Ascot Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2021

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

Report date: March 21, 2022

This Management's Discussion and Analysis ("MD&A") of Ascot Resources Ltd. ("Ascot" or the "Company") is dated March 21, 2022 and provides an analysis of our audited financial results for the year ended December 31, 2021 compared to the year ended December 31, 2020. 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, 2021, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("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, 2021, 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 filed its feasibility study in May 2020 for its 100% owned Premier and Red Mountain Gold Projects which will supply gold and silver ores to the process plant. The study supports robust economics including base case After-tax NPV5% of C$341 million and IRR 51% (based on US$1400/oz gold price, $17/oz silver price and CAD to US exchange rate of 0.76.) Ascot received the Mines Act Permit to re-start Premier Gold Project in December 2021.The Silver Coin, Big Missouri, and Premier deposits, collectively being named the Premier Gold Project (PGP) are located near the processing facility on the historical Premier Mine site, and the Red Mountain Project (RMP) is located 23 km to the southeast in an adjacent valley. PGP together with RMP is defined as the "Project". In addition, the Company continues to drill a number of gold-silver discoveries on its 25,000 hectares of mineral concessions that benefit from their proximity to PGP and the towns of Stewart, BC and Hyder, Alaska.

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.

2021 AND RECENT HIGHLIGHTS

- On March 8, 2022, the Company closed a previously announced bought deal financing (the "Offering") for total gross proceeds of $64,241. The net proceeds from the Offering will be used for capital costs at PGP, for PGP's exploration program and for general corporate purposes (see "**PGP and RMP project development**").
- On January 25, 2022, the Company provided an update on PGP with respect to progress to date and development plans in 2022. The update included a detailed project schedule and an updated capital cost estimate for PGP. Building on the success of the Early Works program in 2021, Ascot remains on track to commence full-scale construction activities and underground development in April 2022, with first gold pour targeted for the first quarter of 2023. With the Mines Act Permit Amendment ("MAPA") in hand and a more definitive project schedule, Ascot reported an updated project capital estimate of $224,000, reflecting an increase of 27% over the previous (March 2021) project capital estimate (see "**PGP and RMP project development**").
- On December 4, 2021, the Company received the MAPA for construction and operation of PGP and on January 24, 2022, Environmental Management Act ("EMA") Permit was also received, completing the Joint MA/EMA Permit for PGP.
- On July 19, 2021, the Company announced the signing of an updated Benefits Agreement with Nisga'a Nation, which encompassed both PGP and RMP. The updated Benefits Agreement replaced the former agreement which had only pertained to RMP. The comprehensive Benefits Agreement set the basis for the long-term success of the Project and how it will benefit Nisga'a Nation, its citizens and businesses as well as the shareholders and stakeholders of Ascot.
- On June 7, 2021, the Company closed a non-brokered private placement of 2,651,796 flow-through shares (the "Flow-Through Shares") at an average price of $1.42 per Flow-Through Share for gross proceeds of $3,765.

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

- The Company commenced its 2021 exploration program at PGP in May. Exploration drill holes discovered previously unknown hydrothermal mineralization to the west of the Premier deposit, extended gold mineralization at the Day Zone at Big Missouri approximately 400 metres to the south and intercepted high-grade gold in two exploration holes at the Sebakwe zone north of the Premier deposit. Additional drilling targeted areas of early planned stopes at the Big Missouri deposit and intercepted gold mineralization at or near the expected elevation of the targeted stopes providing additional information regarding geometry, orientation and grade of the early mining areas. Drill results were announced between July 2021 and February 2022 (see "**2021 Exploration Program**" below).
- On April 20, 2021, the Company closed a bought deal private placement. A total of 24,000,000 common shares of the Company were sold at a price of $0.86 per common share for gross proceeds of $20,640. The proceeds will be used to fund the construction of PGP as well as for working capital and general corporate purposes.
- On April 9, 2021, the Company closed a bought deal financing. A total of 70,700,000 common shares of the Company were sold at a price of $0.86 per common share for gross proceeds of $60,802. The proceeds will be used to fund the construction of PGP and for general working capital purposes. This bought deal financing met the minimum equity raise requirement in the credit agreement of the Company's credit facilities.
- On March 18, 2021, the Company provided an update on permitting, engineering and exploration of 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 the initial capital estimate. This has resulted in a revised estimate for the initial capital which was approximately 20% higher than the initial capital estimate in the feasibility study published in May 2020 or a total of $176,000.

2021 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.

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%. 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. PGP mineral reserves established in the feasibility study in accordance with NI 43-101 technical report published in May 2020 are as follows:

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: 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

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

Red Mountain Project ("RMP")

The RMP consists of 47 contiguous mineral claims for a total of 17,125 hectares. It is located approximately 18 km east-northeast of the town of Stewart and within Nisga'a Nation traditional territory. RMP mineral reserves established in the feasibility study in accordance with NI 43-101 technical report published in May 2020 are as follows:

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: 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

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.

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 was subject to a gold metal stream whereby Seabridge Gold Inc. ("Seabridge") could 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 could 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 29, 2021, Sprott Private Resource Streaming and Royalty (B) Corp. ("SRSR") entered into a purchase agreement with Seabridge to acquire the gold metal stream, production payment and put option on RMP. Concurrently, Seabridge security on RMP was transferred to SRSR. Since all of the rights and obligations on the Seabridge option agreement were met, the option agreement between IDM Mining Ltd. (IDM), Ascot's wholly-owned subsidiary, and Seabridge was terminated. The Company and SRSR entered into an "Amended and Restated Metal Stream Agreement" to amend the Metal Stream price to the lower of US$1,000/oz or spot price. All other terms remain the same.

