



**Ascot Resources Ltd.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three and six months ended June 30, 2024**

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

Report date: August 9, 2024

This Management's Discussion and Analysis ("MD&A") of Ascot Resources Ltd. ("Ascot" or the "Company") is dated August 9, 2024 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the related notes for the three and six months ended June 30, 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<sup>®</sup> 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](http://www.sedarplus.ca) and on the Company's website at [www.ascotgold.com](http://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, 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.

## Q2 2024 AND RECENT HIGHLIGHTS

- On July 25, 2024, the Company closed the previously announced bought deal financing, including the full exercise of the over-allotment option, for gross proceeds of approximately \$34 million (the "Offering"). The Offering consisted of 30,242,000 flow-through units (the "Flow-Through Units") at a price of C\$0.496 per Flow-Through Unit and 44,188,000 hard dollar units (the "HD Units") of the Company (together, the "Offered Securities") of C\$0.43 per HD Unit. Each Offered Security consisted of one common share of the company and one common share purchase warrant of the Company. Each warrant entitled the holder to acquire one share (each, a "Warrant Share") at a price of C\$0.52 per Warrant Share for a period of 24 months following closing.
- In Q2 2024, the Big Missouri deposit delivered 47,158 wet tonnes of material. Total mine development in Q2 achieved 1,764 meters of which 1,381 metres related to Big Missouri and 383 metres relate to Premier Northern Light ("PNL"). Significant progress in the second half of the quarter has been made at PNL where the development rates have increased to over 6 metres per day.
- The second egress and exhaust vert raise at the Big Missouri deposit was completed on June 18, 2024. The operation is moving from mining lower-grade commissioning ore from the development headings to mining of planned higher-grade stoping areas.
- During Q2 2024, the plant processed 85,436 dry tonnes of mostly development ore in the commissioning of the mill, containing an estimated total of 5,713 ounces of gold; poured 839 ounces of gold and 1,288 ounces of silver, and an estimated 3,178 ounces of gold-in-process remained as at June 30, 2024.
- In Q2, 2024, the Company sold 735 ounces of gold to the offtaker and delivered 42 ounces of gold and 562 ounces of silver pursuant to stream and royalty arrangements.

- 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 consisted 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 first tranche of \$1,000 was closed on May 29 and the second tranche of \$4,000 was closed on June 20, 2024.
- 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 second half of 2024.

## **OPERATIONAL RESULTS AND COMMISSIONING**

### **Mining**

The pace of underground mine development at the Big Missouri deposit increased in Q2 2024. Total lateral development in the quarter was 1,764 metres, comprising 525 metres in development ore and 1,239 metres in waste at Big Missouri, and 383 metres of decline development at PNL. A total of 47,158 wet tonnes of ore was mined in Q2 2024, and was primarily sourced from development headings, with stoping activity being commenced in late June after secondary egress was established. The remaining mill feed came from previously mined stockpiles. In various locations, waste development headings encountered mineralized material approximately 20–30 metres or more before reaching stope shapes, and as such that mined material was stockpiled and fed to the mill as commissioning material. In July, 293.3 metres of ore and 212.8 metres of waste was achieved with an average of 16.3 metre per day.

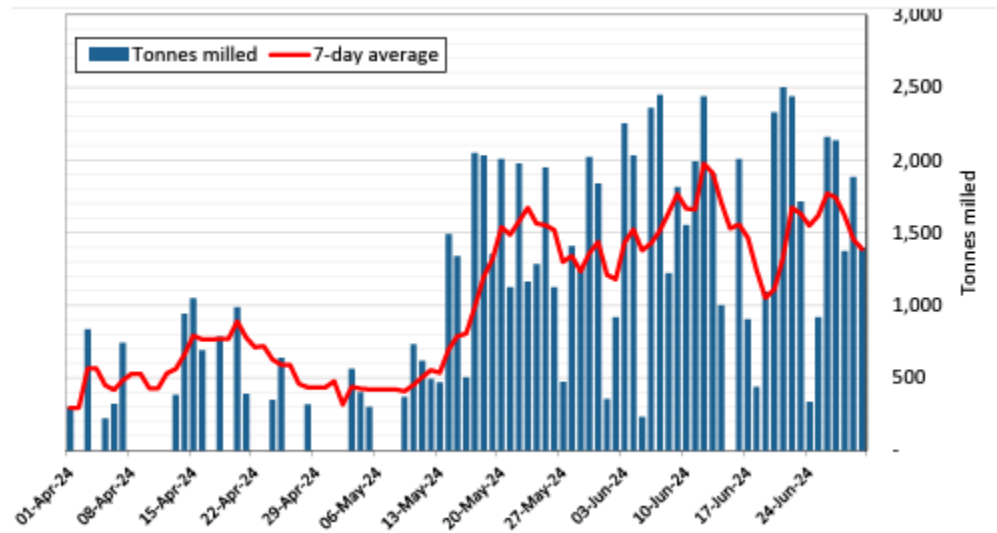
As at June 30, 2024, there were approximately 11,614 tonnes of stockpiled ore to be processed in addition to the live feed from Big Missouri underground stoping ore. With the secondary egress in place, mining is now targeting planned higher-grade stope blocks which averaged approximately 800 tonnes per day over the last weeks of June.

