses in relation to arranging the project financing package. Upon closing of the package, the Company made an initial draw down of US$20 million from the Senior debt for net proceeds of US$13.2 million (CAD$16.9 million) and received PPA consideration of US$5.0 million (CAD$6.4 million). The Company also made an initial draw down of US$10 million from the Convertible Debt. The proceeds were used to repay the existing convertible notes. Subsequent draw downs from the Senior Debt and Convertible Debt are subject to certain conditions including the receipt of Joint EA/MEA permits.

Security provided for the project financing package includes: a) general security in favour of Sprott and Beedie; b) debentures from Ascot and IDM in favour of Sprott granting a first priority encumbrance over all of the Company's present and after-acquired assets; c) first priority real property mortgages over all of the Company's real property interests, and d) share pledge by Ascot of IDM and Ascot Power. The availability of the Senior and Convertible Debt is subject to certain conditions and covenants, including the maintenance of minimum cash and working capital balances. At December 31, 2020 the Company was in compliance with the covenants.

Under the terms of the credit agreements, if an event of default shall occur and be continuing, Sprott and Beedie may, by notice to the Company, declare their commitment to advance the facilities be terminated and the outstanding principal and accrued interest and fees be due and payable. Events of default include but are not limited to failing to make principal interest and fee payments; defaulting on certain covenants; failing to achieve project completion by September 30, 2023 and failing to complete minimum equity raise of US$25 million by June 10, 2021. As the Company is not considered to have unconditional right to defer payment for the next 12 months under IAS 1, the Credit Facilities are classified as current liabilities at December 31, 2020.

As at December 31, 2020, the Company had working capital of $40,855 excluding the Senior and Convertible debt and the PPA (December 31, 2019: working capital of $3,003) and cash & cash equivalents balance of $42,080 (December 31, 2019: $4,418). The increase in cash & cash equivalents was due to the net proceeds of $9,518 from the Offering; net proceeds of $23,324 from the Bought Deal; $23,301 net proceeds from Senior and Convertible Debt; $928 net proceeds from sale of marketable securities, and $509 net return of reclamation deposits, partially offset by cash outflows from operating activities of $5,229; expenditures on mineral properties of $13,223; acquisitions of property, plant and equipment of $384; expenditures on reclamation activities of $464; deferred financing costs of $2,182, and payment for lease liability of $226 and. The Company has sufficient funding to meet its obligations for the next twelve months.

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

RELATED PARTY TRANSACTIONS

Included in accounts payable and accruals at December 31, 2020 is $356 (December 31, 2019: $274) due to the Company's Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO).

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors as well as the Company's CEO, CFO and COO. Key management personnel compensation comprised:

		Year ended December 31, 2020		Year ended December 31, 2019
Salaries and short-term benefits	$	401	$	427
Management fees		774		610
Exploration and evaluation costs		104		59
Share-based payment transactions		2,185		1,099
	$	3,464	$	2,195

During 2020, key management personnel were granted 3,853,397 stock options at a weighted average exercise price of $0.99. Using the Black-Scholes model, the fair value of the options granted to key management personnel was determined at $1,790.

During 2020, the Company's CEO, CFO and COO were granted a total of 643,333 RSUs. Based on the Company's share price on grant dates, the total fair value of the RSUs granted to the Company's CEO, CFO and COO was determined at $697.

During 2020, the Company's directors were granted 450,370 DSUs. Based on the Company's share price on grant dates, the total fair value of the DSUs was $494.

CONTRACTUAL AND OTHER OBLIGATIONS

As at December 31, 2020, the Company's contractual and other obligations are as follows:

		Less than 1 year		1-3 years		4-5 years		After 5 years		Total
Accounts payable and accrued liabilities	$	2,796	$	-	$	-	$	-	$	2,796
Mill engineering and procurement		4,898		-		-		-		4,898
Senior and convertible debt principal, interest and fees (a)		40,118		-		-		-		40,118
Production payment agreement (b)		6,346		-		-		-		6,346
Reclamation liabilities (c)		373		659		1,067		33,197		35,296
Funding agreement - Premier Gold project		25		-		-		-		25
Benefits agreement - Red Mountain project		100		850		500		500		1,950
Pre-production royalty - Red Mountain project		50		100		50		-		200
Minimum lease payments		230		466		219		-		915
	$	54,936	$	2,075	$	1,836	$	33,697	$	92,544

(a) Interest on the Senior Debt from December 10, 2020 until June 30, 2022 (the "Availability Period") is capitalized and added to the principal loan amount. At all times following the last day of the Availability Period, all interest shall be payable in cash. Principal and accrued interest are payable quarterly from September 30, 2023 to December 31, 2025, with quarterly repayments equal to 10% of the total amount outstanding at the end of the Availability Period.

