Ascot Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2023

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

Report date: November 9, 2023

This Management's Discussion and Analysis ("MD&A") of Ascot Resources Ltd. ("Ascot" or the "Company") is dated November 9, 2023 and provides an analysis of our unaudited condensed interim consolidated financial results for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022. 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, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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, 2022, prepared in accordance with IFRS, can be found on SEDAR+ at www.sedarplus.ca 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 a feasibility study in accordance with NI 43-101 technical report for its Premier Gold Project and Red Mountain Project in May 2020. In December 2021, Ascot received the Mines Act Permit amendment ("MAPA") to restart the Premier Gold Project. 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.

Q3 2023 AND RECENT HIGHLIGHTS

- At the end of Q3 2023, overall construction excluding mine development was 66% complete, compared with 48% complete at the end of Q2 2023. Detailed engineering and procurement are substantially complete. As of October 31, 2023, project development was ~73% complete. The Company anticipates the first gold pour by the end of Q1 2024.
- On August 8, 2023, the Company entered into a contract with Procon Mining & Tunnelling Ltd. for underground mining services for an initial term of three years with the Company having the option to renew for two consecutive one-year periods. In August 2023, excavation work commenced on the new Premier portal close to the mill, including establishing the start of an access road for waste disposal in the historic Premier pit. Dewatering of the existing Big Missouri development and re-establishing surface infrastructure also commenced in August.
- The Company's 2023 exploration program at PGP consisted of 88 holes totaling 11,886 metres and included exploration drilling for resource expansion as well as in-fill drilling of initial mining areas at the Big Missouri and Premier deposits. On August 25, 2023, the Company announced the first batch of assay results with highlights including 32.85 g/t Au and 216.18 g/t Ag over 4.90m from a depth of 273.1m in hole P23-2468 and 54.28 g/t Ag over 6.52m from a depth of 253.48m in hole P23-2465. On October 19, 2023, the Company announced the second batch of assay results with highlights including 18.93 g/t Au over 6.87m from a depth of 278.1m in hole P23-2475 and 21.98 g/t Au over 4.28m from a depth of 279.2m in hole P23-2472. On November 3, 2023, a third batch of assay results was announced which was the initial batch of assay results from the surface drilling at the Big Missouri deposit. Highlights include 98.84 g/t Au over 6.48m from a depth of 51.5m in hole P23-2490, including 691.50 g/t Au over 0.90m. This is the all-time second highest-grade drill intercept at Big Missouri and is the Company's highest-grade drill intercept property-wide since 2015.
- On July 31, 2023, the Company entered into a master lease agreement with Caterpillar Financial Services ("CAT Financial") for an equipment lease facility up to US$15 million on an uncommitted basis for surface mining

equipment and construction equipment. The lease terms of the equipment are 4 to 5 years at an interest rate of the Canadian Dollar Offered Rate plus 4.25%.

- On August 29, 2023, the Company announced positive results from the 2023 induced polarization ("IP") geophysics program at PGP. These results were from 28 IP lines totaling 29 line-kilometers across three grids. Highlights of the results included a strong IP anomaly showing potential that the Sebakwe Zone structure extends approximately 1,000 metres beyond the westernmost extent of surface drilling from 2022, Day Zone IP signature continuing approximately 800 metres to the north of previous surface drill results and Dilworth IP showing strong chargeability anomaly to the west and below where most drilling was previously focused.
- On September 19, 2023, the Company acquired a full-service laboratory facility ("Assay Lab") in Stewart, BC from Seacan Labs Corp. The Assay Lab will be used to perform the testing required by Ascot for mineral exploration, mining operation, and environmental monitoring.
- Construction of the new water treatment plant ("WTP") is substantially complete. Commissioning process commenced in October.
- On October 3, 2023, the town council of Stewart, B.C. approved a Temporary Use Permit ("TUP") to install a camp facility in the town to provide additional accommodations for workers at the Project. The TUP is for a three-year term with potential to renew for another three years afterwards. The Company quickly started to mobilize and install living quarters for the camp and expects an initial capacity of 76 beds to be ready by the end of November. The addition of bed capacity in the near term is expected to alleviate some of the pressure caused by the extended earthworks schedule.

PROJECT CONSTRUCTION

In January 2023, the Company closed a project financing package consisting of US$110 million as a deposit in respect of gold and silver streaming agreements (the "Stream") and a strategic equity investment (the "Strategic Investment") of C$45 million, a portion of which is structured as Canadian Development Expenditures flow through shares, such that the total gross proceeds to the Company were C$50 million. Upon securing the new project financing, Ascot re-mobilized various contractors to progress activities for the remainder of construction scope for the Project. At the start of Q3 2023, there were approximately 192 employees and contractors working at the project site, and by the end of the quarter on September 30, 2023, there were over 260 people working at site.