At the Premier-Northern Light ("PNL") deposit near the mill, development rates in the single-heading decline accelerated in the quarter, with the mining contractor consistently achieving approximately 6 metres per day for the month of June. Total development in Q2 2024 was 390 metres. During July, 168.3 metres of development was achieved until the Company reaches the first development ore which is anticipated in late September of 2024.

### **Mill Commissioning**

Since the introduction of rock into the mill at the end of Q1 2024, there has been a steady increase in crushing and grinding performance. To June 30, 2024, the mill has processed 85,436 tonnes, achieving over 2,000 tonnes per day for 13 days in that period and reaching nameplate capacity of approximately 2,500 tonnes per day on June 21, 2024. This has confirmed that the mill can achieve nameplate milling targets and has satisfied key vendor requirements.

Q2 2024 Daily Tonnes Milled



On April 20, 2024, the first gold was poured from gold recovered through the gravity circuit as a part of the commissioning process. The first pour from gold recovered from the CIL circuit was completed in late May 2024, with subsequent pours completed in June. The first gold pour using both the gravity and CIL circuit was completed on June 27, 2024.

During Q2 2024, the Company faced commissioning challenges throughout the process plant but particularly in the areas of the elution circuit boiler, carbon management, thickener flocculation, and metallurgical sampling and estimation. In addition, global supply chain challenges and vendor support have been the source of some delays in implementing changes in the mill. These challenges are being addressed by many process changes made in June, and the Company is starting to see the benefits of those changes in the amount of gold contained in each pour.

The average grade processed to date is estimated to be approximately 2 g/t of gold. This is an estimate because during commissioning, as is customary, there is an amount of gold being built up in the processing circuit. This gold-in-circuit inventory at the end of June was estimated to be approximately 3,178 ounces.

In July 2024, the plant has shown an ability to operate for several days at its design capacity in terms of tonnages put through the crushing and grinding circuit; however there remains a number of challenges to pour more gold. July's gold production improved dramatically over the prior months, but the operation is still struggling to continuously run the gravity circuit and achieve regular stripping schedule and gold pours.

In July 2024, the plant processed 40,304 dry tonnes of materials from a combination of Big Missouri development ore and stoping ore and surface stockpile material. A total of 1,672 ounces of gold and 3,157 ounces of silver were poured.

Overall, the commission process has gone slower than expected due to a combination of challenges with process plant and lower grades from the development ore from the Big Missouri mine. The key challenge for the Company is to access higher grade stopes from Big Missouri and mine enough material to feed the mills until the PNL is brought into production which is anticipated in Q4 of 2024. In addition, the reliability of the plant in the gravity circuit, the elution circuit and the tailing thickener need to improve so the that the plant can operate continuously. The Company continues to focus on addressing these challenges.

**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 submitted mid-July 2024.

The air permit was received on March 25, 2024. The updated environmental permit PE-8044, including the sewage treatment facility discharge permit is still under review with the Ministry of Environment and Climate Change Strategy ("ENV").

The High-Density Sludge ("HDS") plant achieved C5 commissioning, and the water quality has generally met permit conditions since early July and the Moving Bed Bio-Reactor is undergoing commissioning which is expected to complete in August 2024.