PGP and RMP project development

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 $NPV_{5\%}$ of $341,000 (based on US$1,400/oz gold price, US$17/oz silver price and CAD to US exchange rate of 0.76).

On July 15, 2021, the Company and Nisga'a Lisims Government (NLG) entered into an updated Benefits Agreement (the "Agreement") which now encompasses both PGP and RMP. The updated Agreement replaces the former which only pertained to RMP. The comprehensive Agreement sets the basis for the long-term success of the Projects and how they will benefit Nisga'a Nation, its citizens, and businesses as well as the shareholders and stakeholders of Ascot. Nisga'a Nation has rights and interests as defined by the Nisga'a Final Agreement with Canada and British Columbia, encompassing the entirety of the Project. Under the terms of the Agreement, Nisga'a Nation will provide ongoing support and continued consultation for the development and future operations of underground gold mines at the Project, emphasizing respect for the land, protection of the environment, and understanding of cultural use and knowledge as well as health and safety, on and off the worksite. Nisga'a Nation will participate in the economic benefits of the Projects, particularly through training, employment, business opportunities and cash payments during development and operations.

In March of 2021, before starting pre-construction activities, the Company announced a project capital cost estimate for the Project of $176,000, which is approximately 20% higher than the initial capital estimate in the feasibility study published in May 2020. The increases were mainly related to upgrading components of the grinding area and associated electrical requirements to reduce operating risks. In addition, cost inflation related to steel prices and indirect costs also increased our initial capital estimate. Subsequently, the Company advanced detailed engineering on the mill foundation, tailings storage facility, water treatment plant, power substation, overland piping and pumping and other key areas at the project site as well as procurement of critical long lead time equipment required in the refurbishment of the Premier mill. As of to date, the Company progressed detailed engineering to ~70% completion overall. Throughout 2021 and early 2022, the Company delivered and made significant progress on installation of a number of critical long lead time equipment items, including the Ball and SAG mills, mill motors and liners, water treatment clarifier and the tailings thickener. The Ball and SAG mills were delivered to the project site in Q3 2021. Ascot has ordered approximately 87% of the remaining fixed equipment for the project. Key orders remaining in the plant relate mostly to piping, instrumentation, and bulk consumables. A temporary construction camp with a total capacity of approximately 170 people was also installed adjacent to the mill building. In Q4 2021, the Company entered into an agreement with JDS Energy & Mining Inc. ("JDS") for PGP construction management. Significant work has been completed on the limited demolition and clean up at the mill, work on safety, first aid and site facilities at the mill has been completed.

In June 2021, the Company reached a tentative agreement with Long Lake Hydro for grid connection to their electrical infrastructure adjacent to the property. The final agreement is targeted for completion in early 2022.

In the second half of 2021, the Company had faced a number of setbacks that eventually resulted in a revision to project schedule and the funding requirements in January 2022. In addition to the overall price increases and global supply chain issues caused by the COVID-19 pandemic, the MAPA was received later than expected (in December instead of September 2021) and the water treatment plant clarifier and tailings thickener were lost at sea in a major storm event. These events, combined with abnormally high snowfall levels associated with storm events on the west coast of British Columbia, have caused Ascot to revise the project development plans throughout the winter season and into 2022. Ascot is planning to ramp-up full-scale construction activities in April 2022. Critical work areas include the construction and installation of the new water treatment plant, the excavation of the Cascade Creek diversion channel, the tailings facility earthworks, process plant piping and instrumentation, and initial underground mining development.

In Ascot's currently contemplated underground development sequence, by starting in April 2022 initial ore could potentially be accessed by October, enabling process plant commissioning by the end of 2022. As a result, the target date for initial gold production has shifted by one quarter from Q4 2022 to Q1 2023.

With the MAPA in hand and a more definitive project schedule, Ascot has an updated project capital estimate of $224,000, reflecting an increase of 27% over the estimate announced in Q1 2021 of $176,000. At a high level, the factors that have caused cost increases to the project, in order of influence, are: fixed indirect costs caused by schedule delays, weather impacts, piping and instrumentation labour productivity, indirect cost inflation, supply chain pressures, and COVID-19 protocols.

As at December 31, 2021, based on the updated capital cost estimate, there remains $164,000 left to spend on the project, including a $15,000 contingency. Varying levels of contingency were assigned to different project areas based on risk assessment. Of the remaining $164,000 in costs yet to be spent, approximately $103,000 has been committed under purchase orders.

Ascot has a higher degree of confidence in the updated capital estimate as it is based on real-world costing through the Early Works program, and because the Company has now ordered most of the remaining key equipment and materials to complete the project. The only remaining items that have yet to be ordered are process plant piping, control systems, and limited amounts of steel works – all of which have been assigned higher levels of contingency.

Ascot ended 2021 with a cash balance of approximately $59,130, and there remains US$75 million (approx. $95,000) undrawn on the project finance facility, bringing total available liquidity to approximately $154,130 as of December 31, 2021. This is less than the estimated $164,000 left to spend on the project, which does not include various corporate costs including but not limited to exploration drilling, general corporate purposes, working capital and minimum cash balance requirements, security deposits, and permit maintenance costs. As a result, Ascot pursued additional funding options in early 2022 to address capital requirements arising from the aforementioned project delays.