Interest on the Convertible Debt is compounded quarterly and is added to the principal loan amount prior to the date which will occur when construction is complete and PGP has successfully completed an agreed completion test ("Completion Date"). All interest incurred after the Completion Date is payable in cash quarterly. Principal and capitalized interest are payable on December 10, 2023 (the maturity date, which may be extended by one year if all material permits, contracts and authorizations for PGP are in place). Any undrawn balance of the Convertible Debt incurs a standby fee of 3% beginning on December 10, 2020.

As of December 31, 2020, the Senior and Convertible debt principal, interest and fees as well as the production payment agreement are classified as current liabilities (payable in less than 1 year) since the Company is not considered to have unconditional right to defer payment for the next 12 months under IAS 1.

(b) Under the production payment agreement, the Company has agreed to pay Sprott monthly production payments equal to US$13 multiplied by the number of ounces of gold from which the Company receives payment on from December 10, 2020 until 450,000 ounces of gold has been produced.

(c) The amount in reclamation liabilities are undiscounted cash expenditures.

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:

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.

Compensation expense for RSUs granted to employees and consultants of the Company is calculated based on the fair value of RSUs awarded, measured on their grant date. The fair value of RSUs is based on the quoted market price of the Company's common shares on the RSUs grant date. Compensation expense for DSUs granted to directors is based on the fair value of DSUs awarded, calculated based on the quoted market price of the Company's common shares on the DSUs grant date.

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. Management's estimation of the Company's decommissioning and rehabilitation provision is based on the reclamation and closure activities it anticipates as being required and its estimate of the probable costs and timing of such activities and measures.

Derivative liabilities

When debt includes an embedded derivative component, its fair value is estimated using a financial pricing model. The Company estimates the fair value of its interest rate floor derivative using Black's formula. The key assumptions used in the estimate are forward interest rates, discount rates and interest rate volatility. The Company estimates the fair value of its conversion option derivative using the Finite Difference method. The key assumptions used in the model are risk free rates, expected volatility and credit spread. 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. The credit spread assumption in the model is based on the Company's cost of unsecured debt.

NEW ACCOUNTING PRONOUNCEMENTS

New IFRS pronouncements that have been issued but are not yet effective at the date of this MD&A are listed below. We plan to apply these amendments in the annual period for which they are first required.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

In August 2020, the International Accounting Standards Board ("IASB") issued amendments to IFRS 9 Financial Instruments (IFRS 9), IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), IFRS 7 Financial Instruments: Disclosures (IFRS 7), IFRS 4 Insurance Contracts (IFRS 4) and IFRS 16 Leases (IFRS 16) as a result of Phase 2 of the IASB's Interest Rate Benchmark Reform project. The amendments address issues arising during reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The amendments are effective January 1, 2021. On adoption of the amendments, there will be no immediate effect on the Company's financial statements, as Ascot will not be replacing any of the benchmark interest rates in the Company's debt agreements on the adoption date. Management is assessing the impact of these amendments in 2021 and beyond.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued amendments to IAS 16, Property, Plant and Equipment (IAS 16). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss. The amendments apply to annual reporting periods beginning on or after January 1, 2022. The amendments are applied retrospectively only to items of property, plant and equipment that are available for use after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Management is assessing the impact of this amendment on the Company's financial statements**.**

Amendment to IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements (IAS 1). The amendment applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criteria for classifying a liability as non-current if there is the right to defer settlement of the liability for at least 12 months after the reporting period. Management will assess the impact of this standard.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, marketable securities, interest and other receivables, reclamation bonds, trade and other payables, senior and convertible debt and other liabilities. The recorded amounts of cash and cash equivalents, marketable securities, interest and other receivables, trade and other payables, and other liabilities approximate their respective fair values due to their short-term nature. Reclamation deposits and senior and convertible debt approximate their carrying value due to the consistency of the credit risk of the Company since the initial recognition of these instruments.

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 (U.S. dollar) are senior and convertible debt and GICs and term deposits. A 10% decrease (increase) of the value of the Canadian dollar relative to the U.S. dollar as at December 31, 2020 would result in an additional $610 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the year ended December 31, 2020 (year ended December 31, 2019: $1,026).