#### **2024 EXPLORATION PROGRAM**

The 2024 drilling program commenced on June 25, 2024 at the Big Missouri deposit. Drilling commenced at several easily accessible pad locations suitable for a skid rig targeting extension areas of the Big Missouri deposit. Subsequently, a second rig was added to the program that is currently targeting gaps in the historical drill pattern. Results from the new holes will help to establish local geometry of the mineralization and add to the understanding of grade distribution. The program is progressing well, and mineralization has been identified visually in the early holes. Preliminary gold assays will be generated at the Company's laboratory in Stewart with quick turnaround time to assist in the planning of additional holes. Final gold assays and multi-element data will be provided by a certified lab at a later date.

The two rigs will continue the planned drilling at Big Missouri before moving on to other parts of the property to test geophysical anomalies from the 2023 program at the Day Zone to the west of Big Missouri, at Sebakwe near the Premier mine and to the west of the Dilworth deposit in the northern part of the property.

#### **MANAGEMENT'S OUTLOOK FOR 2024**

In 2024, the Company intends to transition from the construction of the mine and related infrastructure to the operation of the entire site and becoming a gold producer.

The key activities and priorities for the remainder of 2024 include:

- In order to operate the processing plant at 2,400 tpd (100 tph) the company needs to complete the mine development of PNL, ensuring that it, in conjunction with Big Missouri production, supplies sufficient mill feed to the processing plant. Management is addressing this mine development by developing over 6 m per day at PNL continuously with anticipation of breakthrough to the Prew ore zone in early September but the key challenge will be to manage the operating cost effectively until this development is completed.
- Implementing production mining in the A6 and A5 zones across various areas in Big Missouri which is expected to enhance the feed grades in Q3. To allow the mine to develop into PNL and establish production horizons, the plant will be operated on a bi-weekly basis until such time that PNL is contributing to the mill feed.
- In conjunction with the above and to continue to optimize and improve the plant and ensure it operates continuously, management is working on a two-week maintenance period to address the capacity of the gravity circuit by improving the screen openings to allow more flow, optimizing CIL management and the reliability of elution circuit, and improving the flocculant system for the thickener to ensure clean water is effectively circulated through the processing plant.
- Completing the exploration and infill drilling program.
- Finalizing the commission of the Moving Bed Bio-Reactor ("MBBR") portion of the water treatment plant.

David Stewart, Ascot's Vice President of Corporate Development and Shareholder Communications, resigned for personal reasons effective July 31, 2024.

## SUMMARY OF RESULTS

### Operations

#### Three months ended June 30, 2024 compared to three months ended June 30, 2023

The Company reported a net income of \$2,950 for Q2 2024 compared to a net loss of \$3,073 for Q2 2023. The decrease in net loss of \$6,023 for the current period is primarily attributable to a combination of factors, including:

- First gold sale with revenue, net of transportation and refinery costs, recognized of \$2,419;
- A \$2,262 decrease in the loss on extinguishment of debt; and
- A \$3,583 increase in fair value of derivatives mainly driven by higher gold and silver prices, which is a non-cash item.

These positive factors were partially offset by an increase in cost of sales of \$2,362.

#### Six months ended June 30, 2024 compared to six months ended June 30, 2023

The Company reported a net loss of \$3,258 for the first half of 2024 compared to \$10,662 for the first half of 2023. The decrease in net loss of \$7,404 is primarily attributable to a combination of factors including:

- First gold sale with revenue, net of transportation and refinery costs, recognized of \$2,419;
- A \$1,128 decrease in financing costs;
- A \$4,432 decrease in the loss of extinguishment of debt; and
- An \$4,152 increase in fair value of derivatives mainly driven by higher gold and silver prices, which is a non-cash item.

These positive factors were partially offset by an increase in cost of sales of \$2,362 and foreign exchange loss of \$1,292.

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

C\$000	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Mineral property, plant & equipment cost capitalized	53,712	84,653	74,650	53,515	41,843	43,274	13,859	25,361
G & A expense	2,104	1,686	1,945	1,936	1,971	1,966	1,584	1,426
Stock-based compensation	384	534	1,896	322	393	474	3,461	472
Net income (loss)	2,950	(6,208)	1,705	(1,473)	(3,073)	(7,589)	(5,988)	(2,396)
Loss per share								
- basic and diluted	\$ 0.00	\$ (0.01)	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.01)

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 mine development 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 and mine development. 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 H1 2024, the Company issued 75,803,225 common shares (H1 2023: 120,048,007), 10,164,528 warrants (H1 2023: none), and granted 210,000 stock options (H1 2023: 613,334), 28,667 Deferred Share Units ("DSUs") (H1 2023: 32,665). Also,

3,965,015 stock options expired or were forfeited, 151,674 RSUs were forfeited, 13,710,500 warrants expired and 371,369 stock options, 137,533 DSUs and 303,092 RSUs were exercised in H1 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.

