



Court File No.: CV-25-_____ - 00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

PATRICK MOURAD

Plaintiff

– and –

ASCOT RESOURCES LTD., JOHN KIERNAN, CAROL LI, AND DEREK WHITE

Defendants

Proceeding under the *Class Proceedings Act, 1992*

STATEMENT OF CLAIM

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyers or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service in this court office, **WITHIN TWENTY DAYS** after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFFS' CLAIM, and \$5,000.00 for costs, within the time for serving and filing your statement of defence you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$400.00 for costs and have the costs assessed by the court.

Date Issued:	Issued by: _____ _____ Local Registrar
Address of Court Office: Superior Court of Justice 330 University Avenue, 7th Floor Toronto, Ontario, M5G 1R8	

TO: **ASCOT RESOURCES LTD.**
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Vancouver, BC V6E 2M6
Tel: (778) 725-1060

AND TO: **John Kiernan**
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AND TO: **Carol Li**
Attn. Legal Department
1095 West Pender Str., Suite 1050
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Tel: (778) 725-1060

AND TO: **Derek White**
Attn. Legal Department
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DEFINED TERMS

1. In addition to the terms defined in ss. 1(1) and 138.1 of the *Securities Act*, R.S.O. 1990, c. S. 5, and elsewhere herein, the following capitalized terms used throughout this Statement of Claim have the meanings indicated below:

- (a) “**Ascot**” or the “**Company**” mean Ascot Resources Ltd.;
- (b) “**Builders’ Lien Litigation**” means the builder’s lien and/or civil claims against Ascot lodged by Nuna on April 18, 2024 and April 2 and 10, 2025, Procon on September 11, 2024, and Paddison on October 9, 2024 and January 29, 2025;
- (c) “**Class (Statutory)**” means all beneficial owner entities and persons, other than Excluded Persons, who acquired Ascot’s common shares during the Class Period and who held some or all of those common shares until after the release of at least one of the Public Corrective Disclosures;
- (d) “**Class (Common Law)**” means all Canadian beneficial owner entities and persons, other than Excluded Persons, who acquired Ascot’s common shares and who held some or all of those common shares until after the release of at least one of the Public Corrective Disclosures;
- (e) “**Class Period**” means January 22, 2024 through the close of trading on February 4, 2025;
- (f) “**CPA**” means the *Class Proceedings Act*, 1992, SO 1992, c 6, as amended;
- (g) “**Excluded Persons**” means the Defendants, Ascot’s board members, executives, and family members during the Class Period as well as any member of Nuna, Procon, Paddison, and Sprott;
- (h) “**Impugned Offerings**” mean the following offerings of securities:

- I. on **February 20, 2024**, the Company closed a financing package for a total of approximately US\$50 million. The financing package consisted of a royalty restructuring of US\$30 million from Sprott and a cost overrun facility of US\$20 million from Nebari Credit Fund II. Concurrently, the Company closed a bought deal private placement pursuant to which Ascot issued a total of 65,343,000 common shares at a price of C\$0.44 per common share for gross proceeds of approximately C\$29 million. A portion of the proceeds received from Sprott were used to repurchase two existing 5% royalties on various PGP property claims. The proceeds received from Nebari Credit Fund II were used to fund the PGP and general working capital. The proceeds from the private placement were used for the construction and ramp up of PGP, for additional working capital and for general corporate purposes;
- II. on **May 29** and **June 20, 2024**, Ascot closed a total of C\$5,000,000 non-brokered flow-through private placement, the proceeds of which were stated to be used to fund the 2024 exploration program at PGP. The private placement consisted of 6,024,096 common shares of the Company, which qualified as "flow-through shares" within the meaning of the *Income Tax Act*, at a price of C\$0.83 per flow-through share;
- III. on **July 25, 2024**, Ascot closed a bought deal financing, including the full exercise of the over-allotment option, for gross proceeds of approximately C\$34 million, under which the underwriters agreed to buy on a bought deal basis by way of private placement, 30,242,000 flow-through units and 32,560,000 hard dollar units of the Company (together, the "Offered

Securities”), at a price of C\$0.496 per flow-through unit and C\$0.43 per hard dollar unit for aggregate gross proceeds of approximately C\$29,000,000. Each Offered Security consisted of one common share of the Company and one common share purchase warrant of the Company. Each warrant entitled the holder to acquire one share (each, a “Warrant Share”) at a price of C\$0.52 per Warrant Share for a period of 24 months following closing. In addition, the Company also granted the Underwriters an option, exercisable up to 48 hours prior to the closing of the offering, to purchase up to an additional 11,628,000 hard dollar units for additional gross proceeds of up to C\$5,000,000; and,

IV. on **November 18, 2024**, the Company closed its previously announced “best-efforts” private placement offering of common shares of the Company. The Company issued a total of 262,500,000 common shares at a price of C\$0.16 per common share, for gross proceeds of approximately C\$42 million.

