ASCENDANT RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017 AND FIVE MONTH PERIOD ENDED DECEMBER 31, 2016

(Expressed in US dollars)

INTRODUCTION

The following Management's Discussion & Analysis ("MD&A") dated March 21, 2018 is a review of the operations, current financial position and outlook for Ascendant Resources Inc. (the "Company" or "Ascendant") and should be read in conjunction with the Company's Consolidated Financial Statements for the year ended December 31, 2017 and five month period ended December 31, 2016, and related notes thereto. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). This MD&A was reviewed and approved by the Company's Audit Committee and Board of Directors on March 21, 2018. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com. The Company uses non-IFRS performance measures in the MD&A which do not have any standardized meaning prescribed by IFRS and therefore may not be directly comparable to similar measures presented by other issuers. The Company provides a reconciliation later in this MD&A between non-IFRS performance measures and the most closely comparable IFRS performance measures.

COMPANY OVERVIEW & BACKGROUND

Ascendant Resources Inc. is a mining company focused on its producing El Mochito zinc, lead and silver mine (the "El Mochito mine" or "El Mochito") in west-central Honduras near the town of Las Vegas, approximately 88 km southwest of the city of San Pedro Sula on a well paved road and 220 km northwest of Tegucigalpa, the capital of Honduras. The El Mochito mine has been in almost continuous production since 1948. The Company is also engaged in the evaluation of producing and advanced development stage mineral resource opportunities on an ongoing basis.

The Company acquired 100% of the El Mochito mine on December 20, 2016 when the Company acquired 100% of the shares of American Pacific Honduras SA de CV ("AMPAC"), the owner of the El Mochito mine from Nyrstar International B.V. ("Nyrstar"). Breakwater Resources Ltd. ("Breakwater") acquired AMPAC in 1990 and Nyrstar, in turn, acquired Breakwater in 2011.

The company's common shares trade on the Toronto Stock Exchange, OTCQX® Best Market and Frankfurt Exchange under the symbols ASND, ASDRF and 2D9, respectively.

COMPARATIVE INFORMATION

Change in Year-End Reporting Period

With the change in the Company's year-end reporting period from a July 31 to a December 31 fiscal year-end in 2016 as explained in note 2 of the Consolidated Financial Statements, prior period comparative information has been selected such that the quarters being compared most closely match the new financial quarter being reported. The following abbreviations may be used to describe the comparative periods under review throughout this MD&A.

Abbreviation	Period	Abbreviation	Period
Q4/17	October 1, 2017 - December 31, 2017	Q2/SY16	November 1, 2016 - December 31, 2017
Q3/17	July 1, 2017 - September 30, 2017	Q1/SY16	August 1, 2016 - October 31, 2016
Q2/17	April 1, 2017 - June 30, 2017	Q4/16	May 1, 2016 - July 31, 2016
Q1/17	January 1, 2017 - March 31, 2017	Q3/16	February 1, 2016 - April 30, 2016

The Company's reporting currency is the U.S. dollar and all amounts in this MD&A are expressed in U.S. dollars ("$") unless otherwise noted. References to "Cdn$" mean Canadian Dollars.

Change in Presentation Currency

The Company changed its presentation currency from the CAD to USD on December 31, 2016 to better reflect the Company's business activities. In making this change in presentation currency to USD, the Company followed the guidance in IAS 21 *The Effects of Changes in Foreign Exchange Rates* and have applied the change retrospectively as if the USD had always been the Company's presentation currency, as follows:

- Assets and liabilities have been translated into the USD at the rate of exchange prevailing at the respective reporting dates;
- The statements of operations and comprehensive loss were translated at the average exchange rates for the respective reporting periods, or at the exchange rates prevailing at the applicable transaction date;
- Equity transactions have been translated at the exchange rate prevailing at the date of the transactions; and
- Exchange differences arising on translation were recorded in accumulated other comprehensive loss in shareholders' equity.

2017 – HIGHLIGHTS FOR THE YEAR

Three months ended December 31, 2017

- Contained metal production for the fourth quarter was 14.13 million lbs of zinc ("Zn"), 4.56 million lbs of lead ("Pb") and 169,039 ounces of silver ("Ag"). Zinc equivalent ("ZnEq") metal production was 19.58 million lbs during Q4/17 using average metal pricing for the period; 12% higher than the third quarter of 2017 (Q3/17) and 43% higher than the first quarter of 2017 (Q1/17) at the Company's El Mochito mine in Honduras.

- Milled production for the fourth quarter was 198,354 tonnes, representing a 13% increase against Q3/17 and a 51% increase against Q1/17. October saw a substantial increase in milling rates which was a result of the introduction of new mining equipment and the start of conventional underground mining operations in narrow but high-grade areas. Milled production for the month of December was 69,578 tonnes, representing the strongest month of production achieved at the El Mochito mine since 2013 and an overall increase in production of 81% since January 2017. This is a direct result of an improved operating environment and the arrival and deployment of additional new underground mining.

- During the fourth quarter, recoveries averaged 88.5% for zinc, 74.6% for lead and 75.0% for silver. Average head grades were 3.65% zinc, 1.40% lead and 35.2 grams per tonne (g/t) silver. Zinc Equivalent head grade was 5.31% using average metal pricing for the period. Zinc recovery was stronger than expected, while head grades remained relatively flat compared to Q3/17. Ore grades in 2018 are expected to improve from reduced dilution measures and also the exploitation of smaller but higher-grade ore zones. Trial production from these higher-grade conventional sections began in late October 2017.

- The Company received two additional trucks and two additional scoops in the fourth quarter with the remaining underground equipment that has been ordered expected to arrive in stages throughout 2018. The addition of the new equipment, with higher availability rates, and continued progress in various other productivity improvement initiatives already underway are expected to support further operational improvements.

- Adjusted EBITDA for the fourth quarter ending December 31, 2017 ("Q4/17") totalled $2.28 million representing six consecutive months of positive adjusted EBITDA and overall improved financial performance. During Q4/17 the Company remained focused on profitability and reported its first quarter of free cash flow of $0.75 million, with December representing the second highest record of monthly production achieved at El Mochito in its 70 years of operations.

- Direct operating costs per tonne milled for Q4/17 at El Mochito were $80.13, an 9% decrease vs Q3/17 Direct operating costs per tonne milled of $87.86 and a 19% decrease vs Q1/17 Cash Costs per Tonne Milled of $98.91. These reductions are a result of cost optimization, operational efficiencies, and increased production achieved throughout the year. Cost reduction is an ongoing focus for the Company and with many initiatives in place, the Company expects to see further reductions in 2018.

Year Ended December 31, 2017

- Fiscal 2017 represented the first full year of operation of the El Mochito mine by the Ascendant management team since its acquisition in December of 2016. During the year, significant progress was made improving the overall operations as well as the operational and financial performance of the mine. This is evidenced by an 81% improvement in monthly tonnes processed and a 31% reduction in direct operating costs from January to December while delivering a marked improvement in truck availability, productive working hours and overall worker accountability and safety.

- Operational improvements focused on health and safety, supervisor training, operator training, improving underground working conditions (improved ventilation, better roadways etc.), increasing productive hours per day and a general focus on overall efficiency throughout all operational areas.

