# Ascot Resources Ltd.

## Management Discussion and Analysis

**For the three and six months ended September 30, 2018**

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

Report Date November 26, 2018

This Management's Discussion and Analysis ("MD&A") of Ascot Resources Ltd. ("Ascot" or the "Company") is dated November 26, 2018 and provides an analysis of our unaudited financial results for the six months ended September 30, 2018 compared to the six months ended September 30, 2017. The following information should be read in conjunction with the unaudited condensed interim consolidated financial statements for the six months ended September 30, 2018 and the audited consolidated financial statements for the year ended March 31, 2018 and the related notes thereto. Unless otherwise noted, all currency amounts are expressed in thousands of Canadian dollars. Additional information about the Company, including the unaudited condensed interim consolidated financial statements, and the notes thereto, for the six months ended September 30, 2018, prepared in accordance with IFRS, can be found on SEDAR at www.sedar.com and on the Company's website www.ascotgold.com.

Ascot is a Canadian-based junior exploration company publicly traded on the TSX Venture Exchange and OTCQX under the symbols AOT and AOTVF respectively, focused on re-starting the past producing historic Premier gold mine, located in British Columbia's Golden Triangle. The Company's near-term strategic goal is to define high-grade resources for underground mining, while continuing to explore nearby targets on its Premier-Dilworth properties and its recently acquired Silver Coin property, all situated just 25 kilometres north of the town of Stewart, BC, Canada. The Company also has two other projects: Swamp Point, an aggregate mine in temporary closure located in British Columbia on the Portland Canal and Mt. Margaret, a porphyry copper-molybdenum-gold-silver deposit located in Washington State, USA. On October 26, 2018, the Company completed the acquisition of the Silver Coin property, an advanced-stage gold-silver project adjacent to the Company's Premier-Dilworth properties.

On March 26, 2018, the Company filed a notice of change of year end pursuant to Part 4 of NI 52-102 Continuous Disclosure Obligations. The Company is changing its fiscal year end from March 31 to December 31 with transition year-end at December 31, 2018 to be more aligned with its peers.

**CURRENT QUARTER AND RECENT HIGHLIGHTS**

- On July 18, 2018, the Company announced that drilling at Big Missouri area had continued to identify gold mineralization while drilling at Premier/Northern Lights area had demonstrated that this area of the current resource still had room to grow.
- On August 9, 2018, Ascot announced that drilling at Big Missouri area had intercepted high-grade gold mineralization in the Unicorn and Province zones.
- On September 5, 2018, the Company announced that drilling at the Big Missouri ridge had continued to intercept high-grade gold mineralization at all three known horizons. In addition, gold mineralization has been intercepted at the separate Unicorn zone.
- On September 6, 2018, Ascot announced that an induced polarisation ("IP") test survey at Premier has successfully detected known mineralization. The test survey also identified a previously unknown anomaly to the southwest of the Premier pit, which the Company intends to explore. The Company expanded the IP survey to a 13,500-metre line both to the south of the Premier pit to the Alaska border (3.5 kilometres) and to the north towards Big Missouri Ridge (6 kilometres) where high-grade gold mineralization is also known. The survey identified multiple high priority chargeability anomalies.
- On September 18, 2018, the Company announced that drilling to the west of the 602 and 609 zones at Premier had extended mineralization 150 metres from the resource area. In addition, drilling at Big Missouri continued to add high-grade gold intercepts.
- On September 21, 2018, Ascot had completed a private placement for flow-through shares with gross proceeds of $3 million, which were used for the expanded 2018 exploration program at the Premier-Dilworth property.
- On September 25, 2018, the Company announced that drilling at the North Star prospect had intercepted high-grade gold mineralization with individual intervals greater than 10g/t gold in every drill hole that had been completed. Additional high-grade intercepts were added in the Big Missouri zone. Ten holes were completed at the Martha Ellen prospect.

