



Ascot Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2021

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

Report date: May 13, 2021

This Management's Discussion and Analysis ("MD&A") of Ascot Resources Ltd. ("Ascot" or the "Company") is dated May 13, 2021 and provides an analysis of our unaudited consolidated interim financial results for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The following information should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). 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, 2020, prepared in accordance with IFRS, can be found on SEDAR at www.sedar.com and on the Company's website at www.ascotgold.com.

DESCRIPTION OF THE BUSINESS

Ascot is a Canadian-based development and exploration company publicly traded on the Toronto Stock Exchange (the "TSX") in Canada (symbol AOT). The Company is also trading on the OTCQX market in the U.S. (symbol: AOTVF). The Company is focused on re-starting the historic past producing Premier gold mine located in British Columbia's Golden Triangle. The Company filed its feasibility study in May 2020 for its 100% owned Premier and Red Mountain Gold Projects which would supply gold and silver ores to the process plant. The Silver Coin, Big Missouri, and Premier deposits, collectively being named the Premier Gold Project (PGP) are located near the processing facility on the historical Premier Mine site, and the Red Mountain Project (RMP) is located 23 km to the southeast in an adjacent valley. PGP together with RMP is defined as the Project. The Company continues to drill a number of gold-silver discoveries on its 25,000 hectares of mineral concessions that benefit from their proximity to Premier and the towns of Stewart, BC and Hyder, Alaska.

The Company also has two other properties: Swamp Point, an aggregate mine in care and maintenance located in British Columbia on the Portland Canal, and Mt. Margaret, a porphyry copper-molybdenum-gold-silver deposit located in Washington State, USA.

Q1 2021 AND RECENT HIGHLIGHTS

- On April 20, 2021, the Company closed a bought deal private placement. A total of 24,000,000 common shares of the Company were sold at a price of \$0.86 per common share for gross proceeds of \$20,640. The proceeds will be used to fund the construction of PGP as well as for working capital and general corporate purposes.
- On April 9, 2021, the Company closed a bought deal financing. A total of 70,700,000 common shares of the Company were sold at a price of \$0.86 per common share for gross proceeds of \$60,802. The proceeds will be used to fund the construction of PGP and for general working capital purposes. This bought deal financing met the minimum equity raise requirement in the credit agreement of the Company's credit facilities.
- On March 18, 2021, the Company provided an update on permitting, engineering and exploration of the PGP. During the Basic Engineering studies, the project team focused on reducing operating risk by upgrading components of the grinding area and associated electrical requirements. In addition, cost inflation related to steel prices and indirect costs also increased our initial capital estimate. This has resulted in a revised estimate for the initial capital which is approximately 20% higher than the initial capital estimate in the feasibility study published in May 2020 or a total of \$176,000.
- On January 31, 2021, the Company submitted the Joint Mines Act / Environmental Management Act Permit Application ("Joint MA/EMA Application") to amend Mines Act Permit M-179 and Environmental Management Act Permit PE-8044 for regulatory screening and then review. Subsequently, the screening phase was completed and the Joint MA/EMA Application moved to technical review phase on March 25, 2021.

Q1 2021 OPERATING OVERVIEW

Premier Gold Project ("PGP")

The PGP comprises four claim groups, identified as the Premier, Big Missouri, Dilworth, and Silver Coin groups, and includes three mining leases, totaling 392 hectares, 175 Crown grants totaling 2,354 hectares, and 107 mineral claims totaling 8,907.1 hectares. The total area is 8,133 hectares when overlaps are accounted for. The Company owns three mining leases, two of which expire on December 17, 2050, and the third, which expires on December 14, 2048.

Since October 2017, the Company has been focusing on identifying and developing high-grade underground resources, engineering, permitting and environmental studies to restart the mill facility. In February 2020, the Company published an updated independent National Instrument 43-101 ("NI 43-101") mineral resource estimate for the PGP which increased indicated resources by 60%. The updated NI 43-101 resource estimate for the PGP reported 1.1 million ounces of gold and 4.7 million ounces of silver in the indicated category, and 1.2 million ounces of gold and 4.67 million ounces of silver in the inferred category. PGP mineral reserves established in the feasibility study in accordance with NI 43-101 technical report published in May 2020 are as follows:

PGP Mineral Reserve Statement

	Grade			Contained Ounces	
	Tonnes	Au	Ag	Au	Ag
	kt	g/t	g/t	koz	koz
Total Probable	3,632	5.45	19.1	637	2,231

Notes for Table: CIM Definition Standards were followed for classification of Mineral Reserves

