

# **ASCOT RESOURCES LTD**

## **Management's Discussion and Analysis**

---

**For the Period Ended:**                      **March 31, 2016**

**Date of Report:**                              **July 13, 2016**

### **Nature of the Business**

Ascot Resources Ltd ("Ascot" or the "Company") is a Canadian-based junior mineral exploration and development company with three major properties, the Premier/Dilworth option, a gold, silver, base metals project located near the town of Stewart in northwestern British Columbia, the Mt. Margaret property, a copper and gold play located in Washington, USA, and Swamp Point, a sand and gravel deposit, on the Portland Canal in northwestern British Columbia. The Mt. Margaret property is held in the Company's wholly owned subsidiary Ascot USA Inc. Ascot Resources Ltd is listed on the TSX Venture Exchange (the "TSXV") under the symbol "AOT".

### **Caution Regarding Forward-Looking Information:**

Certain disclosures contained in this management's discussion and analysis of the Company's financial condition and results of operations (the "MD&A") constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

Forward-looking information involves 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 information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to investment performance, market fluctuations, fluctuations in prices of commodities, the strength of the Canadian and U.S. economies, foreign exchange fluctuations, political and economic conditions in the countries in which the Company's potential property interests are located and other risks included elsewhere in this MD&A under the heading "Risks" and in the Company's other public disclosure documents filed with certain Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com).

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking

information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

**Qualified Person:**

The Company's Qualified Person as defined by Canadian Securities Administrators NI 43-101 is Graeme Evans, a consulting geologist who has worked with the Company since 2009.

**Overall Performance:**

In the past two years, the Company raised \$17.0 million through share issues and the exercise of warrants and stock options.

Up to March 31, 2016 the Company had spent \$28.6 million on its Premier option, which was acquired in 2009, \$11.7 million on its Dilworth option, which was acquired in 2007 and \$5.1 million on its Mt. Margaret property which was acquired in 2010.

**Premier option:**

On June 15, 2009 the Company announced the signing of an Option Agreement to acquire a 100% interest in the mineral claims, mining leases, crown granted mineral claims and freehold and surface titles of the Premier Gold Mine held by Boliden Ltd in the Premier Gold Camp, north of Stewart, British Columbia in the Cassiar Mining District.

The Premier Gold Mine is a historical producer of 2 million ounces of gold and 42.8 million ounces of silver, until operations were suspended in 1996.

The Company signed an amending agreement with the optionors on November 19, 2015. In order to purchase the assets the Company must now make the following payments:

- (1) \$100,000 within ten days of the approval of the agreement by the TSXV (paid);
- (2) \$100,000 on or before June 2010 (paid);
- (3) \$100,000 on or before June 2011 (paid);
- (4) \$100,000 on or before June 2012 (paid);
- (5) \$500,000 on or before December 30, 2013 (paid);
- (6) \$500,000 on or before December 30, 2014 (paid);
- (7) \$4,775,000 on or before December 30, 2015 (paid);
- (8) \$100,000 on or before December 30, 2016; and
- (9) \$4,775,000 on or before June 30, 2017.

In order to exercise the option the Company must have exercised its right to acquire the Dilworth property and will grant the optionor a 1% Net Smelter Royalty ("NSR") and the first right to purchase at market prices all base metal concentrates produced from the Silbak-Premier option. In addition, as part of the amended agreement, Ascot will grant the optionor an additional 5% NSR which can be bought out for \$9,550,000 any time after the exercise of the option. The NSR can only be bought out once the NSR on the Dilworth option has been bought out (see Dilworth discussion).

The 2009 program at Premier consisted of prospecting and trenching of historic showings on the property and diamond drilling 48 holes totalling 7465 metres. Results for this program are fully disclosed in the MD & A for the year ended March 31, 2010.

The Company drilled 56 holes at Premier in 2010, for a total of 18,000 metres. Results for this program are fully disclosed in the MD & A for the year ended March 31, 2011.

The exploration program for 2011 cost approximately \$4.5 million, and consisted of a 34,000 meter drill campaign in 144 diamond drill holes. Results for this program are fully disclosed in the MD & A for the year ended March 31, 2012.

In May 2012 the Company announced an initial independent resource estimate for the Big Missouri area which has been the focus of drilling by Ascot from 2009 to 2011.