- (i) “**Nuna**” means Nuna Logistics Limited, a heavy civil construction, earthworks, and remediation contractor headquartered in Edmonton, Alberta. Pursuant to a contract dated March 29, 2023, Nuna was to provide services to upgrade the tailings storage facility and other improvements to the Premier Project;
- (j) “**OSA**” means the *Securities Act*, R.S.O. 1990, c. S. 5;
- (k) “**PGM**” means the Premier Gold Mine, located in northwestern British Columbia, near Stewart, BC, which comprises four claim groups, identified as the Premier Northern Lights (“**PNL**”), Big Missouri (“**BM**”), Dilworth, and Silver Coin deposits;

- (l) **“PGP”** or **“Premier Project”** means Ascot’s partially developed underground gold and silver mine, i.e., the PGM, that consists of various physical improvements referred to by the Company as “Mine Development Work,” “Development Work,” “Civil Works,” and, collectively, “Improvements”;
- (m) **“PNL”** means the Premier Northern Lights deposit within the Premier Gold Mine;
- (n) **“Paddison”** means Brad Paddison Contracting Ltd;
- (o) **“Procon”** means Procon Mining and Tunnelling Ltd;
- (p) **“Public Corrective Disclosures”** means the material facts released to the market on September 6, 2024 (6:12 am ET) and February 5, 2025 (7:08 am ET); and
- (q) **“Sprott”** means Sprott Private Resource Streaming and Royalty (B) Corp.

CAUSES OF ACTION

2. The causes of action asserted by the Plaintiff, on behalf of himself and the Classes in this proceeding, are:

- (a) Common law primary market misrepresentations, associated with the Impugned Offerings;
- (b) Common law secondary market misrepresentations, associated with common shares purchased in the secondary market;
- (c) Statutory primary market misrepresentations, pursuant to Part XXIII, s. 130 of the *OSA*, associated with the Impugned Offerings; and
- (d) If leave under Part XXIII.1, s. 138.8 of the *OSA* is granted, statutory secondary market misrepresentations, pursuant to Part XXIII.1, s. 138.3 of the *OSA*, associated with common shares purchased in the secondary market.

RELIEF CLAIMED

3. The Plaintiff claims on his own behalf and on behalf of the members of the Classes, subject to further disclosures and discovery:

- (a) a declaration that the impugned documents released by the Defendants contained misrepresentations because the impugned documents omitted material facts related to the Company's business, operations and finances;
- (b) an order pursuant to s. 5 of the *CPA* certifying this action as a class proceeding and appointing him as the representative plaintiff for the Classes advancing the causes of action identified herein;
- (c) subject to common law and Part XXIII.1 of the *OSA*, damages in a sum to be determined, or such other sum as this Court finds appropriate at the trial of the common issues or at a reference or references;
- (d) an order directing a reference or giving such other directions as may be necessary to determine issues not determined in the trial of the common issues;
- (e) prejudgment and post-judgment interest, compounded, or pursuant to ss. 128 and 129 of the *CJA*;
- (f) costs of this action, plus, pursuant to s. 26(9) of the *CPA*, the costs of administering the plan of distribution of the recovery in this action; and
- (g) such further and other relief that this Honourable Court deems just.

OVERVIEW OF THIS PROCEEDING

4. Ascot is a gold and silver mining company based and operating in British Columbia, Canada. The principal focus of Ascot's business is the Premier Project, being the development and commissioning of its 100% owned PGM in northwestern British Columbia.

5. Between January 4 and August 9, 2024, Ascot published material facts contained within core and non-core documents that the Premier Project construction was fully funded, that it would become self-financed from selling gold, that it was on schedule, and that commissioning and ramp-up activities in the processing plant and within the mine continued towards achieving commercial production in Q3 of 2024.

6. On September 6, 2024, however, Ascot released a statement that it was suspending operations because “the mine development at the Big Missouri mine has fallen behind schedule by approximately one to two months, and with the delay in the start of the Premier Northern Lights (“PNL”) ramp from July to December last year, PNL production is also delayed. As a result, the number of stoping areas is not sufficient to provide enough production to adequately feed the mill. Although the Company is on track for first development ore at PNL this month, further development is required to access deeper ore than was initially planned, which will extend the timing to complete the development and ramp up of the PNL mine.”

7. Moreover, Ascot reported that it had to raise more capital to achieve commercial production status despite previously reporting that it did not require additional capital.

8. The Company and the individual Defendants knew the material facts disclosed on September 6, 2024, long before they were disclosed. In an affidavit sworn November 1, 2024 in litigation between Sprott and Ascot, Vancouver Registry S-247543, Derek White, the former President, Chief Executive Officer, and Director of Ascot stated: “While there were numerous challenges to the development of the Premier Project in 2023 and 2024, I am summarizing the major challenges that prevented the completion and proper operation of the Premier Project:

- (a) the geology of the BM and PNL deposits has proven to be more complex than anticipated, which required alterations to the design and construction of

Development Work to properly access ore with desirable grades, and as a result, existing Development Work did not access sufficient ore and grade to feed the mill and processing facility as intended;

- (b) construction activities and timelines had been delayed by incomplete work and contractor delays, particularly by the primary Civil Works contractor, Nuna, which delayed the overall development of the Improvement resulting in work sequencing problems and cost overruns;
- (c) other construction challenges and delays affected the development of the Improvement, including inadequate equipment, regulatory permitting, lack of manpower, poor parts availability and redesign work;
- (d) water inflow management and underground electrical and air ventilation planning had delayed Development Work; and
- (e) delays and challenges in the commissioning of the mill have not been resolved, including design and technical challenges and technical problems with establishing the grade of ore feedstock available.”

9. The market’s reaction was harsh and immediate, sending the shares from \$0.44 to \$0.19 on trading volume that exceeded normal trading volume by 10x.

