



**Ascot Resources Ltd.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three and nine months ended September 30, 2024**

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

Report date: November 8, 2024

This Management's Discussion and Analysis ("MD&A") of Ascot Resources Ltd. ("Ascot" or the "Company") is dated November 8, 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 nine months ended September 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. The Company continued commissioning the process plant throughout Q2 and Q3 2024. In August 2024, the plant processed ~ 2,300 tpd continuously for its 2 weeks operating schedule. However, the Company experienced delays in mine development in both Big Missouri ("BM") and Premier Northern Lights ("PNL") and decided to suspend the operation in early September 2024 until there is adequate ore feed to run the operation. The Company will continue 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.

## Q3 2024 AND RECENT HIGHLIGHTS

- On October 30, 2024, the Company further announced it was able to reduce the size of the proposed senior debt financing to US\$7.5 million instead of the original US\$11.25 million previously disclosed. It had entered into a non-binding indicative term sheet with Sprott Private Resource Streaming and Royalty (B) Corp. ("**Sprott**"), to provide US\$7.5 million of financing by way of an amendment to the terms of one of its existing stream agreements between the Company and Sprott ("Amended Debt Financing"). As part of the Amended Debt Financing, the secured creditors would extend their existing waiver and forbearance conditions until May 31, 2025.
- On October 22, 2024, the Company announced upsize of the previously announced equity financing from gross proceeds of at least C\$25 million and up to a maximum of C\$35 million, to gross proceeds of up to C\$42 million.
- On October 21, 2024, the Company announced a plan to raise approximately C\$40 million in funding to advance the development of PNL, restart the mill and restart BM from the current state of temporary care and maintenance. The funding is expected to be through both debt and equity financing and enable the management to execute the mine development plans. Subject to the satisfaction of certain conditions precedent, the Company anticipates the execution of definitive documentation in respect of the new debt and the closing of equity financing are expected to occur on or about November 18, 2024.
- On September 19, 2024, the Company and its secured creditors, Sprott Private Resource Streaming and Royalty (B) Corporation, Nebari Gold Fund 1, LP, Nebari Natural Resources Credit Fund II, LP and Nebari Collateral Agent LLC agreed to extend the waiver arrangements until October 31, 2024. On October 29, 2024, the waivers were further extended to November 18, 2024.

- On September 6, 2024, the Company made a prudent decision to suspend operations due to delays in mine development that had hindered access to sufficient ore feed.
- In Q3 2024 before the suspension of operations, the Big Missouri deposit delivered 44,797 wet tonnes of material. Total mine development achieved 1,428 meters of which 1,074 metres related to Big Missouri and 354 metres relate to PNL.
- During Q3 2024 before the suspension of operations, the plant processed 71,386 dry tonnes of mostly development ore in the commissioning of the mill. In August 2024, the mill processed, near its design capacity, over 2,300 tpd for its 14 days operating schedule continuously.
- During Q3 2024, the Company poured 3,885 ounces of gold and 10,153 ounces of silver. It sold 3,452 ounces of gold to the offtaker at a realized price of US\$2,448/oz and delivered 399 ounces of gold and 6,979 ounces of silver pursuant to stream and royalty agreement.
- 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.

## OPERATIONAL RESULTS

### Mining

In July and August 2024, total lateral development was 1,428 metres, comprising 576 metres in development ore and 498 metres in waste at Big Missouri, and 354 metres of decline development at PNL. 47,269 tonnes of development ore material was mined from Big Missouri. In September prior to suspension of operations, development in ore was 38.0 metres and development in waste was 48.1 metres giving rise to a total development metre of 86.1 at Big Missouri. PNL achieved an average rate of 5.1 metres per day in the period prior to suspension of operation on September 6. Total PNL waste development metres in September were 25.6 metres.

The mine development has improved in Q3 2024 as compared to Q2 2024, yet it is below target. Mine development at Big Missouri was about one to two months behind schedule due to excessive underground water during spring freshet, underground electrical and ventilation requirements, and with the delay in the start of the PNL ramp from July to December 2023, mine development and production at PNL were also delayed.