Construction progress key performance indicators ("KPI")

At the end of Q3 2023, overall construction excluding mine development was 66% complete, compared with 48% complete at the end of Q2 2023. Detailed engineering and procurement are substantially complete. As of October 31, 2023, project development was ~73% complete.

Previously, the Company had anticipated to complete earthworks by the end of September. The bedrock in the north dam area was deeper than anticipated and this required the removal and replacement of ~100,000 bank cubic metres of material that was not previously planned for. In addition, the drill and blasting of Cascade Creek Diversion Channel ("CCDC") for new construction material was more complicated and took longer than previously expected. The earthworks contractor is now anticipated to complete the work by the end of November. The earthworks contractor's personnel also increased from the originally planned 70 to 120 people, resulting in an increase in accommodation costs and delays in ramp up of other construction activities.

Capital costs, including mining costs, incurred as of September 30, 2023 were $245 million. As of September 30, 2023, the remaining project construction capital required to complete construction and achieve the first gold pour is approximately $89 million including mine development costs, but excluding certain pre-operating costs and working capital. This implies a total project capital cost of $334 million, which is higher than the most recent total project budget of $310 million as reported last quarter. The increase is mainly due to the increase in scope and duration of the earthworks and project indirect costs.

The company is assessing its working capital requirements to progress the project from construction to commissioning, initial production, and ramp-up phases, and is evaluating various potential financing options.

Safety

The Project continues to have an excellent safety record with 865,016 hours of work to the end of Q3 2023 and zero lost time incidents. The total recordable incident frequency has been reduced yet again from 0.95 at the end of Q2 2023 to 0.69 by the end of Q3 2023. In addition, despite the expanding construction activity on site resulting in a 30% increase in exposure hours compared to last quarter, the absolute number of incidents including property damage, first aid injuries, and near misses, decreased by 12% in Q3 2023. Reporting activity has been improved, and the Company will continue to work on proactive safety training and measures to reduce overall incidents at the Project site.

Processing Plant

In Q3 2023, mechanical and electrical work in the mill has been substantially completed. The work in the mill is currently focused on piping and systems and controls.

The tailings thickener and cyanide destruction tank outside the mill are mechanically complete. The freshwater collection point has been constructed and all lines have been completed to the pumphouse. Piping installation at the mill is over 70% complete. Instrumentation and controls installations are advancing well. All concrete works have been completed. Commissioning of some selected subsystems has commenced focusing on electrical rooms within the mill.

Tailings Storage Facility ("TSF") and Cascade Creek Diversion Channel ("CCDC")

The earthworks contract for the TSF and CCDC was signed in March 2023 and the contractor was mobilized to the site in April 2023. In order to dewater the tailings facility for the required earthworks, an additional temporary WTP was mobilized to site and commissioned in May 2023.

During Q3 2023, the earthworks contractor focused the reconstruction of the North Dam area where historical old tailings needed to be removed and underlying bedrock needed to be exposed and new dam material placed. The bedrock was deeper in certain areas and this required the removal and replacement of ~100,000 bank cubic metres that was not previously planned for. In addition, the drill and blasting of CCDC for new construction material was more complicated and took longer than previously expected.

Despite these challenges, the earthworks contractor completed the North Dam and has completed the liner install in the North Dam and spillway. Fortunately, the weather cooperated and now the main focus is on completing the South Dam, which is expected by the end of November 2023. The earthworks contractor occupies a significant portion of the site camp accommodation and this has resulted in delay in bringing other construction workers to site to focus on other aspects of the project. To mitigate the impact of this delay, Ascot was successful in obtaining a temporary use permit to construct a temporary camp in Stewart, which is expected to be completed in late November 2023.

Water Treatment Plant ("WTP")

Crews have also made progress on the new WTP and associated infrastructure, including the clarifier, lime silos, moving bed bio-reactor ("MBBR") tanks and other reagent tanks. Construction of all major pieces of equipment is now complete with major milestones of mechanical completion tests for the clarifier and MBBR tanks successful. Most components are being commissioned in isolation, and upon the delivery and installation of two additional transformers, full commissioning of the WTP is anticipated before year-end.

Site Infrastructure

During Q3 2023, most of the new electrical substation was mechanically completed. The only remaining component is a protection and control panel, scheduled to be installed by the end of November. Crews have completed the 138kV power line to connect to the power grid less than 500 metres away. All 138kV lines have been pulled and the physical link up with the BC Hydro grid is currently taking place. Site electrification is planned for mid-December. Overland piping is over 70% complete and will be completed once the TSF work area has been opened. Medium voltage overhead lines are 80% complete and are expected to be completed in early December 2023.