- On October 16, 2018, Ascot completed its previously announced acquisition of the Premier property from Boliden limited. The Company now holds a 100% interest in the Premier-Dilworth property. (see "**Subsequent Events**")
- On October 26, 2018, the Company completed its previously announced acquisition of the Silver Coin property located immediately adjacent to Ascot's Premier-Dilworth properties' Big Missouri Ridge. The Silver Coin property contains approximately 244,000 AuEq* ounces of high-grade resources with significant exploration upside. (see "**Subsequent Events**")
- On November 1, 2018, the Company announced that diamond drilling at the Unicorn area near the Big Missouri ridge has intercepted high-grade gold mineralization. The 2018 drill program is now complete and results are being integrated into a resource update for the entire property including Premier/Northern Lights and all parts of the Big Missouri ridge.

  * Gold equivalence was calculated using a ratio of 65:1 Ag:Au and Ag recovery of 45.2%.

## SIX MONTHS ENDED SEPTEMBER 30, 2018 OPERATING OVERVIEW

### Premier-Dilworth Project

On June 30, 2017, the Company made the final option payment on the Premier and Dilworth properties of $6.85 million. The payment had been placed in escrow and was released to Boliden Limited ("Boliden") upon closing on October 16, 2018. (see "**Subsequent Events**")

The conditions of closing of the agreement include the assumption of the environmental bonding on the Premier property. The amount of this bond was set by the Province of British Columbia at $15 million payable in 3 tranches ($5 million upon closing in 2018; $5 million in 2019 and the remainder in 2020). The Company established a surety bond arrangement for the environmental bond with 50% cash collateral. At the end of September 2018, $2.5 million cash collateral was made to a trust account for the first tranche of surety bond arrangement. The Company also became responsible for certain operating expenses of the Premier and Dilworth properties after the agreement date of June 30, 2017. The purchase agreement was closed on October 16, 2018 and the Company now holds a 100% interest in the Premier-Dilworth property. (see "**Subsequent Events**")

With the successful completion of the 2017 program, the Company developed drill plans for 2018, which commenced in April 2018 and completed in October 2018. The program was designed to extend mineralized zones at Premier/Northern Lights, converting existing resources from inferred to indicated in existing zones (including the 602 zone), and to delineate high-grade underground zones in the Big Missouri/Martha Ellen area located 5 kilometres further north. The overall purpose of the drill program was to expand the existing resource base and develop new resources to support initial engineering studies. The drill program successfully outlined and extended a number of high-grade zones in the Big Missouri and Unicorn areas and particularly at the North Star prospect where multiple holes intersected high-grade mineralization near surface. The drilling at Premier succeeded in extending mineralization of the 602 and 609 zones towards the west. Mineralization remains open in that direction.

In September and October, the Company conducted an induced polarization geophysical survey that outlined a number of previously unknown chargeability anomalies with a similar signature to known zones of gold mineralization at Premier. These anomalies will be priority exploration targets in 2019.

In November of 2017, the Company engaged Mr. David Rennie, P.Eng. of RPA Inc ("RPA") to prepare an updated NI 43-101 mineral resource estimate focused on eight high-grade zones in the Premier-Northern lights area. The modeled high-grade zones outline two curvilinear structural planes where quartz breccias and stockwork development host gold mineralization in mineralized fault zones. Historic mining at the Premier mine focused on narrow steeply dipping zones close to surface. New modeling has revealed that the dip of the structural zones decreases at depth into more flat lying bodies. The thickness of the mineralized zones with moderate dip appears to be more substantial.

The updated NI 43-101 resource estimate for the Premier-Northern Lights zone (as at May, 2018) resulted in the following additional resources:

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

- 281,059 AuEq oz in the indicated category (1.21 Million tonnes ("Mt") grading 7.23g/t AuEq at 3.5g/t AuEq cut-off)[5]
- 319,675 AuEq oz in the inferred category (1.64 Mt grading 6.18g/t AuEq at 3.5g/t AuEq cut-off)[5]

Total updated NI 43-101 resources:

**Total Premier-Dilworth Project Mineral Resources**

| Class | Deposit | Tonnes 000's | Average Grades | | | Contained oz (000's) | | |
|---|---|---|---|---|---|---|---|---|
| | | | Au g/t | Ag g/t | AuEq | Au | Ag | AuEq |
| Indicated | Open-Pit [1,2,3] | 93,502 | 0.82 | 6.9 | 0.94 | 2,475 | 20,783 | 2,830 |
| | Underground [4,5] | 1,210 | 7.02 | 30.6 | 7.23 | 273 | 1,190 | 281 |
| **Total Indicated** | **Open-Pit & Underground** | **94,712** | **0.90** | **7.20** | **1.02** | **2,748** | **21,973** | **3,111** |
| Inferred | Open-Pit [1,2,3] | 79,278 | 0.59 | 7.2 | 0.71 | 1,494 | 18,238 | 1,804 |
| | Underground [4,5] | 1,640 | 6.01 | 24.9 | 6.18 | 317 | 1,310 | 320 |
| **Total Inferred** | **Open-Pit & Underground** | **80,918** | **0.70** | **7.56** | **0.82** | **1,811** | **19,548** | **2,124** |

**Notes:**
1) Mineral Resources are reported at a cut-off grade of 0.3 g/t AuEq
2) Source: Technical report prepared by Ronald G. Simpson, effective date 31 March, 2014
3) The gold equivalent grade was calculated using metal prices of $1400/oz for gold and $24/oz for silver. The gold equivalence formula is as follows: AuEq g/t = Au g/t + (Ag g/t * 0.017)
4) Mineral Resources are estimated at a cut-off grade of 3.5 g/t AuEq
5) Gold equivalence was calculated using a ratio of 65:1 Ag:Au and Ag recovery of 45.2%
6) The mineral resources presented here were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10, 2014.
7) Figures are rounded and totals may not add correctly.

The updated resource estimate will provide the basis for an engineering study to explore mining opportunities utilizing the existing mine and plant infrastructure.

**Qualified Person**

Lawrence Tsang, P. Geo provides the field management for the Premier exploration program. John Kiernan, P.Eng. and Chief Operating Officer is the Company's qualified person and has reviewed the technical information throughout the MD&A.

**2018 Drill Program**

In April of 2018, the Company commenced the 2018 drill program with infill and step out drilling on the 602 zone. On May 29, 2018, results from the first 11 holes from the 602 zone at Premier-Dilworth project were announced. Several holes intercepted wide intervals of high-grade gold mineralization including 12.1m of 11.65 g/t gold in hole P18-1605 and 9.61m of 24.64 g/t gold in hole P18-1609. The 602 zone is likely to be accessed first in a re-start scenario due to its proximity to the main underground portal.

On June 25, 2018, the Company announced that drilling at the Big Missouri Ridge had intercepted high-grade zones. This area is connected to the Premier/Northern Lights area by an 8-kilometre haul road that leads to the Premier mill building. The Big Missouri ridge hosts gold mineralization over a strike length of more than 6,000 metres. The mineralization is very similar to that in the Premier/Northern Lights area and has produced a significant number of high-grade intercepts that indicate the presence of material suitable for underground operations.

On July 25, 2018, the Company announced the results of 9 drill holes at Big Missouri and 21 drill holes in the Premier/Northern Lights area. Drilling at Big Missouri continued to identify high-grade gold mineralization while drilling at Premier/Northern Lights demonstrated that this area of the current resource still has room to grow. Notable intercepts included:

- 4.29m of 8.07g/t AuEq* in hole P18-1661 at Big Missouri
- 5.5m of 7.74g/t AuEq in hole P18-1665 at Big Missouri
- 2m of 9.91g/t AuEq in hole P18-1648 at the 602 zone at Premier/Northern Lights
- 2m of 10.34g/t AuEq in hole P18-1651 at the 602 zone at Premier/Northern Lights

On August 9, 2018, the Company announced the results from 37 drill holes at the Big Missouri ridge at Premier-Dilworth Property. Drilling at this area has intercepted high-grade gold mineralization in the Unicorn and Province zones. Highlights of the results included:

- 5.8m of 14.30g/t AuEq* in hole P18-1678 at the Unicorn zone
- 4.0m of 6.53g/t AuEq in hole P18-1708 at the Unicorn zone
- 2.0m of 25.45g/t AuEq in hole P18-1691 at the Province zone
- 2.0m of 14.65g/t AuEq in hole P18-1696 at the Province zone