On March 8, 2022, the Company closed a previously announced bought deal financing (the "Offering"). The Offering consisted of (i) 28,610,000 common shares of the Company (the "Offered Shares") sold at a price of $1.02 per Offered Share for aggregate gross proceeds of $29,182; (ii) 12,831,000 hard dollar units of the Company (the "HD Units") at a price of $1.02 per HD Unit for gross proceeds of $13,088; (iii) 14,590,000 units of the Company that qualify as "flow through shares", as defined in the Income Tax Act (Canada) (the "CDE FT Units") at a price of $1.255 per CDE FT Unit for gross proceeds of $18,310; and (iv) 3,240,000 common shares of the Company that qualify as "flow-through shares" (the "CEE FT Shares", and together with the Offered Shares, HD Units and CDE FT Units, the "Offered Securities") as defined in the Income Tax Act (Canada) at a price of $1.13 per CEE FT Share for gross proceeds of $3,661. Each HD Unit and CDE FT Unit is comprised of one common share of the Company and one half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant") with each Warrant entitling the holder to purchase one common share of the Company at a price of $1.25 for a period of 24 months subject to acceleration. In aggregate, the gross proceeds to the Company totaled $64,241.

The net proceeds from the sale of Offered Shares and HD Units will be used for capital costs at PGP and for general corporate purposes. The gross proceeds of the sale of CDE FT Units will be used to incur underground capital development expenditures at PGP in 2022. The gross proceeds of the sale of CEE FT Shares will be used to support PGP's exploration program in 2022.

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 (the "Permits"). In December 2018, after many years of environmental analysis, the United States Forest Service and United States Bureau of Land Management (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.

On January 31, 2022, the Company received the court's order vacating the December 2018 Decision Record and December 2018 findings approving the issuance of the Permits by BLM and also vacating the February 2018 decision notice and findings consenting to the issuance of the Permits. The matter was remanded to the Federal Defendants for further action consistent with the court's February 2021 opinion and order. This court decision allows the Federal Defendants to proceed with the additional groundwater monitoring without direct oversight or involvement from the court. The most recent court decision does not prevent further exploration of Mt. Margaret, but gives the Federal Defendants more time to perform further groundwater analyses to address the deficiencies identified in the court's February 2021 decision. The Company requested from the Federal Defendants a proposed timeline and strategy to address the limited deficiencies identified by the court.

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 which have been maintained by the Company, 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.

2021 EXPLORATION PROGRAM

The Company completed its 2021 exploration drill program in late October for a total of 18,074 metres in 86 drill holes. The exploration program started in late May of 2021 with a series of drill holes testing geophysical anomalies along the Granduc road to the West of the Premier Mill. Drill holes intercepted a shallow zone of gold-silver mineralization coincident with the modeled induced polarization geophysical anomaly and a second high sulfide zone at a depth of approximately 250 metres down hole. This new zone returned high copper grades along with anomalous gold, high silver and zinc. Subsequent drill holes established a northwesterly strike with a moderate dip to the northeast. The discovery of mineralization this far to the west of known mineralization at Premier opens up a large area of prospective stratigraphy for future exploration. Subsequent to the drilling along the Granduc road, the drill rig moved closer to the mill and completed a number of drill holes at the western extension of the Northern Lights zone of the Premier deposit. The best drill hole intercepted seven metres of 21.13g/t Au, extending mineralization in this area by approximately 50 metres. Two geotechnical drill holes were completed at the location of the clarifier to the west of the Granduc road. Both holes were extended for exploration purposes and intercepted high-grade gold mineralization of 13.18 g/t Au over four metres at an elevation that had previously not been explored, identifying a further target for future exploration efforts.

After completing the program around Premier, snow conditions improved at higher elevations at the Big Missouri Ridge and activities moved to that area. Drilling in 2020 resulted in some exciting results in the Day Zone on the west side of the ridge where mineralization occurs close to the expected elevation of the western extension of the Big Missouri zone from the east side of the ridge. Drilling in 2021 intercepted mineralization approximately 400 metres to the south of the 2020 drill pads and successfully extended mineralization in that direction. The Day Zone mineralization has now been traced over a strike length of close to 600 metres and remains open to the north and the south. The areas between the 2020 and 2021 drill pads also need to be explored in order to detect potential high-grade zones within the strike extent of the zone. Additional holes were drilled at the top of the Big Missouri Ridge, targeting early mining areas. The drill holes intercepted visual mineralization and quartz breccia and stockwork in the general vicinity of where it was expected.

After completion of the drill program at Big Missouri, the drill rig was set up on a pad to the northeast of the Premier mill, well north of the established Premier resources, targeting a geophysical anomaly in the Sebakwe zone north of the Premier deposit. The drill holes intercepted spectacular gold mineralization at a depth of around 370 metres down the hole including 7.1 metres of 36.2g/t Au. The drill holes targeted an area of sporadic drill holes from the 1920s and 1930s with uncertainty of their actual location and confirmed the presence of high-grade mineralization in this area in modern drill holes with high quality survey information. This area has high potential for additional resources within proximity of planned underground infrastructure at the Premier mine.