Mine Development

As reported last quarter and after an extensive and competitive process involving six contracting companies, in August 2023 Ascot selected Procon Mining & Tunnelling ("Procon") for a 3-year contract to advance the underground portion of the project. Procon has extensive underground mining experience in the province, including its current mining and development contract at the nearby Brucejack underground gold mine. In early Q3 2023, Procon began their initial mobilization to site, which has been planned in cost-effective stages, and deployed senior project management personnel to coordinate storage and laydown areas ahead of operating crew mobilization.

In 2022, work commenced on the Big Missouri portal and approximately 907 metres of underground development was completed before being paused for the winter. In August 2023, Procon brought in mining personnel and equipment to do the initial work on dewatering of this existing Big Missouri development and re-establishing mine infrastructure. Currently, Procon is advancing underground waste and ore development including the decline, which will eventually connect to the Silver Coin deposit. In advance of mill start-up in Q1 2024, Ascot will stockpile mineralized material from Big Missouri in the Dago pit, ready for processing.

In August 2023, surface work commenced on the new Premier portal close to the mill, including establishing the start of an access road for waste disposal in the historic Premier pit. In September 2023, Procon started the portal face preparations including holes for cable bolts and other ground support and began clearing a pad area for service infrastructure including gensets and compressors. Initial underground decline development will start in November with initial rounds and placement of shotcrete arches similar to what was done at Big Missouri last year, and will be advanced down into the Premier deposit for initial mining in the Prew Zone. The ramp has been strategically laid out to allow for underground drilling on the Sebakwe Zone next spring and will eventually connect a footwall ramp over to the 602 area at the southern end of the Premier deposit. It is anticipated that the Prew Zone will be accessed in early 2024. This is an integral part of Ascot's de-risking strategy to have multiple mining production sources from two portals when milling operations are started.

Ascot also received various pieces of mine operating equipment during Q3 2023. For the underground mine, Procon initially mobilized two jumbos, three 30-tonne haul trucks, two scoops, and an emulsion loader, in addition to support equipment such as scissor-decks, flat-decks and telehandlers, with further equipment to follow in Q4 2023 as the mining area expands. Ascot itself has purchased the initial two CAT 45-tonne rock trucks for the surface ore and waste haulage fleet, as well as support equipment including two front end loaders and a grader, which will also be used for snow clearing.

Recruitment

As recruitment efforts continue to ramp up in the coming months, Ascot continues to have many qualified candidates applying for open positions. Encouragingly, local interest is high, as many applications are coming from candidates in the area of Stewart and northwestern British Columbia. During Q3 2023, Ascot made significant recruitment efforts focusing on mill and maintenance operations. Recently recruited positions include a Supply Chain and Logistics Manager, Operations Superintendent and two Site Services Supervisors. Approximately one third of Ascot's site-based employees are Nisga'a citizens.

Permitting and Environmental Compliance

As a result of the refinancing and project slowdown in 2022, a Joint Permit Amendment Application ("JPAA") was required to be re-aligned with the project completion dates and was submitted in October 2023. The JPAA is currently in the government screening process. In addition, a Mines Act Permit Amendment ("MAPA") was submitted in June 2023 with respect to changing the location of the Premier portal from the southern location to an area closer to the mill facility, for which the Company received approval in September 2023.

2023 EXPLORATION PROGRAM

The exploration program commenced on June 21, 2023 when a drill rig was mobilized to the Prew Zone of the Premier deposit. After 16 holes were drilled totaling 5,347 metres at the Prew Zone, drilling was moved north to the Big Missouri deposit and the Day Zone, where a further 72 holes were drilled totaling 6,539 metres. Drilling was completed in late October, and the total 2023 drilling program was comprised of 88 holes totaling approximately 11,886 metres. Assay results from the 2023 drilling season continue to be received and the Company anticipates releasing results over the coming months.

The 2023 ground geophysical induced polarization ("IP") survey was completed in the summer. The program comprised of 28 IP lines totaling 29 line-kilometers across three grids – one grid near the Premier mill targeting the western extension of the Sebakwe Zone, one grid targeting the northern extension of the Day Zone at the Big Missouri deposit, and one grid testing the strike and depth extent of the Dilworth deposit. The results were highly encouraging, and are summarized as follows:

- Strong IP anomaly shows potential that the Sebakwe Zone structure extends approximately 1,000 metres beyond the westernmost extent of surface drilling from 2022;
- Day Zone IP signature continues approximately 800 metres to the north of previous surface drill results, and
- Dilworth IP shows strong chargeability anomaly to the west and below where most drilling was previously focused.

