Ascot Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2024

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

Report date: May 13, 2024

This Management's Discussion and Analysis ("MD&A") of Ascot Resources Ltd. ("Ascot" or the "Company") is dated May 13, 2024 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the related notes for the three months ended March 31, 2024 and with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2023, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS® Accounting Standards"). 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, 2023, prepared in accordance with IFRS Accounting Standards, 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 mining company focused on commissioning its 100%-owned Premier Gold Mine ("Premier"), which is located on Nisga'a Nation Treaty Lands, in the prolific Golden Triangle of northwestern British Columbia. On April 20, 2024, the first gold pour was achieved. Concurrent with commissioning Premier towards commercial production which is anticipated to be in Q3 2024, the Company continues to explore its properties for additional high-grade gold mineralization. Ascot's corporate office is in Vancouver, British Columbia and its shares trade on the TSX under the ticker AOT and on the OTCQX under the ticker AOTVF. Ascot is committed to the safe and responsible operation of the Premier Gold Mine in collaboration with Nisga'a Nation and the local communities of Stewart, BC and Hyder, Alaska.

The Silver Coin, Big Missouri, and Premier deposits, collectively 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".

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.

Q1 2024 AND RECENT HIGHLIGHTS

- On May 7, 2024, the Company announced a $5,000 non-brokered flow-through private placement (the "Offering"), the proceeds of which will be used to fund the 2024 exploration program at PGP. The Offering will consist of 6,024,096 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$0.83 per FT Share. The closing of the Offering is expected to occur in one or more tranches in or around late-May to mid-June 2024, and is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals, including the acceptance of the Toronto Stock Exchange
- Rock was introduced into the grinding circuit of the mill on March 31, 2024, and first gold-bearing ore was introduced to the mills on April 5, 2024. On April 20, 2024, first gold was poured as a part of the commissioning process. Commissioning of the processing plant at PGP is ongoing, with commercial production anticipated in Q3 2024. Two gold pours have been completed using gold recovered from the gravity circuit. Another pour from gold recovered from the carbon-in-leach ("CIL") circuit is anticipated imminently.
- On February 20, 2024, the Company closed its previously announced financing package for a total of US$50 million from Sprott Resource Streaming and Royalty Corp. and its affiliates ("SRSR") and Nebari Credit Fund II, LP ("Nebari Credit Fund II"), as described in the Company's news release dated January 22, 2024. $13,700 of the above proceeds were used to buy back two existing 5% NSR royalties on various PGP property claims on March 15, 2024.
- On February 20, 2024, concurrently with the above-noted financing package, the Company closed its previously announced bought deal private placement financing, under which the Company issued a total of 65,343,000 common shares of the Company (the "Common Shares") at a price of $0.44 per Common Share, for gross proceeds of $28,751.

- At the end of Q1 2024, overall construction excluding mine development was 98% complete compared with 86% complete at the end of 2023. A few remaining commissioning activities in the mill are underway. The tailing storage facility was completed and signed off by the engineer of record at the end of March 2024 (see "**Development of the Project**").
- The new water treatment plant began operations in February 2024. The high-density sludge plant has been successfully commissioned and water is being treated and discharged into the environment. The moving bed bio-reactor ("MBBR") is complete and media have been loaded into the tanks.
- As of April 30, 2024, underground development totaled approximately 2,710 metres at Big Missouri and 150 metres at Premier Northern Light.

DEVELOPMENT OF THE PROJECT

Project financing

On February 20, 2024, the Company closed a bought deal private placement for gross proceeds of $28,751 and a financing package of US$50 million for the completion and ramp-up of PGP. The financing package consisted of a royalty restructuring and a cost overrun facility (see "**Liquidity and Capital Resources**").

Construction progress key performance indicators

At the end of Q1 2024, overall construction was 98% complete, compared with 86% complete at the end of Q4 2023. With first gold having been poured on April 20, 2024 via gold recovered through the gravity circuit, the project construction is 100% complete on schedule and on the most recently provided budget of approximately C$339 million. Commissioning and ramp-up activities in the processing plant and in the mine continue towards achieving commercial production in Q3 of 2024

Safety

The Project had no lost time injuries in Q1 2024. There was an increase in recordable injuries at the end of the quarter which in part, can be attributable to seasonal changes and the transition from construction to operations. As the Project continues its transition from construction into operations, focus has been placed on the ongoing development of standard operating procedures, in field job hazard analysis and worker training. There was a small increase in property damage reported in the quarter due in part to weather conditions and the onboarding of a significant number of new workers to the site. The re-enforcement of reporting to the operating team remains a key focus to ensure that all learnings are identified and applied to prevent re-occurrence and reflect in the future training plans. In Q2 2024, significant work will be placed to support the operational teams to begin to operate the newly constructed plant through the final stages of C4 and C5 commissioning.