1. A mean bulk density of 2.85 t/m³ is used for Premier and of 2.80 t/m³ for all other deposit areas
2. The AuEq values were calculated using US\$1,400/oz Au and a US\$17/oz Ag and the following equation: AuEq(g/t) = Au(g/t) + Ag(g/t) x 17 / 1,400
3. The following CoG based on AuEq grade were used to estimate the economic potential of the stopes: Longhole = 2.85 g/t, Inclined undercut Longhole = 3.44 g/t, cut and fill = 3.44 g/t, room & pillar = 3.82 g/t and development = 2.85 g/t

Red Mountain Project ("RMP")

The RMP consists of 47 contiguous mineral claims for a total of 17,125 hectares. It is located approximately 18 km east-northeast of the town of Stewart and within Nisga'a Nation traditional territory. RMP mineral reserves established in the feasibility study in accordance with NI 43-101 technical report published in May 2020 are as follows:

RMP Mineral Reserve Statement

	Grade			Contained Ounces	
	Tonnes	Au	Ag	Au	Ag
	kt	g/t	g/t	koz	koz
Proven	2,194	6.68	21.7	471	1,530
Probable	351	5.51	13.8	62	155
Total Proven and Probable	2545	6.52	20.6	534	1685

Notes for Table: CIM Definition Standards were followed for classification of Mineral Reserves

1. The AuEq values were calculated using US\$1,300/oz Au and a US\$15/oz Ag and the following equation: AuEq(g/t) = Au(g/t) + Ag(g/t) x 15 / 1,300
2. The following CoG based on AuEq grade were used to estimate the economic potential of the stopes: Longhole = 3.11 g/t, Inclined undercut Longhole = 4.0 g/t, cut and fill = 4.1 g/t and development = 3.11 g/t

On August 28, 2018, the Red Mountain Project was referred by the BC EAO to the Minister of Energy, Mines and Petroleum Resources and the Minister of Environment for consideration and granted an Environmental Assessment Certificate on October 5, 2018.

RMP was subject to a gold metal stream whereby Seabridge Gold Inc. ("Seabridge") could acquire up to 10% of the annual gold production from the RMP at a cost of US\$1,000/oz up to a maximum of 500,000 oz produced. Alternatively, Seabridge could elect to receive a one-time cash payment of \$4 million at the commencement of production in exchange for a buy-back of the gold metal stream. On April 29, 2021, Sprott Private Resource Streaming and Royalty (B) Corp. ("SRSR") entered into a purchase agreement with Seabridge to acquire the gold metal stream, production payment and put option on RMP. Concurrently, Seabridge security on RMP was transferred to SRSR. Since all of the rights and obligations on the Seabridge option agreement were met, the option agreement between IDM and Seabridge was terminated. The Company and SRSR entered into an "Amended and Restated Metal Stream Agreement" to amend the Metal Stream price to the lower of US\$1,000/oz or spot price. All other terms remain the same.

PGP and RMP project development

On April 15, 2020, the Company announced robust results in a feasibility study combining both the PGP and RMP projects with an after-tax IRR of 51% and NPV_{5%} of \$341,000 (based on US\$1,400/oz gold price, US\$17/oz silver price and CAD to US exchange rate of 0.76).

The Company completed the Basic Engineering studies to refurbish the mill in Q1 2021. During the Basic Engineering studies, the project team focused on reducing operating risk by upgrading components of the grinding area and associated electrical requirements. In addition, cost inflation related to steel prices and indirect costs also increased our initial capital estimate. This has resulted in a revised estimate for the initial capital which is approximately 20% higher than the initial capital estimate in the feasibility study published in May 2020 or a total of \$176,000. In Q4 2020 and in 2021 to date, the Company signed agreements for the fabrication and delivery of critical long lead time equipment required in the refurbishment of the Premier mill. After the Basic Engineering studies, the Company is moving into Detailed engineering, initially advancing areas for the early works program in the summer of 2021. The Company is also making progress in its preparation for construction and negotiation of a construction management contract during Q1 2021. The first version of the optimized mine plan was completed in Q1 2021, which will form the basis of our internal mine plan moving forward, incorporating our risk review and changes.

Subsequent to the feasibility study, the Company worked together with representatives of the Nisga'a Lisims Government (NLG) to agree the joint permitting process for the joint permit amendments for PGP pursuant to Section 10(1) of the Mines Act (1996) (Permit M-179) and amendment to the existing Effluent Discharge Permit under the BC Environmental Management Act (2018) (Permit PE-8044), to refurbish, construct, operate, and decommission the Project. Through engagement with NLG, the Company has learned that the Premier mine was constructed and developed prior to the ratification of the Nisga'a Final Agreement (NFA) and, therefore, has not undergone the environmental and socio-economic assessments required under Chapter 10, paragraphs 8(e) and 8(f) of the NFA. The Company recognized the importance of these assessments to NLG for understanding the potential effects of the mine on their treaty interests. Through dialogue with NLG on this topic, the Company has reached an agreement with NLG and conducted 8(e) and 8(f) assessments and included them as an integral part of the application. On January 31, 2021, the Company submitted the Joint MA/EMA Application to amend existing Mines Act Permit M-179 and Environmental Management Act Permit PE-8044 for regulatory screening and then review. Subsequently, the screening phase was completed and the Joint MA/EMA Application moved to technical review phase on March 25, 2021. First round of review comments from the regulators was received and the company is working on addressing the comments.