MANAGEMENT'S OUTLOOK FOR 2023

Looking forward, the key items for the Company for the remainder of the year include:

- Completing the earthworks on the TSF and CCDC by the end of November
- Increasing the number of piping contractors at the mill to finish the piping and systems and controls at the process plant to mitigate the impact from the delay in earthworks at the TSF
- Completing the new temporary camp in Stewart
- Fully commissioning the WTP
- Energising the new substation with full connection to the Long Lake power plant in mid-December
- Advancing the mining development at Big Missouri and at Premier
- Continuing to ramp up the operating team personnel
- Ensuring there is sufficient capital to complete the project and provide the working capital for start up at the end of Q1 2024

SUMMARY OF RESULTS

Operations

Three months ended September 30, 2023 compared to three months ended September 30, 2022

The Company reported a net loss of $1,473 for Q3 2023 compared to $2,396 for Q3 2022. The lower net loss in Q3 2023 is attributable to a combination of factors including:

- A $2,616 decrease in foreign exchange loss due to a lesser change in value of the Canadian dollar

Partially offset by:

- A $791 difference in gain/loss on change in fair value of derivative instruments, from a $591 gain in Q3 2022 to a $200 loss in Q3 2023;
- A $321 increase in environmental compliance costs due to increased compliance requirements as a result of the receipt of JPAA;
- A $293 decrease in other income primarily due to capitalization of interest income in 2023 and a decrease in flow-through share premium recognition, and
- A $197 increase in finance expense due to higher accretion of reclamation liabilities.

Nine months ended September 30, 2023 compared to nine months ended September 30, 2022

The Company reported a net loss of $12,135 for the first nine months of 2023 compared to $4,820 for the first nine months of 2022. The higher net loss is attributable to a combination of factors including:

- A $5,120 loss on extinguishment of senior and convertible debt and a $1,344 deferred financing fee written off upon extinguishment of senior debt;
- A $2,828 decrease in gain on derivative liabilities embedded in the Company's credit facilities and the Stream;
- A $1,182 decrease in other income mainly due to decrease in flow-through share premium recognition and capitalization of interest income;
- A $887 increase in environmental compliance costs due to increased compliance requirements as a result of the receipt of JPAA

Partially offset by:

- A $3,882 difference in gain/loss on foreign exchange, from a $3,412 loss in Q3 2022 to a $470 gain in Q3 2023 due to the strengthening Canadian dollar.

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

C$000	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Mineral property, plant & equipment cost capitalized	53,515	41,843	43,274	13,859	25,361	34,380	25,088	38,430
G & A expense	1,452	1,666	1,583	1,286	1,279	1,537	1,519	1,149
Stock-based compensation	322	393	474	3,461	472	487	1,070	305
Environmental compliance costs	484	305	383	298	147	76	62	69
Net loss	(1,473)	(3,073)	(7,589)	(5,988)	(2,396)	(1,054)	(1,370)	(170)
Loss per share - basic and diluted	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)

Factors that can cause fluctuations in the Company's quarterly results include unrealized gains and losses on credit facilities, embedded derivatives, commitments and marketable securities, the nature and extent of construction and exploration activities carried out under specific work programs, finance expenses, grant and vesting of stock options and units, and the issuance of shares. Over the past eight quarters, the Company has been focused mainly on the exploration, engineering studies, permitting and construction of PGP. Increasing mineral property costs are a result of the Company's large-scale project construction activities. The Company's exploration season generally runs from late May or June to late October. The fluctuations in net loss over the past two years were caused primarily by the changes in fair value of the Company's embedded derivatives, commitments and marketable securities. The higher losses in Q4 2022 and in Q1 2023 were caused primarily by the deferred financing costs and other fees related to the Company's credit facilities being expensed. The higher mineral property costs capitalized in 2023 were primarily due to increased construction activities, a change in estimate of the Company's asset retirement obligation and higher borrowing costs capitalized.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

During the nine months ended September 30, 2023, the Company issued 120,086,206 common shares (nine months ended September 30, 2022: 59,368,062), no vested warrants (nine months ended September 30, 2022: 13,710,500), 745,000 stock options (nine months ended September 30, 2022: 3,932,284), 51,496 Deferred Share Units ("DSU") (nine months ended September 30, 2022: 235,513), no Restricted Share Units ("RSU") (nine months ended September 30, 2022: 721,432) and no Performance Share Units ("PSU") (nine months ended September 30, 2022: 162,162). Also, 620,250 stock options expired or were terminated, and 55,530 stock options, 352,006 DSUs and 721,597 RSUs were exercised in the first nine months of 2023.

The Company considers its capital structure to be primarily through shareholders' equity and debt and metal streaming arrangements. 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, debt financings and metal streaming arrangements.