Processing plant and site infrastructure

Mechanical and electrical work in the mill was substantially completed in Q1 2024 with minor associated systems and punch list items to complete. Focus has shifted to commissioning the process plant and ramp up as well as completing minor deficiencies.

Stage one of the tailings storage facility ("TSF") raise was completed and accepted by the Engineer of Record for use. Earthworks activities in 2024 will focus on raising the spillway dam by three metres, producing material for the 2025 raise and advanced work on the Cascade Creek Diversion in preparation for the 2025 works and final completion of the diversion.

The new water treatment plant was substantially mechanically and electrically completed in Q4 2023 with some minor areas remaining. The high-density sludge circuit was commissioned in Q1 2024 and is advancing towards full ramp up. The MBBR circuit was substantially complete in Q1 2024 and will begin full commissioning as the process plant continues to deposit tailings into the TSF and feed nitrogen species into the MBBR circuit.

The site power reticulation was completed in Q1 2024. Sustaining capital works in 2024 will focus on reticulation to the Premier portal as well as the Big Missouri portal.

Mine development

Procon Mining & Tunnelling ("Procon") a mine contractor with extensive experience in BC and the Golden Triangle continued to advance mine development at two portal areas: S1 about 9 kilometres north of the mill which accesses the Big Missouri and Silver Coin deposits, and the mill adjacent Premier Northern Light ("PNL") portal which accesses the Premier and Northern Light orebodies. As of the end of Q1 2024, Procon had about 57 people on site, 40 of whom were miners and 10 were maintenance personnel.

At Big Missouri, Procon advanced development into several ore headings in the A zone, as well as reactivating the S1 ramp heading that goes to Silver Coin deposit. In Q1 Procon developed 936 metres at Big Missouri (258 metres in ore and 678 metres in waste, and by April 29, 2024, development advanced to 905 metres in waste and 507 metres in ore total in 2024. Including the development completed in late 2022 and late 2023, the total development to date is approximately 2,710 metres in both ore and waste. Productivities at Big Missouri have continued to improve, with availability of key equipment such as Maclean bolters being made a priority.

During Q1 2024, the geological team continued to encounter high grade material occurrences in both face sampling and probe hole drilling in multiple areas of the A zone. As previously reported, these occurrences are in or very near existing wireframes or logical extensions of wireframes. At the end of March 31, 2024, a total of approximately 30,000 tonnes of ore was mined from Big Missouri and stockpiled at Diego pit.

At PNL, Procon dealt with issues related to near surface structure and weak ground. These issues seem to have abated at the end of April, and Procon has started to make better progress as they move into the better ground conditions expected at Premier given what was seen historically. In Q1 2024 approximately 85 metres were advanced at PNL, and at the end of April this increased to approximately 150 metres as ground conditions improved.

Mining development is being advanced down into the Premier deposit for initial mining in the Prew Zone, with ore development now anticipated to begin in early Q3 2024, and initial longhole stope production following later in Q3 2024. The ramp has been strategically laid out to allow for underground drilling on the Sebakwe Zone in 2024 and will eventually connect a footwall ramp over to the 602 area at the southern end of the Premier deposit. Although progress has been slow, the quality of the resultant work with ground control and shotcrete arches has been excellent, allowing for a secure and stable ramp for the life-of-mine production to come from this area approximately 350 metres from the Premier Mill.

Recruitment

At the end of Q1 2024, total site recruitment has reached approximately 90% of the planned operational team. A key achievement was the successful recruitment for some challenging roles pertaining particularly to some of the maintenance roles, health and safety (specifically, mine rescue), and technical roles for the mine and processing area. Policies and procedures development have been ongoing throughout Q1 2024 and key documents will be rolled out in Q2 2024.

Permitting and Environmental Compliance

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 underwent first round comments through February 2024 and second round comments were received in late April 2024, with our responses anticipated to be submitted in May 2024.

The air permit was received on March 25. The updated environmental permit PE-8044, including the sewage treatment facility discharge permit is anticipated to be received in late May 2024.

