Ascot Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2023

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

Report date: August 11, 2023

This Management's Discussion and Analysis ("MD&A") of Ascot Resources Ltd. ("Ascot" or the "Company") is dated August 11, 2023 and provides an analysis of our unaudited consolidated condensed interim financial results for the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022. The following information should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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, 2022, prepared in accordance with IFRS, can be found on SEDAR+ at www.sedarplus.ca and on the Company's website at www.ascotgold.com.

DESCRIPTION OF THE BUSINESS

Ascot is a Canadian-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 a feasibility study in accordance with NI 43-101 technical report for its Premier Gold Project and Red Mountain Project in May 2020. In December 2021, Ascot received the Mines Act Permit amendment ("MAPA") to re-start Premier Gold Project. 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". In addition, 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 PGP 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.

Q2 2023 AND RECENT HIGHLIGHTS

- The earthworks contract for the tailings storage facility was signed in March 2023 and the contractor was mobilized to the site in April 2023. Tailings pond de-watering was completed in June 2023 and the construction of the tailings storage facility commenced.
- On April 20, 2023, the Company closed a previously announced non-brokered private placement (the "Offering"). The Offering raised total gross proceeds of $4,050 and consisted of 5,000,000 common shares of the Company, which qualify as "flow-through shares" within the meaning of the Income Tax Act (Canada) (the "FT Shares"), at a price of C$0.81 per FT Share. The proceeds from the Offering will be used to fund the 2023 exploration program at PGP.
- On May 11, 2023, the Company announced the 2023 exploration program at PGP. The program consists of an initial 10,000 metres of surface drilling and will include exploration drilling for resource expansion as well as in-fill drilling of initial mining areas at the Big Missouri and Premier deposits. The exploration drilling will focus on extending the Day Zone at Big Missouri and the Sebakwe Zone north of the Premier mill. Up to an additional 4,000 meters of drilling have been budgeted and will be deployed towards surface and underground drilling depending on results of the initial 10,000 metres. The 2023 exploration program commenced on June 21, 2023.
- On June 27, 2023, the Company closed a previously announced US$14 million subordinated convertible credit facility (the "Convertible Facility") with Nebari Gold Fund 1, LP ("Nebari"). The full proceeds from the Convertible Facility were used to repay principal, accrued interest and fees of Ascot's existing subordinated convertible credit facility with Beedie Investments Ltd. ("Beedie").
- On July 31, 2023, the Company entered into a master lease agreement with Caterpillar Financial Services ("CAT Financial") for an equipment lease facility up to US$15 million on an uncommitted basis for surface mining equipment and construction equipment. The lease terms of the equipment are 4 to 5 years at an interest rate of the Canadian Dollar Offered Rate plus 4.25%.

- On August 8, 2023, the Company entered into a contract with Procon Mining & Tunnelling Ltd. for underground mining services for an initial term of 3 years with option to renew for two consecutive 1-year periods.

THE PROJECT DEVELOPMENT

In January 2023, the Company closed a project financing package consisting of US$110 million as a deposit in respect of gold and silver streaming agreements (the "Stream") and a strategic equity investment (the "Strategic Investment") of C$45 million, a portion of which is structured as Canadian Development Expenditures flow through shares, such that the total gross proceeds to the Company were C$50 million. Upon securing the new project financing, Ascot re-mobilized various contractors to progress activities for the remainder of construction scope for the Project. At the start of Q2 2023, there were approximately 118 employees and contractors working at the project site, and by the end of the quarter on June 30, 2023, there were over 180 people working at site.

Progress key performance indicators ("KPI") and budget

At the end of Q2 2023, overall construction excluding mine development was 48% complete, with engineering at 99% and procurement at 99%. The Project remains on schedule and budget for first gold production in the first quarter of 2024. Capital costs, including mining, incurred as of June 30, 2023 were $200 million. As of June 30, 2023, the remaining project construction capital required to complete construction and achieve the first gold pour is approximately $110 million including mining but excluding certain pre-operating costs and working capital. This is slightly higher than the most recent total project budget of $300 million to achieve first gold production reported in the Company's News Release dated December 12, 2022 as a result of the Company progressing the detailed commissioning schedule. However, the target for initial gold production in Q1 of 2024 remains unchanged. The company is assessing the working capital requirements as the project progresses from commissioning to production and ramp up phases, and is evaluating various potential financing options should additional funding be required.