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

Liquidity

On January 19, 2023, the Company closed the previously announced Project financing package, for aggregate gross proceeds to the Company of approximately $200 million. The Project financing package consists of:

a) Gold and silver stream

An upfront payment of US$110 million from Sprott Streaming as a deposit (the "Deposit") in respect of gold and silver streaming agreements (the "Stream") for the delivery of 8.75% and 100% of gold and silver production, respectively, from PGP and RMP in exchange for the reduction of the Deposit and ongoing payments from Sprott Streaming equal to 10% of prevailing gold and silver prices, including after the Deposit is reduced to nil. Silver production from the Silver Hill Target at the northeastern part of the PGP property has been excluded from the Stream. The existing 10% gold stream arrangement that SRSR had on RMP production was terminated.

From January 1, 2025 until December 31, 2026, Ascot has the right to buyback 50% of the stream for US$80 million in cash (the "Buyback"). Once 150,000 ounces of gold have been delivered ("Delivery Threshold"), the stream deliveries for gold and silver shall be reduced by 50% to 4.375% and 50%, respectively. In the case that the Buyback is exercised, then the remaining Delivery Threshold at that time will be reduced by the Buyback percentage, and once the threshold is met the stream deliveries for gold and silver shall be reduced by a further 50% to 2.1875% and 25%, respectively. Sprott Streaming has been granted first-ranking security to secure the obligations under the Stream, which security will be subordinated to any operating loan on the earlier the Buyback being exercised or the Deposit being reduced to zero. The Stream also contains certain customary covenants including minimum cash balance of US$5 million and positive working capital.

Concurrent with the closing of the Stream, the outstanding principal and accrued interest of the Senior Debt with Sprott Lending was repaid and the PPA between Sprott Lending and the Company dated December 10, 2020 in connection with the Senior Debt was also terminated. Total payments to Sprott Lending to extinguish the Senior Debt and PPA including the prepayment fee were $35,185.

b) Strategic equity investment

Ccori Apu's Strategic Investment of C$45 million, a portion of which is structured as Canadian Development Expenditures flow through shares ("CDE flow through"), such that the total gross proceeds to the Company was C$50 million. Ccori Apu's ownership of Ascot is 19.9% upon closing and it received participation rights to maintain its pro rata ownership in subsequent equity issuances. Ccori Apu has the right to nominate up to two people to Ascot's Board of Directors as long as its ownership remains above 10% of Ascot common shares outstanding. If Ccori Apu's ownership falls below 10%, it will have the right to nominate one person to Ascot's Board of Directors, and if its ownership falls below 5% then it will not have the right to nominate anyone to Ascot's Board of Directors.

The Strategic Investment consisted of 48,500,000 Common Shares of the Company at a price of C$0.41 per Common Share for gross proceeds of $19,885 and 60,000,000 Common Shares of the Company that qualify as "flow through shares", as defined in the Income Tax Act (Canada) (the "CDE Common Shares"), at a price of C$0.50 per CDE Common Share for gross proceeds of $30,000. The Common Shares and CDE Common Shares were offered by way of private placement pursuant to applicable prospectus exemptions and will be subject to hold periods in accordance with applicable securities laws.
The net proceeds from the sale of the Common Shares will be used for capital costs at the Project and for general corporate purposes.

An amount equal to the gross proceeds from the issuance of the CDE Common Shares will be used to incur "Canadian development expenses" as defined in the Income Tax Act (Canada) ("Qualifying Expenditures"). The Qualifying Expenditures will be incurred on or before June 30, 2024 and will be renounced by the Company to the subscribers with an effective date no later than June 30, 2024 to the initial purchasers of the CDE Common Shares in an aggregate amount not less than the gross proceeds raised from the issue of the CDE Common Shares.

On April 20, 2023, the Company closed a non-brokered private placement (the "Offering"). The Offering raised total gross proceeds of $4,050 and consisted of 5,000,000 common shares of the Company, which qualify as "flow-through shares" within the meaning of the Income Tax Act (Canada) (the "FT Shares"), at a price of C$0.81 per FT Share. The proceeds from the Offering will be used to fund the 2023 exploration program at PGP. The gross proceeds from the issuance of the FT Shares will be used for "Canadian exploration expenses", and will qualify as "flow-through mining expenditures" as those terms are defined in the Income Tax Act (Canada), which will be renounced to the purchaser of the FT Shares with an effective date no later than December 31, 2023 in an aggregate amount not less than the gross proceeds raised from the issue of the FT Shares.

During the first nine months of 2023, the Company spent $12,115 on qualifying flow-through expenditures. As at September 30, 2023, $22,264 remains to be spent on flow-through expenditures prior to June 30, 2024 ($20,108) and April 30, 2025 ($2,156).