In April 2021, the Company secured the remaining project construction funding by completing two bought deal equity financings for total gross proceeds of \$81,442. The proceeds will be used to fund the construction of PGP and for general

working capital purposes. This bought deal financing met the minimum equity raise requirement in the credit agreement for the Company's credit facilities.

Mt. Margaret Project

The Mount Margaret porphyry copper-molybdenum-gold-silver deposit is located 22.5 kilometres southwest of Randle, Washington in Skamania county in Southwest Washington State.

Ascot obtained property title to the 50% undivided private mineral interests on the lands on a private land package MS-708 and the government of the United States owns the other 50% interest. Ascot has the right to earn a 100% interest in the property subject to a 1.5% NSR and a negotiated federal royalty.

In 2011, the Company applied for two hardrock mineral prospecting permits. In December 2018, after many years of environmental analysis, the United States Forest Service and United States Bureau of Reclamation (together, the "Federal Defendants") concluded the proposed prospecting activity would have no significant environmental impacts and released decisions allowing the applications to be granted. Cascade Forest Conservancy filed an action in federal court challenging those decisions; the Company intervened on the side of the Federal Defendants. On February 18, 2021, the United States District Court for the District of Oregon (the "Court") released an opinion on the litigation. The court ruled in favor of the Federal Defendants and Ascot on most issues; however, the court held that the environmental analysis performed by the Federal Defendants was insufficient in two narrow respects—one related to potential recreational impacts, and one related to potential groundwater impacts. The court ordered the parties to brief the court on what remedies are necessary to address the insufficiencies in the environmental analysis. Since the Court released the opinion, Federal Defendants have been evaluating how best to address the deficiencies identified by the Court. In order to allow them adequate time to undertake that evaluation, on March 22, 2021 the parties filed a "Joint Motion to Stay Further Proceedings and Status Report" and jointly proposed that the case be stayed until November 1, 2021, at which point the parties would either submit a proposed briefing schedule, if necessary, to address remedies. Federal Defendants and Ascot agreed not to request permit issuance or notices to proceed during the 2021 season.

Swamp Point Project

Ascot acquired the aggregate deposit in 2002 to access potential local markets such as the port expansions in Prince Rupert along with the California markets, which were quickly running out of readily available local supply. Surface transport costs are much higher than seaborne transport making BC source aggregate cost competitive. The property is subject to two royalties; one to the BC Provincial Government and one to a private company owned by the former management of Ascot. Swamp Point was put on care and maintenance in 2008 as a result of the economic downturn.

The site has some existing onsite infrastructure and a deep-water port which have been maintained by the Company, giving it the advantage of being able to re-start within a short lead time, with some further site preparation required. The Company continues to seek to divest Swamp Point, which it considers a non-core asset, and use proceeds from the sale for general working capital purposes and to assist in funding the Company's PGP.

2021 EXPLORATION PROGRAM

The drill program for 2021 will commence in the second half of May, provided the road to the mill has been cleared and access is available at that point in time. The drill program will commence at the western extension of Premier and Northern Light where there are strong indications that mineralization continues towards the west. The program is designed to follow up on last year's spectacular drill results at Premier West. This area is very close to planned mine infrastructure and successful drilling has the potential to add ounces to the resource base at Premier quickly.

As the snow disappears at higher elevations, activities will move to a drill pad higher up on the Woodbine prospect to test two geochemical anomalies and test the connection to the high-grade mineralization intercepted at lower elevation last year. There is a large volume of rock with potential mineralization that can be tested from this location.

The next target will be the Day Zone at the western side of the Big Missouri Ridge where historical drill holes and surface showings suggest that last year's intercepts could be extended to cover a strike length of up to 600m to the north and south of last year's drill pads. Additional drilling will be conducted at Big Missouri, targeting stopes that are scheduled early in the mine plan in order to improve the confidence level for these stopes.

Several traverses are planned at Silver Hill in order to get a better handle on the overall stratigraphy and the structural setting of the area before dedicating additional funds to geophysics and drilling.

The Company is also planning to commence underground development for exploration purposes with a view of converting inferred resources with targeted underground drill holes of shorter length and at a tight spacing. Initial underground drilling is planned for late August/early September once the Notice of Works approval is obtained.