- As part of the long term renewal of the El Mochito mine, Ascendant commenced a full underground mine fleet replacement in Q1/17 and Q2/17 ordering 10 new underground mine trucks, 6 scoops, 2 jumbos, 2 rock bolters and other ancillary equipment. The company also overhauled two of the older trucks and two scoops. The new equipment has a been major driver in the increased operational performance due to the increased equipment availability while reducing maintainance costs. The remainder of the equipment is expected to be delivered by mid 2018 and support further operational improvements while lowering overall direct operating costs.

- In Q1/17, Ascendant completed the negotiations for a new collective bargaining agreement with the union representing the workers at El Mochito. The agreement, which appropriately aligns all parties' objectives, was signed in April 2017 and remains valid until Q4 2019.

- Contained metal production for the year ended December 31, 2017 was 45.05 million lbs of zinc, 14.90 million lbs of lead and 698,506 ounces of silver. Total contained metal production for the 2017 calendar year was 66.1 million pounds of zinc equivalent exceeding the Company's guidance of 65.8 million pounds using average pricing for each month.

- During the year ended December 31, 2017, recoveries averaged 88.9% for zinc, 74.2% for lead and 77.4% for silver. Mill throughput for the year was 656,291 tonnes. Average head grades were 3.50% zinc, 1.39% lead and 42.6 g/t silver. The zinc equivalent grade was 5.42%. Zinc recovery was stronger than expected, while head grades gradually increased through the year.

- Adjusted EBITDA for 2017 totalled negative $2.5 million as the operational turnaround took hold and both zinc and lead prices remained strong. As detailed in the outlook section, the Company expects robust adjusted EBITDA and free cash flow generation in 2018.

- Direct operating costs per tonne milled for 2017 at El Mochito averaged $88.22/t. During the year costs decreased from $112.21/t in January 2017 to $77.80/t in December representing a 31% decrease. Further decreases in costs are expected in 2018 as full commissioning and implementation of the new mining fleet is completed and an increase in lower-cost, long-hole stoping is undertaken. Cost reduction is an ongoing focus for the Company and with many initiatives in place the Company expects to see further reduction over the medium and longer term.

Exploration

During 2017 Ascendant commenced a new exploration and delineation program completing 26,877 metres of both definition and exploration drilling program at El Mochito. Of this program, 19,562 metres are expected to be included in a new Mineral Resources and Reserves estimation and presented in a National Instrument 43-101 Technical Report which is expected to be released in Q2/18. This should materially increase the expected life of mine at El Mochito. Additionally, the Company has planned a 40,000 metre drilling program in 2018 with the aim to further increase these Resources and Reserves beyond that included in the NI 43-101 document.

Underground drilling is undertaken using four company owned underground drill rigs to test near-mine extensions of known high-grade ore bodies such as Palmar Dyke, Santa Elena, Victoria and Esperanza. All orebodies are close to current workings and will be brought into the mine plan within the next six to twelve months, enhancing head grade to the mill to increase the revenue per tonne of ore mined. (See press releases dated June 12, 2017 and October 3, 2017 for full details of drill results released in 2017). In the fourth quarter, the Esperanza orebody was already being mined on its southern edge.

In June the Company announced results of 29 diamond drill holes or 7,447 meters. The drilling results were evenly split between step-out and in-fill drill holes, targeting the extensions of Palmar Dyke, Santa Elena, Victoria and Esperanza ore bodies. Drilling in Esperanza represented a further extension to the East and North. All orebodies remain open along strike and at depth.

A few significant results from the June results include (these are all true/apparent widths):

Step-out Holes
- HOLE 10846 – 17.6m at 5.3% zinc, 3.8% lead and 83 g/t silver (Palmer Dyke)
- HOLE 10844 – 8.6m at 10.7% zinc, 4.0% lead and 95 g/t silver (Palmar Dyke)
- HOLE 10845 – 17.0m at 5.0% zinc, 2.0% lead and 53 g/t silver (Victoria)
- HOLE 10837 – 5.5m at 17.3% zinc, 3.6% lead and 142 g/t silver (Palmar Dyke)

In-fill Holes
- HOLE 10833 – 35.4m at 5.6% zinc, 2.0% lead and 31 g/t silver,
  - including 5.4m at 7.8% zinc, 2.6% lead and 35 g/t silver (Santa Elena)
- HOLE 10847 – 17.5m at 6.2% zinc, 2.2% lead, and 41 g/t silver (Esperanza)
- HOLE 10828 – 26.5m at 5.7% zinc, 0.6% lead and 18 g/t silver (Santa Elena)
- HOLE 10826 – 17.1m at 5.8% zinc, 1.2% lead and 36 g/t silver (Esperanza)

In October, results for an additional 49 diamond drill holes totaling 6,170 meters were released.

The October results come from 4,168 meters of in-fill and 2,541 meters of step-out exploration drilling which continue to target the extensions of four ore bodies; namely Palmar Dyke, Santa Elena, Victoria and Esperanza. Significant assay results were reported from 41 of the 49 holes. This second set of drill results from the 2017 drill program were well above current mining grades and highlight the incredible potential for additional high-grade zinc mineralization at the El Mochito property.

Management believes that a lack of exploration over the course of many years, prior to Ascendant's ownership of AMPAC, created an opportunity to significantly expand the resources and grade at the mine, and results like these continue to inspire this confidence.

Key Highlights from the October release include: (these are all true/apparent widths):
Step-out Holes

- HOLE 10884 – 4.1m at 10.1% zinc, 0.6% lead, 31 g/t silver and 0.12% copper
- HOLE 10880 – 5.1m at 3.1% zinc, 2.5% lead, 149 g/t silver and 0.55% copper
- HOLE 10870 – 4.1m at 10.0% zinc, 1.9% lead, 95 g/t silver and 0.17% copper

Infill Holes

- HOLE 10875 – 5.5m at 5.2% zinc, 2.7% lead, 2,297 g/t silver and 0.98% copper
- HOLE 10887 – 23.4m at 6.5% zinc, 1.0% lead, 24 g/t silver and 0.04% copper
- HOLE 10904 – 12.2m at 6.6% zinc, 5.6% lead, 81 g/t silver and 0.1% copper

As at the end of 2017 approximately 6,000 metres of drill results remain outstanding to be assayed and have the results reviewed by the company. These results are expected in Q1/18 and Q2/18 due to bureaucratic delays in exporting the samples to a certified lab in the USA and will be incorporated into future resource updates and mine plans.

Appointment of New Directors

During 2017, the Company announced several additions to the Company's Board of Directors, bringing additional strength and expertise in mining operations, finance and business development.

On June 21, 2017, Ascendant announced the appointment of Mr. Renaud Adams and Mr. Guillermo Kaelin to the Company's Board of Directors. Mr Adams has over 20 years of experience as an executive and as an operator in the mining industry. Mr. Kaelin is a capital markets professional with over 18 years of experience in private equity, investment banking, research and public securities.

On September 28, 2017 Ascendant announced the appointment of Ms. Petra Decher, CPA, CA to the Company's Board of Directors effective October 1, 2017. Ms. Decher is a Chartered Professional Accountant, and is Chair of the Audit Committee.

The Company also announced the appointment of Mr. Stephen Shefsky to the position of Lead Director. Mr. Shefsky has served on the Board of Directors of Ascendant Resources Inc. (formerly Morumbi Resources Inc.) for more than 10 years.

Listing on the TSX and trading on the OTCQX

In July 2017, the Company received final approval from the Toronto Stock Exchange ("TSX") to graduate from the TSX Venture Exchange ("TSXV") and list its common shares and listed common share purchase warrants on the TSX. The Common Shares and Warrants are trading under their existing symbols "ASND" and "ASND.WT", respectively.