Although planned first development ore at PNL in September was on track, further development is required to access deeper ore than was initially planned, which will extend the timing to complete the development and ramp up of the PNL mine. After careful consideration, on September 6, 2024, management decided to suspend operations in order to enable sufficient mine development. The Company will focus on mine development until the combination of the Big Missouri and PNL mines can sustainably deliver enough ore feed to profitably run the operation.

Since the operation was placed into care and maintenance on September 6, 2024, activities were focused on preparation for temporary care and maintenance. The mining contractor had been demobilized from the site and equipment had been placed in storage in Stewart. Underground equipment and infrastructure at Big Missouri had been retrieved and protected for winter. Once the financing package is closed, the mining contractor will be re-mobilized to the site and start the development at PNL.

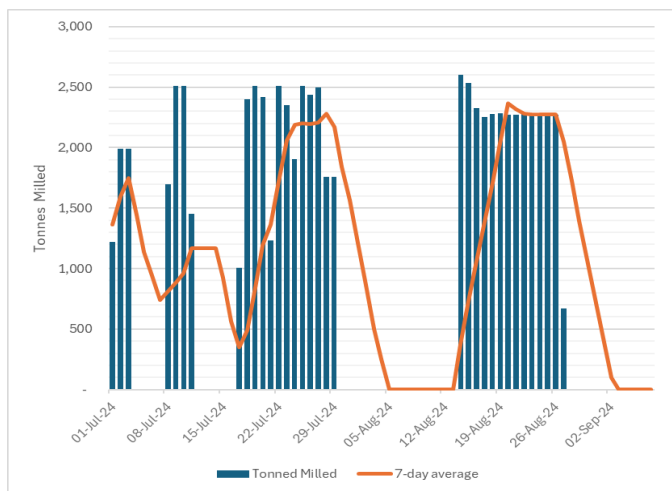
**Milling**

In July 2024, the plant had shown an ability to operate for several days at its design capacity in terms of tonnages throughput in the crushing and grinding circuit. July's gold production improved dramatically over the prior months. The plant processed 40,304 dry tonnes of materials from a combination of Big Missouri development ore, stoping ore and surface stockpile material. A total of 1,672 ounces of gold and 3,157 ounces of silver were poured. In order to overcome commissioning challenges and reduce fixed costs at the processing plant, the Company implemented a two weeks on and two weeks off operating strategy. During the two weeks off period, major maintenance activities were performed to allow the plant to operate continuously for its two weeks on schedule. In August 2024, the plant operations continued to improve. Key commissioning issues have been resolved, including gravity circuit, elution circuit and thickener floc system. There were still minor issues on carbon management at the end of August. The average throughput for the two weeks operating schedule in August was ~2,300 tpd.

During Q2 2024, the plant processed 71,386 dry tonnes of materials from a combination of Big Missouri development ore, stoping ore and surface stockpile material. A total of 3,885 ounces of gold and 10,153 ounces of silver were poured.

Following the temporary care and maintenance announcement on September 6, no tonnes were processed in the month of September. Carbon was pulled out of circuit and stripped to recover gold on carbon. In the second half of September and October, activities in the plant have been focusing on Carbon- In-Leach ("CIL") tanks clean up and preparation for care and maintenance until the plant restarts in Spring 2025.

Q3 2024 Daily Tonnes Milled



Note: the plant was shut down from July 30 to August 13, 2024 for major maintenance as part of the two weeks on and two weeks off operating strategy.

**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. All comments were addressed by August 2024. The draft updated Mines Act Permit (M-179) is to be issued in October for review and finalized shortly after.

The updated draft environmental permit PE-8044, including the sewage treatment facility discharge permit, was received and reviewed in August 2024. The permit is expected to be issued in Q4.

A permit amendment for the air permit (Authorization #110103) was submitted in September 2024 to address reduced monitoring requirements during the temporary shutdown of the site.

A care and maintenance plan, to address the temporary shutdown period, is being finalized, for submission to Ministry of Energy, Mines and Low Carbon Innovation ("EMLI"), Ministry of Environment and Climate Change Strategy ("ENV"), and Nisga'a Lisims Government ("NLG").

The High-Density Sludge ("HDS") plant continues to generally meet permit conditions with the exception of total zinc during September due to high inflows from significant precipitation events.