Safety

The Project continues to have an excellent safety record with 633,224 hours of work to date and zero lost time incidents. The total recordable incident frequency has been reduced from 1.28 at the end of Q1 2023, to 0.95 by the end of Q2 2023. However, with the increased activity on site and additional work areas, the number of incidents has increased including property damage, first aid injuries, and near misses. Reporting activity has been encouragingly high, and the Company will continue to work on proactive safety training and measures to reduce overall incidents at the Project site.

Processing Plant

Mechanical work continued in the mill during Q2 2023; various trommels, dust collection and chute infrastructure were installed around the SAG and Ball mills. The Intensive Leach Reactor was assembled. Electricians continued installing electrical cabinetry, pulling wire, installing cable trays, and working in the mine control centre room. Piping installation at the mill is ~ 50% complete. The tailings thickener and cyanide destruction tank outside the mill was also substantially completed in the quarter. Concrete and structural steel contractors also have been restarted and their scope updated for the mill completion.

Tailings Storage Facility ("TSF") and Cascade Creek Diversion Channel ("CCDC")

The earthworks contract for the TSF and CCDC was signed in March 2023 and the contractor was mobilized to the site in April 2023. In order to de-water the tailings facility for the required earthworks, an additional temporary water treatment plant ("WTP") was mobilized to site and commissioned in May 2023. Despite minor issues with initial ramp up, at the end of May the plant was operating at full capacity and in combination with other discharge points, the TSF was discharging near the permitted rate of 20,000 m^3 per day. By the end of June 2023, dewatering was completed and the temporary WTP was demobilized. Drilling and blasting were started on the CCDC in May, with a target of one blast of 7,000 to 8,000 m^3 every other day. To date, geological monitoring hasn't noted potentially acid generating ("PAG") material, and work is progressing well. Work continued at the TSF with earthworks contractors producing and placing T-zone material at the south dam, preparing the foundation at the east dam, blasting rock from the CCDC and bringing it to the crusher plant. The earthworks contractor added a night shift at the end of June to increase productivity.

Water Treatment Plant ("WTP")

Crews have also made progress on the new WTP and associated infrastructure, including the tailings thickener, lime silos, moving bed bio-reactor ("MBBR") tanks and clarifier foundation pedestals. Construction remains targeted for July and August to coincide with new WTP completion in September and subsequent commissioning.

Site Infrastructure

During Q2 2023, much work was completed on constructing the new electrical substation near the Premier mill. With the substation mostly complete, crews are now working on the 138kV power line to connect to the power grid less than 500 metres away. Crews also have been making progress on relocating the Big Missouri water pipeline from one side of the Big Missouri haul road to the other, which is expected to enhance the long-term safety and integrity of the pipeline.

Mine Development

After an extensive and competitive process involving six contracting companies, Ascot selected Procon Mining & Tunnelling ("Procon") for a 3-year contract to advance the underground portion of the project. Procon is headquartered in Burnaby, BC and has extensive underground mining experience in the province, including its current mining and development contract at the nearby Brucejack underground gold mine.

In 2022, work commenced on the S1 portal and approximately 907 metres of underground development was completed in the Big Missouri area before being paused for the winter. Procon will pick up from this existing development and continue the ramp and ore accesses as planned in September 2023, eventually connecting over to the Silver Coin deposit.

In late summer 2023, Procon will also start a new ramp development at the Premier deposit immediately adjacent to the existing mill facilities. They will drive the initial access ramp from surface down into the Premier deposit for initial mining at the Prew zone and will eventually connect a footwall ramp over to 602 area in the Premier deposit to commence mining there.

Recruitment

During Q2 2023, Ascot hired and onboarded a full-time recruitment professional to lead the Company's staffing efforts as it advances towards operations in 2024. Recruitment has already begun to ramp up for a number of key positions added recently, including Health, Safety, Training and Emergency Preparedness, Human Resources and Fixed Maintenance Planner.

As recruitment efforts continue to ramp up in the coming months. The interest in Ascot is high and many good quality candidates continue to apply for open positions. Encouragingly, local interest is high, as many applications are coming from candidates in the area of Stewart and northwestern B.C.

