Ascot Resources to “Seek New Financing Options”

Ascot Resources Ltd.(TSX: AOT)

Provides an update on construction financing and development plans for its Premier Gold Project in the prolific Golden Triangle of northwestern British Columbia.

Ascot and Sprott Private Resource Lending have failed to come to agreement regarding the conditions for the continuation of their funding arrangement, and as a result, Ascot are seeking alternative sources of funding for the remaining C$60 million of project finance. […]

Ascot Resources	TSX : AOT
Stage	Development
Metals	Gold
Market cap	C$413 m @ $0.95
Location	Golden Triangle, British Columbia



Ascot Resources Premier Mill B.C.

Comment

This looks very strange, Sprott Financing have already advanced C$20 million of initial funding to construct the Premier Gold Mine, and now they have requested a condition the company feel they are unable to comply with within the time frame given, so the company have decided to seek out alternative sources of finance, rather than take the C$60 million from Sprott.

This surely makes no sense for Sprott to do this, they are possibly delaying the start of mining for an indefinite time?

I am very surprised this split has surfaced during construction, at a very late stage for the project, I wonder if there are other reasons?

They have ample funding in the bank, and construction will continue, so not the end of the world, but we will see what alternatives they come up with for the C$60 million.

Ascot Provides Update On Premier Gold Project Financing And Development Plans

Vancouver, B.C. April 4, 2022 – Ascot Resources Ltd.(TSX: AOT; OTCQX: AOTVF) ("**Ascot**" or the "**Company**") today provides an update on construction financing and development plans for its Premier Gold Project ("**PGP**" or the "**project**", located on Nisga'a Nation Treaty Lands in the prolific Golden Triangle of northwestern British Columbia.

In December 2020, as part of a total construction finance package of US$105M (see News Release dated December 10, 2020), the Company secured a US$80M senior credit facility (the "**Senior Facility**") with Sprott Private Resource Lending II (Collector), LP ("**Sprott**").

After drawing down the initial US$20M tranche under the Senior Facility, Ascot was required to satisfy various conditions before drawing down the remaining US$60M.

However, the Company has been unable to reach an agreement with Sprott on the satisfaction of the drawdown conditions for

the remaining US$60M of the Senior Facility. Therefore, the initial US$20M drawdown will remain outstanding and Ascot will pursue alternative financing options to replace the remainder of the Senior Facility.

Until alternative financing can be secured Ascot will continue advancing the project with available liquidity. The Company anticipates that commencement of underground development and advancement of other key construction areas will continue as previously planned.

However, certain work packages may be placed on hold until the Company is able to secure alternative funding. While the resulting implications to the project are uncertain at this time, it is possible that there will be a delay to the initial production target of Q1 2023.

Ascot Resources management comments

“Since the original Senior Facility agreement was signed in December 2020, we at Ascot have worked tirelessly to continue de-risking and advancing PGP.

“We made significant progress on the Early Works program last year. We obtained the Mines Act Permit and the Environmental Management Act Permit Amendments in December 2021 and January 2022, respectively, and successfully completed C$145M in equity financing.

“However, we have not been able to come to an agreement with Sprott on the satisfaction of the drawdown conditions for the remaining tranches of the Senior Facility, and therefore have prudently begun pursuing alternative financing options.

“The Premier Gold Project remains one of the most advanced gold development projects in Canada. Given the significant de-risking that has been achieved so far, we believe the project presents an attractive financing opportunity for alternative funding.

“In the meantime, we will use our current cash balance of approximately C$90M to continue advancing PGP including the commencement of underground development and other critical construction areas.

“As we pursue alternative funding options and progress construction concurrently, we will update the market in due course with respect to any impacts to project schedule and cost if applicable.”

Derek White, President and CEO, Ascot Resources

For brevity, this summary has been redacted, to read the full news release, please click HERE

BACKGROUND ON THE SENIOR FACILITY

Upon closing of the Senior Facility agreement in December 2020, Ascot drew an initial tranche of US$20M. The remaining US$60M was to be drawn upon meeting various conditions including receipt of the Mines Act Permit and the Environmental Management Act Permit Amendments, obtaining additional funding necessary to reach project completion, *and*

Sprott's approval of the detailed mine plan.

In a recent review of the detailed mine plan, Sprott proposed certain technical conditions to be achieved. *In particular, one condition requires Ascot to have a significant portion of its 12-month ore inventory classified in the Proven Reserve category. Currently, all Reserves at PGP are classified as Probable.*

The Company cannot guarantee the reclassification of Reserves can be achieved in the required timeframe. Therefore, the Company considers it prudent to seek alternative financing options.

CURRENT FINANCIAL POSITION AND NEXT STEPS FORWARD

The Company currently has an unaudited cash balance of approximately C$90M which will enable the progression of certain critical areas of project construction in 2022. In order to commit to the entire outstanding project scope, Ascot will pursue alternative financing options to make up for the unfunded balance. The Company will also be exploring various royalty and/or stream options at PGP as an additional source of funding.

The commencement of underground development into the Big Missouri deposit starting at the S1 portal remains on track for late April 2022 and will continue unabated for the time being. The progression of other key construction areas will also continue this year. Certain work packages may be put on hold until the Company is able to secure an alternative finance package.

The delay of any work packages may result in delays to the overall project and the start up of production beyond the

previous target of Q1 2023.

The impact of delays, however, could potentially be partially offset by the ramp up from initial production to commercial and full-scale production, which the Company anticipates will be accelerated as underground development continues on schedule.

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Disclosure

At the time of writing the author holds shares in **Ascot Resources** bought in the market at the prevailing price in the

day of purchase.

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