That resource covered approximately 20-25% of the Big Missouri target area. This initial resource was undertaken in order to help direct future work on this large gold system. The mineral resource estimate was based on results from 56,048m of drilling within 214 drill holes conducted by Ascot Resources from 2009-2011 which equates to 80% of the drill holes Ascot has completed on the property in the last three years. Historic drilling performed by Westmin Resources was used to assist with interpretations and domain creation however this data was not utilized for the purpose of inclusion in the resource estimation. In addition, a number of holes that were outside the resource area were not utilized for the estimation. Garth Kirkham P.Geo. of Kirkham Geosystems Ltd. prepared the Mineral Resource Estimate for the Premier Gold Project, and is independent of Ascot Resources for purposes of National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

#### Highlights:

- Indicated mineral resource of 1.29 million ounces of gold and 7.94 million ounces of silver using a 0.2 g/t gold cutoff.
- Inferred mineral resource of 0.99 million ounces of gold and 6.64 million ounces of silver also using a 0.2 g/t gold cutoff.

The full NI 43-101 technical report in respect of the updated resource can be viewed or downloaded at SEDAR and at [www.ascotresources.ca](http://www.ascotresources.ca).

In the 2012 drill season the Company drilled approximately 37,000 metres at Premier / Dilworth and commissioned a new and updated NI 43-101 Technical Report, the full Report can now be viewed or downloaded at SEDAR and at [www.ascotresources.ca](http://www.ascotresources.ca). The report was completed by P&E Mining Consultants Inc. ("P&E") and consists of an updated independent National Instrument 43-101 mineral resource estimate for the Company's Premier property located near Stewart, British Columbia.

Highlights for the 2013 mineral resource estimate: all mineral resources have been reported inside an optimized pit shell at a cut-off grade of 0.25 g/t gold-equivalent (AuEq), and contain a total of 2.43 million ounces AuEq at a grade of 0.85 g/t AuEq in the Indicated category and 0.49 million ounces AuEq at a grade of 0.74 g/t AuEq in the Inferred category.

The updated mineral resource estimate is based on 155,153 m of drilling from 1,080 drill holes, incorporating results from three target areas: the Big Missouri deposit, the Martha Ellen deposit, and the Dilworth deposit. At present a mineral resource has not been estimated for the mineralization at the Company's Dilworth zone as additional drilling will improve the modelling. All three target areas

remain open for expansion as shallow dipping sheets within a six square kilometre area. This latest resource represents approximately 15% of the total target area.

A much higher percentage of mineralization is within the present Indicated category compared to the 2012 resource, as a better understanding of controls on mineralization is gained with further work. The optimized pit for the mineral resource estimate is based on a 0.25 g/t AuEq cut-off aided by the favourable infrastructure and topography of the project.

The field season for 2013 did not get underway until the Company was able to renegotiate its option agreement and raise financing. Work started in late July 2013 and came to an end in early November 2013. Total drilling at Premier was in excess of 20,000 metres. Results were announced in a series of news releases between September and December 2013.

In March, 2014 the Company announced that Ronald G. Simpson, P.Geol. (Geosim Services Inc.) had completed an updated independent National Instrument 43-101 compliant mineral resource estimate for the Company's Premier-Dilworth Gold-Silver Project located near Stewart, British Columbia.

Highlights for the 2014 mineral resource estimate include:

- New mineral resources estimates, covering the Big Missouri, Martha Ellen and Dilworth areas, within optimized pit shells, at a cut-off grade of 0.3 g/t gold equivalent (AuEq) of 2.830 million ounces AuEq at a grade of 0.94 g/t AuEq in the indicated category and 1.804 million ounces AuEq at a grade of 0.71 g/t AuEq in the inferred category.
- Indicated resource at Big Missouri of 2.007 million ounces AuEq at a grade of 1.01 g/t AuEq.
- Indicated resource at Martha Ellen of 0.354 million ounces AuEq at a grade of 1.32 g/t AuEq.
- Sensitivity to cut-off grades indicates the system remains robust with higher grade cut-offs.
- Big Missouri and Martha Ellen deposits have a significant increase in gold grades compared to the Feb.12, 2013 resource while the new Dilworth deposit adds substantial silver to the resource. All reported with higher cut-off grades.

The new and updated mineral resource estimates are based on data from 647 core holes (141,166 m) completed by Ascot since 2007 from three target areas: the Big Missouri deposit, Martha Ellen deposit and the Dilworth deposit. All three target areas remain open for expansion as shallow dipping sheets within a six square kilometre area and are believed to be portions of one large continuous system. This latest resource represents approximately 20% of the total target area.