10. The September 6, 2024 news release, however, did not disclose all the negative material facts known to the Defendants relating to the Premier Project and its delays. The Defendants continued to publish core and non-core documents containing misrepresentations to raise more capital from the members of the Class to complete the PNL mine and restart the mill.

11. On February 5, 2025, Ascot, through its new CEO, released a statement that its previously outlined timeframe to re-start mill operations was no longer achievable or on budget. The market’s

reaction was again harsh and immediate, sending the shares from \$0.19 to \$0.14 on trading volume that exceeded normal trading volume by 5x.

THE PLAINTIFFS

Patrick Mourad

12. Patrick Mourad is a resident of British Columbia, Canada. Prior to and during the Class Period, in relying upon the Company's core and non-core documents, he made investment decisions to purchase Ascot's securities listed on the TSX and in private placements. The Plaintiff held a portion of these shares until after September 6, 2024 and February 5, 2025, and suffered an economic loss.

13. Thereafter, the Plaintiff read and relied on Ascot's core and non-documents released after September 6, 2024, believing that Ascot was close to reaching its published goals, and being unaware of the Builders' Lien Litigation or the November 1, 2024 petition filed by Sprott, made an additional investment in Ascot's November 18, 2024 public offering. The Plaintiff held all of these securities beyond February 5, 2025, and suffered an economic loss.

14. Had the Plaintiff known that by January 22, 2024, there had been many changes to the Premier Project resulting in cost overruns and delays, a dispute between Ascot and contractors, or that contrary to the representations made, the Premier Project was not fully funded to begin commercial production, he would not have purchased additional Ascot securities.

THE DEFENDANTS

Ascot Resources Ltd.

15. Ascot Resources Ltd. is a gold and silver mining company based and operating in British Columbia, Canada. The principal focus of the business of Ascot is the development and commissioning of Ascot's 100% owned Premier Project.

16. The Premier Project is an underground mine development consisting of several gold and silver deposits. Ascots main asset is the Premier Gold Project or PGP, which is located in northern British Columbia.

Individual John Kiernan

17. Mr. Kiernan served as Ascot's Chief Operating Officer between October 6, 2017 and January 15, 2025. On January 15, 2025, Ascot's new CEO and Director announced the abrupt departure of Mr. Kiernan. Mr. Kiernan served as COO of Ascot during the Impugned Offerings and the development of the Premier Project, as well as during a portion of the Builders' Lien Litigation.

Individual Carol Li

18. Ms. Li served as the Chief Financial Officer of Ascot between November 11, 2017 and May 15, 2025. On April 22, 2025, Ascot's new CEO and Director announced the abrupt departure of Ms. Li after eight years of serving as Ascot's CFO. Ms. Li having served as Ascot's CFO during the Impugned Offerings and the development of the Premier Project, as well as during a portion of the Builders' Lien Litigation.

Individual Derek White

19. Mr. White served as the President, Chief Executive Officer, and a Director of Ascot between October 6, 2017 and January 15, 2025. He was also a member of the Governance and Nomination Committee, Finance Committee, and the Disclosure Committee. On January 15, 2025, Ascot's new CEO and Director announced the abrupt departure of Mr. White after serving as Ascot's President, CEO, and Director and who had ultimate responsibility for the Impugned Offerings, the Premier Project, the Builders' Lien Litigation, and the content of disclosures within the impugned documents.

THE TOTAL MIX OF INFORMATION, PUBLIC CORRECTIVE DISCLOSURES, AND MARKET IMPACT

20. On **January 4, 2024**, Ascot released an investor presentation (which has since been removed from its website) reporting that it expected to be in commercial production during mid-2024; total costs at \$334 million; included a “Monthly Construction Progress” chart; and outstanding share base was 598 million shares on a fully diluted basis.

21. As reflected within the September 6, 2024 news release, records within the Builders’ Lien Litigation (including the engineering problems identified in Nuna’s letter to Ascot through counsel dated June 28, 2024), and Ascot’s Q3 2024 MD&A, these documents contained misrepresentations, including that the delays at the PNL mine development from 2023 caused the Premier Project to be delayed (delaying commercial production status), but those delays were not reported by Ascot to the public, or were reported by Ascot’s staff to Messrs. White and Kiernan who thereon after negligently misreported said information to the markets.

22. On **January 22, 2024**, Ascot released a news release and a core document (“Offering-Memorandum”) on SEDAR, certified and signed by Derek White and Carol Li, seeking to sell various types of securities, and the impugned offering resulted in \$28,751,000, being raised from the Class. The Offering Memorandum included the following material facts relevant to this proceeding:

- (a) The Company will not close this Offering unless the Company reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution;
- (b) The Company intends to use the available funds upon closing of the Financing Package for the following business objectives: (i) the construction and ramp-up of

the PGP; (ii) buy-back of the Royalties; and (iii) for additional working capital and general corporate purposes; and

- (c) Concerning the construction and ramp-up of the PGP, the Company intends to allocate funds: (i) to substantially complete the construction contracts and related construction activities, mainly the construction of tailing storage facility, piping and electrical systems and controls for the mill by April 2024; and (ii) for the operational ramp-up of the mining and processing facility, mainly the underground mining development, ore stockpile and ramp-up of the processing plant to commercial production level by Q3 2024.