On June 27, 2023, the Company closed a US$14 million subordinated convertible credit facility (the "Convertible Facility") with Nebari. The Company incurred $693 of legal and due diligence expenses in relation to obtaining the Convertible Facility. Net proceeds from the Convertible Facility were used to repay principal and accrued interest and fees of Ascot's existing subordinated convertible credit facility with Beedie. Pursuant to the terms of the Convertible Facility, interest will accrue at a floating rate equal to the base rate of 5.00% plus the greater of the secured overnight financing rate ("SOFR") and 3.00% per annum. The interest is compounded quarterly and is added to the principal loan amount prior to commercial production as defined in the Convertible Facility agreement. All interest incurred after the declaration of commercial production shall be payable in cash quarterly. Principal and capitalized interest are payable on June 27, 2027.

Nebari has the option to convert all or a portion of the Convertible Facility's outstanding principal into common shares of Ascot at a conversion price of C$0.72 per share (the "Conversion Price"). The Company has the one-time right to convert up to 50% of the Convertible Facility's outstanding principal into common shares of Ascot in the event that for over 20 consecutive trading days, Ascot's shares' 30-day volume weighted average price ("VWAP") exceeds 145% of the Conversion Price (the "Conversion Trigger"). The Company may not force conversion if at any time after the Conversion Trigger the 30-day VWAP is less than 105% of the Conversion Price.

The Company may elect to prepay the outstanding principal and accrued interest balance in whole or in part at any time. As part of this prepayment condition, Ascot issued to Nebari 25,767,777 unvested share purchase warrants (the "Prepayment Warrants"). Voluntary prepayment is subject to the conditions of the Stream as well as vesting of a number of Prepayment Warrants that is equal to the quotient of the principal being prepaid divided by the initial US$14 million advance, with each Prepayment Warrant entitling the holder to purchase one Ascot common share at an exercise price equal to the Conversion Price.

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

As at September 30, 2023, the Company had cash & cash equivalents of $80,814 (December 31, 2022: $7,474) and working capital (current assets less current liabilities) of $42,026 (December 31, 2022: $1,658). The increase in cash & cash equivalents was due to net proceeds from the Stream of $113,006, proceeds from the Strategic Investment of $49,885, proceeds from the private placement of $4,050 and proceeds from exercise of stock options of $25, offset by expenditures on mineral properties, plant and equipment of $78,712; cash outflows from operating activities of $11,490; share issue costs of $2,361, net payment on the extinguishment of convertible debt of $565, payment for lease liabilities of $433 and payment for pre-production royalty of $50. Additional funding may be required to progress the Project from construction to commissioning, initial production and ramp-up phases. The company is assessing its working capital requirements and is evaluating various potential financing options.

RELATED PARTY TRANSACTIONS

Included in accounts payable and accruals at September 30, 2023 is $524 (December 31, 2022: $630) due to the Company's officers.

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:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Salaries, short-term benefits and management fees	$ 395	$ 335	$ 1,178	$ 1,004
Project development costs	21	27	62	80
Share-based payment transactions	223	223	871	1,238
	$ 639	$ 585	$ 2,111	$ 2,322

During the first nine months of 2023, key management personnel were granted 400,000 stock options at a weighted average exercise price of $0.66. Using the Black-Scholes model, the fair value of the options granted to key management personnel was determined at $153. Also, during the first nine months of 2023, 500,000 stock options held by the Company's key management personnel expired unexercised.

During the first nine months of 2023, the Company granted 51,496 DSUs to its directors. Based on the Company's share price on grant dates, the total fair value of the DSUs was $27.

COMMITMENTS, CONTRACTUAL AND OTHER OBLIGATIONS

As at September 30, 2023, 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	$ 29,945	$ -	$ -	$ -	$ 29,945
Equipment engineering and procurement	240	-	-	-	240
Surface mining equipment lease	2,238	5,512	4,514	-	12,264
Convertible Facility principal and interest (a)	-	4,702	22,456	-	27,158
Reclamation liabilities (b)	477	-	-	60,547	61,024
Benefits agreement - PGP and RMP	-	700	675	800	2,175
Pre-production royalty - Red Mountain project	50	100	100	100	350
Minimum lease payments	1,547	2,548	1,343	-	5,438
	$ 34,497	$ 13,562	$ 29,088	$ 61,447	$ 138,594

(a) Interest on the Convertible Facility is compounded quarterly and is added to the principal loan amount prior to commercial production as defined in the Convertible Facility agreement. All interest incurred after the declaration of commercial production shall be payable in cash quarterly. Principal and capitalized interest are payable on June 27, 2027.

(b) 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:

Impairment of mineral properties

At each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to the Company's mineral properties. If any such indicator exists, then an impairment test is performed by management. No impairment indicator was identified as of September 30, 2023.