On September 5, 2017 the Company announced that its common shares commenced trading in the United States under the symbol "ASDRF" on the OTCQX® Best Market ("OTCQX"). The Company's common shares will continue to trade on the Toronto Stock Exchange and Frankfurt Exchange under the symbols ASND and 2D9, respectively.

(Expressed in US dollars)

KEY OPERATING INFORMATION AND FINANCIAL CONDITION

The following table is a summary of the Company's key production and operating statistics for the three months and year ended December 31, 2017 at the El Mochito mine. The summary does not include the El Mochito Mine results for the comparative periods in the prior year as the El Mochito mine was acquired by the Company on December 20, 2016.

*Figures do not include results from the El Mochito Operations for the period prior to the acquisition date (December 20, 2016).

* Key Operating Information			YTD December 31, 2017	Q4 December 31, 2017	Q3 September 30, 2017	Q2 June 30, 2017	Q1 March 31, 2017
Total Tonnes Mined		tonnes	657,287	197,303	177,631	151,028	131,325
Total Tonnes Milled		tonnes	656,291	198,354	176,035	150,785	131,116
Operating Days		days	348	89	91	87	81
Average Head Grades							
Average Zn grade		%	3.50%	3.65%	3.51%	3.36%	3.43%
Average Pb grade		%	1.39%	1.40%	1.46%	1.34%	1.33%
Average Silver grade		g/t	42.6	35.2	38.3	48.9	52.1
ZnEq Head grade	(1)	%	5.42%	5.31%	5.36%	5.50%	5.56%
Average Recoveries							
Zinc		%	88.9%	88.5%	88.8%	88.9%	89.8%
Lead		%	74.2%	74.6%	73.7%	72.3%	76.9%
Silver		%	77.4%	75.0%	78.0%	79.3%	78.8%
Contained Metal Production							
Zinc		lbs	45,054,075	14,133,122	12,099,991	9,932,559	8,888,403
Lead		lbs	14,904,550	4,555,570	4,175,226	3,216,476	2,957,279
Silver		ozs	698,506	169,039	168,181	188,245	173,041
ZnEq	(1)	lbs	66,120,114	19,576,311	17,494,814	15,377,231	13,671,758
Payable Production							
Zinc	(3)	lbs	38,295,964	12,013,154	10,284,992	8,442,675	7,555,143
Lead	(3)	lbs	14,159,322	4,327,791	3,966,464	3,055,652	2,809,415
Silver	(3)	ozs	488,954	118,327	117,727	131,771	121,129
ZnEq	(1)	lbs	56,204,301	16,639,864	14,872,797	13,070,646	11,620,995
Payable Metal Sold							
Zinc		lbs	35,625,672	11,006,646	10,037,649	9,889,939	4,691,438
Lead		lbs	12,074,742	6,190,603	3,902,183	-	1,981,956
Silver		ozs	460,980	162,619	171,593	24,062	102,706
ZnEq	(1)	lbs	50,725,071	17,599,373	15,132,403	10,245,777	7,747,518
Direct operating cost per tonne milled (Excl. CAPEX)	(2)	$/tonne	$88.22	$80.13	$87.86	$89.97	$98.91

(1) Assumes average spot metal prices for the period.
(2) This is a non-IFRS performance measure, see Non-IFRS Performance Measures section of the MD&A.
(3) Payability calculation has been modified to conform with industry standards. Deductions for treatment and refinement charges are not included.

(Expressed in US dollars)

Financial			YTD December 31, 2017	Q4 December 31, 2017	Q3 September 30, 2017	Q2 June 30, 2017	Q1 March 31, 2017
Revenue		$	59,199,358	23,933,898	17,399,214	9,941,830	7,924,416
Net income (loss)		$	(12,057,595)	(1,429,234)	821,009	(8,555,453)	(2,893,917)
Adjusted EBITDA	(2)	$	(2,496,666)	2,281,018	2,423,205	(5,511,504)	(1,689,385)
Operating cash flow before movements in working capital	(2)	$	(6,009,302)	577,578	2,130,707	(6,175,510)	(2,542,077)
Operating cash flow		$	(6,468,437)	5,825,155	(881,626)	(3,077,655)	(8,334,311)
Cash and cash equivalents		$	8,041,307	8,041,307	6,642,497	9,702,058	16,813,122
Working capital		$	12,504,909	12,504,909	15,914,934	16,874,186	27,159,637
Capital Expenditures		$	13,445,155	5,076,994	2,550,099	4,212,327	1,605,735

(1) Assumes average spot metal prices for the period.

(2) This is a non-IFRS performance measure, see Non-IFRS Performance Measures section of the MD&A.

(3) Payability calculation has been modified to conform with industry standards. Deductions for treatment and refinement charges are not included.

The following table shows the Company's realized selling prices:

Realized Metal Prices		YTD December 31, 2017	Q4 December 31, 2017	Q3 September 30, 2017	Q2 June 30, 2017	Q1 March 31, 2017
Zinc (lb)	$/lb	$1.36	$1.46	$1.43	$1.25	$1.26
Lead (lb)	$/lb	$1.06	$1.13	$1.06	$0.98	$1.04
Silver (oz)	$/lb	$17.17	$16.99	$16.91	$16.41	$18.01

Production of zinc and lead concentrate is trucked daily from the El Mochito mine to Puerto Cortes where zinc and lead concentrates are stored until sufficient inventory is available for shipment. Under the terms of the offtake agreement, a minimum 5,000 tonnes of concentrate must be available prior to shipping.

The Company recognizes revenue from provisional invoicing once the concentrate has been loaded on the vessel and title transfers to the customer. Final metal pricing occurs according to the quotational period stated in the offtake agreement and changes in metal prices during the quotational period may have a significant impact on the final revenue recognized.

Given the Company's revenue recognition policy and shipment schedule, the dry metric tonne ("DMT") concentrate produced in any given quarter may not be immediately reflected in its revenue. The timing difference between DMT concentrate produced and revenue recognized tends to decrease significantly when viewed on a yearly basis. In Q4/17, the Company produced 5,449 DMT of zinc concentrates and 1,963 DMT of lead concentrate, and sold 4,993 DMT of zinc concentrate and 2,808 DMT of lead concentrate.

(Expressed in US dollars)

OUTLOOK

During 2017, the Company focused on increasing zinc equivalent production to levels approaching those the El Mochito mine has historically produced. The Company took milled production from 38,521 tonnes in January to 69,578 tonnes in December, representing an 81% increase in monthly production year to date. Management expects to deliver further cost and grade improvements in 2018 while delivering on further operational improvements. In 2018, continued improvements at El Mochito are expected to be achieved by ramping up mining operations in higher grade areas of the mine and processing of higher grade ore zones, as well as reducing operating costs by employing a greater degree of longhole stoping, and reducing equipment maintenance costs.

On January 11, 2018, the Company released its initial production guidance for the El Mochito mine as outlined below:

Contained Metals in Concentrate	
Zinc equivalent metal	93 – 109 million lbs
Zinc	65 – 73 million lbs
Lead	24 – 28 million lbs
Silver	900,000 – 1,200,000 ozs
Direct Operating Costs	$70 – $80 / tonne
Capital Expenditure	$16 – $18 million
Financial Metrics	
Adjusted EBITDA[1]	$32 –$ 40 million
Free Cash Flow[2]	$14 – $20 million

All figures in the above table are based on the following metal price assumptions; $1.50/lb zinc, $1.10/lb lead and $18/oz silver.
[1]Adjusted EBITDA is a Non-IFRS measure and is calculated by considering the Company's earnings before interest payments, tax, depreciation and amortization, share-based payments, adjusted for net foreign exchange expenses.
[2]Free Cash Flow is a Non-IFRS measure and is calculated by considering the Company's cash flows from operations, less the cash used in investing activities.