The 2021 drill program has successfully expanded the area of known mineralization to the west of the Premier and Big Missouri deposits as well as to the north of the Premier deposit in the Sebakwe zone. All of these areas will have to be explored further in order to establish a drill density that will eventually allow the estimation of additional resources and eventual inclusion into the mine plan if suitable volumes and grades can be established.

A summary of the results of the 2021 drilling program is as follows (see full news releases at www.ascotgold.com):

- On July 8, 2021, the Company announced the discovery of new high-grade copper, gold and silver mineralization at PGP based on the first drill results of the 2021 season 25,000-metre exploration program, which was aimed at testing new, high-priority targets as well as following up on 2020 drilling successes. Initial drilling has intercepted a shallow zone of gold-silver mineralization and a deeper zone of high-grade copper-silver mineralization. Highlights of the drill results included:
    - 6.57 g/t Au and 14.3 g/t Ag (6.78 g/t AuEq) over 1.20m in hole P21-2304;
    - 0.81 g/t Au and 407.0 g/t Ag (6.74 g/t AuEq) over 1.25m in hole P21-2302;
    - 0.70 g/t Au and 373.0 g/t Ag (6.13 g/t AuEq) over 2.00m in hole P21-2303, including 0.90 g/t Au and 596.0 g/t Ag (9.58 g/t AuEq) over 1.00m;
    - 0.10 g/t Au and 311.0 g/t Ag (4.63 g/t AuEq) over 1.00m in hole P21-2306;
    - 0.17 g/t Au, 137.8 g/t Ag, 3.62% Cu, 0.65% Zn (8.43 g/t AuEq or 5.16% CuEq) over 4.00m in hole P21-2305, including 0.26 g/t Au, 191.0 g/t Ag, 5.78% Cu, 1.30% Zn (13.14 g/t AuEq or 8.05% CuEq) over 1.75m, and
    - 0.16 g/t Au, 137.0 g/t Ag, 1.98% Cu, 0.22% Zn (5.49 g/t AuEq or 3.36% CuEq) over 1.45m in hole P21-2306.

- On August 9, 2021, the Company announced additional high-grade results in step-out and exploration drillholes at PGP. Before moving to higher elevations, drilling was focused on the area to the northwest of the Premier/Northern Light zones. High-grade gold was intercepted from multiple drill locations and at various depths, expanding previously identified areas of mineralization and adding new zones. Highlights of the drill results included:
    - 21.13 g/t Au, 110.61 g/t Ag, 2.76% Pb, and >17.14% Zn over 7.00m in hole P21-2320 drilled from pad BY-01. The gold grades in this interval were consistent, with every 1.00m sample composite ranging between 12.80 g/t and 28.80 g/t. A 1.00m sub-interval in this hole exceeded the 30% Zn assay detection limit. This hole stepped out 50m from the closest mineralized intercept of the Northern Light resource;
    - 13.18 g/t Au and 84.50 g/t Ag over 4.00m in hole P21-2312 drilled from pad GT-01, including 26.10 g/t Au and 46.00 g/t Ag over 2.00m, and
    - 13.15 g/t Au and 42.60 g/t Ag over 1.00m in hole P21-2311 drilled from pad GT-01.

- On November 17, 2021, the Company announced additional assay results from the first drill hole at the Day Zone near the Big Missouri deposit and the balance of drill results from near the Premier deposit. Importantly, the new drill hole at the Day Zone has expanded mineralization approximately 400 metres to the south. Highlights from the drill results included:
    - 4.13 g/t Au and 3.5 g/t Ag over 2.46m from 291m depth in hole P21-2331, including 7.73 g/t Au and 4.1 g/t Ag over 0.96m at the Day Zone, and
    - 17.05 g/t Au and 43 g/t Ag over 0.70m from 51m depth in hole P21-2323 in the area west of the Premier deposit.

- On December 15, 2021, the Company announced additional assay results from the first two drill holes of 2021 on the Sebakwe Zone near existing resources and the Premier mill building, along with an overview and background on the Sebakwe Zone itself. Highlights from the drill results included:
    - 36.17 g/t Au and 20.6 g/t Ag over 7.10m from a depth of 368.3m in hole P21-2385, including 103.00 g/t Au and 26.5 g/t Ag over 1.00m and 139.50 g/t Au and 80.1 g/t Ag over 1.00m;
    - 29.60 g/t Au and 5.3 g/t Ag over 1.00m from a depth of 328.5m in hole P21-2385 – only 39m above the aforementioned 7.10m interval, and
    - 39.00 g/t Au and 28.5 g/t Ag over 0.90m from a depth of 324.5m in hole P21-2386.

- On January 13, 2022, the Company announced the remainder of assay results from exploration drilling at the Day Zone, as well as assays from one hole drilled at the Woodbine target and one at the Boneyard near the Premier mill. Highlights from the drill results included:

  - 58.60 g/t Au and 24.8 g/t Ag over 1.90m from a depth of 35m in hole P21-2384 at the Day Zone. This is in an area where Ascot is internally evaluating preliminary stope shapes for potential extraction early in the mine life at Big Missouri;
  - 11.22 g/t Au and 19.1 g/t Ag over 9.35m from a depth of 158m in hole P21-2336 at the Day Zone, including 16.51 g/t Au and 29.8 g/t Ag over 5.66m. This intercept was drilled from a pad approximately 400m south from the initial discovery holes in 2020, and
  - 5.48 g/t Au and 9.8 g/t Ag over 4.80m from a depth of 188m in hole P21-2387 at the Boneyard near the Premier mill. This hole provides further evidence of mineralization continuing beyond the western limb of the Northern Light deposit.