### **Financing**

On February 20, 2024, the Company closed a financing package for a total of approximately US\$50 million. The financing package consisted of a royalty restructuring of US\$30 million from Sprott Streaming and a cost overrun facility of US\$20 million from Nebari. Concurrently, the Company closed a bought deal private placement with pursuant to which Ascot issued a total of 65,343,000 common shares at a price of C\$0.44 per common share for gross proceeds of approximately C\$29 million. As previously disclosed, a portion of the proceeds received from Sprott Streaming were used repurchase two existing 5% royalties on various PGP property claims. The proceeds received from Nebari were used to fund the PGP and general working capital. The proceeds from the private placement were used for the construction and ramp up of PGP, for additional working capital and for general corporate purposes.

On May 29 and June 20, 2024, the Company closed a total of \$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 consisted 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.

On July 9, 2024, the Company announced a bought deal financing, under which the underwriters have agreed to buy on a bought deal basis by way of private placement, 30,242,000 flow-through units (the "Flow-Through Units") and 32,560,000 hard dollar units (the "HD Units") of the Company (together, the "Offered Securities"), at a price of \$0.496 per Flow-Through Unit and \$0.43 per HD Unit for aggregate gross proceeds of approximately \$29,000 (the "Offering"). Each Offered Security consisted of one common share of the Company and one common share purchase warrant of the Company. Each warrant entitled the holder to acquire one share (each, a "Warrant Share") at a price of \$0.52 per Warrant Share for a period of 24 months following closing. In addition, the Company also granted the Underwriters an option, exercisable up to 48 hours prior to the closing of the Offering, to purchase up to an additional 11,628,000 HD Units for additional gross proceeds of up to \$5,000 pursuant to the Offering. The net proceeds raised from the Shares and Warrants comprising the Flow-Through Units will be used by the Company to incur eligible Canadian development expenses (within the meaning of the Income Tax Act (Canada)). The net proceeds raised pursuant to the issuance of the HD Units will be used for the ongoing commissioning and ramp-up of the Premier Gold Mine, for additional working capital, and for general corporate purpose. The Offering was closed on July 25, 2024 with the full exercise of the over-allotment option, for gross proceeds of approximately \$34 million.

### **Liquidity**

As at June 30, 2024, the Company had cash & cash equivalents of \$12,710 (December 31, 2023: \$26,974) and working capital deficiency (current assets minus current liabilities) of \$75,713 (December 31, 2023: working capital deficiency of \$18,337). The working capital deficiency is caused by an estimated \$16,844 as the current portion of the deferred revenue only to be settled with future production from the Project, an estimated \$7,167 as the current portion of future extraction services and the \$30,944 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, the working capital deficiency was \$20,758. The decrease in cash & cash equivalents was due to the increase in expenditures in mine development, plant and equipment of 107,736 which is offset by 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 \$33,750 and proceeds from

the exercise of stock options of \$193; cash outflows from operating activities of \$636; share issue costs of \$2,056, financing costs of \$836, payment for lease liabilities of \$2,334, and payment of interest on COF of \$1,574.

Management evaluated the financial position including the negative net working capital and commitments that had existed at June 30, 2024 as well as the funding received subsequent to the quarter end and the projected cash flows from operations based on the estimated mine and production plan (including estimate mine and mill grades). The bought deal financing together with the projected cash flows from operations would provide sufficient funding for the next twelve months of operations. If the projected cash flows from operations do not materialize, the Company may need additional funding.

**COMMITMENTS, CONTRACTUAL AND OTHER OBLIGATIONS**

As at June 30, 2024, the Company's contractual and other obligations are as follows:

	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>4-5 years</b>	<b>After 5 years</b>	<b>Total</b>
Trade and other payables	\$ 43,592	\$ -	\$ -	\$ -	\$ 43,592
Convertible Facility principal and interest (a)	2,229	25,713	-	-	27,942
Cost overrun facility principal and interest (b)	25,093	10,208	-	-	35,301
Reclamation liabilities (c)	-	-	-	110,279	110,279
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	5,454	7,880	4,101	-	17,435
	<b>\$ 76,718</b>	<b>\$ 44,976</b>	<b>\$ 5,001</b>	<b>\$ 110,329</b>	<b>\$ 237,024</b>

- (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. The Company has negative working capital at the end of June and was in technical non-compliance with certain covenants. The Company obtained waivers for this non-compliance through the end of July. After the bought deal financing closed on July 25, 2024, the Company was back in compliance with the covenants. If production ramp up is further delayed, the Company may be in non-compliance with such covenants. Additional waivers or fundings may be required.
- (c) The amount in reclamation liabilities are undiscounted cash expenditures.