23. As reflected within the September 6, 2024 news release, records within the Builders' Lien Litigation (including the engineering problems identified in Nuna's letter to Ascot through counsel dated June 28, 2024), and Ascot's Q3 2024 MD&A, these documents contained misrepresentations, including that the delays at the PNL mine development from 2023 caused the Premier Project to be delayed (delaying commercial production status), but those delays were not reported by Ascot to the public, or were reported by Ascot's staff to Messrs. White and Kiernan who thereon after negligently misreported said information to the markets.

24. On **February 20, 2024**, Ascot published a news release announcing the closing of a deal that raised \$29 million by selling 65,343,000 common shares reporting the following material facts relevant to this proceeding:

- (a) Project construction was 86% complete as of December 31, 2023 (approximately 90% as of January 31, 2024), and is currently nearing completion, with first ore delivery to the mill anticipated by the end of March 2024, and first gold pour anticipated in April 2024;

- (b) Capital costs, including mining costs, incurred as of December 31, 2023, were \$292 million. As of December 31, 2023, the remaining project construction capital required to complete construction and achieve the first gold pour is approximately \$47 million including mine development costs, but excluding certain pre-operating costs and working capital. This implies a total project capital cost of \$339 million, which is slightly higher than the most recent total project budget of \$334 million as reported last quarter. The increase is mainly attributable to the increase in duration of the earthworks and project indirect costs; and
- (c) The Company believes it is well financed to complete construction of the Project, progress through the ramp-up phase to commercial production and reach nameplate capacity at the Premier Gold Mine.

25. Ascot also released an investor presentation (which has since been removed from its website) reporting new updates about its offering; that the Premier Project was 90% completed by January 31, 2024; there were only \$47 million remaining in Project construction capital costs; included a “Monthly Construction Progress” chart; and the outstanding share base was 676 million shares on a fully diluted basis.

26. CIBC Capital Markets reported its view of Ascot’s representations as, “Ascot is now fully funded to complete construction and ramp-up operations at its Premier Gold Project” [emphasis added]. CIBC also highlighted that Ascot reported that it was 90% completed with construction as of the end of January 2024. Ascot did not advise CIBC Capital Markets that this information was inaccurate.

27. BMO reported that based upon Ascot’s representations, the total cost of the construction at the Premier Project would be approximately \$339 million.

28. As reflected within the September 6, 2024 news release, records within the Builders' Lien Litigation (including the engineering problems identified in Nuna's letter to Ascot through counsel dated June 28, 2024), and Ascot's Q3 2024 MD&A, these documents contained misrepresentations, including that the delays at the PNL mine development from 2023 caused the Premier Project to be delayed (delaying commercial production status), but those delays were not reported by Ascot to the public, or were reported by Ascot's staff to Messrs. White and Kiernan who thereon after negligently misreported said information to the markets.

29. On **March 1, 2024**, Ascot published its Form 45-106F1 Report and confirmed that on February 20, 2024, it sold common shares, as various securities of shares, convertible shares, and warrants, pursuant to a bought deal to 41 investors that are and could have resold to members of the Class for a total of \$47.2 million.

30. On **March 11, 2024**, Ascot released an investor presentation (which has since been removed from its website) reporting new updates about being at the commercial production stage during Q3 2024, that the Premier Project was 90% completed by January 31, 2024, that there was only \$47 million remaining Project construction capital costs excluding pre-operating expenses and working capital, and that the outstanding share base was 676 million shares on a fully diluted basis. Ascot also included a "Monthly Construction Progress" chart.

31. On **March 25, 2024**, Ascot updated the total mix of information to the market about its capital, financials, and operations with the Premier Project by publishing its F/2023 Annual Information Form reporting the following material facts relevant to this proceeding:

- (a) As of the end of February 2024, Ascot has invested a total of approximately \$320 million in construction of PGP including mining costs. The expected remaining capital, including mining development costs but excluding certain pre-operating

costs and working capital, to achieve first gold production is approximately \$23 million;

- (b) Premier Gold and Red Mountain Projects: at the end of Q4 2023, overall construction excluding mine development was 86% complete (approximately 94% as of February 29, 2024), compared with 66% complete at the end of Q3 2023. Numerous pre-commissioning activities in the mill are ongoing. The Company anticipates introducing first ore into the mill by the end of March 2024, and pouring first gold in April 2024; and
- (c) Capital costs, including mining costs, incurred as of December 31, 2023, were approximately \$292 million. As of December 31, 2023, the remaining project construction capital required to complete construction and achieve the first gold pour was approximately \$51 million including mine development costs but excluding certain pre-operating costs and working capital. This implied a total project capital cost of \$343 million, which was slightly higher than the most recent total project budget of \$334 million as reported in Q3 2023. The increase was mainly attributable to the increase in duration of the earthworks and project indirect costs.

32. As reflected within the September 6, 2024 news release, records within the Builders' Lien Litigation (including the engineering problems identified in Nuna's letter to Ascot through counsel dated June 28, 2024), and Ascot's Q3 2024 MD&A, these documents contained misrepresentations, including that the delays at the PNL mine development from 2023 caused the Premier Project to be delayed (delaying commercial production status), but those delays were not

reported by Ascot to the public, or were reported by Ascot's staff to Messrs. White and Kiernan who thereon after negligently misreported said information to the markets.

33. In particular, Ascot's relationship with Nuna, which had highlighted many changes to the engineering plan for the upgrading of the tailings storage facility for the Premium Project, and which was directed to demobilize and leave the PGP back on March 11, 2024.