These targets have the advantage of having favourable moderate topography and developed infrastructure from previous mine operations and a new hydroelectric project at Long Lake on the property.

The new and updated mineral resource estimates are summarized in the following table:

**Mineral Resources reported at a 0.3 g/t AuEq cut off.**

Class	Deposit	Tonnes 000's	Average Grades			Contained oz (000's)		
			Au g/t	Ag g/t	AuEq	Au	Ag	AuEq
<b>Indicated</b>	Big Missouri	61,859	0.91	5.8	1.01	1,810	11,535	2,007
	Martha Ellen	8,345	1.15	9.9	1.32	309	2,656	354
	Dilworth	23,298	0.48	8.8	0.63	357	6,592	469
	<b>Total</b>	<b>93,502</b>	<b>0.82</b>	<b>6.9</b>	<b>0.94</b>	<b>2,476</b>	<b>20,783</b>	<b>2,830</b>
<b>Inferred</b>	Big Missouri	34,665	0.74	8.0	0.88	825	8,916	976
	Martha Ellen	3,236	0.70	11.6	0.90	73	1,207	93
	Dilworth	41,377	0.45	6.1	0.55	596	8,115	734
	<b>Total</b>	<b>79,278</b>	<b>0.59</b>	<b>7.2</b>	<b>0.71</b>	<b>1,494</b>	<b>18,238</b>	<b>1,803</b>

1-Mineral Resources have an effective date of March 31, 2014; Ronald G. Simpson, P.Geo. is the Qualified Person responsible for the Mineral Resource estimates.

2-Mineral Resources are reported inside optimized pit shells using a gold equivalent grade of 0.3 g/t.

3-Tonnages are rounded to the nearest thousand tonnes; grades are rounded to two decimal places for Au and two for Ag. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

The mineral resource estimate is based on a three geologic block models. A combination of lithologic, structural and grade domain models were used to constrain grade estimation. Block dimensions were 10 by 10 by 10 metres. Density values assigned to the principal lithologies are based on 2,044 specific gravity measurements of pulp samples.

Gold and silver grade estimation was carried out by the inverse distance weighting method to the third power (ID3) using 2 metre downhole drill hole composites. Only data from Ascot programs was used in grade estimation. Data from historical drilling programs (pre-2007) was used to assist in modeling of lithologic and grade domains.

Classified blocks have been constrained by a Lerch-Grossman optimized pit shell using a gold price of \$1,400 per ounce and a silver price of \$24 per ounce. Cost Assumptions for pit optimization included processing + G & A at \$10.00/t and mining at \$2.00/t. Assumed metal recovery factors were 92% for gold 65% for silver. Pit slope was set at 45°.

The following tables show the sensitivity of the Premier-Dilworth Mineral Resource to a range of cut-off grades with the Base Case highlighted. These cases represent application of cut-off grades to classified blocks in the resource model and do not represent different pit optimizations.

*Sensitivity to Cut-off*

**Combined Indicated**

COG g/t AuEq	Tonnes 000's	Au g/t	Ag g/t	AuEq g/t	Oz Au 000's	Oz Ag 000's	Oz AuEq 000's
0.25	96,180	0.80	6.8	0.92	2,484	21,150	2,845
<b>0.30</b>	<b>93,502</b>	<b>0.82</b>	<b>6.9</b>	<b>0.94</b>	<b>2,475</b>	<b>20,783</b>	<b>2,830</b>
0.35	87,809	0.86	7.1	0.98	2,425	20,115	2,767
0.40	79,938	0.92	7.5	1.04	2,352	19,174	2,678
0.45	71,923	0.97	7.8	1.11	2,252	17,974	2,557
0.50	64,030	1.05	8.2	1.19	2,157	16,795	2,442
1.00	24,184	1.81	11.1	2.00	1,410	8,657	1,558
2.00	6,682	3.46	14.4	3.70	743	3,098	796
3.00	3,156	4.90	14.8	5.15	497	1,504	523