The Moving Bed Bio-Reactor ("MBBR") is continuing to undergo commissioning, experiencing some challenges with flow ramp-up and boiler operations.

## **2024 EXPLORATION PROGRAM**

The drill program for the 2024 field season was conducted almost entirely in the third quarter of the year. The program concluded in early September after completion of 11,347 metres of drilling in 85 drill holes. The program successfully complimented the existing drill pattern at Big Missouri, focusing on large gaps and thinly drilled areas that were difficult to access due topography. The program focused on the parts of the deposit that are closest to surface and that would be very difficult to target from underground. The drillholes generated a detailed geological picture in these areas. The geological model has been fine tuned through several iterations and was confirmed in its overall geometry and orientation by this latest drilling as mineralization was generally intercepted close to where it was expected. More detail has been added to the dyke and breccia models that will be very useful for resource updates in the future.

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

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

After the announcement of temporary suspension of operations in early September 2024, the key activities and priorities for the remainder of 2024 include:

- Completing financing for additional funding in Q4 2024.
- Developing a comprehensive plan to accelerate mine development at PNL and ensure a successful restart of production in Q2 2025.
- 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 by developing over 6m per day on average at PNL continuously with anticipation of breakthrough to the Prew ore zone, when rates are expected to increase with multiple headings.
- Preserving the site for winter season and ensuring the infrastructure is protected and maintained for restart of operations in Q2 2025.
- Finalizing the commission of the Moving Bed Bio-Reactor ("MBBR") portion of the water treatment plant.

## **SUMMARY OF RESULTS**

### **Operations**

#### **Three months ended September 30, 2024 compared to three months ended September 30, 2023**

The Company reported a net loss of \$11,232 for Q3 2024 compared to a net loss of \$1,473 for Q3 2023. The increase in net loss of \$9,759 for the current period is primarily attributable to a combination of factors, including:

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- A \$11,638 decrease in the fair value of derivatives mainly driven by the adjustment to the discount rate offset by higher gold and silver prices, which is a non-cash item.

These factors were partially offset by a decrease in general and administrative costs of \$602 and an increase in revenue, net of cost of sales of \$461.

**Nine months ended September 30, 2024 compared to nine months ended September 30, 2023**

The Company reported a net loss of \$14,490 for the nine month period ended September 30, 2024 compared to \$12,135 for the same period in 2023. The increase in net loss of \$2,355 is primarily attributable to a combination of factors, including:

- A \$7,286 decrease in the fair value of derivatives mainly driven by the adjustment to the discount rate offset by higher gold and silver prices, which is a non-cash item.

Partially offset by:

- A \$1,008 decrease in financing costs; and
- A \$4,432 decrease in the loss of extinguishment of debt.

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

C\$000	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Mineral property, plant & equipment cost capitalized	54,831	53,712	84,653	74,650	53,515	41,843	43,274	13,859
G & A expense	1,334	2,104	1,686	1,945	1,936	1,971	1,966	1,584
Stock-based compensation	406	384	534	1,896	322	393	474	3,461
Net income (loss)	(11,232)	2,950	(6,208)	1,705	(1,473)	(3,073)	(7,589)	(5,988)
Loss per share								
- basic and diluted	\$ (0.02)	\$ 0.00	\$ (0.01)	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.03)

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 construction of PGP mine and site infrastructure, commissioning the processing plant and pre-production of gold dore as well as continuing exploration on the PGP properties. Increasing mineral property, plant and equipment costs are a result of the Company's large-scale Project construction and commissioning 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 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 and net loss in Q3 2024 was caused primarily by a change in fair value of the Company's 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**