34. On **March 26, 2024**, Ascot updated the total mix of information to the market about its capital, financials, and operations with the Premier Project by publishing its F/2023 MD&A, reporting that it had sufficient funding for the next twelve months of operations, including progress from construction to first gold pour, ramp-up, commercial production, and eventually steady-state operations.

35. As reflected within the September 6, 2024 news release, records within the Builders' Lien Litigation (including the engineering problems identified in Nuna's letter to Ascot through counsel dated June 28, 2024), and Ascot's Q3 2024 MD&A, these documents contained misrepresentations, including that the delays at the PNL mine development from 2023 caused the Premier Project to be delayed (delaying commercial production status), but those delays were not reported by Ascot to the public, or were reported by Ascot's staff to Messrs. White and Kiernan who thereon after negligently misreported said information to the markets.

36. In particular, Ascot's relationship with Nuna, which had highlighted a plethora of changes to the engineering plan for the upgrading of the tailings storage facility for the Premium Project and which was directed to demobilize and leave the PGP back on March 11, 2024.

37. On **April 22, 2024**, Ascot published a news release announcing that it poured its first gold as part of the commissioning process at PGP; and that "commercial production" was anticipated to commence Q3 2024.

38. As reflected within the September 6, 2024 news release, records within the Builders' Lien Litigation (including the engineering problems identified in Nuna's letter to Ascot through counsel dated June 28, 2024), and Ascot's Q3 2024 MD&A, this document contained misrepresentations and, in particular:

- (a) Ascot's relationship with Nuna, which had highlighted many to the engineering plan for the upgrading of the tailings storage facility for the Premier Project, and with a \$22 million builder's lien demand, was directed to demobilize and leave the PGP back on March 11, 2024; and
- (b) Delays at the PNL mine development from 2023 caused the Premier Project to be delayed (delaying commercial production status), but those delays were not reported by Ascot to the public, or were reported by Ascot's staff to Messrs. White and Kiernan who thereon after negligently misreported said information to the markets.

39. On **May 7, 2024**, Ascot released a news release seeking to sell various types of securities. An Impugned Offering was conducted on May 29 and June 20, resulting in 6,024,096 common shares being sold to the Class and others. At no time prior to the distribution of these securities did Ascot publicly disclose the Builders' Lien Litigation or, as reflected in the September 6, 2024 news release, that the delays at the PNL mine development from 2023 had caused the Premier Project to be delayed (delaying commercial production status).

40. On **May 9, 2024**, Ascot released an investor presentation (which has since been removed from its website) reporting new updates including that it was "now in commissioning towards commercial production in Q3 2024, that the Premier Project was 94% completed by February 29, 2024, that there were only \$47 million remaining Project construction capital costs but excluding

pre-operating expenses and working capital, that the Tailings Storage Facility was complete, and that outstanding share base was 676 million shares at a fully diluted basis. Ascot also included a “Monthly Construction Progress” chart.

41. On **May 13, 2024**, Ascot updated the total mix of information to the market about its capital, financials, and operations with the Premier Project by publishing its Q1 2024 MD&A and reporting the following material facts relevant to this proceeding:

- (a) Concurrent with commissioning the Premier Project towards commercial production which is anticipated to be in Q3 2024;
- (b) Rock was introduced into the grinding circuit of the mill on March 31, 2024, and first gold-bearing ore was introduced to the mills on April 5, 2024;
- (c) On April 20, 2024, first gold was poured as a part of the commissioning process. Commissioning of the processing plant at PGP is ongoing, with commercial production anticipated in Q3 2024. Two gold pours have been completed using gold recovered from the gravity circuit;
- (d) At the end of Q1 2024, overall construction excluding mine development was 98% complete;
- (e) With first gold having been poured on April 20, 2024, via gold recovered through the gravity circuit, the project construction is 100% complete on schedule and on the most recently provided budget of approximately C\$339 million. Commissioning and ramp-up activities in the processing plant and in the mine continue towards achieving commercial production in Q3 of 2024;

- (f) Mining development is being advanced down into the Premier deposit for initial mining in the Prew Zone, with ore development now anticipated to begin in early Q3 2024, and initial longhole stope production following later in Q3 2024;
- (g) Although progress has been slow, the quality of the resultant work with ground control and shotcrete arches has been excellent, allowing for a secure and stable ramp for the life-of-mine production to come from this area approximately 350 metres from the Premier Mill; and
- (h) As the Company continues to commission and ramp-up of PGP, the Company expects to finance its operations from cash flow in the next twelve months.

42. Desjardins published a research report after Ascot published its 1Q MD&A and highlighted that Ascot remained on track for commercial production in 3Q as well as on budget vs its most recent guided capex estimate of \$339 million; construction of the mill is now complete while the water treatment plant is largely complete.

43. On **June 3, 2024**, Ascot released an investor presentation (which has since been removed from its website) reporting new updates, including that it was “now in commissioning towards commercial production in Q3 2024”, that the Premier Project was 94% completed by February 29, 2024, that the Tailings Storage Facility was complete, and that the outstanding share base was 693 million shares on a fully diluted basis. This presentation now excluded a reference about how much additional capital was required to get to commercial production, and excluded the “Monthly Construction Progress” chart (i.e., presumably, between May and June, Ascot spent the remaining \$47 million to complete the construction).