OTHER PROJECTS

Mt. Margaret Project

The Mt. Margaret porphyry copper-molybdenum-gold-silver deposit is located 22.5 kilometres southwest of Randle, Washington in Skamania County in Southwest Washington State. Ascot owns title to the 50% undivided private mineral interests on the lands of 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 for exploration of the Mt. Margaret property. The permits are still pending due to a court decision to order the U.S. regulators to perform further groundwater analysis.

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 sourced 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.

2024 EXPLORATION PROGRAM

Planning for the 2024 exploration program is in full swing with an anticipated start date in late June. There are several areas on the properties that will be targeted by new drilling. Near the Premier mill, several drill holes have been planned around the Prew and Sebakwe zones of the Premier deposit. The new holes will complement the existing drill pattern at Prew and test induced polarization geophysical anomalies from last year's survey.

Additional drill holes have been planned for the Big Missouri deposit where underground development is rapidly providing access to different parts of the deposit. The new holes will be designed for resource conversion and mine plan addition at this deposit. Specific new drill targets have been identified at the Day Zone on the western edge of the deposit, where geophysical anomalies seem to outline previously untested mineralization along strike of known ore zones.

Additional exploration drill holes are targeting a large geophysical anomaly to the west of the Dilworth deposit that extends surface showings to the north onto Ascot's PGP property. This target has a large strike extent and may require drilling over more than one exploration season.

The Company anticipates a drill program of between 15,000 and 20,000 metres distributed over the areas described above. The program will require utilization of two drill rigs into late September or early October.

MANAGEMENT'S OUTLOOK FOR 2024

In 2024, the Company will transition from the construction of the mine and related infrastructure to the operation of the entire site and becoming a gold producer. Despite the challenges associated with this transition, there are many opportunities for the Company to grow and create value. The key activities and priorities for 2024 include:

- Completing the commissioning of the gold process plant
- Completing the access ramp and starting the mine production at PNL
- Continuing to expand the mine production and development at Big Missouri
- Advancing the exploration and infill drilling program on the numerous opportunities to increase resources
- Successfully transitioning from a mine developer to a mine operator
- Making health and safety a priority through the commencement of operations
- Maintaining compliance with the environmental requirements of the site and making sure water treatment and the tailings dam operate as designed
- Shipping and selling gold doré

SUMMARY OF RESULTS

Operations

Three months ended March 31, 2024 compared to three months ended March 31, 2023

The Company reported a net loss of $6,208 for Q1 2024 compared to $7,589 for Q1 2023. The lower net loss for the current period is primarily attributable to a $2,170 decrease in the loss on extinguishment of debt and a $1,196 decrease in financing costs, partially offset by increases in other expense categories.

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

C$000	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Mineral property, plant & equipment cost capitalized	84,653	74,650	53,515	41,843	43,274	13,859	25,361	34,380
G & A expense	1,686	1,945	1,936	1,971	1,966	1,584	1,426	1,613
Stock-based compensation	534	1,896	322	393	474	3,461	472	487
Net income (loss)	(6,208)	1,705	(1,473)	(3,073)	(7,589)	(5,988)	(2,396)	(1,054)
Loss per share - basic and diluted	$ (0.01)	$ 0.00	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.01)	$ (0.00)

Factors that can cause fluctuations in the Company's quarterly results include unrealized gains and losses on credit facilities, embedded derivatives, the nature and extent of construction and exploration activities carried out under specific work programs, finance costs, grants 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, plant and equipment costs are a result of the Company's large-scale Project construction activities. The quarterly fluctuations in net loss over the past two years were caused primarily by the changes in fair value of the Company's embedded derivatives. 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 net income in Q4 2023 was caused primarily by an increase in fair value of the Company's embedded derivatives. The higher mineral property, plant and equipment costs capitalized in 2023 and 2024 were primarily due to increased construction activities, a change in estimate of the Company's reclamation provision and higher borrowing costs capitalized.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

In Q1 2024, the Company issued 67,807,135 common shares (Q1 2023: 109,208,928), 10,164,528 warrants (Q1 2023: none), and granted 110,000 stock options (Q1 2023: 400,000) and 28,667 Deferred Share Units ("DSUs") (Q1 2023: 18,963). Also, 100,766 stock options expired or were forfeited, 24,427 RSUs were forfeited, and 99,039 stock options, 137,533 DSUs and 158,726 RSUs were exercised in Q1 2024.