MANAGEMENT'S OUTLOOK FOR 2021

Management is planning a number of activities for the remainder of 2021, which include:

- Finalizing 2021 exploration plan in Q2 2021, with holes allotted for expansion of resources and reducing mining plan risks. A Notice of Works (NOW) for underground exploration near the S1 pit at the Big Missouri deposit was submitted and approval is expected in Q2 2021.
- Working closely with regulators and NLG on Joint MA/EMA Application screening and reviewing process and continuing consultation with local communities regarding the Project development.
- Carrying out detailed engineering, early works program, vendor engineering and placing orders for remaining long lead time equipment.
- Expecting the delivery of the SAG and Ball mills at the end of Q2 2021 and once receiving its updated Joint MA/EMA permits commencing the construction and refurbishment of the site.

COVID-19

In March of 2020 the World Health Organization (WHO) declared a global pandemic related to COVID-19. The Company is committed to protecting the health and safety of its workforce and the communities in which it operates. Ascot's 2021 field season will continue to operate in compliance with the guidelines established by the Provincial Health Officer.

Ascot has developed and implemented a COVID-19 Safety Plan (posted on the Company's website) to minimize the risk of COVID-19 exposure for its employees, their families and the residents of the communities of Stewart, BC and Hyder, Alaska.

The exploration team and its operations are based out of the community of Stewart, BC. The 2021 program will continue to keep travel to and from the community to a minimum by drawing on the local workforce when possible and having workers that are brought from outside of Stewart stay for longer work cycles.

To date there have been no significant interruptions to the Company's supply chain or service providers. Assay turnaround has been slowed by COVID-19 related procedures at the assay lab.

Ascot's health and safety staff have procedures in place, including daily screening of all workers for symptoms of COVID-19, to ensure that in case a possible exposure to COVID-19 occurs, it will be quickly contained. The work force has been divided into work pods. If anyone in a particular work pod exhibits symptoms of COVID-19 (e.g. fever, cough, shortness of breath, difficulty breathing and/or chills), the whole pod is put in isolation until their test results for COVID-19 are back and reported as negative. While in isolation, the work pod will be quarantined in a house rented specifically for that pod. The quarantined work pod may not leave the house. The COVID-19 coordinator will deliver food and other necessities as well as do wellness checks on the worker to ensure symptoms have not escalated. The Company is negotiating a rapid COVID-19 test program contract in preparation for 2021 summer exploration program and early work program. For more details refer to Ascot's COVID-19 Safety Plan posted on the Company's website.

SUMMARY OF RESULTS

Operations

Three months ended March 31, 2021 compared to three months ended March 31, 2020

The Company reported a net income of \$2,673 for Q1 2021 compared to a net loss of \$3,484 for Q1 2020. The difference between the two quarters is attributable to a combination of factors including:

- A \$4,680 increase in accounting gain on change in fair value of the Company's credit facilities, from \$358 in Q1 2020 to \$5,038 in Q1 2021, driven by fluctuations in the Company's share price used to calculate the fair value of the embedded derivatives;
- A \$1,364 change in foreign exchange gain, from a \$1,081 loss in Q1 2020 to a \$283 gain in Q1 2021, mainly driven by fluctuations of the foreign exchange rate used in translation of the Company's short-term and long-term debt as well as in revaluation of the Company's U.S. dollar term investments;
- A \$489 decrease in stock-based compensation charge due to fewer stock options granted in Q1 2021 compared to Q1 2020 (2019 annual grant was deferred to February 2020);

Partially offset by:

- A \$217 increase in overall general and administrative expenses primarily due to higher wages, benefits and management fees as well as an increase in legal and professional fees, and
- A \$106 increase in unrealized loss on marketable securities driven by fluctuations in quoted share prices of the securities held by the Company.

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

C\$000	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Mineral property cost capitalized	85	5,371	4,380	4,585	8,645	4,585	8,641	6,676
G & A expense (excluding depreciation)	1,315	1,174	1,186	1,032	1,098	1,453	1,053	1,157
Stock-based compensation	528	1,481	289	305	1,017	195	307	870
Property maintenance costs	86	23	305	121	3	149	69	157
Net income (loss)	2,673	(4,436)	682	(1,189)	(3,484)	(2,956)	(2,215)	(1,274)
Income (loss) per share - basic and diluted	\$ 0.01	\$ (0.02)	\$ 0.00	\$ 0.00	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