The Company's investment in people, infrastructure and mining equipment has had a direct impact on operations and resulted in the ability of the Company to achieve such significant production growth. The benefits realized from the new mining equipment received and deployed in Q4/17 give management the confidence that the additional equipment should enable the Company to achieve 2018 targets. With the remainder of the new equipment expected to arrive on a staggered basis until mid-2018, the continued higher availability of trucks, the significant decrease in maintenance costs expected over the next 6 months along with the continued success in various other productivity initiatives, are expected to support further operational improvements.

Now that production growth and operational stability have been achieved at the El Mochito mine and there is clear visibility for additional growth in 2018, the company will spend the year focused on profitability. Direct operating costs of $80.13/t milled for Q4/17 reflect a decrease of 9% from Q3/17 and 29% from Q1/17, however, did remain higher than originally anticipated for the quarter. This discrepancy was mainly the result of higher than planned equipment maintenance costs associated with maintaining the old mining fleet as receipt of the first delivery of the new mining equipment was delayed, as well as some non-recurring costs associated with information technology and labour. Direct operating costs are expected to improve in 2018 as the Company continues to replace the aging mining fleet with the new equipment and implements a number of changes at the mine level including mining methods and labour.

(Expressed in US dollars)

The Company will continue with its exploration program in 2018 focusing on expanding and upgrading the current resource with the progressive goal of extending the mine life of El Mochito. The results of this drill program will be in addition to the 2017 exploration results used to complete an updated NI 43-101 compliant reserve and resource update report expected to be released in Q2/18. Additional future resource growth is anticipated given the mine's long track record of resource replacement.

Drilling has been focused on four near mine extensions of known high-grade ore bodies such as Palmar Dyke, Santa Elena, Victoria and Esperanza, all of which are close to current workings and could be quickly brought into the mine plan within the next six to twelve months. Assay results released to date have returned zinc equivalent grades significantly higher than that of the current resource and mining grade which gives management confidence in the ability to increase the head grade of material available to the mill in the short term.

With an 11,000 hectare land package and a lack of exploration work over the recent years prior to Ascendant's ownership, management plans to also focus on longer-term growth with follow-up on regional targets identified by historical drilling data. Subsequent to December 31, 2017, management has begun a surface exploration program and continues to prioritize targets for follow-up work.

SELECTED ANNUAL INFORMATION

The following table set forth selected annual information extracted from the Company's audited Consolidated Financial Statements for the years and period noted:

		Year Ended December 31, 2017	Five months ended December 31, 2016 (restated)	Year Ended July 31, 2016	Year Ended July 31, 2015
Revenue	$	59,199,358	-	-	-
Mine operating expenses	$	59,248,063	2,538	-	-
Income (loss) for the year	$	(12,057,595)	(2,426,506)	5,918	(357,404)
Income (loss) per share - basic	$	(0.18)	(0.31)	0.00	0.00
Income (loss) per share - diluted	$	(0.18)	(0.31)	0.00	0.00
Total assets	$	51,956,157	39,179,549	311,501	199,947
Non-current financial liabilities	$	19,418,940	19,018,810	398,719	137,474
Cash dividends declared	$	-	-	-	-

The Company recognized $59.2 million in revenues (2016 - $Nil) and $59.25 million in mine operating expenses (2016 - $Nil) in 2017. The increase is entirely attributed to the sale of concentrate from the El Mochito Mine, which the Company acquired on December 20, 2016, and fiscal 2017 was the first full year of commercial operations since the acquisition. The net loss for 2017 of $12.06 million was the result of high mining production costs incurred in the first half of fiscal 2017, as the Company focused on turning around the El Mochito mine, and higher general and administrative expenses. The loss of $2.43 million in the short year ended December 31, 2016 is attributable to general and administrative expenses incurred of $1.60 million, which included $1.38 million in management consulting fees, and other expense items of $0.82 million, which included $0.38 million incurred in transaction costs in connection with the acquisition of AMPAC.

Total assets increased in 2017 due to acquisition of property, plant and equipment for $14.31 million including continued underground capitalized development at the El Mochito mine. Total assets increased in the five month period ended December 31, 2016 compared to July 31, 2016 primarily due to proceeds from private placements of $13.3 million, as well as the acquisition of AMPAC, including net cash acquired, prepaid expenses of $0.37 million, inventory of $14.7 million, and property, plant and equipment of $10.41 million (refer to note 6 of the consolidated financial statements).

Non-current financial liabilities increased in 2017 due mainly to the remeasurement of termination obligations and environmental rehabilitation provision. Non-current liabilities increased in the five month period ended December 31, 2016 compared to July 31, 2016 due to the acquisition of AMPAC, including an assumed non-current liability for environmental rehabilitation of $8.43 million, assumed non-current future termination payments of $7.94 million, due to previous AMPAC owners of $1.45 million and assumed finance liabilities of $0.9 million.

DISCUSSION OF OPERATIONS

With the change in the Company's year-end reporting period from a July to a December 31 fiscal year-end in 2016, prior period comparative information has been selected such that the quarters being compared most closely match the new financial quarter being reported. The variation in the nature of the comparative periods must be considered in evaluating the financial information noted below.

Three months ended December 31, 2017 versus the two months ended December 31, 2016

During the three months ended December 31, 2017, the Company reported a loss of $1.43 million, or $0.02 loss per share, compared to a net loss of $1.94 million or $0.22 loss per share in 2016. During the quarter, the Company produced 16.64 million equivalent payable lbs of zinc and sold 17.6 million zinc equivalent payable lbs of zinc, compared to the same quarter last year of Nil. Income from mining operations was $3.60 million during the fourth quarter of 2017.

Revenues of $23.9 million (Q2/SY16 - $Nil) resulted from the sale of 11.0 million lbs (Q2/SY2016 - Nil) of zinc in concentrates, and 6.19 million lbs (Q2/SY16 – Nil) of lead in concentrates. Provisional realized commodity prices in USD were $1.46 per pound zinc, $1.13 per pound lead and $16.99 per ounce silver. The difference to the comparative quarter is entirely attributable to the 2017 fiscal year being the first financial reporting period reflecting revenue from El Mochito mine operations since the acquisition of AMPAC on December 2016.

Total mine operating expenses of $20.34 million related to the sale of concentrate. Costs consisted of direct site production costs of $10.43 million related to mining, processing costs of $2.72 million, selling, general and administration of $2.73 million and government taxes and royalty expense were $1.00 million. The Company also recorded $1.29 million of depreciation and amortization. The Company's direct operating cost for the quarter was $80.13 per tonne milled (see non-IFRS measures at the end of this MD&A).

During the three months ended December 31, 2017, the Company incurred general and administrative expenses of $2.36 million (Q2/SY16 – $1.24 million) before non-cash share-based compensation of $0.37 million (Q2/SY2016 - $0.02 million). The overall increase in general and administrative expenses is primarily due to the increase in management salaries and consulting fees of $2.06 million (Q2/SY16 - $1.31 million) as staffing levels increased and accrued bonuses being awarded in the fourth quarter, professional fees of $0.06 million (Q2/SY16 - $0.13 million) and share-based compensation of $0.37 million (Q2/SY16 - $0.02 million) as a result of the Company's increased general and administrative activities associated with the operations of the El Mochito mine as explained above.