**Combined Inferred**

COG g/t AuEq	Tonnes 000's	Au g/t	Ag g/t	AuEq g/t	Oz Au 000's	Oz Ag 000's	Oz AuEq 000's
0.25	81,493	0.58	7.0	0.70	1,508	18,449	1,822
<b>0.30</b>	<b>79,278</b>	<b>0.59</b>	<b>7.2</b>	<b>0.71</b>	<b>1,494</b>	<b>18,238</b>	<b>1,804</b>
0.35	73,056	0.61	7.5	0.74	1,443	17,517	1,742
0.40	62,597	0.67	8.1	0.80	1,341	16,333	1,619
0.45	52,181	0.72	8.9	0.88	1,216	14,952	1,470
0.50	42,440	0.80	9.9	0.97	1,094	13,453	1,323
1.00	11,690	1.50	14.6	1.75	563	5,469	656
2.00	2,362	3.12	17.8	3.42	237	1,352	260
3.00	873	4.96	13.7	5.19	139	383	146

In June 2014, after more than two years of compilation of extensive historic data, the Company has commenced drilling at the old Premier Mine site itself, which is located at the south end of the project area, approximately six kilometres south of Big Missouri. This new target is outside of any of the present resource areas (Big Missouri, Martha Ellen and Dilworth). This area is a separate system and the priority is to define the potential for higher grade underground mineralization. Despite a number of lost holes due to encountering old workings or difficult ground conditions, the new drilling demonstrates the continuity of the main Premier system with wider intervals of stockwork veining, containing gold and silver values cored by higher grades in quartz breccia bodies. The Company completed a total of 36,672 metres in 169 drill holes in 2014, most of this drilling was focused on the old Premier mine area. Results were announced in a series of news releases between July and November 2014. These results were extremely encouraging, detailed drill plan maps and sections are available on the Company's website.

In 2015 the drill season at the Premier Mine Area commenced in May. This area is now the focus of the Company's activities. There is a presentation specifically on the Premier Mine Area available on the Company's website. In 2015 the Company has drilled approximately 41,000 metres in 198 holes. Results were announced regularly through the drill season.

## **Dilworth Project:**

The Dilworth property is located 25 kilometres north of the town of Stewart in north western British Columbia, adjoining the Company's Premier property.

The Company signed an amending agreement with the optionors on November 19, 2015. In order to purchase the assets the Company must now make the following payments:

- (1) \$200,000 on receiving regulatory approval, which occurred in April 2007 (paid);
- (2) \$300,000 on or before April 2008 (paid);
- (3) \$200,000 on or before April 2009 (paid);
- (4) \$200,000 on or before April 2010 (paid);
- (5) \$500,000 on or before April 2011 (paid);
- (6) \$200,000 on or before April 2012 (paid);
- (7) \$400,000 on or before December 30, 2013 (paid);
- (8) \$400,000 on or before December 30, 2014 (paid);
- (9) \$2,075,000 on or before December 30, 2015 (paid);
- (10) \$200,000 on or before December 30, 2016; and
- (11) \$2,075,000 on or before June 30, 2017.

In November 2007 the Company acquired three crown grants (Old Timer, Butte and Yellowstone) which are located near the Company's Dilworth property. The consideration included \$100,000 cash (paid) and 200,000 common shares of the Company (issued), which were recorded at fair market value at the date of agreement. These properties are subject to a 1% NSR on the crown grants. In addition, as part of the amended agreement, Ascot will grant the optionor an additional 5% NSR which can be bought out for \$4,150,000 any time after the exercise of the option.

In the event that the Company fails to make the option payment on December 31, 2015 and can't renegotiate the option agreement, then the Company would lose all its interest in the property.

In the 2007 and 2008 field seasons Ascot spent just under \$5 million exploring the Dilworth property.

In the 2009 field season the Company focused its exploration activity on the Premier option.

In 2010, the Company drilled a further 12 exploratory holes at Dilworth.

The bulk of the 2011 drill program was focused on the Premier property. There was 1,353 metres of drilling at Dilworth in six holes in 2011. The results were summarized in a news release in December, 2011 and are available on the Company's website.

The bulk of the 2012 drill program was focused on the Premier property. There was 4,939 metres of drilling at Dilworth in 18 holes in 2012. The results were summarized in news releases in October and November, 2012 and are available on the Company's website.

The field season for 2013 did not get underway until the Company was able to renegotiate its option agreement and raise financing. Work started in late July 2013 and came to an end in early November 2013. Total drilling at Dilworth was 4,250 metres. Results were announced in news releases dated September 12, 2013, September 26, 2013, October 24, 2013, November 14, 2013 and December 10, 2013.