Factors that can cause fluctuations in the Company's quarterly results include the nature and extent of exploration activities carried out under specific work program, finance expenses, unrealized gains and losses on embedded derivatives and marketable securities, grant and vesting of stock options, Restricted Share Units (RSU) and Deferred Share Units (DSU), and issuance of shares. Over the past eight quarters, the Company has been focused mainly on the exploration, engineering studies and permitting of PGP. The Company's exploration season generally commences in early June and wraps up in October. Low mineral property costs in Q1 2021 were mainly due to the accounting revaluation of the Company's asset retirement obligations following a significant increase in long-term interest rates. In the same way, high mineral property costs in Q1 2020 were mainly due to a similar revaluation following a significant drop in long-term interest rates at the beginning of COVID-19 pandemic. Net income in Q1 2021 and higher net loss in Q4 2020 were mainly driven by fluctuations in the fair value of the Company's credit facilities, which resulted in a valuation gain of \$5,038 in Q1 2021 versus a valuation loss of \$2,296 in Q4 2020. Net income in Q3 2020 was mainly driven by a \$912 unrealized gain on marketable securities and a \$442 unrealized gain on valuation of embedded derivative.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

During the quarter ended March 31, 2021, 280,000 stock options (Q1 2020: 3,850,000) and 15,558 DSUs (Q1 2020: 340,000) were issued. No common shares or RSUs were issued in Q1 2021 (Q1 2020: 13,949,453 common shares and 180,000 RSUs). DSUs were issued during Q1 2021 in lieu of cash per director elections where DSUs issued in Q1 2020 were granted in place of a 2019 annual grant that was deferred due to a Company imposed blackout.

The Company considers its capital structure to be primarily through shareholders' equity and Senior and Convertible Debt. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration and development stage company, the Company is unable to finance its operations from cash flow and has relied primarily on equity and debt financings.

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

Liquidity

In February 2020, Ascot closed a non-brokered private placement (the "Offering") of 5,126,250 flow-through shares (the "Flow-Through Shares") at a price of \$0.98 per Flow-Through Share, and 8,170,588 common shares (the "Common Shares") at a price of \$0.64 per common share for aggregate gross proceeds of \$10,253. The gross proceeds from the issuance of Flow-Through Shares have been used for "Canadian exploration expenses", and qualify as "flow-through mining expenditures" as those terms are defined in the Income Tax Act (Canada), which have been renounced to the initial purchasers of the Flow-Through Shares with an effective date of December 31, 2020 in an aggregate amount not less than the gross proceeds raised from the issue of the Flow-Through Shares. The remainder of the net proceeds from the Offering has been used for engineering studies, permitting, and general corporate purposes. The table below summarizes the expected use of proceeds and the actual use of proceeds:

Principal purposes	Expected use of proceeds C\$ in million	Actual use of proceeds (as of March 31, 2021) C\$ in million	Difference C\$ in million
Long lead time equipment			
Ball mill and SAG mill	5.0	2.2	2.8
Fabrication of tailing thickener	1.0	-	1.0
Fabrication of water treatment clarifier	1.0	-	1.0
Development and de-risking the project			
Basic and detailed engineering	4.5	3.9	0.6
Pre-construction planning and preparation	4.0	0.4	3.6
Permitting	1.5	2.0	(0.5)
General working capital purposes	6.3	3.4	2.9
Total	23.3	11.9	11.4

The actual use of proceeds shown in the above table represents funds spent to date. The Company does not expect the final use of proceeds to differ materially from the expected use of proceeds.

During Q1 2021, the Company spent \$45 on qualifying flow-through mining expenditures. As at March 31, 2021, the Company had a balance of \$248 required to be spent on flow-through expenditures prior to December 31, 2022.

On June 17, 2020, the Company raised \$25,000 through a bought deal (the "Bought Deal") by issuing 29,412,000 common shares at \$0.85 per share. The net proceeds of the Bought Deal are being used for the continued development of PGP,

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including the purchase of long lead time equipment and for general working capital purposes. The table below summarizes the expected use of proceeds as of the date of the financing:

Principal purposes	Expected use of proceeds C\$ in million	Actual use of proceeds (as of December 31, 2020) C\$ in million	Difference C\$ in million
Long lead time equipment			
Ball mill and SAG mill	5.0	2.2	2.8
Fabrication of tailing thickener	1.0	-	1.0
Fabrication of water treatment clarifier	1.0	-	1.0
Development and de-risking the project			
Basic and detailed engineering	4.5	3.9	0.6
Pre-construction planning and preparation	4.0	0.4	3.6
Permitting	1.5	2.0	(0.5)
General working capital purposes	6.3	3.4	2.9
Total	23.3	11.8	11.5

The actual use of proceeds shown in the above table represents funds spent to date. The Company does not expect the final use of proceeds to differ materially from the expected use of proceeds

On December 10, 2020, the Company closed a project financing package with Sprott and Beedie for the development of the Project. The financing package consists of a) a US\$80 million Senior Debt; b) the Production payment agreement ("PPA"), and c) a US\$25 million Convertible Debt. Upon closing of the package, the Company made an initial draw down of US\$20 million from the Senior debt for net proceeds of US\$13.2 million (CAD\$16.9 million) and received PPA consideration of US\$5.0 million (CAD\$6.4 million). The Company also made an initial draw down of US\$10 million from the Convertible Debt. The proceeds were used to repay the existing convertible notes. Subsequent draw downs from the Senior Debt and Convertible Debt are subject to certain conditions including the receipt of Joint EA/MEA permits. The availability of the Senior and Convertible Debt is subject to certain conditions and covenants, including the maintenance of minimum cash and working capital balances. At March 31, 2021 the Company was in compliance with the covenants.