For the three months ended December 31, 2017, the Company recorded expenses from other items of $1.14 million (Q2/SY16 – loss of $0.67 million) primarily due to financing charge on termination obligations of $0.80 million (Q2/SY16 - $Nil), and change in fair value of derivate of $Nil (Q2/SY16 - $0.27 million), and transaction costs of $Nil (Q2/SY16 - $0.38 million) in connection with the acquisition of AMPAC.

Also, current tax expense of $1.16 million was recorded in the fourth quarter of 2017 (Q1/SY16 - $Nil), which includes a $1.10 million payment made to the Honduran tax authority (Servicio de Administracion de Rentas de Honduras, "SAR") under the tax amnesty program. This program, which was available until December 31, 2017, allows taxpayers to settle potential tax disputes upon payment of 1.5% of the highest revenue amount in one of the open taxation years subject to possible tax audit (in this case taxation years 2012-2016 given the 5 year statute of limitations). By participating in the tax amnesty program, the Company has eliminated potential liabilities arising from the period during Nyrstar ownership, but also affirms the tax attributes related to loss carry-forwards and depreciable tax assets. Refer to note 29 of the consolidated financial statements.

<u>Year ended December 31, 2017 versus the five months ended December 31, 2016</u>

During the year ended December 31, 2017, the Company reported a loss of $12.06 million (2016 – loss of $2.43 million) or loss of $0.18 per share (2016 – loss of $0.31 per share). During the year ended December 31, 2017, the Company sold 50.73 million zinc equivalent payable pounds, compared to the same period last year of Nil. Loss from mining operations was $0.05 million during the period.

Revenues of $59.2 million (2016 - $Nil) resulted from the sale of 35.62 million lbs of zinc in concentrates, and 12.07 million lbs (2016 – Nil) of lead in concentrates. Provisional realized commodity prices in USD were $1.36 per pound zinc, $1.06 per pound lead and $17.17 per ounce silver. The difference to the comparative period is entirely attributable to the 2017 fiscal year being the first financial reporting period reflecting revenue from El Mochito mine operations since the acquisition of AMPAC in December 2016.

Total mine operating expenses of $59.2 million related to the sale of concentrate. Costs consisted of direct site production costs of $40.61 million related to mining, processing costs of $8.10 million, selling, general and administration of $8.90 million and government taxes and royalty expense were $2.79 million. The Company also recorded $3.32 million of depreciation and amortization. The Company's direct operating cost for the YTD was $88.22 per tonne milled (see non-IFRS measures at the end of this MD&A).

During the year ended December 31, 2017, the Company incurred general and administrative expenses of $5.62 million (2016 – $1.58 million) before non-cash share-based compensation of $1.79 million (2016 - $0.02 million). The overall increase in general and administrative expenses is primarily due to the increase in management salaries and consulting fees of $3.87 million (2016 - $1.38 million) as staffing levels increased and accrued bonuses being awarded in 2017, professional fees of $0.67 million (2016 - $69,823) and share-based compensation of $1.78 million (2016 - $0.02 million). Professional fees and regulatory costs increased due to the amount of activity during the year resulting from the year's financings.

For the year ended December 31, 2017, the Company recorded expenses from other items of $3.44 million (2016 – expenses of $0.82 million) primarily due to a loss on foreign exchange of $1.04 million (2016 – gain of $0.01 million), financing charge on termination obligations of $1.47 million (2016 - $0.01 million), accretion expense on rehabilitation liabilities assumed on acquisition of $0.48 million (2016 - $0.02 million) as described in note 6 of the consolidated financial statements, and change in fair value of derivative of $Nil (2016 – $0.40 million).

CASH FLOWS

Operating Activities

During the three months ended December 31, 2017, cash from operating activities totalled $5.83 million.

During the year ended December 31, 2017, cash used in operating activities was $6.47 million (2016 - $0.90 million) due in part to initial operating losses in the first half of 2017 as well as a significant build up in concentrate inventory and amounts receivable as production and sales increase at the El Mochito mine. Cash used in operating activities before changes in working capital was $6.0 million.

The increase in cash flow used in operating activities as compared to the five month period ended December 31, 2016 is mainly the result of the El Mochito mine operating expenses incurred as well as an increase in general and administrative expenses.

Investing Activities

During the three months ended December 31, 2017, cash used in investing activities was $5.08 million.

During the year ended December 31, 2017, cash used in investing activities was $13.45 million (2016 - $0.05 million). The increase in cash flow used in investing activities is mainly the result of capital expenditures in connection with the El Mochito mine operations commencing in fiscal 2017 and new equipment required to increase production.

Financing Activities

During the three months ended December 31, 2017, cash provided by financing activities was $0.87 from exercise of warrants.

During the year ended December 31, 2017, cash provided by financing activities was $14.64 million (2016 - $13.51 million). The increase in cash flow provided by financing activities is mainly the result of proceeds received from private placement of units. On March 7, 2017, The Company issued 23,575,000 units at a price of Cdn$0.85 per unit for aggregate gross proceeds of $14.94 million (Cdn$20.04 million), less cash share issuance costs of $1.23 million resulting in net cash proceeds of $13.71 million. On December 7, 2017, a total of 2,340,000 compensation warrants were exercised at Cdn$0.50 each for aggregate gross proceeds of $0.87 million (Cdn$1.17 million).

(Expressed in US dollars)

SUMMARY OF QUARTERLY RESULTS

The following tables provide highlights, extracted from the Company's financial statements, of quarterly results for the past eight quarters. The changes in the tables below are exclusively as a result of the financing and acquisition of AMPAC on December 20, 2016 and the ramp up in operations of the El Mochito mine.

The exchange rates used for the quarterly financial information were as follows:

U.S. Dollar/Cdn Dollar exchange rate	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Oct 31, 2016	Jul 31, 2016	Apr 30, 2016
Closing rate at the reporting date	0.7866	0.8013	0.7706	0.7513	0.7448	0.7454	0.7659	0.7969
Average for the period	0.7971	0.7982	0.7494	0.7554	0.7564	0.7625	0.7716	0.7535

		2017			
			Three Months Ended		
		December 31	September 30	June 30	March 31
Revenues	$	23,933,899	17,399,214	9,941,830	7,924,415
Total assets	$	51,956,157	43,944,212	42,337,216	46,608,716
Working capital surplus	$	12,504,909	15,914,934	16,874,186	27,159,637
Income (loss) before other items	$	870,865	1,402,866	(7,378,255)	(2,349,782)
Net income (loss) for the period	$	(1,429,234)	821,009	(8,555,453)	(2,893,917)
Basic earnings (loss) per share	$	(0.02)	0.01	(0.15)	(0.06)
Diluted earnings (loss) per share	$	(0.02)	0.01	(0.15)	(0.06)

		2016			
		Two Months Ended	Three Months Ended		
		December 31 (restated)	October 31	July 31	April 30
Revenues	$	-	-	-	-
Total assets	$	39,179,549	14,984,949	311,501	167,126
Working capital surplus (deficiency)	$	19,649,754	(137,739)	(111,899)	(217,577)
Income (loss) before other items	$	(1,268,835)	(335,439)	(149,567)	113,290
Net (loss) income for the period	$	(1,938,122)	(488,384)	(131,637)	287,986
Basic earnings (loss) per share	$	(0.22)	(0.11)	(0.02)	0.04
Diluted earnings (loss) per share	$	(0.22)	(0.11)	(0.02)	0.04

FINANCIAL RISK MANAGEMENT

Fair Value
The carrying values of cash, amounts receivable, due to/from related parties, accounts payable and accrued liabilities, finance lease liabilities and due to Nyrstar approximate their fair values due to the relatively short periods to maturity of the financial instruments.