Permitting and Environmental Compliance

As a result of the project slowdown in 2022 due to the required re-financing process, a Joint Permit Amendment Application ("JPAA") will be submitted in August 2023 to change targeted conditions within the permit, mostly due to the delay of meeting the new water treatment and quality requirements from December 2022 to Q4 2023. In addition, a Mines Act Permit Amendment ("MAPA") was submitted in mid-June 2023 with respect to changing the planned location of the Premier mine portal from the southern location to an area much closer to the mill facility. All comments and information requests from the Nisga'a Lisims Government have been addressed and closed, and comments from the regulator are expected to be finalized in the coming weeks.

2023 EXPLORATION PROGRAM

The exploration program commenced on June 21, 2023 when a drill rig was mobilized to the Prew zone of the Premier deposit. The first nine drill holes have been completed and have intercepted visual sulfide mineralization very close to expected depth and corresponding stope locations. Visible gold was intercepted in at least one of the drill holes. It appears that the location and geometry of the mineralization at the Prew is well defined and should provide a good starting point for mining operations. Four more holes are planned in this area aiming at extensions of stopes and gaps between designed stopes. On completion of the drilling at the Prew zone, the rig will move up to Big Missouri to conduct additional drilling in that area.

The ground geophysical induced polarization ("IP") survey commenced on June 26, 2023 and is now approximately 70% complete. The crew completed two grids, one near the Premier mill targeting the western extension of the Sebakwe Zone that yielded very good exploration results last year. The grid has been designed to cover approximately 1000 metres of strike extent to the west of the drilling in 2022. It is not known if the Sebakwe Zone extends further west and if so, where it is located in terms of northing. The mineralization at Premier shows very well in induced polarization data and preliminary results are highly anticipated. The second grid was completed around the Dilworth deposit in the northern part of the property. The geology of this area is not as well understood as Premier and Big Missouri and the exploratory induced polarization data should help with effective targeting of prospective areas. A third grid is currently being laid out at the northern extension of the Day Zone. This area has yielded very good exploration results in the last two years and mineralization remains open towards the north and south. The strike extent to the north could potentially connect the Day Zone with the Martha Ellen deposit further north. The results from the IP survey will be utilized for drill targeting in the second half of the 2023 field season.

MANAGEMENT'S OUTLOOK FOR 2023

With the financing package closed on January 19, 2023 and refinancing of the existing convertible debt on June 28, 2023, the Company is focusing on the completion of construction of the Project and achieving first gold production in early 2024. The key activities for remainder of 2023 include:

- Construction of the processing plant and associated surface infrastructure such that the plant is expected to be in pre-commissioning by the end of 2023
- Completion of the tailings dam improvements and start up of the new water treatment plant by Q4 2023
- Advancement of the Premier portal and underground development and additional underground development of the Big Missouri mine
- Maintaining a Health and Safety record of zero lost time incidents and achieving the 2023 goals outlined in the Company's 2022 Sustainability Report
- Advancing the recruitment of site personnel in line with the site personnel plan by the end of 2023
- Maintaining permitting and environmental compliance so that there are no delays in the project construction schedule
- More exploration and infill drilling north and west of existing resources at the Premier Northern Light and Day zone resources areas

SUMMARY OF RESULTS

Operations

Three months ended June 30, 2023 compared to three months ended June 30, 2022

The Company reported a net loss of $3,073 for Q2 2023 compared to $1,054 for Q2 2022. The higher net loss is attributable to a combination of factors including:

- A $2,527 decrease in other income caused primarily by a $1,489 adjustment of previous quarter interest earned being capitalized to the Project cost and a $856 decrease in flow-through share premium recognition;

- A $2,262 loss on extinguishment of convertible debt

Partially offset by:

- A $1,519 increase in foreign exchange gain due to the strengthening Canadian dollar, and
- A $1,102 decrease in financing costs, which were minimal in Q2 2023 compared to $1,121 of senior debt deferred financing costs expensed in Q2 2022.

Six months ended June 30, 2023 compared to six months ended June 30, 2022

The Company reported a net loss of $10,662 for the first half of 2023 compared to $2,424 for the first half of 2022. The higher net loss is attributable to a combination of factors including:

- A $5,120 loss on extinguishment of senior and convertible debt and a $1,344 deferred financing fee written off upon extinguishment of senior debt;
- A $2,037 decrease in gain on derivative liabilities embedded in the Company's credit facilities and the Stream;
- A $889 decrease in other income mainly due to decrease in flow-through share premium recognition

Partially offset by:

- A $1,266 increase in foreign exchange gain due to the strengthening Canadian dollar.