Under the terms of the credit agreements, if an event of default shall occur and be continuing, Sprott and Beedie may, by notice to the Company, declare their commitment to advance the facilities be terminated and the outstanding principal and accrued interest and fees be due and payable. Events of default include but are not limited to failing to make principal interest and fee payments; defaulting on certain covenants; failing to achieve project completion by September 30, 2023 and failing to complete minimum equity raise of US\$25 million by June 10, 2021. Since at March 31, 2021 the Company was not considered to have unconditional right to defer payment for the next 12 months under IAS 1, the Credit Facilities were classified as current liabilities at March 31, 2021.

On April 9, 2021, the Company closed a bought deal financing. A total of 70,700,000 common shares of the Company were sold at a price of \$0.86 per common share for gross proceeds of \$60,802. The proceeds will be used to fund the construction of PGP and for general working capital purposes. This bought deal financing met the minimum equity raise requirement in the credit agreement of the Company's credit facilities, hence the credit facilities were reclassified from current to long-term liabilities subsequently.

On April 20, 2021, the Company closed a bought deal private placement. A total of 24,000,000 common shares of the Company were sold at a price of \$0.86 per common share for gross proceeds of \$20,640. The proceeds will be used to fund the construction of PGP as well as for working capital and general corporate purposes.

As at March 31, 2021, the Company had working capital of \$34,450 excluding the Senior and Convertible debt and the PPA (December 31, 2020: working capital of \$40,855) and cash & cash equivalents balance of \$36,425 (December 31, 2020: \$42,080). The decrease in cash & cash equivalents was due to the expenditures on mineral properties, plant and equipment of \$3,889; cash outflows from operating activities of \$2,145; expenditures on reclamation activities of \$93; deferred

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financing costs of \$166, and payment for lease liability of \$58, partially offset by proceeds of \$911 from sale of marketable securities. The Company has sufficient funding to meet its obligations for the next twelve months.

RELATED PARTY TRANSACTIONS

Included in accounts payable and accruals at March 31, 2021 is \$121 (December 31, 2020: \$356) due to the Company's Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO).

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

	Three months ended March 31, 2021		Three months ended March 31, 2020	
Salaries, short-term benefits and management fees	\$	297	\$	258
Project development costs		25		21
Share-based payment transactions		235		771
	\$	557	\$	1,050

During the first quarter of 2021, certain directors were granted 15,558 DSUs in lieu of directors' fees per individual election under the terms of the DSU plan. Based on the Company's share price on grant date, the total fair value of the DSUs was \$15.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at March 31, 2021, the Company's contractual and other obligations are as follows:

	Less than 1 year		1-3 years		4-5 years		After 5 years		Total	
Accounts payable and accrued liabilities	\$	2,412	\$	-	\$	-	\$	-	\$	2,412
Mill engineering and procurement		3,402		-		-		-		3,402
Senior and convertible debt principal, interest and fees (a)		39,623		-		-		-		39,623
Production payment agreement (b)		6,268		-		-		-		6,268
Reclamation liabilities (c)		367		649		756		33,587		35,359
Funding agreement - Premier Gold project		25		-		-		-		25
Benefits agreement - Red Mountain project		100		850		500		500		1,950
Pre-production royalty - Red Mountain project		50		100		50		-		200
Minimum lease payments		230		469		159		-		858
	\$	52,477	\$	2,068	\$	1,465	\$	34,087	\$	90,097

- (a) Interest on the Senior Debt from December 10, 2020 until June 30, 2022 (the "Availability Period") is capitalized and added to the principal loan amount. At all times following the last day of the Availability Period, all interest shall be payable in cash. Principal and accrued interest are payable quarterly from September 30, 2023 to December 31, 2025, with quarterly repayments equal to 10% of the total amount outstanding at the end of the Availability Period.

Interest on the Convertible Debt is compounded quarterly and is added to the principal loan amount prior to the date which will occur when construction is complete and PGP has successfully completed an agreed completion test ("Completion Date"). All interest incurred after the Completion Date is payable in cash quarterly. Principal and capitalized interest are payable on December 10, 2023 (the maturity date, which may be extended by one year if all material permits, contracts and authorizations for PGP are in place). Any undrawn balance of the Convertible Debt incurs a standby fee of 3% beginning on December 10, 2020.