Fair Value Hierarchy and Liquidity Risk Disclosure
The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

LIQUIDITY AND CAPITAL RESOURCES

The Company's Consolidated Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Management has estimated that the Company's existing cash at December 31, 2017 together with cash from operations will be sufficient to fund cash requirements in the ordinary course of business for a period of at least twelve months. The Company's cash and liquidity position is, however, sensitive to a number of variables which cannot be predicted with certainty, including, but not limited to, meeting production targets, metal prices, foreign exchange rates, operational costs, capital expenditures and the success of the above noted operational initiatives. If the Company's cash flow from operations is not sufficient to satisfy its requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Ascendant.

Accordingly, these conditions represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include adjustments to the carrying values of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

The Company has not entered into any significant long-term lease commitments other than those outlined under Note 15 in the Company's Consolidated Financial Statements for the year ended December 31, 2017.

(Expressed in US dollars)

Contractual Obligations and Commitments

The Company has the following constructive obligations and capital commitments as at December 31, 2017:

		Payments due by period			
		<1 years	1-5 years	5> years	Total
Capital commitments (i)	$	4,346,900	82,523	-	4,429,423
Operating leases (i)	$	87,974	8,766	-	96,740
Finance leases (i)	$	1,083,857	380,238	-	1,464,095
Environmental Rehabilitation provisions (i)	$	380,000	1,728,059	7,679,789	9,787,848
	$	5,898,731	2,199,586	7,679,789	15,778,106

(i) Reported on an undiscounted basis

CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company prepares annual budgets and monthly forecasts approved by the Company's Board of Directors to facilitate the management of its capital requirements.

The Company includes equity, comprised of issued capital stock, warrants reserve, share-based payments reserve and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2017 and the five month period ended December 31, 2016.

(Expressed in US dollars)

Financial instruments hierarchy and fair values

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets and liabilities are recorded and measured as follows:

The Company's financial instruments consist of cash, accounts receivable, due to/from related parties, accounts payable, accrued liabilities, and finance lease liabilities. At December 31, 2017, the carrying values of these instruments approximate their fair values due to the relatively short periods to maturity of the financial instruments and are classified as Level 1 in accordance with the fair vale hierarchy.

		December 31, 2017		December 31, 2016	
	Notes	Carrying value	Fair value	Carrying value	Fair value
Financial Assets					
Loans and receivables					
Cash		$8,041,307	$8,041,307	$12,614,908	$12,614,908
Accounts receivable	7	$2,944,275	$2,944,275	-	-
Due from related parties	26	$471,265	$471,265	-	-
Financial liabilities					
Other financial liabilities					
Accounts payable and accrued liabilities	13	$14,793,291	$14,793,291	$7,806,817	$7,806,817
Due to related parties	26	-	-	$33,515	$33,515
Finance leases	15	$1,464,095	$1,464,095	$1,631,418	$1,631,418
Due to Nyrstar	6	$1,453,020	$1,453,020	$1,453,020	$1,453,020

DISCLOSURE OF OUTSTANDING SHARE DATA

The following is a summary of the Company's outstanding share data as of December 31, 2017.

Capital stock
The Company is authorized to issue an unlimited number of common shares. As of December 31, 2017, the Company has 74,214,593 common shares issued and outstanding.

As of March 21, 2018, the Company has 74,214,593 common shares issued and outstanding.

Warrants

- On January 23, 2017, 300,000 warrants were exercised into common shares.
- On March 7, 2017, 11,787,500 warrants were issued in connection with a private placement, which are listed under the symbol ASND.WT.
- On December 7, 2017, 2,340,000 compensation warrants were exercised into common shares.
- As of December 31, 2017, a total of 15,102,000 warrants are issued and outstanding with expiry dates ranging from October 31, 2018 to March 7, 2019. The weighted average exercise price for all warrants is Cdn$1.09.

As of March 21, 2018, a total of 15,102,000 warrants are issued and outstanding.

Stock options

- On January 23, 2017, 6,000 stock options were exercised.
- On July 10, 2017, 13,333 stock options expired unexercised.
- On September 19, 2017, 18,000 stock options were exercised.
- As of December 31, 2017, a total of 570,334 stock options are issued and outstanding with expiry dates ranging from May 28, 2018 to October 27, 2020. The weighted average exercise price for all stock options is Cdn$0.64. Each stock option entitles the holder to purchase one common share of the Company.

As of March 21, 2018, a total of 570,334 stock options are issued and outstanding.

Restricted share units (RSUs)

- On April 18, 2017, the Company granted 5,790,000 Restricted Share Units ("RSUs"), to certain eligible participants under the Company's RSU Plan, including certain officers, directors, and employees. Of the RSUs granted, 1,680,000 vested immediately and 96,666 were converted to common shares as at December 31, 2017.
- On November 22, 2017, the Company granted 665,000 Restricted Share Units ("RSUs"), to certain eligible participants under the Company's RSU Plan, including certain officers, directors and employees. Of the RSUs granted, 91,667 vested immediately and 25,000 were converted to common shares as at December 31, 2017.

As of December 31, 2017 and March 21, 2018, a total of 6,333,334 RSUs are issued and outstanding, of which 1,771,667 are fully vested and redeemable.

FINANCIAL CONDITION

As at December 31, 2017, the Company's cash balance was $8.0 million. Total current assets were $28.81 million and total current liabilities were $16.31 million for positive working capital of $12.5 million. Significant cash resources of $5.73 million have been used during the year ended December 31, 2017 to build up concentrate and ore inventory for an ending value of $6.64 million. Concentrate inventory is convertible into cash upon shipment and sales of concentrate which occur approximately every month. As 2017 was a ramp up year, and 2018 is expected to be more steady state, working capital is expected to remain consistent.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, the Company received loans of $Nil (December 31, 2016 - $35,515 (Cdn$45,000)) from directors and officers of the Company to cover operating expenses. These loans were unsecured, non-interest bearing with no fixed terms of repayment. In January 2017, these loans were settled in full through a cash payment of Cdn$45,000.

During the year ended December 31, 2017, the Company granted loans of $431,461 (Cdn$575,893) to certain directors and officers of the Company to cover the tax liability in respect of the vested RSUs. These loans bear interest at the Canada Revenue Agency's ("CRA") quarterly prescribed interest rate used to calculate employee and shareholder loans calculated annually and payable on the earlier of: (i) demand by the Company, (ii) sale by the directors and officers of the common shares underlying the vested RSUs, and (iii) April 18, 2022 for the April 2017 RSU recipients, and November 22, 2022 for the November 2017 RSU recipients.

Officers and directors' compensation

The Company paid or accrued compensation of $3,088,481 (2016 - $1,137,303) to directors and officers during 2017. The Company recorded share-based payment expense related to the vesting of issued RSUs of $1,763,251 (2016 - $Nil).