On September 5, 2018, the Company announced that drilling at the Big Missouri ridge had continued to intercept high-grade gold mineralization at all three known horizons: the Province zone close to surface; the Big Missouri zone at a depth of 160-200 metres; and an unnamed zone 100 metres below the Big Missouri zone. In addition, gold mineralization has been intercepted at the separate Unicorn zone. All areas are located at the Company's Premier-Dilworth property. Highlights of the results included:

- 5.0m of 10.38g/t AuEq* in hole P18-1731 at the Big Missouri zone
- 3.0m of 12.84g/t AuEq in hole P18-1713 at the Province zone
- 5.0m of 18.31g/t AuEq in hole P18-1714 at the Province zone
- 2.0m of 12.69g/t AuEq in hole P18-1726 at the Unicorn zone

* Gold equivalence was calculated using a ratio of 65:1 Ag:Au and Ag recovery of 45.2%.

On September 18, 2018, the Company announced that drilling to the west of the 602 and 609 zones at Premier had extended mineralization 150 metres from the resource area. In addition, drilling at Big Missouri continued to add high-grade gold intercepts. Notable intercepts included:

- 20.0m of 8.04g/t Au and 21.4g/t Ag in hole P18-1743 at the western extension of Premier
- 6.0m of 11.49g/t Au and 9.3g/t Ag in hole P18-1812 at the western extension of Premier
- 6.8m of 13.8g/t Au and 9.4g/t Ag in hole P18-1753 at the Big Missouri zone
- 7.2m of 20.67g/t Au and 24.92g/t Ag in hole P18-1755 at the Big Missouri zone

In September 2018, the Company issued $3,000 through flow shares and expanded the 2018 drill program to the North Star area. On September 25, 2018, the Company announced that drilling at the North Star prospect had intercepted high-grade gold mineralization with individual intervals greater than 10g/t gold in every drill hole that had been completed. Additional high-grade intercepts were added in the Big Missouri zone. Ten holes were completed at the Martha Ellen prospect. Highlights of the results included:

- 8.90m of 9.85g/t Au and 104.8g/t Ag in hole P18-1785 at North Star
- 12.38m of 8.91g/t Au and 22.9g/t Ag in hole P18-1789 at North Star

- 6.50m of 15.14g/t Au and 14.23g/t Ag in hole P18-1765 at the Big Missouri zone
- 1.55m of 27.89g/t Au and 14.0g/t Ag in hole P18-1778 at the Big Missouri zone

On November 1, 2018, the Company announced that diamond drilling at the Unicorn area near the Big Missouri ridge has intercepted high-grade gold mineralization. The 2018 drill program is now complete and results are being integrated into a resource update for the entire property including Premier/Northern Lights and all parts of the Big Missouri ridge.

During the six months ended September 30, 2018, the Company incurred $9,448 deferred exploration cost on Premier-Dilworth project.

**Quality Assurance/Quality Control:** Analytical work is being carried out by ALS Lab Group. Quality assurance and quality control programs include the use of analytical blanks and standards and duplicates in addition to the labs own internal quality assurance program. All samples were analyzed using multi-digestion with ICP finish and fire assay with AA finish for gold. Samples over 100 ppm silver were reanalyzed using four acid digestion with an ore grade AA finish. Samples over 1,500 ppm silver were fire assayed with a gravimetric finish. Samples with over 10 ppm gold were fire assayed with a gravimetric finish. Identified or suspected metallic gold or silver are subjected to "metallics" assays. For extreme high gold grades, a concentrate analysis is performed with a fire assay and gravimetric finish accurate up to 999985 ppm Au limit (ALS Au-CON01) method. Sampling and storage are at the company's secure facility in Stewart with bi-weekly sample shipments made to ALS Labs Terrace prep site.