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

C$000	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Mineral property, plant & equipment cost capitalized	41,843	43,274	13,859	25,361	34,380	25,088	38,430	24,732
G & A expense	1,666	1,583	1,286	1,279	1,537	1,519	1,149	1,185
Stock-based compensation	393	474	3,461	472	487	1,070	305	472
Environmental compliance costs	305	383	298	147	76	62	69	36
Net loss	(3,073)	(7,589)	(5,988)	(2,396)	(1,054)	(1,370)	(170)	(1,700)
Loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

Factors that can cause fluctuations in the Company's quarterly results include unrealized gains and losses on credit facilities, embedded derivatives, commitments and marketable securities, the nature and extent of construction and exploration activities carried out under specific work programs, finance expenses, grant and vesting of stock options and units, and the issuance of shares. Over the past eight quarters, the Company has been focused mainly on the exploration, engineering studies, permitting and construction of PGP. Increasing mineral property costs are a result of the Company commencing large-scale construction activities at PGP in 2021. The Company's exploration season generally runs from late May or June to late October. The fluctuations in net loss from Q3 2021 to Q2 2023 were caused primarily by the changes in fair value of the Company's embedded derivatives, commitments and marketable securities. The higher losses in Q4 2022 and in Q1 2023 were caused primarily by the deferred financing costs and other fees related to the Company's credit facilities being expensed. The higher mineral property costs capitalized in the first half of 2023 were primarily due to increased construction activities, a change in estimate of the Company's asset retirement obligation and higher borrowing costs capitalized.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

In H1 2023, the Company issued 120,048,007 common shares (H1 2022: 59,271,000), no vested warrants (H1 2022: 13,710,500), 613,334 stock options (H1 2022: 3,732,284), 32,665 Deferred Share Units ("DSU") (H1 2022: 176,312), no

Restricted Share Units ("RSU") (H1 2022: 721,432) and no Performance Share Units ("PSU") (H1 2022: 162,162). Also, 520,250 stock options expired and 55,530 stock options, 352,006 DSUs and 683,398 RSUs were exercised in H1 2023.

The Company considers its capital structure to be primarily through shareholders' equity and debt and metal streaming arrangements. 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, debt financings and metal streaming arrangements.

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

Liquidity

On January 19, 2023, the Company closed the previously announced Project financing package, for aggregate gross proceeds to the Company of approximately $200 million. The Project financing package consists of:

a) Gold and silver stream

An upfront payment of US$110 million from Sprott Streaming as a deposit (the "Deposit") in respect of gold and silver streaming agreements (the "Stream") for the delivery of 8.75% and 100% of gold and silver production, respectively, from PGP and RMP in exchange for the reduction of the Deposit and ongoing payments from Sprott Streaming equal to 10% of prevailing gold and silver prices, including after the Deposit is reduced to nil. Silver production from the Silver Hill Target at the northeastern part of the PGP property has been excluded from the Stream. The existing 10% gold stream arrangement that SRSR had on RMP production was terminated.

From January 1, 2025 until December 31, 2026, Ascot has the right to buyback 50% of the stream for US$80 million in cash (the "Buyback"). Once 150,000 ounces of gold have been delivered ("Delivery Threshold"), the stream deliveries for gold and silver shall be reduced by 50% to 4.375% and 50%, respectively. In the case that the Buyback is exercised, then the remaining Delivery Threshold at that time will be reduced by the Buyback percentage, and once the threshold is met the stream deliveries for gold and silver shall be reduced by a further 50% to 2.1875% and 25%, respectively. Sprott Streaming has been granted first-ranking security to secure the obligations under the Stream, which security will be subordinated to any operating loan on the earlier the Buyback being exercised or the Deposit being reduced to zero. The Stream also contains certain customary covenants including minimum cash balance of US$5 million and positive working capital.

Concurrent with the closing of the Stream, the outstanding principal and accrued interest of the Senior Debt with Sprott Lending was repaid and the PPA between Sprott Lending and the Company dated December 10, 2020 in connection with the Senior Debt was also terminated. Total payments to Sprott Lending to extinguish the Senior Debt and PPA including the prepayment fee were $35,185.

b) Strategic equity investment

Ccori Apu's Strategic Investment of C$45 million, a portion of which is structured as Canadian Development Expenditures flow through shares ("CDE flow through"), such that the total gross proceeds to the Company was C$50 million. Ccori Apu's ownership of Ascot is 19.9% upon closing and it received participation rights to maintain its pro rata ownership in subsequent equity issuances. Ccori Apu has the right to nominate up to two people to Ascot's Board of Directors as long as its ownership remains above 10% of Ascot common shares outstanding. If Ccori Apu's ownership falls below 10%, it will have the right to nominate one person to Ascot's Board of Directors, and if its ownership falls below 5% then it will not have the right to nominate anyone to Ascot's Board of Directors.