The Stream

Upon initiation of the Stream and at each reporting period, management applies judgment in assessing the appropriate accounting treatment of the Stream. One of the areas of significant judgement is the Company's potential obligation to settle a portion of the Stream in cash. Management noted that the lender has limited ability to cancel the Stream or seek cash reimbursement except under certain circumstances of breach and default of covenants (i.e., a contingent settlement provision). Management determined that the Company is able to settle the Stream through delivery of the commodities based on Ascot's most recent mine plan. Based on these considerations, management concluded that the Stream does not meet the definition of a financial liability and has been accounted for as a contract liability for the future delivery of an unknown quantity of gold and silver ounces, with each ounce representing a separate performance obligation.

A market-based discount rate is utilized at the inception of the Stream to determine a discount rate for computing the interest charges for the significant financing component of the deferred revenue balance. As gold and silver are delivered, the deferred revenue amount including accreted interest will be drawn down. The drawdown rate requires the use of proven and probable reserves and certain resources in the calculation that are beyond indicated and inferred resources, which management is reasonably confident are transferable to proven and probable reserves. Key estimates used in determining the significant financing component include the discount rate and the reserve and resources assumed for conversion.

The buyback option included in the Stream is an embedded derivative, the fair value of which is estimated using the Monte Carlo Simulation Method. The key assumptions used in the model are risk-free rates, the Company's forecast mineral production, forecast gold and silver prices and volatility and credit spread.

The Convertible Facility

In assessing the Convertible Facility, management identified a conversion option embedded derivative within the convertible debt. The fair value of the derivative is estimated using the Finite Difference Method. The key assumptions used in the model are risk-free rates and the forecast price and volatility of the Company's stock.

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 and PSUs granted to employees and consultants of the Company is calculated based on the fair value of RSUs or PSUs awarded, measured on their grant date. The fair value of RSUs and PSUs is based on the quoted market price of the Company's common shares on the day prior to the RSU or PSU 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.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, trade and other receivables, reclamation deposits, stream buyback option, trade and other payables, credit facilities and other liabilities. The recorded amounts of cash and cash equivalents, trade 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 value of the liability component of the Convertible Facility approximates its fair value since only a short period of time has passed between from the date of the debt inception (June 27, 2023) to September 30, 2023.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, cash equivalents and reclamation deposits. The Company limits its exposure to credit loss by placing its cash, cash equivalents and reclamation deposits with high credit quality financial institutions. Substantially all of our cash and cash equivalents held with financial institutions exceeds government-insured limits. We seek to minimize our credit risk by entering into transactions with investment grade worthy and reputable financial institutions and by monitoring the credit standing of the financial institutions with whom we transact. We seek to limit the amount of exposure with any one counterparty. 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 a foreign currency (U.S. dollar) are the Convertible Facility and cash in treasury account. A 10% decrease (increase) of the value of the Canadian dollar relative to the U.S. dollar as at September 30, 2023 would result in an additional $583 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the nine months ended September 30, 2023 (nine months ended September 30, 2022: $4,076).

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 in treasury accounts carried at variable interest rates and GICs carried at fixed interest rates. The Company's significant financial instruments valued using fluctuating risk-free interest rates are the Stream buyback option and the derivative component of the Convertible Facility. The Company's Convertible Facility and mining equipment lease liability are carried at floating interest rates. The Company has estimated that a one percentage point increase in the interest rate on its Convertible Facility would result in an additional $47 of interest added to the balance of the Convertible Facility for the nine months ended September 30, 2023. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered insignificant.

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 approach to managing liquidity is to maintain sufficient cash to meet obligations 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 the "**LIQUIDITY AND CAPITAL RESOURCES**" section above.

OUTSTANDING SHARE DATA

As at November 9, 2023, the Company had 555,947,352 common shares outstanding, 23,854,048 stock options, 13,710,500 vested share purchase warrants, 1,575,902 deferred share units, 3,758,731 restricted share units and 108,108 performance share units outstanding. Also, 25,767,777 unvested Prepayment Warrants issued to Nebari are outstanding.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Ascot remains committed to working safely, being transparent, building lasting relationships with Nisga'a Nation and our local communities beyond mining, and to steward the land, water, and air around us. Ascot continues to build strong relationships with our partner Nisga'a Nation and the local communities. We strive to be a sustainable contributor to northwestern British Columbia and southeastern Alaska. We thank Nisga'a Nation for hosting us on their Treaty Lands and working with us closely and collaboratively even through the unforeseen delays and challenges experienced over the past year. We thank our employees, the communities of Stewart and Hyder, our financial and government partners, and our shareholders for their ongoing support.