- On February 22, 2022, the Company announced the remaining assay results from the 2021 drill program at PGP. These drill holes targeted areas of early stopes at the Big Missouri deposit with the aim of refining stope geometry and orientation as well as expanding stope shapes where possible and gathering additional grade information. The drill holes intercepted gold mineralization at or near defined stope shapes with numerous high-grade assays as high as 184.5 g/t gold. Highlights from the drill results included:
  - 27.52 g/t Au and 11.40 g/t Ag over 8.00m from a depth of 68.4m in hole P21-2379, including 66.70 g/t Au and 14.20 g/t Ag over 2.00m;
  - 36.36 g/t Au and 24.1 g/t Ag over 4.65m from a depth of 56.4m in hole P21-2373, including 184.50 g/t Au and 80.50 g/t Ag over 0.90m. The interval is carried by the high-grade assay, but the width of the mineralized zone has been selected considering base metal and sulfide content in addition to gold and silver;
  - 10.04 g/t Au and 15.91 g/t Ag over 7.00m from a depth of 139.8m in hole P21-2358, including 14.70 g/t Au and 22.33 g/t Ag over 4.00m, and
  - 7.25 g/t Au and 4.57 g/t Ag over 6.00m from a depth of 212.1m in hole P21-2363, including 19.00 g/t Au and 6.10 g/t Ag over 2.00m.

MANAGEMENT'S OUTLOOK FOR 2022

Management is planning a number of activities for 2022, which include:

- Completion of refurbishment of the mill and commencement of pre commissioning by Q4 2022
- Completion of construction of the new water treatment plant and tailings storage facility in Q4 2022
- Commencement of underground mine development in late April and delivery of ores for pre commissioning by Q4 2022
- Surface exploration drilling with a focus on the Day and Sebakwe zones
- Stope definition drilling at Big Missouri both from Surface and Underground
- Health and safety initiatives related to Covid and construction protocols
- Meeting a number of permitting compliance requirements as the project transitions from construction into operation
- Recruitment of operating personnel

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 operated and current activities at site are being conducted 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 were based out of the community of Stewart, BC. The 2021 program kept 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 a rapid testing program. All personnel working or visiting the mine site must be tested in Stewart. Upon completion, negative results will allow personnel to continue to the mine site. If any of the test results are positive, the person(s) will go to the Stewart Health Centre where a PCR test will be administered. They will then proceed to the quarantine rooms which have been secured by Ascot until the results of the PCR test are obtained. All contractors and Ascot personnel onsite are required to wear nonsurgical face coverings/masks while in all public spaces in the camp. The daily self-screening and health checks are ongoing and are accompanied by a signature page. Stringent cleaning protocols continue and will continue to remain in effect. For more details see below "Environmental, Social and Governance" and 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. 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, 2021**	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Employee salaries & benefits and management fees	3,378	2,919	2,635
Share-based payments	1,723	3,092	1,547
Legal and professional services	728	779	563
Office and administration expenses	449	328	520
Promotion and shareholders costs	372	397	817
Property maintenance costs	309	452	412
Deferred income tax (recovery) expense	(226)	(310)	601
Net loss	(2,948)	(8,427)	(7,781)
Loss per share - basic and diluted	$ (0.01)	$ (0.03)	$ (0.04)
Total assets	339,046	249,982	183,326

Operations

Three months ended December 31, 2021 compared to three months ended December 31, 2020

The Company reported a net loss of $170 for Q4 2021 compared to $4,436 for Q4 2020. The lower loss in Q4 2021 is attributable to a combination of factors including:

- A $1,799 gain on change in estimate of Production Purchase Agreement (PPA) liability due to a change in anticipated production schedule;
- A $1,659 decrease in loss on valuation of the Company's convertible debt, driven by fluctuations in the variables used to calculate the fair value of the embedded derivatives;
- A $1,176 decrease in stock-based compensation charge due to fewer stock options and units granted in Q4 2021 than in Q4 2020;

Partially offset by:

- A $553 gain on investment in marketable securities in Q4 2020, which did not reoccur in Q4 2021.

Year ended December 31, 2021 compared to year ended December 31, 2020

The Company reported a net loss of $2,948 for 2021 compared to $8,427 for 2020. The lower loss in 2021 is attributable to a combination of factors including:

- A $5,811 change in gain on valuation of the Company's convertible debt, from a $2,296 loss in 2020 to a $3,515 gain in 2021, driven by fluctuations in the variables used to calculate the fair value of the embedded derivatives;
- A $1,799 gain on change in estimate of PPA liability;
- A $1,369 decrease in stock-based compensation charge due to fewer stock options and units granted in 2021 (2021 annual grant was deferred to February 2022) than in 2020 (2019 annual grant was deferred to February 2020);

Partially offset by:

- A $2,257 change in loss on marketable securities, from a $1,972 gain in 2020 to a $285 loss in 2021, driven by fluctuations in quoted share prices of the securities held by the Company;
- A $953 decrease in flow-through share premium recognition, as less flow-through shares issued in 2021 compared to 2020, and
- A $479 increase in overall general and administrative expenses primarily due to higher wages, benefits and management fees due to increased activities in 2021.

