



## Investor Email Communication

### 15 January 2011 / # 1

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Dear Shareholder,

We are pleased to launch our first investor communication note. We plan to regularly update our shareholders and provide more frequency to our news flow.

**A note from the CEO:** *Ascot is a young mining company that, just as many others, has struggled through very turbulent times since its launch in the spring of 2008, and we have experienced more than our share of challenges. Ascot’s management continues to dedicate its full time and efforts to meeting its stated objectives. In this regard I’d like to, as briefly I can, within regulatory boundaries, clarify our recent news, which I believe, has been misunderstood by a number of media and outside news providers.*

1. Ascot’s announcement of 10 January requires further clarification as it may well be causing more fear than is appropriate.

Regarding gold production, which has been undeniably a lot less than targeted over the past months, it is important to note that any production of gold from a junior company such as Ascot in less than four years from inception is an accomplishment. The generally held “rule of

thumb” within the gold mining industry is that the time between discovery of a gold deposit and first production is, on average, 8 to 9 years. We recognize our earlier forecasts may have been overly optimistic and that is a fair reason to be criticized. We have taken responsibility for this and have dramatically adjusted our projections to better reflect the reality of starting up a new venture. This in no way undermines management’s confidence in reaching its stated objectives. The fact that we recorded a first operating profit of US\$25,000 in November is perhaps not very exciting in itself, but to us, it is meaningful to see progress. There may still be teething problems with production and potential for further delays. When compared to an average of 7 years just to obtain a permit in many jurisdictions, Ascot’s progress to date compares well with standards in the sector.

With regard to the “*administrative cancellation*” of the Tres Hermanos & El Recio exploration concessions that was recently announced it is very important to carefully note the following:

The basis of the Ministry’s allegation is that both concessions had been leased to a third party before Ascot’s participation and that these leases did not have the needed authorization. The previous mining law, Law No. 1551 of April 20, 1953, granted the concessions for Tres Hermanos and El Recio.

The current Mining Code recognizes the precedent as having been established as it states: ***“Transient I. - All permits and concessions awarded before the effective date of this Law shall be governed, regarding the rights conferred to on areas of exploration or exploitation and of the term of its validity of the concession, by the previous legislation. In all other aspects, the rules set forth in this law shall prevail”.***

By applying the current Mining Code to cancel the concessions of Tres Hermanos and El Recio, the Ministry has implemented retroactively the law, contrary to the constitutional principle prohibiting retroactive effect of a law against acquired or grandfathered rights.

Simply put, ASCOT HAS RIGHTS time to consider its most prudent course of action! Ascot intends to take time to determine the best approach as recommended by its attorneys.

Note: the following comment by the Company’s professional valuator in Canada: ***“My review of the valuation fundamentals of Ascot Mining Plc. indicates that the loss of the El Recio/Tres Hermanos permits/properties would have less than a 10% effect on the overall value of Ascot given the work that still needs to be done there to prove up the resources as well as the fact that Chassoul has the most immediate realized value. Interestingly, the addition of another***

***property - with potential equal to/or greater than that of El Recio/Tres Hermanos - (which Ascot might be able to attract given its listing process) may better diversify your operations and investment risk profile as well".***

2. Regarding the La Toyota matter. There has been a lot of unfounded comment expressed in various quarters on the legal process in Costa Rica, sometimes criticizing the judicial system for its slow motion. I would suggest that the court process is in fact efficient - witness that the first court hearing on La Toyota took place within a few months of legal action being instigated – it is certainly no slower than any other jurisdiction I am familiar with in many countries. Furthermore, as Ascot has repeatedly stated, the expenditure on La Toyota was written off in the 2010 audit and therefore it has no potential negative effect on Ascot's current situation. In fact, any outcome can only be positive. Ascot has refrained from expressing any opinion as the matter is under legal process and will be resolved in due course.

3. On moving to AIM; this process has proved more lengthy than was first advised due in large part to our being a hybrid of a junior explorer and start-up production company. These matters are being addressed and news will follow shortly.

4. The recent publication of Ascot's pending merger is simply not true. Ascot has announced it has resumed discussions with Mineral Hill Industries Ltd. – NOT a merger!

I hope this letter will provide some stability to our market. We will endeavor to provide more frequent and more concise updates going forward. I firmly believe Ascot is undervalued and should be considered as a longer-term investment rather than a trade.

Respectfully,



David Jackson,  
Founder & CEO, Ascot Mining Plc.

**Disclaimer:**

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