The Sustainability Report released on March 23, 2023 highlighted the measures taken and successes thus far in community relations, employment, health and safety, environmental stewardship and governance. The Sustainability Report also outlined the Company's future sustainable goals. Ascot's Sustainability Report can be found online at https://ascotgold.com/sustainability/sustainability-reports/. In an effort to compile relevant data required when incorporating the SASB framework in future Sustainability Reports, Ascot anticipates releasing future Sustainability Reports mid-year.

Community Relations and Employment

For the past five years, Ascot has proactively engaged both formally and informally with the surrounding communities via Townhalls, Council Meetings, face-to-face meetings, and virtual meetings. Employment and housing are significant concerns for the community, along with attracting tourists in both the summer and winter months. Ascot's relationships with the leadership and community members of the District of Stewart are strong.

While PGP is within the Canadian provincial jurisdiction of British Columbia, we recognize that our project is very close to our neighbours in Alaska. Ascot has been in regular communication with the Hyder Community Association particularly as it relates to their request for support from Ascot for a joint request for funds for a road upgrade in Hyder to the Alaskan Government.

Ascot and Nisga'a Nation have established strong lines of communication and a respectful engagement process. During Q3 2023, the Ascot/Nisga'a oversight committees established in accordance with the benefits agreement met and no substantive issues were raised. In July 2023, Ascot held a community open house in Stewart and hosted a site tour for Nisga'a leadership.

Ascot contributes where it can to its surrounding communities and has established a Donations & Sponsorship Committee, which regularly reviews inbound requests. The Company's staff hosted booths with educational activities focused on school-age children at International Days in Stewart in July 2023. Ascot staff also entered a float in the International Days parade and participated in activities in Hyder, Alaska.

In September 2023, Ascot held three information sessions, two in Stewart and one in Hyder, open to anyone that wanted to attend. A formal update on PGP was given to the attendees, followed by Q&A. On September 29, 2023, Ascot participated in the ceremony held in the Nisg̱a'a village of Lax̱g̱alts'ap to celebrate the return of the Ni'isjoohl totem pole. On September 30, 2023, Ascot hosted the Company's second annual Truth and Reconciliation Luncheon for site employees. Also on September 30, 2023, Ascot sponsored Stewart's Community Connections Association to host a youth workshop on indigenous art where participants made their own orange shirts.

Nisga'a Employment

Throughout the life of the Company, employing Nisga'a citizens has been a priority for Ascot. As we transition into construction and operations, there will be an increase in opportunities to hire, train and support the career development of Nisga'a citizens interested in working with Ascot. In 2023, Ascot has prioritized hiring qualified Nisga'a citizens wherever possible and approximately 40% of our site-based new hires have been Nisga'a citizens. As of October 31, 2023, 32% of Ascot's site-based employees were Nisga'a citizens.

Wherever possible, Ascot encourages contractors to hire Nisga'a citizens. In Q3 2023, there were at least 13 Nisga'a citizens employed at all times as part of the staff of our third-party contractors related to construction and construction support throughout the year.

Health and Safety

Doing "no harm" is paramount to our work at Ascot. The health and safety of our employees, contractors, and local communities has and will continue to be a top priority as the Company evolves from exploration to development and through production. Ascot's journey towards production presents new and unique health and safety conditions which must be proactively planned for and adapted to.

Corporate Governance

Management and the Board recognize the value of good corporate governance and the need to adopt best practices. The Company 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. All of the committees are composed completely of independent directors with exception to the Disclosure Committee, which is composed 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. Separate Timely Disclosure, Confidentiality and Insider Trading Policy, Whistleblower Policy, Diversity Policy and Compensation Recovery Policy are all also in place. For more details on the Company's corporate governance practices, refer to Ascot's website (https://ascotgold.com/corporate/corporate-governance/).

The Company's directors have expertise in exploration, metallurgy, mining, accounting, legal, banking, financing, and the securities industry. The Board and Audit Committee meet at least four times per year and the other committees convene 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.

There have been no changes in the Company's ICFR during the nine months ended September 30, 2023 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 23, 2023 available on SEDAR+ at www.sedarplus.ca.

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 and other information contained in this MD&A about anticipated future events may constitute forward-looking information under Canadian securities laws ("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", "targeted", "outlook", "on track" 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 use of proceeds of the Offering, the advancement and development of the PGP and the timing related thereto, the exploration of the Company's properties and management's outlook for 2023. 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 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 in Ascot's filings with Canadian securities regulators, available on Ascot's profile on SEDAR+ at www.sedarplus.ca including the Annual Information Form of the Company dated March 23, 2023 in the section entitled "Risk Factors". Forward-looking statements are based on assumptions made with regard to: the estimated costs associated with construction of the Project; the timing of the anticipated start of production at the Project; 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; and exploration plans. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. 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. Ascot does not undertake any obligation to update forward-looking statements. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.