**Silver Coin Project**

On October 26, 2018, the Company completed its previously announced acquisition of the Silver Coin property from Jayden Resources Inc. and Mountain Boy Minerals Ltd. Ascot now holds a 100% interest in the property. Silver Coin is an advanced-stage, gold-silver property located 25 kilometres north of Stewart, BC, 800 metres from Ascot's Big Missouri project and 5 kilometres away from the Premier mill. Mineralization is characterized as epithermal gold-silver deposit with base metal sulfide-bearing breccias and veins similar to those mined at the Premier mine. The total historical mineral resource estimate for the high-grade core of the orebody consists of 702,000 tonnes grading 4.46 g/t Au in the indicated category and 967,000 tonnes grading 4.39 g/t Au in the inferred category as set forth in the report entitled "*NI 43-101 Technical Report on the Silver Coin Project, August 2013*" prepared for Jayden by Mining Plus Canada with an effective date of August 23, 2013. The resource estimate was stated at a cut-off grade of 2 g/t Au. In 1991, Westmin Resources mined the Facecut-35 zone and extracted 102,539 tonnes of material grading 8.9g/t Au and 55.5g/t Ag for an equivalent grade of 9.28g/t AuEq. The gold recovery for this material was 92.9% and the silver recovery was 45.7%. The project has room for expansion of the mineralized zones and significant exploration potential for additional zones.

**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 subject to a 1.5 NSR and a negotiated federal royalty.

**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 the former management of Ascot. The project was put on care and maintenance in 2008 as a result of the economic downturn.

The site has some existing onsite infrastructure, giving it the advantage of being able to re-start within a short lead time, with some further site preparation required. Management would like to realize value for its shareholders through a potential sale as this project is not part of the Company's strategic outlook.

## MANAGEMENT'S OUTLOOK FOR 2018

Management is planning a number of activities for the calendar year 2018 which include:

- Issue updated resource estimates for Premier/Northern Lights, Big Missouri/Martha Ellen and Silver Coin
- Undertaking and completing engineering studies related to re-starting the mine and mill operations
- Commencing ground water, climate and ecological studies related to re-starting the mine
- Re-building the historical data base of information from previous mining activities

## SUMMARY OF RESULTS

The Condensed Interim Consolidated Financial Statements for the six months ended September 30, 2018 of the Company to which the MD&A relates have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

### Operations

**For the six months ended September 30, 2018 compared with the six months ended September 30, 2017:**

The Company reported a net loss of $3,852 for the six months ended September 30, 2018 compared to $1,461 for the same period in 2017. The loss in the current year is driven by share-based payments of $1,112 (six months ended September 30, 2017: $Nil), property maintenance costs for the Premier property of $264 (six months ended September 30, 2017: $140), which began in August 2017, and deferred income tax expenses of $1,888 (six months ended September 30, 2017: $2,077). Shared-based payment, a non-cash cost, reflects the amortization of the estimated fair value of options over their vesting period. The calculation of the fair value of options is based to a large degree on the Company's share price and its volatility. The actual future value to the option holders may differ materially from these estimates as it depends on the trading price of Ascot's shares if and when the options are exercised. In addition, as the granting of options and their vesting is at the discretion of the Board, the related expense is unlikely to be uniform across quarters or financial years. Lower deferred income tax expenses in current period of 2018 was a result of lower flow through share expenditures.

Employee salaries and benefits, legal and professional fees, office and communication expenses in 2018 were higher than in 2017 due to increase in corporate activities and the additional staff taken over from Boliden since August 2017.

The Company had signed a purchase agreement ("Agreement") with Boliden to purchase the Premier-Dilworth property in June 2017, and the Agreement was closed in October 2018. Under the terms of the Agreement, the Company was responsible for care and maintenance costs relating to the Premier property. For the six months ended September 30, 2018, the Company reimbursed Boliden $449 for property maintenance costs. For the six months ended September 30, 2017, property maintenance costs were lower than in the corresponding period of 2018, as prior to July 2017 they related only to the Swamp Point project and were minimal.

Other income of $1,200 for the six months ended September 30, 2018 (six months ended September 30, 2017: $1,868) is mainly comprised of the premium on flow-through shares ("FTS") and interest income. The premium on FTS was $1,103 for the six months ended September 30, 2018 as compared to $1,750 for the corresponding period in 2017. This premium is the recognition received on the issue of FTS as the funds are spent. The number is thus a function of the premium received and the expenditures made. Interest income of $97 for the six months ended September 30, 2018 (six months ended September 30, 2017: $118) reflects interest earned on cash held on deposit and invested in short-term market instruments.