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 significant financial instruments valued using fluctuating risk-free interest rates are the derivative components of the senior and convertible debt. 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 Company is exposed to interest rate risk due to the floating rate interest on the Senior Debt. For the year ended December 31, 2020, an increase of 25 basis points in market interest rates would result in approximately $4 in additional interest payable on the Senior Debt.

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 endeavors to ensure 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 as well as the senior and convertible debt. Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

OUTSTANDING SHARE DATA

As at March 26, 2021, the Company had 278,323,751 common shares outstanding, 20,265,209 stock options, 450,370 deferred share units and 1,052,871 restricted share units outstanding.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

On August 11, 2020 the Ascot Board approved the Environmental, Social and Governance Policy ("ESG Policy") which can be found on the Company website under the Governance Policies. The ESG Policy has been adopted to clearly communicate Ascot's expectations for employees, directors, contractors and consultants providing services for or on behalf of the Company to ensure that health, safety, environmental and community measures are in place to sustain strong, long-term performance that will benefit the communities the Company operates in and all stakeholders.

The Company continues to maintain open dialogue with First Nations and local stakeholder groups during the mine planning phase of the Premier and Red Mountain projects. The Company aims to focus these meetings on project development and to encourage transparent communication to build long lasting relationships for a sustainable future. A community page has been launched on the existing Ascot website (https://www.ascotgold.com/community/), which focus on community updates as the Project advance. Due to the COVID-19 pandemic, the Company has reached out to local communities and First Nations to align and implement travel and health policies. Through the COVID-19 pandemic, the Company continues to rely on virtual meetings and has not experienced any disruption of the advancement of the Project permitting phase, and we continue to work with local partners to advance the permitting process.

Ascot is a member of the British Columbia Regional Mining Alliance ("BCRMA"). BCRMA is a partnership between the Tahltan Central Government, the Nisga'a Lisims Government, the Association of Mineral Exploration BC, the BC provincial government and some companies with projects in the Golden Triangle of northwest BC. This unique collaboration aims to promote mining investment and education in the Golden Triangle.

During 2020, the Company donated to or sponsored local communities including food banks, District of Stewart Nisga'a Nation and Hyder Community for a total of $30.

During 2020 drill season, the Company achieved the lowest first aid and medical reportable incidents in Ascot's history.

No environmental incidents were reported in 2020.

CORPORATE GOVERNANCE

Management and the Board recognize the value of good corporate governance and the need to adopt best practices. The Corporation is committed to continuing to improve its corporate governance practices in light of its stage of development and evolving best practices and regulatory guidance.

The Board has adopted a board mandate outlining its responsibilities and defining its duties. The Board currently has six board appointed committees: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, the Finance Committee, the Disclosure Committee, and the Health & Safety, Environmental and Technical Committee. Each Committee has a committee charter, which outlines the committee's mandate, procedures for calling a meeting, and provides access to outside resources. The Audit, Compensation and Governance & Nominating Committees are comprised completely of independent directors while the other committees are comprised of a majority of independent directors with exception to the Disclosure Committee which is comprised of management and one independent director.

The Board has also adopted a Code of Ethics, which governs the ethical behavior of all employees, management, and directors. A separate Timely Disclosure, Confidentiality and Insider Trading Policy, Whistleblower Policy, Diversity Policy and Compensation Recovery Policy are also in place. For more details on the Corporation's corporate governance practices, please refer to Ascot's website (https://ascotgold.com/corporate/corporate-governance/).

The Corporation's directors have expertise in exploration, metallurgy, mining, accounting, legal, banking, financing, and the securities industry. The Board and each Committee meets at least four times per year.

NON-GAAP MEASURES

Alternative performance measures in this document such as "cash cost" and "AISC" are furnished to provide additional information. These non-GAAP performance measures are included in this MD&A because these statistics are used as key performance measures that management uses to monitor and assess performance of PGP and RMP, and to plan and assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a standard meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The Company has DC&P in place. The Company's management, with the participation of the Company's CEO and CFO, have evaluated the effectiveness of the Company's DC&P. Based on that evaluation, the Company's CEO and CFO have concluded that, as of the end of the period covered by this report, the Company's DC&P were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported within the applicable time periods and that required information is accumulated and communicated to the Company's management so that decisions can be made about the timely disclosure of that information.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Management's Report on ICFR

Management of the Company is responsible for establishing and maintaining effective ICFR as such term is defined in the rules of the National Instrument 52-109 in Canada ("NI 52-109"). The Company's ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. The Company's ICFR include policies and procedures for:

- Maintaining records, that in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the Company;
- Providing reasonable assurance that transactions are recorded as necessary for preparation of the consolidated financial statements in accordance with IFRS;
- Providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- Providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis.