The Strategic Investment consisted of 48,500,000 Common Shares of the Company at a price of C$0.41 per Common Share for gross proceeds of $19,885 and 60,000,000 Common Shares of the Company that qualify as "flow through shares", as defined in the Income Tax Act (Canada) (the "CDE Common Shares"), at a price of C$0.50 per CDE Common Share for gross proceeds of $30,000. The Common Shares and CDE Common Shares were offered by way of private placement pursuant to applicable prospectus exemptions and will be subject to hold periods in accordance with applicable securities laws.

The net proceeds from the sale of the Common Shares will be used for capital costs at the Project and for general corporate purposes.

An amount equal to the gross proceeds from the issuance of the CDE Common Shares will be used to incur "Canadian development expenses" as defined in the Income Tax Act (Canada) ("Qualifying Expenditures"). The Qualifying Expenditures will be incurred on or before June 30, 2024 and will be renounced by the Company to the subscribers with an effective date no later than June 30, 2024 to the initial purchasers of the CDE Common Shares in an aggregate amount not less than the gross proceeds raised from the issue of the CDE Common Shares.

On April 20, 2023, the Company closed a non-brokered private placement (the "Offering"). The Offering raised total gross proceeds of $4,050 and consisted of 5,000,000 common shares of the Company, which qualify as "flow-through shares" within the meaning of the Income Tax Act (Canada) (the "FT Shares"), at a price of C$0.81 per FT Share. The proceeds from the Offering will be used to fund the 2023 exploration program at PGP. The gross proceeds from the issuance of the FT Shares will be used for "Canadian exploration expenses", and will qualify as "flow-through mining expenditures" as those terms are defined in the Income Tax Act (Canada), which will be renounced to the purchaser of the FT Shares with an effective date no later than December 31, 2023 in an aggregate amount not less than the gross proceeds raised from the issue of the FT Shares.

During H1 2023, the Company spent $2,917 on qualifying flow-through expenditures. As at June 30, 2023, $31,462 remains to be spent on flow-through expenditures prior to December 31, 2023 ($145), June 30, 2024 ($27,267) and April 30, 2025 ($4,050).

On June 27, 2023, the Company closed a US$14 million subordinated convertible credit facility (the "Convertible Facility") with Nebari. The Company incurred $658 of legal and due diligence expenses in relation to obtaining the Convertible Facility. Net proceeds from the Convertible Facility were used to repay principal and accrued interest and fees of Ascot's existing subordinated convertible credit facility with Beedie. Pursuant to the terms of the Convertible Facility, interest will accrue at a floating rate equal to the base rate of 5.00% plus the greater of the secured overnight financing rate ("SOFR") and 3.00% per annum. The interest is compounded quarterly and is added to the principal loan amount prior to commercial production as defined in the Convertible Facility agreement. All interest incurred after the declaration of commercial production shall be payable in cash quarterly. Principal and capitalized interest are payable on June 27, 2027.

Nebari has the option to convert all or a portion of the Convertible Facility's outstanding principal into common shares of Ascot at a conversion price of C$0.72 per share (the "Conversion Price"). The Company has the one-time right to convert up to 50% of the Convertible Facility's outstanding principal into common shares of Ascot in the event that for over 20 consecutive trading days, Ascot's shares' 30-day volume weighted average price ("VWAP") exceeds the Conversion Price by 45% (the "Conversion Trigger"). The Company may not force conversion if after the first Conversion Trigger the 30-day VWAP is less than 105% of the Conversion Price.

The Company may elect to prepay the outstanding principal and accrued interest balance in whole or in part at any time. As part of this prepayment condition, Ascot issued to Nebari 25,767,777 unvested share purchase warrants (the "Prepayment Warrants"). Voluntary prepayment is subject to the conditions of the Stream as well as vesting of a number of Prepayment Warrants that is equal to the quotient of the principal being prepaid divided by the initial US$14 million advance, with each Prepayment Warrant entitling the holder to purchase one Ascot common share at an exercise price equal to the Conversion Price.