As at December 31, 2017, accounts payable and accrued liabilities include $71,094 due to directors and officers of the Company, and accrued compensation of $1,314,972 due to directors and officers of the Company.

(Expressed in US dollars)

NON-IFRS PERFORMANCE MEASURES

The non-IFRS performance measures presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures presented by other issuers.

Non-IFRS reconciliation of adjusted EBITDA

EBITDA is a non-IFRS measure that represents an indication of the Company's continuing capacity to generate earnings from operations before taking into account management's financing decisions and costs of consuming capital assets, and management's estimate of their useful life. EBITDA comprises revenue less operating expenses before interest expense (income), property, plant and equipment amortization and depletion, and income taxes. Adjusted EBITDA has been included in this document. Under IFRS, entities must reflect in compensation expense the cost of share-based payments. In the Company's circumstances, share-based payments involve a significant accrual of amounts that will not be settled in cash but are settled by the issuance of shares in exchange for cash. EBITDA and Adjusted EBITDA do not have any standardized meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA and Adjusted EBITDA exclude the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA and Adjusted EBITDA differently. As such, the Company has made an entity specific adjustment to EBITDA for these expenses. The Company has also made an entity-specific adjustment to the foreign currency exchange (gain)/loss.

The following table provides a reconciliation of net income (loss) to Adjusted EBITDA:

Adjusted EBITDA		YTD December 31, 2017	Q4 December 31, 2017	Q3 September 30, 2017	Q2 June 30, 2017	Q1 March 31, 2017
Net (loss) income	$	(12,057,595)	(1,429,234)	821,009	(8,555,453)	(2,893,917)
Adjusted for:						
Depletion and depreciation	$	3,344,927	1,298,214	689,584	702,721	654,408
Interest income/expense	$	273,361	53,258	82,783	87,291	50,029
Accretion expense on rehabilitation liabilities	$	482,112	(250,049)	316,768	237,467	177,926
Financing charge on termination obligations	$	1,471,810	803,453	225,835	377,138	65,384
Share-based payments	$	1,786,587	368,048	301,106	1,117,433	-
Foreign currency exchange gain/loss	$	1,043,824	279,020	(13,880)	521,899	256,785
Income taxes	$	1,158,308	1,158,308	-	-	-
Adjusted EBITDA	$	**(2,496,666)**	**2,281,018**	**2,423,205**	**(5,511,504)**	**(1,689,385)**

(Expressed in US dollars)

Direct operating cost per tonne milled

The Company uses the non-IFRS measure of direct operating cost per tonne milled to manage and evaluate operating performance. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Company considers cost of sales per tonne milled to be the most comparable IFRS measure to direct operating cost per tonne milled and has included calculations of this metric in the reconciliations within the applicable tables to follow.

Direct operating cost per tonne milled includes mine direct operating production costs such as mining, processing, administration, indirect charges as surface maintenance and camp expenses, and inventory sales adjustments but does not include, smelting, refining and freight costs, royalties, depreciation, depletion, amortization, reclamation, and capital costs.

The following table provides a reconciliation of direct operating costs to cost of sales, as reported in the Company's consolidated statement of income (loss) for the year ended December 31, 2017:

Direct operating cost per tonne milled			YTD December 31, 2017	Q4 December 31, 2017	Q3 September 30, 2017	Q2 June 30, 2017	Q1 March 31, 2017
Cost of Sales		$	59,248,063	20,336,296	14,340,222	14,864,422	9,707,123
Add: Termination Liability Payments		$	284,358	14,136	76,528	(368,886)	562,580
Add: Variation in Finished Inventory		$	4,470,022	(2,157,809)	2,639,010	255,555	3,733,266
Deduct: Depreciation in production		$	(3,318,613)	(1,289,851)	(676,335)	(699,442)	(652,985)
Total cash cost (including royalties)		$	60,683,830	16,902,772	16,379,425	14,051,649	13,349,984
Deduct: Government taxes and royalties	(1)	$	(2,788,417)	(1,009,080)	(912,480)	(485,803)	(381,054)
Direct operating cost		$	57,895,413	15,893,692	15,466,945	13,565,846	12,968,930
Tonnes Milled		tonnes	656,291	198,354	176,035	150,785	131,116
Direct operating cost per tonne milled	(1)	$/tonne	$88.22	$80.13	$87.86	$89.97	$98.91

(1) Direct operating cost per tonne milled previously included government taxes and royalties, resulting in YTD/17 - $95.60/t; Q3/17- $93.05/t; Q2/17 - $93.19/t; and Q1/17 - $101.82. Government taxes and royalties are no longer included in the Direct Operating Cost per Tonne Milled calculation.

Additional non-IFRS measures

The Company uses other financial measures, the presentation of which is not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. The following other financial measures are used:

- Operating cash flows before movements in working capital - excludes the movement from period-to-period in working capital items including trade and other receivables, prepaid expenses, deposits, inventories, trade and other payables and the effects of foreign exchange rates on these items.

The terms described above do not have a standardized meaning prescribed by IFRS, and therefore the Company's definitions are unlikely to be comparable to similar measures presented by other companies. The Company's management believes that their presentation provides useful information to investors because cash flows generated from operations before changes in working capital excludes the movement in working capital items. This, in management's view, provides useful information of the Company's cash flows from operations and are considered to be meaningful in evaluating the Company's past financial performance or its future prospects. The most comparable IFRS measure is cash flows from operating activities.

USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The following are significant judgements and estimates impacting the consolidated financial statements:

- *Mineral reserves and resources* - Proven and probable mineral reserves are the economically mineable parts of the Company's measured and indicated mineral resources demonstrated by at least a preliminary feasibility study. The Company estimates its proven and probable mineral reserves and measured and indicated and inferred mineral resources based on information compiled by appropriately qualified persons. The estimation of future cash flows related to proven and probable mineral reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the proven and probable mineral reserves or measured and indicated and inferred mineral resources estimates may impact the carrying value of property, plant and equipment, reclamation and remediation obligations, recognition of deferred tax amounts and depreciation, depletion and amortization.

- *Purchase Price Allocation* (note 6) - Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates relating to determining the fair value of property, plant and equipment acquired generally require a high degree of judgment, and include estimates of mineral reserves acquired, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. As noted in Note 6 the Purchase Price Allocation relating to the acquisition of AMPAC was finalized during the fourth quarter of 2017.

- *Tax provisions* (note 29) - management makes estimates in determining the measurement and recognition of deferred tax assets and liabilities recorded on the consolidated balance sheets. The measurement of deferred tax assets and deferred tax liabilities is based on tax rates that are expected to apply in the period that the asset is realized or liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood of taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability to realize the net deferred tax assets recorded at the balance sheet date could be affected. At the end of each reporting period, management reassesses the period that assets are expected to be realized or liabilities are settled and the likelihood of taxable income in future periods in order to support and adjust the deferred tax assets and deferred tax liabilities recognized on the consolidated balance sheets.

– *Functional currency* (note 2c) - judgement was required in determining that the US dollar is the appropriate functional currency of certain subsidiaries of Ascendant. This was determined by assessing the currency which influences sales prices for concentrate and metals sales, labour and input costs, as well as the currency in which AMPAC finances its operations. If the judgement was altered and a different functional currency was selected for certain subsidiaries of Ascendant, this could result in material differences in the amounts recorded in the consolidated statement operations and comprehensive loss pertaining to foreign exchange gains or losses.