In March, 2014 the Company announced that Ronald G. Simpson, P.Geol. (Geosim Services Inc.) had completed an updated independent National Instrument 43-101 compliant mineral resource estimate for the Company's Premier-Dilworth Gold-Silver Project located near Stewart, British Columbia. This included, for the first time, a resource for the Dilworth. The highlights of this report are shown under the Premier section of this MD & A.

No drilling was done at Dilworth in 2014 or 2015.

**Mt. Margaret option:**

In March 2010, the Company announced the signing of an Option Agreement to purchase a 100% interest of the 50% interest in the Mt. Margaret property held by General Moly Inc. in the St. Helens Mining District of Skamania County in Washington State.

The Mt. Margaret property covers a large portion of the undeveloped resource known as the Mt. Margaret deposit. This is one of the largest of the Cu-Mo-Au-Ag calc-alkaline porphyries of Miocene age in Washington State. Since discovery in 1969 Duval Corporation conducted numerous exploration programs and mine/metallurgical studies on Mt. Margaret deposit until the eruption of Mt. St. Helens halted all fieldwork in 1980.

The Mt. Margaret porphyry copper-molybdenum-gold-silver deposit is located 22.5 km southwest of Randle Washington in Skamania County. The Mt. Margaret deposit was discovered by Duval Corporation in 1969 and was actively explored annually from 1971-1980. By 1980, a total of 105 diamond drill holes totalling 20,729 metres had been completed.

The historic geological resource "non 43-101 compliant" stated by Duval, dated 1980 (Taylor) using a 0.33% CuEq cut-off.; is quoted below:

<b><i>Mt. Margaret Geological Resource* –Source (CIM Special Volume 37, 1986)</i></b>					
	<i>Tonnes</i>	<i>Cu Grade (%)</i>	<i>Mo Grade (%)</i>	<i>Gold Grade g/t</i>	<i>Silver Grade g/t</i>
<i>Geological Resource</i>	<i>523MT</i>	<i>0.36</i>	<i>0.011</i>	<i>0.24</i>	<i>1.6</i>

\* Geological Resources for the Mt. Margaret deposit are referenced in CIM Special Volume 37 as well as several USGS and GSC databases. These historical resource estimates predate the implementation of National Instrument 43-101 ("NI 43-101") guidelines and are not compliant with current accepted reserve and resource classifications as set forth by Canadian Institute of Mining and Metallurgy, Aug 20, 2000 (CIM Guidelines). The Mt. Margaret resource estimates are considered relevant as they have been calculated on the basis of 20,729 metres of diamond drilling in 105 drill holes, However, Ascot has not completed the work necessary to have the historical estimate verified by a Qualified Person as a current mineral resource or mineral reserve estimate. The Company is not treating the estimate as a current NI 43-101 defined resource or reserve estimate and the historical estimate should not be relied upon. There is no current economic evaluation that demonstrates the potential economic viability of the stated resources therefore none of the geological resources should be considered "reserves" under current CIM Guidelines.

In order for the Company to purchase all of the interests of the Mt. Margaret property held by General Moly Inc. the Company had to make the following payments:

- 1) \$ 100,000 US on signing (paid)



- 2) \$ 300,000 US fifteen months from the date of signing (paid)
- 3) \$1,600,000 US twenty seven months from the date of signing (paid – see below)

General Moly Inc. retains a 1.5% NSR.

In June 2012 the Company entered into an extension agreement on its Mt. Margaret option agreement. Pursuant to the extension agreement the final option payment was replaced with a payment of \$335,000 US by May 31, 2012 and a final payment of \$1,300,000 US by October 10, 2012. Both these payments have been made.

Ascot drilled 11 holes at Mt. Margaret in 2010. The intent of the program was to confirm and expand the historic resource estimates.

A plan map of drill hole locations, detailed sections and assay results are available on the Company's website.

The Company's 2011 drill program was scheduled to start in early July, it was planned to drill up to 30 holes on the Company's MS 708 lease to increase the drill density to allow an NI 43-101 resource to be calculated. The drill program was suspended pending the completion of an Environmental Assessment report which was being prepared in conjunction with the prospecting permit application mentioned below.

The Company applied for prospecting permits on land adjacent to its MS 708 lease, the Company wanted to confirm and expand on Duval drilling that indicated this land could have significant economic potential if developed in conjunction with MS 708. The prospecting permits received final approval in December 2012. In March 2013 the U.S. Forest Service denied an appeal of these decisions by an environmental group. In July 2014, following a court challenge of the denied appeal, the court set aside the permit approvals pending further action consistent with the court's findings. The Company worked with the government agencies to amend its Environmental Assessment in a manner consistent with the court's findings. The amended Environmental Assessment was released for public comment in January 2016.