During the nine months ended September 30, 2024, the Company issued 153,086,953 common shares (nine months ended September 30, 2023: 120,086,206), 84,594,528 warrants (nine month ended September 30, 2023: none), and granted 300,000 stock options (nine months ended September 30, 2023: 745,000), 89,667 Deferred Share Units ("DSUs") (nine months ended September 30, 2023: 51,496) and 142,892 Restricted Share Units ("RSU") (nine months ended September 30, 2023: none). Also, 5,263,230 stock options expired or were forfeited, 305,848 RSUs were forfeited, 13,710,500 warrants expired and 371,369 stock options, 137,533 DSUs and 1,087,983 RSUs were exercised in nine months ended September 30, 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 October 22, 2024, the Company announced a plan to raise approximately C\$42 million in funding to advance the development of the PNL, restart the mill and restart the Big Missouri mine from the current state of temporary care and maintenance. The funding is expected to be through both debt and equity financing and would enable the management to execute the mine development plans. The Company has entered into a non-binding indicative term sheet with major creditors to provide up to US\$11.25 million in new senior debt. On October 30, 2024, the Company and the major creditors amended the terms of the new senior debt and reduced the size from US\$11.25 million to US\$7.5 million by way of an amendment to the terms of one of its existing stream agreements between the Company and Spratt. As part of the Amended Debt Financing, the secured creditors would extend their existing waiver and forbearance conditions until May 31, 2025. Subject to the satisfaction of certain conditions precedent, the Company anticipates the execution of definitive documentation in respect of the new debt and the closing of equity financing are expected to occur on or about November 18, 2024.

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 Spratt 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 Spratt Streaming were used to 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.

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**Liquidity and Going Concern**

As at September 30, 2024, the Company had cash and cash equivalents of \$9,882 (December 31, 2023: \$26,974) and a working capital deficiency (current assets minus current liabilities) of \$62,389 (December 31, 2023: \$18,337). Excluding these non-cash current liabilities, the working capital deficiency was \$42,764. The decrease in cash and cash equivalents since December 31, 2023 was due to the increase in expenditures in mine development, plant and equipment of 138,274 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 \$67,752 and proceeds from the exercise of stock options of \$193; cash outflows from operating activities of \$1,654; share issue costs of \$4,175, financing costs of \$881, payment for lease liabilities of \$2,937, and payment of principal interest on COF of \$3,096.

The negative working capital and suspension of operations would have resulted in a default on Ascot's credit facilities. However, the Company obtained waivers from its lenders providing for limited suspension of covenant compliance requirements until November 18, 2024. Concurrent with closing of the financing package and Amended Debt Financing, the lenders would extend existing waivers and forbearance conditions until May 31, 2025. The Amended Debt Financing remains subject to receipt of necessary regulatory approvals and exemptions, which may not be received. The Company has not yet received any funding from the Amended Debt Financing and the Amended Debt Financing remains subject to several conditions which may not be satisfied or waived. These considerations indicate material uncertainties which cast significant doubt upon the Company's ability to continue as a going concern (refer to Note 1 to the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2024).

Management evaluated the financial position including the negative net working capital and commitments that had existed at September 30, 2024 as well as the potential funding received subsequent to the quarter end and the projected cash flows from operations based on the estimated mine and production plan (including estimated mine and mill grades). The financing package together with the projected cash flows from operations with the operations restart in Q2 2025 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 September 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	\$ 44,193	\$ -	\$ -	\$ -	\$ 44,193
Convertible Facility principal and interest (a)	2,610	24,535	-	-	27,145
Cost overrun facility principal and interest (b)	14,960	18,229	-	-	33,189
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	5,486	7,248	2,984	16	15,734
	<b>\$ 67,599</b>	<b>\$ 51,187</b>	<b>\$ 3,884</b>	<b>\$ 110,345</b>	<b>\$ 233,015</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 had negative working capital at the end of September and was in technical non-compliance with certain covenants. The Company obtained waivers for this non-compliance until November 18, 2024. Concurrent with closing of the Amended Debt Financing package, the waivers would be extended to May 31, 2025.
- (c) The amount in reclamation liabilities are undiscounted cash expenditures.

As of September 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



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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 September 30, 2024 is \$396 (December 31, 2023: \$591) due to the Company's directors and executive management.

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

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Salaries, short-term benefits and management fees	\$ 204	\$ 395	\$ 1,069	\$ 1,178
Project development costs	-	21	-	62
Share-based payment transactions	222	223	739	871
	\$ 426	\$ 639	\$ 1,808	\$ 2,111

During the nine months ended September 30, 2024, four of the Company's directors were granted a total of 89,667 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 \$52.