As of March 31, 2021, the Senior and Convertible debt principal, interest and fees as well as the production payment agreement were classified as current liabilities (payable in less than 1 year) since the Company was not considered to have unconditional right to defer payment for the next 12 months under IAS 1. Subsequent to March 31, 2021, the Company completed the minimum

equity raise required in the credit agreements, the Senior and Convertible debt principal, interest and fees as well as the production payment agreement were classified as non-current liabilities subsequently.

- (b) Under the production payment agreement, the Company has agreed to pay Sprott monthly production payments equal to US\$13 multiplied by the number of ounces of gold from which the Company receives payment on from December 10, 2020 until 450,000 ounces of gold has been produced.
- (c) The amount in reclamation liabilities are undiscounted cash expenditures.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain accounting estimates. These estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from amounts included in the financial statements.

Areas requiring estimates that have the most significant effect on the amounts recognized in the financial statements are:

Stock-based compensation

Compensation expense for options granted to employees, directors and certain service providers is determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model, which takes into account, as of the grant date, the fair market value of the shares, expected volatility, expected life, expected forfeiture rate, expected dividend yield and the risk-free interest rate over the expected life of the option. The use of the Black-Scholes option pricing model requires input estimation of the expected life of the option, volatility, and forfeiture rate which can have a significant impact on the valuation model, and resulting expense recorded.

Compensation expense for RSUs granted to employees and consultants of the Company is calculated based on the fair value of RSUs awarded, measured on their grant date. The fair value of RSUs is based on the quoted market price of the Company's common shares on the RSUs grant date. Compensation expense for DSUs granted to directors is based on the fair value of DSUs awarded, calculated based on the quoted market price of the Company's common shares on the DSUs grant date.

Provision for decommissioning and site restoration

The future obligations for site closure activities are estimated by the Company based on the laws and regulations of the countries in which it operates, with due consideration to the fact that the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resources companies. Management's estimation of the Company's decommissioning and rehabilitation provision is based on the reclamation and closure activities it anticipates as being required and its estimate of the probable costs and timing of such activities and measures.

Derivative liabilities

When debt includes an embedded derivative component, its fair value is estimated using a financial pricing model. The Company estimates the fair value of its interest rate floor derivative using Black's formula. The key assumptions used in the estimate are forward interest rates, discount rates and interest rate volatility. The Company estimates the fair value of its conversion option derivative using the Finite Difference method. The key assumptions used in the model are risk free rates, expected volatility and credit spread. The expected volatility assumption inherent in the pricing model is based on the historical volatility of the Company's stock over a term equal to the remaining term of the corresponding debt instrument. The credit spread assumption in the model is based on the Company's cost of unsecured debt.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, marketable securities, interest and other receivables, reclamation bonds, trade and other payables, senior and convertible debt and other liabilities. The recorded

amounts of cash and cash equivalents, marketable securities, interest and other receivables, trade and other payables, and other liabilities approximate their respective fair values due to their short-term nature. Reclamation deposits and senior and convertible debt approximate their carrying value due to the consistency of the credit risk of the Company since the initial recognition of these instruments.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. 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 foreign currency (U.S. dollar) are senior and convertible debt and GICs and term deposits. A 10% decrease (increase) of the value of the Canadian dollar relative to the U.S. dollar as at March 31, 2021 would result in an additional \$1,225 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the quarter ended March 31, 2021 (quarter ended March 31, 2020: \$1,291).

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 at bank and GIC's carried at fixed interest rates. The Company's significant financial instruments valued using fluctuating risk-free interest rates are the derivative components of the senior and convertible debt. 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 Company is exposed to interest rate risk due to the floating rate interest on the Senior Debt. For the quarter ended March 31, 2021, an increase of 25 basis points in market interest rates would result in approximately \$14 in additional interest payable on the Senior Debt.

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 policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company endeavors to ensure that it has sufficient cash on demand to meet its obligations as they become due by preparing annual capital and administrative expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable as well as the senior and convertible debt. Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

OUTSTANDING SHARE DATA

As at May 13, 2021, the Company had 373,023,751 common shares outstanding, 20,265,209 stock options, 465,928 deferred share units and 1,052,871 restricted share units outstanding.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

On August 11, 2020 the Ascot Board approved the Environmental, Social and Governance Policy ("ESG Policy") which can be found on the Company website under the Governance Policies. The ESG Policy has been adopted to clearly communicate Ascot's expectations for employees, directors, contractors and consultants providing services for or on behalf of the Company to ensure that health, safety, environmental and community measures are in place to sustain strong, long-term performance that will benefit the communities the Company operates in and all stakeholders.