44. As reflected within the September 6, 2024 news release, records within the Builders’ Lien Litigation (including the engineering problems identified in Nuna’s letter to Ascot through counsel

dated June 28, 2024), and Ascot's Q3 2024 MD&A, these documents contained misrepresentations and, in particular:

- (a) Ascot's relationship with Nuna, which had highlighted many changes to the engineering plan for the upgrading of the tailings storage facility for the Premier Project and with a \$22 million builder's lien demand, was directed to demobilize and leave the PGP back on March 11, 2024; and
- (b) Delays at the PNL mine development from 2023 caused the Premier Project to be delayed (delaying commercial production status), but those delays were not reported by Ascot to the public, or were reported by Ascot's staff to Messrs. White and Kiernan who thereon after negligently misreported said information to the markets.

45. On **August 9, 2024**, Ascot updated the total mix of information to the market about its capital, financials, and operations with the Premier Project by publishing its Q2 2024 MD&A and a news release reporting the following material facts relevant to this proceeding:

- (a) Significant progress in the second half of the quarter has been made at PNL where the development rates have increased to over 6 metres per day;
- (b) Rock was introduced into the grinding circuit of the mill on March 31, 2024, and first gold-bearing ore was introduced to the mills on April 5, 2024. On April 20, 2024, first gold was poured as a part of the commissioning process. Commissioning of the processing plant at PGP is ongoing, with commercial production anticipated in the second half of 2024 [Emphasis added] (a shift from Q3 to the second half of 2024 was not explained within the core document);

- (c) Management is addressing mine development by developing over 6m per day at PNL... anticipation of breakthrough to the Prew ore zone in early September;
- (d) On July 25, 2024, the Company received gross proceeds of \$34 million from a bought deal private placement. Management considered the existing negative net working capital, the commitments at June 30, 2024 and the funding received on July 25, 2024, and concluded that the Company now has sufficient funding for the next twelve months of operations, including to progress from processing plant commissioning to full ramp-up, commercial production and eventually steady-state operations.

46. As reflected within the September 6, 2024 news release, records within the Builders' Lien Litigation (including the engineering problems identified in Nuna's letter to Ascot through counsel dated June 28, 2024), and Ascot's Q3 2024 MD&A, these documents contained misrepresentations and, in particular:

- (a) Ascot's relationship with Nuna, which had highlighted a plethora of changes to the engineering plan for the upgrading of the tailings storage facility for the Premium Project and with a \$22 million builder's lien demand, was directed to demobilize and leave the PGP back on March 11, 2024; and
- (b) Delays at the PNL mine development from 2023 caused the Premier Project to be delayed (delaying commercial production status), but those delays were not reported by Ascot to the public, or were reported by Ascot's staff to Messrs. White and Kiernan who thereon after negligently misreported said information to the markets.

47. On **September 6, 2024**, prior to the market opening Ascot published a news release that corrected its statements released between January 22 and August 9, 2024, reporting in relevant part to this proceeding:

- (a) “[W]e believe that the amount of mine development at the Big Missouri mine has fallen behind schedule by approximately one to two months, and with the delay in the start of the Premier Northern Lights (“PNL”) ramp from July to December last year, PNL production is also delayed.”
- (b) “As a result, the number of stoping areas is not sufficient to provide enough production to adequately feed the mill. Although the Company is on track for first development ore at PNL this month, further development is required to access deeper ore than was initially planned, which will extend the timing to complete the development and ramp up of the PNL mine.”
- (c) “After careful consideration, the Company has decided that, to enable sufficient mine development, it will suspend operations. Ascot will focus on mine development until the combination of the Big Missouri and PNL mines can sustainably deliver enough ore feed to profitably run the operation. The Company’s intention is to seek funding to complete the necessary mine development.”

[emphasis added]

48. As reported by Ascot and Messrs. White and Kiernan, if the PNL’s ramp delay from July to December 2023 had resulted in commercial production to be delayed from Q3 2024 to an unknown date, essentially all of Ascot’s representations concerning achieving commercial production status during Q3 2024 were inaccurate when made (i.e., because the referred to problem was identified in December 2023).

49. On **September 6, 2024**, when the markets opened, investors' reaction was harsh and immediate; sending the shares from \$0.44 to \$0.19 on trading volume that exceeded normal trading volume by 10x. The Company's market capitalization was reduced to \$130.7 million.

50. As reflected within the February 5, 2025 news release, records within the Builders' Lien Litigation (including the engineering problems identified in Nuna's letter to Ascot through counsel dated June 28, 2024), and Ascot's Q3 2024 MD&A, this document contained misrepresentations and, in particular, misrepresented Ascot's relationship with Nuna, which had highlighted many changes to the engineering plan for the upgrading of the tailings storage facility for the Premier Project and that it had a \$22 million builder's lien demand. Ascot also omitted to disclose increased costs.

51. On **September 10, 2024**, Raymond James Ltd. published a research report summarizing Ascot's September 5, 2024 disclosures and stating that "the timing of the announcement is surprising", as on July 25 the company closed a \$34 million equity financing, yet just six weeks later management says development has fallen behind by one to two months and further development is required at Premier Northern Light deposit to access deeper ore.