**CRITICAL ACCOUNTING JUDGMENTS AND 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 judgments and estimates that have the most significant effect on the amounts recognized in the financial statements are:

***Impairment of Mineral Properties***

At each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to the Company's mineral properties. If any such indicator exists, then an impairment test is performed by management. As of September 30, 2024, management identified a number of factors that required an impairment test to be performed in respect of the mineral properties. These factors included the Company's market capitalization of \$114 million being below the value of the Company's net assets of \$404.7 million as well as the Company's decision to suspend operations temporarily. The impairment test compared the carrying amount of the mineral properties to its recoverable amount. The recoverable amount is the higher of the value in use and the fair value less costs of disposal (FVLCD). The FVLCD was determined by using a discounted cash flow projections model based on life-of-mine financial forecasts. The key assumptions used in the cash flow projections model are forecast gold and silver prices, mining and processing costs, capital expenditures, reserve and resource quantities, reclamation and closure costs, discount rates, recovery rates, foreign exchange rates and estimated gold grades. No impairment was recorded as a result of the impairment test.

### ***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.

### ***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 September 30, 2024 would result in an

additional \$3,204 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the nine months ended September 30, 2024 (nine months ended September 30, 2023: \$583).

### ***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 \$23 of interest added to the balance of the credit facilities and \$213 interest paid for the nine months ended September 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 production. On September 6, 2024, the Company suspended operations and seeking for fundings to complete the mine development required for sustainable operations. Future cash flows are depending on successful of completion of the financing and restart of the operation in spring 2025. If the restart plan is further delayed, additional funding may be required. Refer to "Liquidity and Going Concern" section above.

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 November 8, 2024, the Company had 709,134,305 common shares outstanding, 27,156,572 stock options, 84,594,528 share purchase warrants, 2,826,513 deferred share units, 5,222,808 restricted share units and no performance share unit 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 September, Ascot provided an in-kind donation of coordination support to Stewart Community Connections to bring in a Nisga'a artist for a workshop for students at the Bear Valley School for Orange Shirt Day.

Ascot actively participated in International Days—a 4-day event held annually in Stewart, B.C. & Hyder Alaska in July. An Ascot booth was set up with educational games and puzzles for kids. Ascot also entered a float into the Canada day parade and hosted a reading event for kids at the new library. At the end of August, Ascot staff attended the official grand opening of Stewart's new library, where the community can gather, attend workshops and events. Ascot was proud to contribute funds so they could build this new building.

September 30<sup>th</sup>, was the National Day of Truth & Reconciliation, also known as Orange Shirt Day. Ascot hosted a team luncheon to mark the day which was well attended.

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 Q3 2024, the Ascot/Nisga'a oversight committees established in accordance with the benefits agreement met and no substantive issues were raised. Key topics of conversation with the oversight committees were the ongoing commissioning of the water treatment plant and the circumstances surrounding the temporary suspension of operation including plans for the coming months.

### **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 Q3 of 2024, 20 Nisga'a citizens were employed with the Company in various roles including site services, labourer, mill labourer, core cutter, security guard, heavy equipment operator, truck driver and lead hand. During this period several Nisga'a employees were promoted from entry level positions to positions with increased responsibility. 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 September 30, 2024, there were 9 Nisga'a citizens employed as part of the staff of our third-party contractors related to 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 nine months ended September 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 the terms and conditions of the Debt Financing or the Equity Financing, the completion of the Debt Financing or the Equity Financing, the anticipated use of proceeds from the funding package and the ability of the Company to accomplish its business objectives and the intentions described herein; and future plans, development and operations of the Company. 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 related to whether the Equity Financing and/or Debt Financing will be completed on the terms described or at all; business and economic conditions in the mining industry generally; fluctuations in commodity prices and currency exchange rates; uncertainty of estimates and projections relating to development, production, costs and expenses, and health, safety and environmental risks; 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 finance operations and uncertainty as to the availability and terms of future financing; the possibility of delay in future plans and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; the need for TSX approval, including pursuant to financial hardship exemptions, and other regulatory 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 estimated costs associated with the care and maintenance plans; the ability to maintain throughput and production levels at BM and PNL; 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; the ability of the Company to raise additional financing; compliance with the covenants in Ascot's credit agreements; 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.