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

C$000	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Exploration & evaluation cost capitalized	-	-	-	-	-	3,695	4,585	8,645
Mineral property, plant & equipment cost capitalized	38,430	24,732	11,330	85	5,371	21	325	21
G & A expense (excluding depreciation)	1,132	1,183	1,340	1,315	1,174	1,186	1,032	1,098
Stock-based compensation	305	472	418	528	1,481	289	305	1,017
Property maintenance costs	86	38	99	86	23	305	121	3
Net income (loss)	(170)	(1,700)	(3,751)	2,673	(4,436)	682	(1,189)	(3,484)
Income (loss) per share - basic and diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ 0.01	$ (0.02)	$ 0.00	$ (0.00)	$ (0.01)

Factors that can cause fluctuations in the Company's quarterly results include unrealized gains and losses on embedded derivatives, commitments and marketable securities, the nature and extent of exploration activities carried out under specific work program, finance expenses, grant and vesting of stock options, RSUs and DSUs, and issuance of shares. In Q4 2020, the Project was determined to be commercially viable and technically feasible. As a result, the exploration and evaluation costs on the Project was reclassification to mineral property, plant & equipment. Over the past eight quarters, the Company has been focused mainly on the exploration, engineering studies, permitting and construction of PGP. The Company carried out an exploration program on PGP in 2021, which started in May and wrapped up in October. Higher mineral property costs in Q2, Q3 and Q4 of 2021 are a result of the Company commencing large-scale pre-construction activities at PGP in 2021. The fluctuations in net income (loss) from Q1 2020 to Q4 2021 were caused primarily by the changes in fair value of the Company's embedded derivatives, commitments and marketable securities.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

During 2021, the Company issued 98,027,377 common shares (2020: 45,844,941), 603,190 stock options (2020: 6,693,709), 40,781 Deferred Share Units ("DSU") (2020: 450,370) and no Restricted Share Units ("RSU") (2020: 1,052,871). Also, 1,400,000 stock options expired, 505,558 stock options were forfeited, 66,667 stock options were exercised and 29,167 RSUs were forfeited during 2021.

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

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

In February 2020, Ascot closed a non-brokered private placement of 5,126,250 flow-through shares and 8,170,588 common shares for aggregate gross proceeds of $10,253, which have been used for exploration expenditures as well as for engineering studies, permitting, and general corporate purposes. The table below summarizes the expected use of proceeds and the final use of proceeds:

Principal purposes	Expected use of proceeds C$ in million	Actual use of proceeds (final) C$ in million	Difference C$ in million
Exploration	5.0	5.0	-
Permitting	1.5	1.5	-
Engineering and ecomonic studies	2.0	2.0	-
General corporate purposes	1.0	1.0	-
Total	9.5	9.5	-

In June 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. 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 summarizes the expected use of proceeds and final use of proceeds:

Principal purposes	Expected use of proceeds C$ in million	Actual use of proceeds (final) C$ in million	Difference C$ in million
Long lead time equipment			
Ball mill and SAG mill	5.0	5.0	-
Fabrication of tailing thickener	1.0	1.0	-
Fabrication of water treatment clarifier	1.0	0.7	0.3
Development and de-risking the project			
Basic and detailed engineering	4.5	4.5	-
Pre-construction planning and preparation	4.0	4.0	-
Permitting	1.5	2.0	(0.5)
General working capital purposes	6.3	6.3	-
Total	23.3	23.5	(0.2)

The actual use of proceeds shown in the above table represents the final use of proceeds. There is no material difference between the expected use of proceeds and the final use of proceeds.

In December 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. 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

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

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 note. Subsequent draw downs from the Senior Debt and Convertible Debt are subject to certain conditions including the receipt of Joint EA/MEA permits. 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, 2021 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. Since at December 31, 2020 the Company was not considered to have unconditional right to defer payment for the next 12 months under IAS 1, the Credit Facilities were classified as current liabilities at December 31, 2020. The Credit Facilities were reclassified from current to long-term liabilities in April 2021, upon completion of the minimum equity raise requirement.

On April 9, 2021, the Company closed a bought deal financing. A total of 70,700,000 common shares of the Company were sold at a price of $0.86 per common share for gross proceeds of $60,802. This bought deal financing met the minimum equity raise requirement in the credit agreement of the Company's credit facilities, hence the Credit Facilities were reclassified from current to long-term liabilities in April 2021. The table below summarizes the expected use of proceeds as of the date of the financing:

Principal purposes	Expected use of proceeds C$ in million	Actual use of proceeds (as of December 31, C$ in million	Difference C$ in million
Mineral property evaluation and detailed project engineering	8.0	8.0	-
Procurement and fabrication of equipment	12.0	12.0	-
Project construction	20.0	20.0	-
General, corporate and administrative expenses	17.2	7.6	9.6
Total	57.2	47.6	9.6

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 April 20, 2021, the Company closed a bought deal private placement. A total of 24,000,000 common shares of the Company were sold at a price of $0.86 per common share for gross proceeds of $20,640. The table below summarizes the expected use of proceeds as of the date of the financing:

Principal purposes	Expected use of proceeds C$ in million	Actual use of proceeds (as of December 31, C$ in million	Difference C$ in million
Project construction	9.7	5.6	4.1
General, corporate and administrative expenses	9.6	-	9.6
Total	19.3	5.6	13.7

In June 2021, Ascot closed a non-brokered private placement of 2,651,796 flow-through shares (the "Flow-Through Shares") at an average price of $1.43 per Flow-Through Share for gross proceeds of $3,765. The proceeds from the private placement were used to fund the Company's 2021 exploration activities. The table below summarizes the expected use of proceeds and the actual use of proceeds:

(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, 2021) C$ in million	Difference C$ in million
Exploration	3.7	3.7	-
Total	3.7	3.7	-

During 2021, the Company spent $4,101 on qualifying flow-through mining expenditures. As at December 31, 2021, the Company had no remaining cash balance required to be spent on flow-through expenditures.