The Company considers its capital structure to be primarily funded through shareholders' equity, debt, metal streaming arrangements and NSR royalty arrangements. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As a development stage company, the Company has relied on various sources of financing. 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. As the Company continues to commission and ramp-up of PGP, the Company expects to finance its operations from cash flow in the next twelve months.

Financings in Q1 2024

On February 20, 2024, the Company closed a bought deal private placement and a financing package for completion and ramp-up of PGP. The financing package consisted of a royalty restructuring and a cost overrun facility.

The bought deal private placement was completed with a syndicate of underwriters. Under the bought deal financing, the Company issued a total of 65,343,000 common shares of the Company (the "Common Shares") at a price of C$0.44 per Common Share, for gross proceeds of $28,751, which included the full exercise of the underwriters' option.

Under the royalty restructuring, the Company received US$30 million gross proceeds to grant and sell to Sprott Streaming a new 3.10% NSR royalty covering the PGP property package (the "Sprott Royalty"). Until the end of 2026, up to 50% of the new royalty can be repurchased for varying amounts depending on timing and cumulative production. The repurchase price would be payable in ounces of gold bullion or the equivalent value in cash and is equal to 19,200, 21,600, and 24,000 gold equivalent ounces in 2024, 2025, and 2026 respectively, less the cumulative gold equivalent ounces delivered prior to the repurchase date, with the difference multiplied by the buyback percentage. On March 15, 2024, $13,700 of the gross proceeds was used to buy back two existing 5% NSR royalties on various PGP property claims, resulting in net proceeds of approximately US$20 million. Up to 50% of the Sprott Royalty may be repurchased until the end of 2026.

Under the cost overrun facility ("COF"), the Company received US$20 million, net of an original issue discount of US$0.8 million, from Nebari Credit Fund II, which matures in June 2027. The interest rate is 10.0% plus the greater of: (i) 3.5% and (ii) the three-month secured overnight financing rate ("SFOR") per annum. A 1% arrangement fee was paid to Nebari Credit Fund II upon closing of the COF. The COF follows a progressive amortization schedule with interest and principal payments due monthly for the term of the COF, starting in July 2024. Subject to the terms and conditions of the COF, Ascot may prepay the outstanding principal at any time, subject to a minimum prepayment amount of US$1 million and Nebari achieving a minimum absolute return of 15%. Nebari Credit Fund II was granted warrants to purchase 10,164,528 Common Shares of the Company at a price of C$0.53 per share. The warrants expire on June 27, 2027. In connection with the COF, Ascot amended certain terms of the Convertible Facility, including the conversion price amendment from C$0.72 to C$0.53.

Liquidity

As at March 31, 2024, the Company had cash & cash equivalents of $47,028 (December 31, 2023: $26,974) and working capital deficiency (current assets minus current liabilities) of $33,030 (December 31, 2023: working capital deficiency of $18,337). The working capital deficiency is caused by an estimated $16,083 as the current portion of the deferred revenue only to be settled with future production from the Project, an estimated $6,941 as the current portion of future extraction services and the $25,180 value of the Convertible facility, which is classified as current due to the lender's right to exercise the conversion option at any time at a variable exercise price. Excluding these non-cash current liabilities, working capital was $15,174. The increase in cash & cash equivalents was due to net proceeds from the sale of Sprott royalty of $40,554, net proceeds from the COF of $26,766, proceeds from the bought deal private placement of $28,751 and proceeds from the exercise of stock options of $44, offset by expenditures on mineral properties, plant and equipment of $63,035; cash outflows from operating activities of $8,798; share issue costs of $1,759, financing costs of $836, payment for lease liabilities of $1,121, and payment of interest on COF of $482.

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

COMMITMENTS, CONTRACTUAL AND OTHER OBLIGATIONS

As at March 31, 2024, the Company's contractual and other obligations are as follows:

	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Trade and other payables	$ 31,447	$ -	$ -	$ -	$ 31,447
Convertible Facility principal and interest (a)	1,651	4,399	21,590	-	27,640
Cost overrun facility principal and interest (b)	11,006	21,626	3,253	-	35,885
Reclamation liabilities (c)	-	-	-	109,059	109,059
Benefits agreement - PGP and RMP	300	1,075	800	-	2,175
Pre-production royalty - Red Mountain project	50	100	100	50	300
Minimum lease payments	5,251	7,880	4,101	-	17,232
	$ 49,705	$ 35,080	$ 29,844	$ 109,109	$ 223,738

(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 accrued interest are payable on June 27, 2027.
(b) Interest on the COF is payable monthly starting in February 2024 and principal payment is payable monthly starting in July 2024.
(c) The amount in reclamation liabilities are undiscounted cash expenditures.