As at June 30, 2023, the Company had cash & cash equivalents of $119,324 (December 31, 2022: $7,474) and working capital of $103,147 (December 31, 2022: $1,658). The increase in cash & cash equivalents was due to net proceeds from the Stream of $113,007, proceeds from the Strategic Investment of $49,885, proceeds from the private placement of $4,050 and proceeds from exercise of stock options of $25, offset by expenditures on mineral properties, plant and equipment of $45,188; cash outflows from operating activities of $6,879; share issue costs of $2,361, net payment on the extinguishment of convertible debt of $531 and payment for lease liabilities of $258.

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

RELATED PARTY TRANSACTIONS

Included in accounts payable and accruals at June 30, 2023 is $339 (December 31, 2022: $630) due to the Company's officers.

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Salaries, short-term benefits and management fees	$ 405	$ 334	$ 783	$ 669
Project development costs	20	26	41	53
Share-based payment transactions	295	243	648	1,015
	$ 720	$ 603	$ 1,472	$ 1,737

During the first half of 2023, key management personnel were granted 400,000 stock options at a weighted average exercise price of $0.66. Using the Black-Scholes model, the fair value of the options granted to key management personnel was determined at $153. Also, during H1 2023, 500,000 stock options held by the Company's key management personnel expired unexercised.

During H1 2023, the Company granted 32,665 DSUs to its directors. Based on the Company's share price on grant dates, the total fair value of the DSUs was $20.

COMMITMENTS, CONTRACTUAL AND OTHER OBLIGATIONS

As at June 30, 2023, 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	$ 16,137	$ -	$ -	$ -	$ 16,137
Equipment engineering and procurement	14,540	-	-	-	14,540
Convertible Facility principal and interest (a)	-	4,083	22,502	-	26,585
Reclamation liabilities (b)	-	477	-	59,040	59,517
Benefits agreement - PGP and RMP	-	700	675	800	2,175
Pre-production royalty - Red Mountain project	50	100	100	100	350
Minimum lease payments	544	507	-	-	1,051
	$ 31,271	$ 5,867	$ 23,277	$ 59,940	$ 120,355

(a) Interest on the Convertible Facility is compounded quarterly and is added to the principal loan amount prior to commercial production as defined in the Convertible Facility agreement. All interest incurred after the declaration of commercial production shall be payable in cash quarterly. Principal and capitalized interest are payable on June 27, 2027.

(b) 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:

Impairment of mineral properties

At each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to the Company's mineral properties. If any such indicator exists, then an impairment test is performed by management. As of September 30, 2022, management identified two indicators that required an impairment test to be performed in respect of the Project. The impairment test compared the carrying amount of the Project to its recoverable amount. The recoverable amount is the higher of the value in use and the fair value less costs of disposal (FVLCD). The Project's FVLCD was determined by using a discounted cash flow projections model based on life-of-mine financial forecasts. The key assumptions used in the cash flow projections model are forecast gold and silver prices, mining and processing costs, capital expenditures, reserve and resource quantities, reclamation and closure costs, discount rates, recovery rates, foreign exchange rates and estimated gold grades. No impairment was recorded as a result of the impairment test. As of June 30, 2023, no impairment indicators were noted for the Project.

The Stream

Upon initiation of the Stream and at each reporting period, management applies judgment in assessing the appropriate accounting treatment of the Stream. One of the areas of significant judgement is the Company's potential obligation to settle a portion of the Stream in cash. Management noted that the lender has limited ability to cancel the Stream or seek cash reimbursement except under certain circumstances of breach and default of covenants (i.e., a contingent settlement provision). Management determined that the Company is able to settle the Stream through delivery of the commodities based on Ascot's most recent mine plan. Based on these considerations, management concluded that the Stream does not meet the definition of a financial liability and has been accounted for as a contract liability for the future delivery of an unknown quantity of gold and silver ounces, with each ounce representing a separate performance obligation.

A market-based discount rate is utilized at the inception of the Stream to determine a discount rate for computing the interest charges for the significant financing component of the deferred revenue balance. As gold and silver are delivered, the deferred revenue amount including accreted interest will be drawn down. The drawdown rate requires the use of proven and probable reserves and certain resources in the calculation that are beyond indicated and inferred resources, which management is reasonably confident are transferable to proven and probable reserves. Key estimates used in determining the significant financing component include the discount rate and the reserve and resources assumed for conversion.