The Company's management assessed the effectiveness of the Company's ICFR as of December 31, 2020. In making such assessment, management used the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on their assessment, management has concluded that, as of December 31, 2020, the Company's ICFR were effective based on COSO criteria.

There have been no changes in the Company's ICFR during the quarter and year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Limitation of Controls and Procedures

The Company's management, including its CEO and CFO, believe that any DC&P or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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 26, 2021 available on SEDAR at www.sedar.com and www.sec.gov.

Resource exploration and project development are speculative businesses and involve a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring and developing 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) Outbreak of COVID-19

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

The Company's business could be adversely impacted by the effects of the coronavirus or other epidemics. In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread globally, including Canada and the U.S. The extent to which the coronavirus impacts the Company's business, including exploration and development activities and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus and travel and other restrictions established to curb the spread of the coronavirus, could materially and adversely impact the Company's business including without limitation, the planned exploration programs during the upcoming field season, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on the its business, financial condition and results of operations.

There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs or insurance premiums as a result of these health risks.

In addition, a significant outbreak of coronavirus has resulted in a widespread global health crisis that adversely affects global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and our future prospects.

(b) 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.

(c) 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.

(d) Unanticipated metallurgical processing problems may affect profitability of the Project

Despite any metallurgical testwork conducted in connection with the Feasibility Study, unanticipated metallurgical processing problems may occur during operations, including, without limitation, mechanical problems with milling or extraction equipment, unexpected grade anomalies in processed material, contaminants in processing or processed material, and the inability to operate tested processes at scale which can lead to lower metallurgical recoveries than expected and delay and impede operations, which may affect the profitability of the Project. In addition, further metallurgical testing or operations may determine that the metals cannot be extracted as economically as anticipated.

(e) 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.

(f) 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.

(g) 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.

(h) Future liquidity will depend upon its ability to arrange additional financing

Ascot's future liquidity is dependent upon the ability of Ascot to obtain the necessary financing to complete the development of its interests and future profitable production or, alternatively, upon Ascot's ability to dispose of its interests on a profitable basis. Given Ascot has incurred losses from inception and does not have any operating cash flow, there can be no assurance that additional capital or financing will be available if needed or that, if available, the terms of such financings will be acceptable to Ascot. If Ascot raises additional funds through the sale of equity securities or securities convertible into equity securities, shareholders may have their equity interest in Ascot diluted

(i) Adequate funding may not be available for further exploration and development

Sufficient funding may not be available to Ascot for further exploration and development of its property interests. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of Ascot's properties.

Ascot will require new capital to continue to operate its business and to continue with exploration on its properties, and additional capital may not be available when needed, if at all.

(j) Construction and operating cost

The Project construction and operating costs may increase due to changes in the cost of steel, concrete, fuel, power, materials and supplies.

(k) Counterparties to the Senior Debt or Convertible Debt

If a counterparty does not meet its contractual obligations under the Senior Debt or Convertible Debt, or if they become insolvent, the Company's future operating results may be materially adversely impacted. A portion of the loan facilities made available to the Company under the Senior Facility or Convertible Facility may be drawn in tranches on satisfaction of customary conditions. Pursuant to the Credit Agreement, the Company entered a production payment agreement under which the Company will make fixed US$13 per ounce production-linked payment to Sprott on the first 450,000 ounces produced. If Sprott does not meet its obligations under the production payment agreement, this could have a material and adverse impact on the operations of the Company and its financial situation.

(l) Restricted covenants in the Senior Debt and Convertible Debt

Pursuant to the Senior Debt and Convertible Debt, the Company must satisfy certain financial covenants as well as other restrictive and affirmative covenants in respect of the Company's operations. These covenants include, without limitation, restrictions on the Company's ability to incur additional indebtedness; pay dividends or make other distributions; make loans or investments; sell, transfer or otherwise dispose of assets; incur or permit to exist certain liens; and maintain minimum unrestricted cash and working capital ratio. Compliance with these covenants may impair the Company's ability to finance its future operations or capital needs or to take advantage of other favourable business opportunities. The Company's ability to comply with these covenants will depend on its future performance, which may be affected by events beyond its control. The Company's failure to comply with any of these covenants, if left uncured, could result in an event of default under the credit agreements and could result in the acceleration of the indebtedness under the credit agreements. Since the credit agreements contain cross-default provisions, if the Company's debt is accelerated upon an event of default under either credit facility, it will likely be accelerated under the other credit facility and if the Company is unable to repay any amounts then outstanding, the lenders may be entitled to, among other things, take possession of any collateral securing the credit facilities to the extent required to repay the outstanding amounts, subject to the terms of the intercreditor agreement among Sprott, Beedie, as agent for the lenders under the Convertible Facility, the Company, and the other parties thereto.