As of March 31, 2024, the Company had an outstanding purchase commitment of $1,957 for surface mining equipment, which will be financed under a master lease agreement for an equipment lease facility. The Company is also required to make a yearly service fee of $1,010 plus reasonable maintenance costs for each calendar year until termination (which can be done on 6 months' notice) under an agreement for electrical power interconnection and transmission service.

RELATED PARTY TRANSACTIONS

Included in accounts payable and accruals at March 31, 2024 is $251 (December 31, 2023: $591) 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 March 31, 2024	Three months ended March 31, 2023
Salaries, short-term benefits and management fees	$ 439	$ 378
Project development costs	-	21
Share-based payment transactions	328	353
	$ 767	$ 752

In Q1 2024, three of the Company's directors were granted a total of 28,667 DSUs in lieu of cash fees. Based on the Company's share price on the day prior to the grant dates, the fair value of the DSUs granted to directors was $22.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in compliance with IFRS Accounting Standards requires the use of certain critical accounting estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Company's critical accounting estimates are disclosed in the notes to the its audited consolidated financial statements for the year ended December 31, 2023.

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 assesses 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 March 31, 2024.

Sale of royalties

Judgment was required in assessing the appropriate accounting treatment for the new 3.1% NSR royalty, including characterization of the transaction, whether control has been transferred in Ascot's mineral property interest, and whether the related services are distinct from the mineral interest. The assessment considered terms specific to the royalty arrangement to determine what the counterparty was entitled to and the associated risks and rewards attributable to it over the life of the royalty arrangement.

Deferred extraction obligation

When the Company granted the new 3.1% NSR royalty to SRSR, the Company allocated the proceeds based on its estimate of the value associated with the extraction obligation, with the residual allocated to the sale of the mineral property interest. In doing so, management made estimates and assumptions with respect to the present value of future extraction costs consistent with assumptions in the determination of the recoverable value of mineral properties. This analysis depends on estimates of recoverable reserves and resources, metallurgical recovery estimates, future production volumes, future extraction costs and discount rates. On an ongoing basis, the Company will update the unrecognized balance based on changes to the estimated quantity and timing of future production. These estimates are subject to variability and have an impact on the timing and amount of revenue recognized.

The Stream

Upon initiation of the Stream and at each reporting period, management assesses the appropriate accounting treatment of the Stream. One of the areas of significant estimation 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 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.

Reclamation provision

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 values of the liability components of the credit facilities approximate their fair value since only a short period of time has passed between the date of the debt inception (February 20, 2024) and March 31, 2024.

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 credit facilities and cash in treasury account. A 10% decrease (increase) of the value of the Canadian dollar relative to the U.S. dollar as at March 31, 2024 would result in an additional $3,140 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the three months ended March 31, 2024 (three months ended March 31, 2023: $1,010).

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. The Company's significant financial instruments valued using fluctuating risk-free interest rates are the Stream and Royalty buyback options and the derivative components of the credit facilities. The Company's credit facilities 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 credit facilities and mining equipment lease would result in an additional $51 of interest added to the balance of the credit facilities and $44 interest paid for the three months ended March 31, 2024. 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, lease liabilities and the Convertible Facility. 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 May 13, 2024, the Company had 624,146,049 common shares outstanding, 32,597,818 stock options, 10,164,528 vested share purchase warrants, 2,765,513 deferred share units, 6,072,551 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 2023 Sustainability Report will be released in June 2024 and will highlight the measures taken and successes thus far in community relations, employment, health and safety, environmental stewardship and governance. The Sustainability

Report also outlines the Company's future sustainable goals. Ascot's 2022 Sustainability Report can be found online at https://ascotgold.com/sustainability/sustainability-reports/. In an effort to compile relevant data required under the SASB framework, Ascot anticipates releasing Sustainability Reports mid-year.

Community Relations and Employment

For the past six 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. Also, while PGP is within the Canadian provincial jurisdiction of British Columbia, we recognize that our project is very close to our neighbours in Alaska.