As at December 31, 2021, the Company had working capital of $47,001 (December 31, 2020: working capital of $40,855 excluding the Senior and Convertible debt and the PPA) and cash & cash equivalents balance of $59,129 (December 31, 2020: $42,080). The increase in cash & cash equivalents was due to the net proceeds of $80,292 from equity financings; proceeds of $1,266 from sale of marketable securities, and refund of $1,937 of environmental bond deposits partially offset by expenditures on mineral properties, plant and equipment of $57,421; cash outflows from operating activities of $7,635; payment of $818 for derivative asset; deferred financing costs of $300, and payment for lease liabilities of $326.

Subsequent to December 31, 2021, the Company closed a bought deal financing (the "Offering") for total gross proceeds of $64,241 (see "**PGP and RMP project development**").

RELATED PARTY TRANSACTIONS

Included in accounts payable and accruals at December 31, 2021 is $384 (December 31, 2020: $356) due to the Company's Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO) and directors.

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, 2021		**Year ended December 31, 2020**
Salaries, short-term benefits and management fees	$	1,147	$	1,175
Project development costs		106		104
Share-based payment transactions		858		2,185
	$	2,111	$	3,464

During 2021, key management personnel were granted 200,000 stock options at a weighted average exercise price of $1.18. Using the Black-Scholes model, the fair value of the options granted to key management personnel was determined at $118.

During 2021, some of the Company's directors electing to receive DSUs in lieu of director fees were granted 40,781 DSUs. Based on the Company's share price on grant dates, the total fair value of the DSUs was $44.

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

COMMITMENTS, CONTRACTUAL AND OTHER OBLIGATIONS

As at December 31, 2021, 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	$ 14,045	$ -	$ -	$ -	$ 14,045
Long-lead time equipment engineering and procurement	18,537	-	-	-	18,537
Senior and convertible debt principal, interest and fees (a)	1,258	39,126	12,100	-	52,484
Production payment agreement (b)	-	2,558	3,473	1,386	7,417
Reclamation liabilities (c)	825	621	756	37,536	39,738
Benefits agreement - PGP and RMP	1,000	700	675	800	3,175
Pre-production royalty - Red Mountain project	50	100	50	-	200
Minimum lease payments	337	543	-	-	880
	$ 36,052	$ 43,648	$ 17,054	$ 39,722	$ 136,476

(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.

(b) Under the PPA, 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.

Changes in estimate on timing of cash flows associated with PPA

The value of the Company's PPA was initially calculated based on Ascot's anticipated future gold production schedule using discounted cash flows. When there is a significant change in the production schedule, the PPA's value is recalculated using discounted cash flows, which may result in a measurement adjustment of the PPA.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, interest and other receivables, marketable securities, derivative asset, reclamation bonds, trade and other payables, senior and convertible debt and other liabilities. The recorded amounts of cash and cash equivalents, interest and other receivables, trade and other payables and other liabilities approximate their respective fair values due to their short-term nature. The carrying value of the reclamation deposit approximates its fair value, as it is cash-based. The carrying values of PPA and liability components of senior and convertible debt approximate their fair values due to (i) the absence of substantial changes in the market interest rates between the date of the debt inception (December 10, 2020) and December 31, 2021, and (ii) the absence of significant changes in the Company's overall risk profile.

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 the credit facilities and term deposits. In Q2 2021, the Company purchased a put option to sell US$25 million until March 31, 2022 to mitigate the currency risk on the credit facilities. A 10% decrease (increase) of the value of the Canadian dollar relative to the U.S. dollar as at December 31, 2021 would result in an additional $3,288 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the year ended December 31, 2021 (year ended December 31, 2020: $610).

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.

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. Refer to "**LIQUIDITY AND CAPITAL RESOURCES**" section above.

OUTSTANDING SHARE DATA

As at March 21, 2022, the Company had 435,635,091 common shares outstanding, 21,141,635 stock options, 13,710,500 share purchase warrants, 604,816 deferred share units, 1,732,173 restricted share units and 162,162 performance share units outstanding.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Ascot's culture focuses on working safely, being transparent, building lasting relationships beyond mining, and stewardship of the land, water, and air around us. We want to work with Nisga'a Nation and local communities to be a positive contributor to them and the rest of northwestern British Columbia.

Our inaugural Sustainability Report, being released concurrent with this MD&A, highlights the measures taken and successes thus far in community relations, employment, health and safety, environmental stewardship and governance. The Sustainability Report also outlines Ascot's future sustainable goals. Ascot's 2021 Sustainability Report can be found at https://ascotgold.com/sustainability/sustainability-reports/.