52. On **October 22, 2024**, Ascot published a Term Sheet and Subscription Agreement seeking to raise additional capital to be used to "(1) complete the development of the Premier Northern Lights mine; (2) restart the mill; and (3) restart the Big Missouri mine from its current state of temporary care and maintenance." Defendant White was quoted as saying,

- (a) "This financing package will enable the Company to undertake the mine development activities necessary to advance PNL and BM in order to sustainably provide feed to the mill. While the timeframe and funding required to undertake this work has been challenging for the Company, recent actions were required to

ensure sustainable feed for profitable mill operations. Ascot is focused on getting the operation back on track as we move to restarting gold production in Q2 of 2025.”

53. On **November 8, 2024**, Ascot updated the total mix of information to the market about its capital, financials, and operations with the Premier Project by publishing its Q3 2024 MD&A reporting the following material facts relevant to this proceeding, but still omitting the material facts about the Builders’ Lien Litigation:

- (a) the Company experienced delays in mine development in both Big Missouri (“BM”) and Premier Northern Lights (“PNL”) and decided to suspend the operation in early September 2024 until there is adequate ore feed to run the operation. The Company will continue to explore its properties for additional high-grade gold mineralization;
- (b) On October 21, 2024, the Company announced a plan to raise approximately C\$40 million in funding to advance the development of PNL, restart the mill and restart BM from the current state of temporary care and maintenance. The funding is expected to be through both debt and equity financing and enable the management to execute the mine development plans. Subject to the satisfaction of certain conditions precedent, the Company anticipates the execution of definitive documentation in respect of the new debt and the closing of equity financing are expected to occur on or about November 18, 2024;
- (c) Although planned first development ore at PNL in September was on track [undefined by the Company], further development is required to access deeper ore than was initially planned, which will extend the timing to complete the

development and ramp up of the PNL mine. After careful consideration, on September 6, 2024, management decided to suspend operations to enable sufficient mine development. The Company will focus on mine development until the combination of the Big Missouri and PNL mines can sustainably deliver enough ore feed to profitably run the operation;

- (d) In the second half of September and October, activities in the plant have been focusing on Carbon-In-Leach (“CIL”) tanks clean up and preparation for care and maintenance until the plant restarts in Spring 2025;
- (e) A Joint Permit Amendment Application (“JPAA”) was required to be re-aligned with the project completion dates and was submitted in October 2023. All comments were addressed by August 2024;
- (f) Developing a comprehensive plan to accelerate mine development at PNL and ensure a successful restart of production in Q2 2025;
- (g) In order to operate the processing plant at 2,400 tpd (100 tph) the company needs to complete the mine development of PNL, ensuring that it, in conjunction with Big Missouri production, supplies sufficient mill feed to the processing plant. Management is addressing this by developing over 6m per day on average at PNL continuously with anticipation of breakthrough to the Prew ore zone, when rates are expected to increase with multiple headings;
- (h) Over the past eight quarters, the Company has been focused mainly on construction of PGP mine and site infrastructure, commissioning the processing plant and pre-production of gold ore as well as continuing exploration on the PGP properties; and,

- (i) On October 22, 2024, the Company announced a plan to raise approximately C\$42 million in funding to advance the development of the PNL, restart the mill and restart the Big Missouri mine from the current state of temporary care and maintenance. The funding is expected to be through both debt and equity financing and would enable the management to execute the mine development plans.

54. As reflected within the February 5, 2025 news release (i.e., labour shortages, construction was starting late and progressing too slow), records within the Builders' Lien Litigation (which were only discovered during June 2025), and that within a few months Ascot had to conduct another offering raising \$61.2 million closing March 14 and April 10, 2025, this core document contained misrepresentations because, contrary to the representations made, said capital was not nearly enough to undertake the completion work required for the Premier Norther Light and Big Missouri deposits to access the deeper ore to provide the mill; and certainly not during Q2 2025.

55. On **December 17, 2024**, Ascot published a news release reporting that: "the Company has progressed the initial development of PNL slightly ahead of its restart plans. The previous development rate had been ramping up to about 6.4 meters per /day on single heading and the Company expects that the rate will be similar or better. We anticipate to be up to 4 headings at the end of January, 2025. The initial longhole stopes at PNL will be prepped for mining by the end of April 2025. At the Big Missouri mine ("BM"), mining is anticipated to resume in early May of 2025 when the development of PNL is completed, and BM infrastructure has been reinstalled."

56. As reflected within the February 5, 2025 news release (i.e., labour shortages, construction was starting late and slow), records within the Builders' Lien Litigation (which were only discovered during June 2025), and that within a few months later Ascot had to conduct another offering raising \$61 million, this core document contained misrepresentations because that capital

was not nearly enough to undertake the completion work required for the Premier Norther Light and Big Missouri deposits to access the deeper ore to provide the mill; and certainly not during Q2 2025. Procon did not even remobilize for the mine development until late December of 2024.

57. On **January 15, 2025**, Ascot published a news release reporting that Individual Defendant Derek White would be stepping down as the President and CEO of Ascot, and Individual Defendant John Kiernan abruptly decided to leave Ascot as well.

58. On **February 5, 2025**, after the market closed, Ascot published a news release that corrected its statements released between January 22 and August 9, 2024, reporting that: “Due to the limited availability of trained labour, underground development has commenced later than expected, with slower advancement than anticipated. As a result, the previously outlined timeline for the re-start of mill operations is no longer achievable. The Company now projects ore throughput to commence in July 2025. A revised schedule and budget are currently being finalized to reflect this updated timeline.”