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

| C$000 | Sep 30, 2018 | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 | Jun 30, 2017 | Mar 31, 2017 | Dec 31, 2016 |
|---|---|---|---|---|---|---|---|---|
| Mineral property cost deferred | 9,649 | 5,200 | 654 | 2,219 | 4,686 | 10,796 | 553 | 1,587 |
| G & A expense, excluding share-based payments | 965 | 809 | 1,055 | 636 | 504 | 431 | 393 | 925 |
| Share-based payments | 535 | 577 | 989 | 4,083 | - | - | 1,875 | 145 |
| Property maintenance costs | 137 | 127 | 339 | 121 | 139 | 3 | 2 | 8 |
| Net loss | 1,865 | 1,987 | 2,590 | 5,012 | 843 | 619 | 2,266 | 1,615 |
| Loss per share (basic and diluted) | $ 0.01 | $ 0.01 | $ 0.02 | $ 0.03 | $ 0.01 | $ 0.00 | $ 0.02 | $ 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, stock option grant and vesting, and issuance of shares. Over the past eight quarters, the Company has been focused on the exploration on the Premier-Dilworth property near Stewart, BC. In October 2018, Ascot completed its acquisition of the Premier-Dilworth property and now holds a 100% interest in it. (see "**Subsequent Events**") The Company carried out an exploration program on the Premier-Dilworth property from May to October 2017 with the program wrapping up in December 2017. New management and Board of Directors joined the Company in October 2017, and the level of activities increased resulting in higher G&A expenses. 2018 drill program commenced in April 2018 and ended in October 2018.

## LIQUIDITY AND CAPITAL RESOURCES

### Capital Resources

In September 2018, the Company completed a non-broker private placement and raised $3,000 by issuing 3,000,000 flow-through shares at $1.00 per share. In connection with the offering, the Company paid finder's fees of $190, issued 190,125 non-transferable finder's warrants and incurred other share issuance costs of $44. During the six months ended September 30, 2018, a total of 15,530 warrants were exercised for proceeds of $18 and 15,000 options were exercised for proceeds of $14. These funds will be used to continue the Company's program on the Premier-Dilworth property as well as for general administrative costs.

The Company considers its capital structure to be primarily through shareholders' equity. 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 stage company, the Company is unable to finance its operations from cash flow and has relied primarily on equity 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

As at September 30, 2018, the Company had working capital of $9,182 (March 31, 2018: $19,951). As at September 30, 2018, cash totaled $11,004, a decrease of $9,507 from $20,511 at March 31, 2018. The decrease was due to (a) operating activities of $21 and (b) expenditures on mineral properties of $12,291. This was partially offset by the issuance of flow through shares and exercise of warrants and options of $2,805. The Company expects to have sufficient funds to meet its obligations in the transition year 2018.

## SEGMENT INFORMATION

As at September 30, 2018, the Company had two reportable geographic segments, Canada and the U.S. The U.S. assets relate solely to expenditures on the Mt. Margaret option, which is included in exploration and evaluation assets at September 30, 2018 at $5,352 (March 31, 2018: $5,352). All of the Company's current assets are located in Canada.

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

## RELATED PARTY TRANSACTIONS

Included in accounts payable is $68 (September 30, 2017: $21) due to related parties, of which $21 pertains to royalties on gravel product sold by the Company during the year ended March 31, 2008.

Key management personnel are individuals responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation comprised:

| | Six months ended September 30, 2018 | Six months ended September 30, 2017 |
|---|---|---|
| Salaries and short-term benefits | $ 190 | $ 130 |
| Management fees | 197 | 130 |
| Exploration and evaluation costs | - | 143 |
| Share-based payment transactions | 993 | - |
| | $ 1,379 | $ 403 |

## CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain accounting estimates and judgements. It also requires management to exercise judgement in applying the Company's accounting policies. These judgements and 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. There have been no material changes to the critical accounting estimates discussed in the March 31, 2018 annual MD&A filed on SEDAR on July 6, 2018.