The buyback option included in the Stream is an embedded derivative, the fair value of which is estimated using the Monte Carlo Simulation Method. The key assumptions used in the model are risk-free rates, the Company's forecast mineral production, forecast gold and silver prices and volatility and credit spread.

The Convertible Facility

In assessing the Convertible Facility, management identified a conversion option embedded derivative within the convertible debt. The fair value of the derivative is estimated using the Finite Difference Method. The key assumptions used in the model are risk-free rates and the forecast price and volatility of the Company's stock.

Stock-based compensation

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

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, trade and other receivables, reclamation deposits, stream buyback option, trade and other payables, credit facilities and other liabilities. The recorded amounts of cash and cash equivalents, trade and other receivables, trade and other payables and other liabilities approximate their respective fair values due to their short-term nature. The carrying value of the reclamation deposit approximates its fair value, as it is cash-based. The carrying value of liability component of the Convertible Facility approximates its fair value since only a short period of time has passed between from the date of the debt inception (June 27, 2023) to June 30, 2023 .

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, cash equivalents and reclamation deposits. The Company limits its exposure to credit loss by placing its cash, cash equivalents and reclamation deposits with high credit quality financial institutions. Substantially all of our cash and cash equivalents held with financial institutions exceeds government-insured limits. We seek to minimize our credit risk by entering into transactions with investment grade worthy and reputable financial institutions and by monitoring the credit standing of the financial institutions with whom we transact. We seek to limit the amount of exposure with any one counterparty. The carrying amount of financial assets represents the maximum credit exposure.

Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company's significant financial instruments denominated in a foreign currency (U.S. dollar) are the Convertible Facility and cash in treasury account. A 10% decrease (increase) of the value of the Canadian dollar relative to the U.S. dollar as at June 30, 2023 would result in an additional $470 foreign exchange loss (gain) reported in the Company's statement of comprehensive loss for the six months ended June 30, 2023 (six months ended June 30, 2022: $3,655).

Interest Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash in treasury accounts carried at variable interest rates and GICs carried at fixed interest rates. The Company's significant financial instruments valued using fluctuating risk-free interest rates are the Stream buyback option and the derivative component of the Convertible Facility. The Company's Convertible Facility is carried at a floating interest rate. The Company has estimated that a one percentage point increase in the interest rate on its Convertible Facility would result in an additional $1 of interest added to the balance of the Convertible Facility for the six months ended June 30, 2023. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered insignificant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to maintain sufficient cash to meet obligations when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company endeavors to ensure that it has sufficient cash on demand to meet its obligations as they become due by preparing annual capital and administrative expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable 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. Refer to "**LIQUIDITY AND CAPITAL RESOURCES**" section above.

OUTSTANDING SHARE DATA

As at August 11, 2023, the Company had 555,909,153 common shares outstanding, 23,822,382 stock options, 13,710,500 vested share purchase warrants, 1,557,071 deferred share units, 3,796,930 restricted share units and 108,108 performance share units outstanding. Also, 25,767,777 unvested Prepayment Warrants issued to Nebari are outstanding.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Ascot remains committed to focusing on working safely, being transparent, building lasting relationships with Nisga'a Nation and our local communities beyond mining, and to steward the land, water, and air around us. Ascot continues to build strong relationships with our partner Nisga'a Nation and the local communities. We strive to be a sustainable contributor to northwestern British Columbia and southeastern Alaska. We thank Nisga'a Nation for hosting us on their Treaty Lands and working with us closely and collaboratively even through the unforeseen delays and challenges experienced over the past year. We thank our employees, the communities of Stewart and Hyder, our financial and government partners, and our shareholders for their ongoing support.

Our recent Sustainability Report released on March 23, 2023 highlights the measures taken and successes thus far in community relations, employment, health and safety, environmental stewardship and governance. The Sustainability Report also outlines the Company's future sustainable goals. Ascot's 2022 Sustainability Report can be found online at https://ascotgold.com/sustainability/sustainability-reports/.

Community Relations and Employment

For the past five years, Ascot has proactively engaged both formally and informally with the surrounding communities via Townhalls, Council Meetings, face-to-face meetings, and virtual meetings. Employment and housing are significant concerns for the community, along with attracting tourists in both the summer and winter months. Ascot's relationships with the leadership and community members of the District of Stewart are strong.