59. This news release is a public corrective statement because as of November 1, 2024, the Defendants were fully aware a part of the Builders’ Lien Litigation and Sprott’s November 1, 2024 petition, but omitted to disclose these material facts in Ascot’s 3Q MD&A, or its offering memorandum for the November 18, 2024 offering.

60. The market’s reaction was harsh and immediate, sending the price for Ascot shares down from \$0.19 to \$0.14 on trading volume that exceeded normal trading volume by 5x.

61. On **April 15, 2025**, Ascot published a press release that included news that it was pushing the restart of the Premier Mill to August 2025.

62. Most recently, on **June 25, 2025**, Ascot placed the PGP back on “care and maintenance” while referring to the ongoing contractor disputes (i.e., the Builders’ Lien Litigation).

THE COMMON LAW

63. The directors of Ascot had a special relationship with its investors, including the members of the Class because, among other reasons, the directors were voted into their position of authority by Ascot's shareholders, and they controlled Ascot's continuous disclosure statements to the members of the Class.

64. A duty of care was owed to the Class Members to ensure the impugned documents and the Impugned Offerings did not contain misrepresentations, including that the material facts reported therein were accurate, including the financial statements, MD&A, and specifically about the costs and status of the Premier Project and corresponding time to achieve commercial production status.

65. The Plaintiff relied upon the material fact statements made within the impugned documents, the Impugned Offerings and in other related non-core documents/statements released on SEDAR and Ascot's website in making a decision to purchase Ascot's securities and to hold those securities until the release of the Public Corrective Disclosures.

66. It was reasonable for members of the Class to rely upon Ascot's core documents in making their decisions to invest; as reflected by the act of purchasing Ascot's securities with the belief that the price or value of Ascot's securities would go up in price or value.

67. Ascot, through its directors and officers, breached the applicable standard of care as set out above by either negligently monitoring the actual costs and status of the Premier Project; or having the accurate material facts and negligently reporting those material facts within the impugned documents which were publicly corrected on September 6, 2024, and February 5, 2025. Specifically, the impugned core and non-core documents:

- (a) during the Class Period through September 6, 2024, omitted to disclose the material facts that there continued to be changes to the design and/or engineering of the

Premier Project resulting in materially increased costs, delays and its dispute with Nuna that resulted in Nuna being directed to demobilize during March 2024, a \$22 million lien against the Premier Project, and Nuna being asked to return several months later in 2024 (i.e., creating further delays) on the following dates:

- (i) January 22, 2024;
 - (ii) March 11, 2024;
 - (iii) March 25 and 26, 2024;
 - (iv) April 22, 2024;
 - (v) May 13, 2024; and
 - (vi) August 9, 2024;
- (b) between September 6, 2024, and February 5, 2025, omitted to disclose material facts there continued to be changes to the design-engineering of the Premier Project resulting in materially increased costs, delays and its dispute with Nuna that resulted in the Builders' Lien Litigation and, ultimately, the announcement that Ascot, once again, was going off-schedule and would raise additional capital on the following dates:
- (i) September 6, 2024;
 - (ii) October 22, 2024;
 - (iii) November 8, 2024;
 - (iv) December 17, 2024; and,
 - (v) January 15, 2024.

68. The Plaintiff and members of the Class suffered a direct and foreseeable economic injury by purchasing Ascot's securities at a time when the investment price and value was artificially

inflated and holding all or some of the artificially priced securities until after Ascot released the Public Corrective Disclosures.

69. The Plaintiff seeks remedies in the form of (a) rescission of the securities purchased in any of the Impugned Offerings; (b) damages for being misled to hold Ascot's securities prior to the release of the impugned documents; and (c) damages for purchasing Ascot's securities in the secondary market at artificially high prices.

PROVINCIAL SECURITIES ACTS

70. Ascot is a responsible issuer and subject to the continuous disclosure requirements of the OSA and other provincial *Securities Act*.

71. Pursuant to Part XXIII, ss. 130(1), 130.1(1), and 131 of the OSA, the Plaintiff is advancing the causes of action against all of the Defendants.

72. Subject to s. 138.8 of the OSA, the Plaintiff will advance the Part XXIII.1, s. 138.3 of the OSA causes of action.

73. Subject to s. 138.5 of the OSA, the Plaintiff will seek damages.

REAL AND SUBSTANTIAL CONNECTION WITH ONTARIO

74. The Plaintiff pleads that this action has a real and substantial connection with Ontario and for the application of Ontario substantive and procedural laws on behalf of all Class Members for the following non-exhaustive reasons:

- (a) Ascot is a responsible issuer in Ontario;
- (b) The Plaintiff and members of the Class are residents of Canada;
- (c) The Plaintiff and members of the Class purchased shares of Ascot in Toronto on the Toronto Stock Exchange marketplace.

RELEVANT LEGISLATION, PLACE OF TRIAL AND JURY TRIAL

75. The Plaintiff pleads and relies upon the *CJA*, *CPA*, *OSA*, as well as the British Columbia *Securities Act*.

76. The Plaintiff proposes that this action be tried in the City of Toronto, in the Province of Ontario, as a proceeding under the *CPA*.

77. The Plaintiff may serve a jury notice.

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Court File No.: CV-25_____-00CP

PATRICK MOURAD
Plaintiff

and

ASCOT RESOURCES LTD. et al.
Defendants

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDINGS COMMENCED AT TORONTO

STATEMENT OF CLAIM

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