As of June 30, 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 June 30, 2024 is \$419 (December 31, 2023: \$591) due to the Company's directors and executive management.



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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 June 30, 2024		Three months ended June 30, 2023		Six months ended June 30, 2024		Six months ended June 30, 2023	
Salaries, short-term benefits and management fees	\$	426	\$	405	\$	865	\$	783
Project development costs		-		20		-		41
Share-based payment transactions		189		295		517		648
	\$	615	\$	720	\$	1,382	\$	1,472

During the first half of 2024, some 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 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:

#### ***Sale of royalty interest***

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.

#### ***Inventory Valuation***

Product inventories are valued at the lower of costs or net realizable value ("NRV"). Management is required to make various estimates and assumptions to determine the value of stockpiled ore, in-process inventory and finished goods inventory. The estimates and assumptions included surveyed quantities of stockpiled ore, in-process volumes, contained

metal content and metal prices. Changes in these estimates can result in changes to the carrying amounts of inventory and mine operating costs in future periods.

## **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 June 30, 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 June 30, 2024 would result in an additional \$3,155 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the six months ended June 30, 2024 (six months ended June 30, 2023: \$470).

### ***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 \$103 of interest added to the balance of the credit facilities and \$137 interest paid for the six months ended June 30, 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 is in commissioning and ramp up stage and has not yet reached

commercial productions. Future cash flows are depending on the mine and mill ramp up schedule. If the schedule is deviated from current forecast, additional funding may need to achieve commercial production.

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 August 9, 2024, the Company had 706,408,491 common shares outstanding, 27,692,301 stock options, 84,594,528 share purchase warrants, 2,765,513 deferred share units, 5,638,291 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 was released in June 2024 and highlights 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 2023 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.

Ascot contributes where it can to its surrounding communities and has established a Donations & Sponsorship Committee, which regularly reviews inbound requests. In April, Ascot funded a gift of traditional food (oolichan) to be shared with urban Nisga'a who do not have the same access to traditional food as Nisga'a living in the Nass Valley. To celebrate National Indigenous Peoples Day, Ascot worked with Stewart Community Connections to bring the Gitwinksihkw Four Crest Dancers to the Bear Valley School for a performance, which was well received by students and staff.

May was Mining Month in B.C. and Ascot continues to support the Stewart Museum through sponsorship, for educational activities related to exploration and mining in the surrounding area. Ascot was also a sponsor for the 2024 Mine Rescue and First Aid Competition held at the Britannia Mine Museum this year. Ascot also had a chance to attend "Mining Day" in

Victoria with several other companies to highlight the importance of our industry. Our President & CEO had the opportunity to meet the Premier of British Columbia, David Eby.

PGP is also located within the Nass Area as defined by the Nisga'a Treaty signed in 2000. In July of 2021, Ascot and Nisga'a Nation signed a benefits agreement and over the years, Ascot and Nisga'a Nation have established strong lines of communication and a respectful engagement process. In Q2 2024, the Ascot/Nisga'a oversight committees established in accordance with the benefits agreement met and no substantive issues were raised. The commissioning of the water treatment plant is of particular interest to Nisga'a Nation.

### **Nisga'a Employment**

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

In Q2 of 2024, 20 Nisga'a citizens were employed with the Company in various roles including site services labourer, mill labourer, cleaner, core cutter, 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 Nisga'a citizens. As of June 30, 2024, there were 14 Nisga'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 currently composed of management, two independent directors and one non-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 six months ended June 30, 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](http://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 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, the use of proceeds from our financings, our ability to secure additional financing, our financing needs, the resolution of commissioning challenges, the anticipated grade of mineral production, the operation of the mill 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 uncertainties relating to the grade of mineral deposits; the inability to resolve commissioning challenges; lack of liquidity; being in default under our credit facilities; 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; 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 and continuity 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; 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](http://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 grade of mineral production; the capacity and operation of the mill; production results and aggregate gold sales; the estimated costs associated with construction of 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.