The results of the proposed drill program would be very significant in determining the size and grade of the Mt. Margaret deposit.

### **Swamp Point Project:**

The Swamp Point project is located on the Portland Canal in north western British Columbia, Canada, at Latitude – 58°28' N, Longitude – 130°02' W. The Company's legal title is through its ownership of Lots 7360 (upland) and 7359 (foreshore deep water docks) in Cassiar Mining District. The official survey of the lots was completed in 2008, total – 91hectares. A second foreshore lease to cover the small craft dock area was issued May 2008. In August 2006 the Company was issued a Mines Act Permit, permitting mining of up to 3.3 million tons per year for a minimum of 15 years.

The Company SEDAR filed a National Instrument 43-101 in January 2006, highlights included a measured mineral resource, pre-feasibility of 46 million tonnes. The Company's consultants completed a Pre-Feasibility study in January 2006 and a 500 tonne Bulk Sample report in May 2006.

The Property is subject to two royalties, \$1.00 per cubic metre (approximately \$0.46 per tonne) due to the B.C. Provincial Government and a royalty to a private company of 5% of sales less shipping costs on the first seven million tones and 8% thereafter.

Access to the Property is by boat, float plane or helicopter, it is 85 miles from Prince Rupert or 30 miles from Stewart. Water access can be made through deep water barge landing (for barges with ramps), deep water barge dock (for loading aggregates) and a deep water ship dock, which was under construction, but not completed, designed to handle up to Panamax size vessels. There is also a small craft dock inside a steel floating breakwater.

Construction of the deep water ship dock was suspended in July 2008 as a result of the dramatic downturn in the United States housing market. This downturn had a negative effect on the demand for aggregate products in California which the Company had seen as its primary market.

In December, 2010, as there had been minimal activity at Swamp Point for more than two years, management decided to write off the property and associated assets for accounting purposes. In June 2011, in order to reduce its costs at Swamp Point, the Company closed its camp at the mine site and removed most of the associated equipment.

The Company believes that value can still be had from Swamp Point. The proposed LNG projects for northwestern British Columbia should create significant local demand for sand and gravel. Management believes Swamp Point is strategically located to take advantage of this.

### **Critical Accounting Estimates and Judgments:**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

#### **Judgments**

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

##### **a) Exploration and Evaluation Expenditure**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

##### **b) Income Taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

#### Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### a) Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

##### b) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. Expected volatility is determined based on historical volatility.

## Financial Instruments and risk management:

The Company is in the exploration stage. The mining exploration business is an extremely high risk business and the Company relies on being able to raise money in the financial markets to fund its activities. Although the Company has been successful at this in the past, there is no guarantee that it will continue to be so.

The Company is exposed through its operations to the following financial risks:

- Foreign Currency Risk
- Liquidity Risk

How the Company handles these risks is fully described in note 13 to the audited financial statements for the year ended March 31, 2016.

## Selected annual information:

The Company's selected annual information for the three most recently completed financial years as at and for the years ending March 31 is as follows:

	2016	2015	2014
Other income	<b>\$63,853</b>	\$218,945	\$30,697
Net loss	<b>(1,249,790)</b>	(3,793,267)	(3,533,415)
Loss per common share – basic and diluted	<b>(0.01)</b>	(0.04)	(0.04)
Total assets	<b>49,752,281</b>	39,954,247	34,375,540
Total liabilities	<b>6,201,800</b>	5,659,180	4,745,184
Shareholders' equity	<b>43,550,481</b>	34,295,067	29,630,356

## Results of Operations:

	Year Ended March 31,	
	2016	2015
Net loss	<b>\$(1,249,790)</b>	\$(3,793,267)
Interest and other income	<b>63,853</b>	218,945
Impairment of exploration and evaluation assets	-	-
Administration costs	<b>763,449</b>	902,247
Share based payments	-	2,271,387
Deferred taxes	<b>550,194</b>	838,578

In fiscal 2016, the Company had net loss of \$1,249,790 as compared to net loss of \$3,793,267 for fiscal 2015. The following discussion explains the variations in the key components of these numbers, but as with most junior exploration and development companies the results of operations are not the major factors in establishing the financial health of the company. Of far greater significance are the properties the company has, the outlook for those properties and the company's working capital.