(m) 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.

(n) 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.

(o) Competition

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.

(p) Equipment and infrastructure

Ascot's interest in mineral properties will require adequate infrastructure, such as roads, bridges, U.S border access and sources of power and water, for future exploration and development activities. The lack of availability of these items on terms acceptable to Ascot or the delay in availability of these items could prevent or delay exploitation or development of Ascot's mineral properties. In addition, unusual weather phenomena, man-made causes (such as protests, blockades, sabotage, conflicts, protests, or competing uses), government issues or political events (including but not limited to, closures of the U.S.-Canada border into Alaska) or other interference in the maintenance or provision of such infrastructure could adversely affect our operations and profitability. Natural resource exploration, development, processing and mining activities are dependent on the availability of mining, drilling and related equipment in the particular areas where such activities are conducted. A limited supply of such equipment or access restrictions may affect the availability of such equipment to Ascot and may delay exploration, development or extraction activities. Certain equipment may not be immediately available, or may require long lead time orders. A delay in obtaining necessary equipment could have a material adverse effect on Ascot's operations and financial results.

(q) Environmental and other regulatory requirements

The Company's current and anticipated future operations, including further exploration, development and construction activities and commencement of production on the Company's properties, require permits from various national, provincial, and territorial governmental authorities. The Company may not be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, construction and mining operations at its projects. In addition, the grant of required licenses and permits may be delayed for reasons outside the Company's control. Failure to obtain such licenses and permits on a timely basis, or failure to comply with the terms of any such licenses and permits that the Company does obtain, may adversely affect its business as the Company would be unable to legally conduct its intended exploration, development, processing facility construction or mining work, which may result in increased costs, delay in activities or the Company losing its interest in its mineral properties. The Company owns three mining leases, two of which expire on December 17, 2050, and the third, which expires on December 14, 2048.

(r) 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.

(s) Indebtedness

As of the date of this MD&A, the Company has outstanding US$30 million principal amount of the Senior and Convertible Debt that bears interest at a rate between 8% and 8.5% per annum. Interests are capitalized until June 30, 2020 for the Senior Debt and project completion for the Convertible Debt. The Convertible Note is convertible into Ascot Shares, which may cause dilution to shareholders.

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.

(t) 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.

(u) Legal proceedings

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

Cautionary Statement Regarding Forward-Looking Information

All statements, trend analysis and other information contained in this MD&A about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. All statements, other than statements of historical fact, included herein are forward-looking statements, including statements in respect of the plans and expectations in the Feasibility Study as well as the use of proceeds for the Private Placement and Bought Deal. Although Ascot believes that the expectations reflected in such forward-looking statements and/or information are reasonable, undue reliance should not be placed on forward-looking statements since the Ascot can give no assurance that such expectations will prove to be correct. These statements involve 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 statements, including the risks, uncertainties and other factors identified in the Ascot's periodic filings with Canadian securities regulators, and assumptions made with regard to: the estimated costs associated with construction of the Project; the timing of the anticipated start of production at the Projects; the ability to maintain throughput and production levels at the Premier Mill; the tax rate applicable to the Company; future commodity prices; the grade of Resources and Reserves; the ability of the Company to convert inferred resources to other categories; the ability of the Company to reduce mining dilution; the ability to reduce capital costs. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Important factors that could cause actual results to differ materially from Ascot's expectations include risks associated with the business of Ascot; risks related to exploration and potential development of Ascot's projects; business and economic conditions in the mining industry generally; fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; the need for cooperation of government agencies and indigenous groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; risks associated with COVID-19 including adverse impacts on the world economy, construction timing and the availability of personnel; and other risk factors as detailed from time to time and additional risks identified in Ascot's filings with Canadian securities regulators on SEDAR in Canada (available at www.sedar.com). The timing of future economic studies; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, financing or in the completion of Project as well as those factors discussed in the Annual Information Form of the Company dated March 26, 2021 in the section entitled "Risk Factors", under Ascot's SEDAR profile at www.sedar.com. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Ascot does not undertake any obligation to update forward-looking statements.