On January 11 and 12, 2024, Ascot held a job fair in conjunction with North Island Employment Foundation Society, in Campbell River, BC, which had a very successful turnout with over 280 people attending in person and virtually. Many jobs were filled as a result of this recruitment effort.

Ascot contributes where it can to its surrounding communities and has established a Donations & Sponsorship Committee, which regularly reviews inbound requests. The Company supports various educational initiatives, arranging for four Nisg̱a'a youth to travel to Vancouver on January 22-24, 2024 to attend MineralsEd Career Exploration Day, participate in AME Roundup and tour BCIT. Ascot continues to sponsor the UBC Mine Rescue team, and also contributed to the Bear Valley School Fundraiser, in Stewart, BC. In March 2024, Ascot staff participated in Hoobiyee (Nisg̱a'a New Year) event held in Vancouver and were hosted at Fishery Bay in the Nass Valley to learn about oolichan fishing.

PGP is also located within the Nass Area as defined by the Nisg̱a'a Treaty signed in 2000. In July of 2021, Ascot and Nisg̱a'a Nation signed a benefits agreement and over the years, Ascot and Nisg̱a'a Nation have established strong lines of communication and a respectful engagement process. In Q1 2024, the Ascot/Nisg̱a'a oversight committees established in accordance with the benefits agreement met and no substantive issues were raised.

Nisga'a Employment

Throughout the life of the Company, employing Nisg̱a'a citizens has been a priority for Ascot. As we move into operations, opportunities to hire, train and support the career development of Nisg̱a'a citizens interested in working with Ascot are increasing and Ascot continues to prioritize hiring qualified Nisg̱a'a citizens wherever possible and supporting our existing Nisg̱a'a employees to grow in their roles.

In Q1 of 2024, 18 Nisg̱a'a citizens were employed with the Company in various roles including site services labourer, geology labourer, mill labourer, cleaner, assay lab technician, heavy equipment operator and truck driver. Ascot has offered on-the-job training to many of these individuals where appropriate and has supported them in obtaining necessary certifications (i.e., Mine Rescue, First Aid, Confined Space, etc.) to complete their jobs.

Wherever possible, Ascot encourages and supports contractors to hire Nisg̱a'a citizens. As of March 31, 2024, there were 12 Nisg̱a'a citizens employed as part of the staff of our third-party contractors related to construction and operations.

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 five board-appointed committees: the Audit Committee, the Compensation Committee, the Governance and Nominating 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 DC&P 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 CONTROL 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 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 Accounting Standards. 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 Accounting Standards;
- 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 three months ended March 31, 2024 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 25, 2024 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.

IMPORTANT NOTICE TO U.S. SHAREHOLDERS

U.S. shareholders should be aware that they could be subject to certain adverse U.S. federal income tax consequences in the event that the Company is classified as a 'passive foreign investment company' ("**PFIC**") for U.S. federal income tax purposes. The determination of whether the Company is a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations, and the determination will depend on the composition of the Company's income, expenses and assets from time to time and the nature of the activities performed by the Company's officers and employees.

For the year ended December 31, 2023, the proceeds received by Ascot from the Sprott stream transactions, which were closed on January 19, 2023, may be treated as a sale of a non-operating or royalty interest for U.S. income tax purposes and, if so, would be included in the computation of net capital gains as taxable income for the year ended December 31, 2023. As a result, the Company would have significant earnings and profits for which any U.S. shareholder who had made or will make a Qualified Electing Fund election under Section 1297 for 2023, would have an income inclusion event.

Further information will be made available by the Company on their website at https://ascotgold.com/investors/pfic/ in the 2023 PFIC Annual Information Statement.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder, and no representation with respect to the income tax consequences to any particular shareholder is made. Shareholders should consult their own tax advisors for advice with respect to their particular circumstances and to the Company being treated as a PFIC for U.S. federal income tax purposes, including the advisability of making certain elections.

Cautionary Statement Regarding Forward-Looking Information

All statements and other information contained in this press release 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", “would” 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 advancement and development of the PGP and the timing related thereto, the completion of the PGP mine, the production of gold and management's outlook for the remainder of 2024 and beyond. 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 entering into definitive agreements for the transactions described herein; 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 Ascot's 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; 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 25, 2024 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 PGP mill; the tax rate applicable to the Company; future commodity prices; the grade of mineral resources and mineral reserves; the ability of the Company to convert inferred mineral 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, other than as required by applicable laws. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.