Interest and other income was \$63,853 for the year ended March 31, 2016 as compared to \$218,945 for the year ended March 31, 2015. Other income is the recognition of the premium received on the issue of flow through shares as the funds are spent. The number is thus a function of the premium received and the expenditures made. (See accounting policies for flow through shares). In fiscal 2016 other income was \$24,597 compared to \$159,381 for fiscal 2015.

There were no impairment charges in fiscal 2016 and none in fiscal 2015.

In fiscal 2016, administration costs decreased to \$763,449 from \$902,247 in fiscal 2015. The major components of administration costs are professional fees, promotion and shareholder costs and office and other costs. Professional fees consist of management fees, accounting fees, legal fees and auditing fees. Total professional fees in fiscal 2016 increased slightly to \$542,527 as compared to \$529,936 in fiscal 2014. Promotion and shareholder costs were down significantly in fiscal 2016 to \$135,752 from \$239,465 in fiscal 2015. In 2015 the Company had participated in campaigns to get its name better known in the investment and mining communities. Administration and other costs consist of all costs in running the Company's office, including office rent, insurance costs and other miscellaneous costs. Office and other costs increased to \$72,934 in fiscal 2016 compared to \$63,815 in fiscal 2015. In 2015 the Company had to do some repair work at its Swamp Point property, so costs of maintaining the Swamp Point property were higher at \$61,031 compared to \$4,236 in fiscal 2016.

Stock based compensation expense is a non-cash item that puts a dollar value on the granting of stock options. It is based on statistical models, taking into account the volatility of the stock, the risk free rate and the weighted average life of the options. Where, as in the Company's case, the market is volatile and not very liquid the results may not be that meaningful. In fiscal 2015, 3,550,000 stock options were granted resulting in a stock option compensation expense (as described in note 11 to the audited financial statements) of \$2,271,387, compared to no options granted and an expense of \$0 in fiscal 2016.

Deferred taxes is a non cash item that is made up of the tax applicable to the expenditure of flow through funds and the tax applicable to the fluctuations in value of the Company's "available for sale" investment. The charge was \$550,194 for the year ended March 31, 2016 and \$838,758 for the comparative 2015 year.

The Company is required to report its comprehensive income. In Ascot's case the difference between its net loss for the year and its comprehensive loss derives from the fluctuating fair value of its "available for sale" investment in Cardero Resource Corporation. At March 31, 2015 the investment had a fair value of \$25,500 (based on the quoted market price). By March 31, 2016 the value of the investment had fallen by \$17,850 which after allowing for future income tax recovery of \$2,230 made for a comprehensive loss for the year of \$1,265,410.

**Summary of Quarterly Results:**

	Quarter ended			
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Other income	\$9,883	\$9,789	\$10,191	\$33,990
Net loss	(214,410)	(159,956)	(384,464)	(490,960)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Other income	\$22,255	\$60,970	\$114,936	\$20,784
Net loss	(310,333)	(361,868)	(642,903)	(2,478,163)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.01)	(0.03)

**Three Months Ended March 31, 2016:**

There were no significant or unusual items in the quarters ended March 31, 2016 and March 31, 2015.

**Investments:**

No investments were purchased during the years ended March 31, 2016 and 2015.

**Segmented information:**

As at March 31, 2016, the Company had two reportable geographic segments, Canada and the United States. The United States assets relate solely to expenditures on the Mt. Margaret option, which is included in exploration and evaluation assets at March 31, 2016 at \$5,064,647 ( March 31, 2015 - \$4,851,848). All of the Company's current assets are located in Canada.

**Liquidity and Capital Resources:**

At March 31, 2015 the Company had working capital of \$4,640,035. During the year ended March 31, 2016 Ascot spent, \$3,561,905 on its Premier project, \$nil on its Dilworth project and \$212,799 on its Mt. Margaret option. In December 2015 the Company made option payments of \$4,775,000 on its Premier property and \$2,075,000 on its Dilworth property. In the same period the Company raised \$6,882,324 (net) through a share issue, \$3,523,500 through the exercise of warrants and \$115,000 through the exercise of stock options. At March 31, 2016 the Company had working capital of \$3,858,558.

The Company had sufficient cash and cash equivalents to cover all of its accounts payable and accrued liabilities as at March 31, 2015.