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

Senior Management 44% Female	**Ascot Employees 38% Female**	**Board of Directors 29% Female**	**Site Based Employees 39% Nisga'a Citizens**	**Safety MTI frequency 3.3 Zero fatalities Zero lost time incidents**	**COVID-19 862 tests administered 2 positive cases requiring isolation**	**GHG Emissions Premier mine estimated to be in bottom quartile for carbon intensity among global gold producers**	**Environ-mental Perfor-mance Zero spills in 2021 Treated over 2.5M H^2 of water**

Community Relations and Employment

Ascot believes that working together with our communities is essential to making a positive and sustainable impact. The Company works closely with Nisg̱a'a Nation and the District of Stewart to ensure the responsible development of our projects by actively building and maintaining open, respectful, and collaborative relationships with each other. These relationships will lead to capacity building, job creation and economic opportunities during and beyond the life of the mine. In 2020, during the beginning of the COVID-19 pandemic, Ascot supported the towns by writing a letter to local government officials asking for members of these communities to be able to cross the border freely during this time so that children in Alaska could go to school and people could get the necessities they needed from the shops in Stewart. Ascot continues to be proactively engage, both formally and informally, with the surrounding communities via townhalls, council meetings, face-to-face meetings, and virtual meetings. Ascot has contributed to a number of educational events, youth sporting activities and a local gym.

Ascot has established strong lines of communication to share information and a respectful engagement process to work together to manage and mitigate any potential impacts on Nisga'a Nation Treaty rights and interests. During 2021, Ascot and Nisga'a Nation reached a consensus on how to address Nisga'a Nation's key concerns about the Project. Ascot's plans for tailings and water management and legacy contamination remediation were adjusted based on input from Nisga'a Nation.

Ascot has contributed both directly and indirectly to the Stewart and Hyder economies during the development of PGP by staying at the local hotels, renting housing for employees and contractors, and shopping at the local grocery stores, bakery and gift shops. In 2021, Ascot spent $3.2 million on contracts with Stewart- and Hyder-based businesses for a variety of goods and services ranging from exploration drilling to tires, food and snow removal.

Health and Safety

The health and safety of our employees, contractors and partners is an integral part of how we do business. Ascot has a goal of doing "No Harm" to our workforce and those around us. During 2021, Ascot undertook initial training in mine rescue, site alarm response, avalanche rescue and vehicle extraction as part of our emergency response preparation activities. In 2021, Ascot employees and contractors worked 183,210 hours, the highest recorded in the past three years, and reported zero fatalities, zero lost time injuries, 11 first aid incidents and three medical aid treatments.

For the past two years, COVID-19 has impacted Ascot's approach to the health of our workforce and the way people travel to our site and cross the Canadian-U.S. border between Stewart, British Columbia and Hyder, Alaska. Ascot implemented a testing protocol to ensure that people tested negative for COVID-19 prior to travelling to our workplace. If our workers developed COVID-19 symptoms while at site, we have protocols for isolation and ensuring that our site does not have an outbreak. In 2021, we administered 862 COVID-19 tests and had only one positive case requiring isolation at site.

Environmental Stewardship

Environmental stewardship is an essential principle of sustainable mining and Ascot has worked extensively with Nisga'a Nation and provincial regulators to minimize the impacts of our activities on the environment. During the 2021 permitting process, Ascot and Nisga'a Nation worked together to set the standard for all future mining projects, assessing each Project's potential environmental and socio-economic impacts on Nisga'a Treaty rights and interests. During this time, Ascot engaged with Nisga'a Nation and agreed to install and operate a modernized water treatment system to meet the anticipated needs of the mine. Ascot will also collect and process water from areas of the site with legacy contamination. Ascot will continue to engage regularly with Nisga'a Nation on water issues throughout the life of the mine.

Ascot has completed a full assessment of the potential air emissions for the Premier mine and determined that the mill and vent raises will not be significant sources of air emissions during construction. Ascot is committed to ongoing monitoring of air quality during operations.

In 2021, Ascot commissioned EELO Solutions Inc. to conduct a study to estimate and analyze the life of mine Scope 1-2 GHG emissions for the Project based on the 2020 feasibility study mine plan. Ascot is expected to be well within the lowest quartile of global gold producers in terms of GHG emissions intensity per gold ounce produced.

Ascot has an Environmental, Social and Governance Policy ("**ESG Policy**") which can be found on the Company website under the heading "Articles, Policies, Charters & Mandates". 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.

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

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 Governance and Nominating Committee, the Finance Committee, the Disclosure Committee, and the Health, Safety, Environmental and Technical Committee. Each Committee (with exception of the Disclosure Committee which works from the Timely Disclosure, Confidentiality and Insider Trading Policy) 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, 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 Audit Committee meets at least four times per year and the other committees on an as required basis (see the Company's Information Circular for more details).

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation 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, 2021. In doing so, 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, 2021, the Company's ICFR were effective based on COSO criteria.

On October 1, 2021, the company implemented a new enterprise resource planning (ERP) system. In connection with the ERP system implementation and related business process changes, the Company replaced a number of internal controls that had been previously considered effective with new or modified controls that are also assessed as effective. Other than the new ERP system implementation, there have been no changes in the Company's ICFR during the quarter and year ended December 31, 2021 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 21, 2022 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.

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 Offering. 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 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 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 21, 2022 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.