## NEW ACCOUNTING PRONOUNCEMENTS

Certain recent accounting pronouncements have been included under note 3 in the Company's September 30, 2018 unaudited condensed interim consolidated financial statements.

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, deposits, investments, accounts payable and accrued liabilities. The fair value of the financial instruments approximates their carrying value due to the short-term nature of their maturity. Our financial instruments initially measured at fair value and then held at amortized cost include cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities. The Company's investments are held for trading and are marked-to-market at each period end with changes in fair value recorded to the statement of loss.

### *Currency risk*

Currency risk is the risk of a fluctuation in financial asset and liability settlement amounts due to a change in foreign exchange rates. The Company operates in Canada and the U.S. The Company's exposure to currency risk at September 30, 2018 is limited to U.S dollar cash balances and U.S. dollar accounts payable, which were minimal.

### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company holds cash and cash equivalents with Canadian Chartered financial institutions. The Company's accounts receivable consists of GST receivable from the Federal Government of Canada and other receivables for recoverable expenses. The Company's exposure to credit risk is equal to the balance of cash and cash equivalents and accounts receivable as recorded in the financial statements.

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulties raising funds to meet its financial obligations as they fall due. The Company is in the exploration stage and does not have cash inflows from operations; therefore, the Company manages its liquidity risk through the management of its capital structure and financial leverage. Management may monetize some of its investments held over the next year to assist in meeting its operational requirements. Future sources of liquidity may be the sale of investments, equity financing, the exercise of mineral property options, debt financing, convertible debt, or other means.

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk with respect to interest earned on cash and cash equivalents. Based on balances as at September 30, 2018, a 1% change in interest rates would result in a change in net loss of $75, assuming all other variables remain constant. As the Company is currently in the exploration phase none of its financial instruments are exposed to commodity price risk; however, the Company's ability to obtain long-term financing and its economic viability could be affected by commodity price volatility.

## OUTSTANDING SHARE DATA

As at November 26, 2018, the Company had 174,256,515 common shares outstanding, 14,690,000 share options outstanding under its stock-based incentive plan and 190,125 share purchase warrants outstanding.

## SUBSEQUENT EVENTS

a. On October 16, 2018, the Company has completed the purchase of the Premier Property from Boliden (Note 7). Pursuant to the APA, Ascot paid Boliden a total purchase price of $11,050 subject to certain expense adjustments at completion. The final payment, held in escrow by Ascot since June 30, 2017 was released to Boliden. Ascot now holds a 100% interest in the Premier and Dilworth Properties.

b. On August 13, 2018, the Company entered into a definitive agreement with Jayden Resources Inc. ("Jayden") and Mountain Boy Minerals Ltd. ("Mountain Boy") to acquire a 100% interest in the Silver Coin property (the "Property") in northwestern British Columbia (the "Transaction"). The Transaction was approved by Jayden shareholders on October 17, 2018 and was completed on October 26, 2018.

   Pursuant to the share purchase agreement with Jayden (the "Jayden SPA"), Ascot has acquired all of the issued and outstanding shares of Jayden's subsidiary, Jayden Resources (Canada) Inc. ("Jayden Canada"), in exchange for 15,179,497 Ascot common shares ("Ascot Shares"). Jayden Canada owned an 80% joint venture interest in the Property pursuant to a joint venture agreement with Mountain Boy (the "JV Agreement"). Concurrent with the completion of the Jayden SPA, Ascot has also acquired the remaining 20% joint venture interest in Silver Coin held by Mountain Boy in exchange for 3,794,874 Ascot Shares pursuant to a purchase agreement with Mountain Boy. Total consideration paid based on Ascot share price October 26, 2018 is $17,077. After closing, the Company changed the name of Jayden Canada to Ascot Gold Ridge Ltd.

**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 Canadian and U.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 July 5, 2018 available on SEDAR at www.sedar.com and www.sec.gov.

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring 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 March 31, 2018 MD&A that was filed on SEDAR on July 6, 2018.

**Cautionary Note**

*This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters* as *plans continue to be refined; future prices of minerals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this document and the Corporation disclaims any obligation to update any forward- looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*