While PGP is within the Canadian provincial jurisdiction of British Columbia, we recognize that our project is very close to our neighbours in Alaska. Ascot has been in regular communication with the Hyder Community Association particularly as it relates to their request for support from Ascot for a joint request for funds for a road upgrade in Hyder to the Alaskan Government.

Ascot and Nisga'a Nation have established strong lines of communication and a respectful engagement process. During H1 2023, the Ascot/Nisga'a oversight committees established in accordance with the benefits agreement met and no substantive issues were raised. In July 2023, Ascot held a community open house in Stewart and hosted a site tour for Nisga'a leadership.

Ascot contributes where it can to its surrounding communities and has established Donations & Sponsorship Committee, which regularly reviews inbound requests. In Q2 2023, Ascot contributed to various events, including sponsoring free admission to the Stewart Museum for BC Mining Month (May) and donating to the Prince Rupert Salmon Festival hosted by the Gitmaxmak'ay Nisga'a Society. Ascot also contributed to an Indigenous Youth Exchange Program that brought youth from other First Nations to learn about Nisga'a Nation and the Nass Valley, and to the construction of a new Salvation Army Food Bank facility in Gitwinksihlkw that provides food for people in need throughout the Nass Valley.

Along with contributing funds to various events in the communities, staff have developed and presented an educational "Pebbles Plus Program" to Nisga'a youth living in the Prince Rupert area so that youth can learn more about mineral exploration and mining and what we do at Ascot. Staff also hosted booths at the National Indigenous Day celebration in New Aiyansh/Gitlaxt'aamiks in June 2023 and at International Days in Stewart in July 2023. Ascot also entered a float in the International Days parade.

Nisga'a Employment

Throughout the life of the company, employing Nisga'a citizens has been a priority for Ascot. As we transition into construction and operations, there will be an increase in opportunities to hire, train and support the career development of Nisga'a citizens interested in working with Ascot. In 2023, Ascot has prioritized hiring qualified Nisga'a citizens wherever possible and approximately 30% of our site-based new hires have been Nisga'a citizens. As of June 30, 2023, 26% of Ascot's site-based employees were Nisga'a citizens.

Wherever possible, Ascot encourages contractors to hire Nisga'a citizens. In Q1 2023, there have been at least 16 Nisga'a citizens employed at all times as part of the staff of our third-party contractors related to construction and construction support throughout the year.

Health and Safety

Doing "no harm" is paramount to our work at Ascot. The health and safety of our employees, contractors, and local communities has and will continue to be a top priority as the Company evolves from exploration to development and through production. Ascot's journey towards production presents new and unique health and safety conditions which must be proactively planned for and adapted to.

Corporate Governance

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

The Board has adopted a board mandate outlining its responsibilities and defining its duties. The Board currently has 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. All of the committees are comprised completely 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. Separate Timely Disclosure, Confidentiality and Insider Trading Policy, Whistleblower Policy, Diversity Policy and Compensation Recovery Policy are all also in place. For more details on the Company's corporate governance practices, refer to Ascot's website (https://ascotgold.com/corporate/corporate-governance/).

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

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The Company has 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 six months ended June 30, 2023 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 23, 2023 available on SEDAR+ at www.sedarplus.ca 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.

Cautionary Statement Regarding Forward-Looking Information

All statements and other information contained in this MD&A about anticipated future events may constitute forward-looking information under Canadian securities laws ("forward-looking statements"). Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeted", "outlook", "on track" and "intend" and statements that an event or result "may", "will", "should", "could" 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 use of proceeds of the Offering, the advancement and development of the PGP and the timing related thereto, the exploration of the Company's properties and management's outlook for 2023. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including risks associated with 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 in Ascot's filings with Canadian securities regulators, available on Ascot's profile on SEDAR+ at www.sedarplus.ca including the Annual Information Form of the Company dated March 23, 2023 in the section entitled "Risk Factors". Forward-looking statements are based on assumptions made with regard to: the estimated costs associated with construction of the Project; the timing of the anticipated start of production at the Project; the ability to maintain throughput and production levels at the 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; and exploration plans. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Although Ascot believes that the expectations reflected in such forward-looking statements and/or information are reasonable, undue reliance should not be placed on forward-looking statements since Ascot can give no assurance that such expectations will prove to be correct. Ascot does not undertake any obligation to update forward-looking statements. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.