The Company continues to maintain open dialogue with First Nations and local stakeholder groups during the pre-construction phase of the Premier and Red Mountain projects. The Company aims to focus these meetings on project development and to encourage transparent communication to build long lasting relationships for a sustainable future. A community page has been launched on the existing Ascot website (<https://www.ascotgold.com/community/>), which focus on community updates as the Project advance. The Company continues to work with the local communities on accommodations, land packages and health and safety programs to keep the nearby towns safe. Due to the COVID-19 pandemic, the Company has reached out to local communities and First Nations to align and implement travel and health policies. In Q2 2021, the Company will use local labour and equipment from town of Stewart and Hyder to open the road to the Premier site. We continue to work with local partners to advance the permitting process.

Ascot is a member of the British Columbia Regional Mining Alliance ("BCRMA"). BCRMA is a partnership between the Tahltan Central Government, the Nisga'a Lisims Government, the Association of Mineral Exploration BC, the BC provincial government and some companies with projects in the Golden Triangle of northwest BC. This unique collaboration aims to promote mining investment and education in the Golden Triangle.

CORPORATE GOVERNANCE

Management and the Board recognize the value of good corporate governance and the need to adopt best practices. The Corporation is committed to continuing to improve its corporate governance practices in light of its stage of development and evolving best practices and regulatory guidance.

The Board has adopted a board mandate outlining its responsibilities and defining its duties. The Board currently has six board appointed committees: the Audit Committee, the Compensation Committee, the Governance and Nominating Committee, the Finance Committee, the Disclosure Committee, and the Health, Safety, Environmental and Technical Committee. Each Committee (with exception of the Disclosure Committee which works from the Timely Disclosure, Confidentiality and Insider Trading Policy) has a committee charter, which outlines the committee's mandate, procedures for calling a meeting, and provides access to outside resources. The Audit, Compensation and Governance & Nominating Committees are comprised completely of independent directors while the other committees are comprised of a majority of independent directors with exception to the Disclosure Committee which is comprised of management and one independent director.

The Board has also adopted a Code of Ethics, which governs the ethical behavior of all employees, management, and directors. A separate Timely Disclosure, Confidentiality and Insider Trading Policy, Whistleblower Policy, Diversity Policy and Compensation Recovery Policy are also in place. For more details on the Corporation's corporate governance practices, refer to Ascot's website (<https://ascotgold.com/corporate/corporate-governance/>).

The Corporation's directors have expertise in exploration, metallurgy, mining, accounting, legal, banking, financing, and the securities industry. The Board and Audit Committee meets at least four times per year and the other committees on an as required basis (see the Company's Information Circular for more details).

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported

within the applicable time periods and that required information is accumulated and communicated to the Company's management so that decisions can be made about the timely disclosure of that information.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Management's Report on ICFR

Management of the Company is responsible for establishing and maintaining effective ICFR as such term is defined in the rules of the National Instrument 52-109 in Canada ("NI 52-109"). The Company's ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. The Company's ICFR include policies and procedures for:

- Maintaining records, that in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the Company;
- Providing reasonable assurance that transactions are recorded as necessary for preparation of the consolidated financial statements in accordance with IFRS;
- Providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- Providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis.

There have been no changes in the Company's ICFR during the three months ended March 31, 2021 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 26, 2021 available on SEDAR at www.sedar.com and www.sec.gov.

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. There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's December 31, 2020 MD&A that was filed on SEDAR on March 26, 2021.

Cautionary Statement Regarding Forward-Looking Information

All statements, trend analysis and other information contained in this MD&A about anticipated future events or results constitute 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” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. All statements, other than statements of historical fact, included herein are forward-looking statements, including statements in respect of the plans and expectations in the Feasibility Study as well as the use of proceeds for the Private Placement and Bought Deal. 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 the Ascot can give no assurance that such expectations will prove to be correct. 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 the risks, uncertainties and other factors identified in the Ascot’s periodic filings with Canadian securities regulators, and assumptions made with regard to: the estimated costs associated with construction of the Project; the timing of the anticipated start of production at the Projects; the ability to maintain throughput and production levels at the Premier Mill; the tax rate applicable to the Company; future commodity prices; the grade of Resources and Reserves; the ability of the Company to convert inferred resources to other categories; the ability of the Company to reduce mining dilution; the ability to reduce capital costs. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Important factors that could cause actual results to differ materially from Ascot’s expectations include risks associated with the business of Ascot; risks related to exploration and potential development of Ascot’s projects; business and economic conditions in the mining industry generally; fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; the need for cooperation of government agencies and indigenous groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; risks associated with COVID-19 including adverse impacts on the world economy, construction timing and the availability of personnel; and other risk factors as detailed from time to time and additional risks identified in Ascot’s filings with Canadian securities regulators on SEDAR in Canada (available at www.sedar.com). The timing of future economic studies; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, financing or in the completion of Project as well as those factors discussed in the Annual Information Form of the Company dated March 26, 2021 in the section entitled "Risk Factors", under Ascot’s SEDAR profile at www.sedar.com. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Ascot does not undertake any obligation to update forward-looking statements.