The Company has sufficient funds on hand to cover its budgeted administration costs for the year ended March 31, 2017.

On June 24, 2016 the Company announced that it had closed the first tranche of a non-brokered private placement for 2,347,400 units at a price of \$1.25 per Unit for gross proceeds of \$2,934,250.00. Each unit consists of one flow-through share and one-half of one non-transferable, common share purchase warrant. Each whole warrant is exercisable for an additional common share until December 24, 2017 at an exercise price of \$1.75 per warrant.

In connection with the offering, the finders received a cash commission equal to 7.0% of the gross proceeds raised under the Offering by the finders and 162,078 non-transferable warrants. Each finder's warrant is exercisable to purchase one common share until December 24, 2017 at an exercise price of \$1.25 per finder's warrant.

On June 30, 2016 the Company announced that it had closed the second and final tranche of the non-brokered private placement for 1,032,100 units at a price of \$1.25 per unit for gross proceeds of \$1,290,125.00. Each unit consists of one flow-through share and one-half of one non-transferable, common share purchase warrant. Each whole warrant is exercisable for an additional common share until December 30, 2017 at an exercise price of \$1.75 per warrant.

In connection with the offering, the finders received a cash commission equal to 7.0% of the gross proceeds raised under the Offering by the finders and 72,247 non-transferable warrants. Each finder's warrant is exercisable to purchase one common share until December 30, 2017 at an exercise price of \$1.25 per finder's warrant.

This funding will cover the Premier exploration program for 2016.

On July 8, 2016 the Company announced that, subject to regulatory approval, it had closed a non-brokered private placement for 435,000 units at a price of \$1.15 per unit for gross proceeds of \$500,250. Each unit consists of one common share and one-half of one non-transferable, common share purchase warrant. Each whole warrant is exercisable for an additional common share until July 8, 2018 at an exercise price of \$1.75 per warrant.

In connection with the offering, the finders received a cash commission equal to 7.0% of the gross proceeds raised under the Offering by the finders and 30,450 non-transferable warrants. Each finder's warrant is exercisable to purchase one common share until July 8, 2018 at an exercise price of \$1.15 per finder's warrant.

The final option payments on Premier and Dilworth totalling \$6.85 million are due by June 30, 2017.

The proposed program at Mt. Margaret is budgeted at \$6 million. The Company needs to first get approval for the amendments to its Environmental Assessment and then raise funds before proceeding with the program.

### Related Party Transactions:

During the year ended March 31, 2016 the Company made or accrued the following payments to officers and directors or companies controlled by directors:

	<b>2016</b>	2015
Office and other services	\$ 200,000	\$ 200,000
Management fees	\$ 200,000	\$ 200,000
Exploration and evaluation costs	\$ 180,294	\$ 168,646

2,400,000 stock options were granted to directors in the year ended March 31, 2015, exercisable at a price of \$0.88. Using the Black-Scholes model (see Results of Operations) the ascribed value of this

option grant was \$1,515,017. No stock options were granted to directors in the year ended March 31, 2016.

In December 2015 a director was paid \$259,375, his share of the option payment made on the Dilworth property.

**Off-Balance Sheet Arrangements:**

There are no such existing arrangements.

**Disclosure Controls and Procedures:**

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by Ascot is recorded, processed, summarized and reported within the time periods required under Canadian securities laws and include controls and procedures that are designed to ensure that information is accumulated, to allow timely decisions regarding required disclosure. Ascot has no full time employees and all significant functions regarding disclosure controls and procedures are performed by management.

Management has evaluated the effectiveness of Ascot's disclosure controls and procedures (as defined under Multilateral Instrument 52-109 of the Canadian securities regulatory authorities). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2016.

**Internal Controls Over Financial Reporting:**

There were no changes in the Company's internal controls over financial reporting that occurred during the year ended March 31, 2016, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

During the year, Ascot's management handled all in-bound investor relations inquiries.

**Outstanding Share Data:**

As at July 13, 2016 the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of the Company are as follows:

Common shares	Number
Outstanding	117,236,626
Issuable under options	7,700,000
Issuable under warrants	10,212,463
<b>Total diluted common shares</b>	<b>135,149,089</b>

**Future accounting changes:**

Future accounting changes are fully described in note 19 to the financial statements for the year ended March 31, 2016.



**Additional Information:**

Other additional information relating to Ascot Resources Ltd. may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.ascotresources.ca](http://www.ascotresources.ca).