- *Provision for environmental rehabilitation* (note 16) – the Company recognizes a provision for environmental rehabilitation when the obligation occurs. Provisions for environmental rehabilitation are periodically reviewed to reflect known developments, including updated cost estimates. The calculation of the present value of the necessary costs to settle the obligation in the future includes assumptions regarding the risk-free interest rate for discounting future cash flows, inflation, foreign exchange rates, and estimates of the underlying currencies in which the provisions will ultimately be settled. Although the ultimate cost to be incurred is uncertain, the Company estimates its costs based on studies using current restoration standards and techniques.

– *Termination benefits* (note 17) - the Company's termination obligations relate mainly to ongoing severance plans. The Company estimates obligations related to the employee benefits plans using actuarial determinations that incorporate assumptions using management's best estimates of factors including, salary escalation, retirement dates of employees and discount rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the termination obligation is highly sensitive to changes in these assumptions. Management reviews all assumptions at each reporting date. In determining the appropriate discount rate, the Company considers the interest rates on government bonds in the respective currency, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country, and the Company bases future salary increases and severance increases on expected future inflation rates for Honduras.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Future accounting changes

The following standards and amendments to existing standards have been published and are mandatory for annual periods beginning January 1, 2018, or later periods:

IFRS 2 - Share-based Payment ("IFRS 2") was amended in June 2016, clarifying the accounting for certain types of share-based payment transactions. The amendments provide requirements on accounting for the effects of vesting and non-vesting conditions of cash-settled share-based payments, withholding tax obligations for share-based payments with a net settlement feature, and when a modification to the terms of a share-based payment changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for the year beginning on or after January 1, 2018. The Company intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the amendments has not yet been determined.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted though management does not anticipate early adoption of the standard. The Company is currently assessing the impact on the adoption of this standard.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was issued in May 2014 and amended in April 2016. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This standard is effective for annual periods beginning on or after January 1, 2018 and permits early adoption. The Company intends to adopt the amendments to IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The impact of the standard has been evaluated and is expected to have no material impact on the Company's financial statements as no material changes are expected in respect of timing and amount of revenue currently recognized by the Company. Additional disclosure may be required upon implementation of IFRS 15 in order to provide sufficient information to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from the contracts with customers.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied. The Company intends to adopt the amendments to IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

IFRIC 22 – Foreign currency transactions and advance consideration ("IFRIC 22") was issued in December 2016 by the IASB. IFRIC 22 clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact on the adoption of this standard.

IFRIC 23 - Uncertainty over Income Tax Treatments ("IFRIC 23") was issued in June 2017 by the IASB. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The extent of the impact of adoption of the Interpretation has not yet been determined.

Internal Controls over Financial Reporting (ICFR)

The CEO and the CFO, with the assistance of management, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as at December 31, 2017. Based on the evaluation, the CEO and the CFO have concluded that as at December 31, 2017, the Company's internal control over financial reporting is effective, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control — Integrated Framework (2013).

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected. Therefore, no matter how well-designed, ICFR has limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As of the end of the period covered by this MD&A and accompanying Financial Statements, Ascendant's management evaluated the effectiveness of its disclosure controls. Based on that evaluation, the CEO and the CFO have concluded that Ascendant's disclosure controls and procedures and internal controls over financial reporting, provide reasonable assurance that they were effective. There have been no changes in our internal control over financial reporting during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

RISKS AND UNCERTAINTIES

The Company's business contains significant risk due to the nature of mining, exploration, and development activities. For additional discussion of these and other risk factors, please refer to the Company's Annual Information Form for the five month period ended December 31, 2016, which can be found under the Company's profile at www.sedar.com.

Limited Operating History

The Company has a limited history of earnings. The Company's continued operation will be dependent upon its ability to generate operating revenues and to procure additional financing.

Dependence on El Mochito mine for the Company's Operating Revenue and Cash Flow

Substantially all of the Company's operations are carried out through, and substantially all of the Company's operating revenue and cash flow are generated by, AMPAC a Honduran Company and a wholly owned subsidiary of the Company. Accordingly, the Company is dependent on the cash flows from AMPAC to meet its obligations. However historic and current performance of the AMPAC business may not be indicative of success in future periods, and there is no assurance as to future performance of AMPAC. The future performance of the AMPAC business and the ability of AMPAC to provide the Company with payments may be constrained by factors such as, among others: the operation of the Offtake Agreements; economic downturns; technological and regulatory changes; the cash flows generated by operations, investment activities and financing activities; and the level of taxation, particularly corporate profits and withholding taxes. If the Company is unable to receive sufficient cash from AMPAC, the Company may be required to incur indebtedness, raise funds in a public or private equity or debt offering, or sell some or all of its assets. There can be no assurance that any such financing will be available on satisfactory terms or that it will be sufficient. The Company may be subject to limitations on the repatriation of earnings in Honduras. In particular, there may be significant withholding taxes applicable to the repatriation of funds from Honduras to Canada. There can be no assurance that changes in regulations, including tax treaties, in and among the relevant countries where the Company does business will not take place, and if such changes occur, they may adversely impact the Company's ability to receive sufficient cash payments from its subsidiaries.

Dependence on Nyrstar for Revenue

Substantially all of the Company's revenue is derived from sales of its concentrate products pursuant to the Offtake Agreements with Nyrstar. Bulk sales of concentrate pursuant to the Offtake Agreements are highly periodic.

Exploration, Development and Production Risks

Mining and mineral operations involve many risks that even a combination of experience and knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company will depend on its ability to find, acquire, develop and commercially produce mineral deposits. Without the continual addition of new resources, any existing resources the Company may have at any particular time and the production therefrom will decline over time as such existing resources are exploited. A future increase in the Company's resources will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Company will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of resources will be discovered or acquired by the Company.

Mining and Processing
Mining operations involve a high degree of risk. Such operations are subject to all the hazards and risks normally encountered in the development and production of zinc, lead, silver and other base or precious metals in a developing country, including but not limited to:

- environmental hazards;
- discharge of pollutants or hazardous chemicals;
- industrial accidents;
- failure of processing and mechanical equipment and other performance problems;
- labour force disruptions;
- unavailability of materials and equipment;
- interruption of power supply;
- unanticipated transportation costs;
- changes in the regulatory environment;
- climate change, including changes to weather patterns, increased frequency of extreme weather events, temperatures and water availability;
- unusual and unexpected geologic formations, water conditions, surface or underground conditions and seismic activity;
- diseases perceived as a serious threat to maintaining a skilled workforce;
- cybersecurity breaches, hacking and cyberterrorism;
- unanticipated changes in metallurgical and other processing problems; and
- rock bursts, cave-ins, structural failures, flooding and fire.

Any of these can materially and adversely affect, among other things, the development of properties, production quantities and rates, costs, capital expenditures and production commencement dates. Such risks could also result in: damage to, or destruction of, mines and other producing facilities; damage to property; loss of key employees; loss or compromise of data, financial and other digital records and information; environmental damage; delays in mining, monetary losses and possible legal liability.

AMPAC's processing facilities are dependent on continuous mine feed to remain in operation. Should the El Mochito mine not maintain material stockpiles of ore or material in process, any significant disruption in either mine feed or processing throughput, whether due to equipment failures, adverse weather conditions, power supply interruptions, export or import restrictions, labour force disruptions or other causes, may have an immediate adverse effect on the results from the operations of the Company. A significant reduction in mine feed or processing throughput could cause the direct operating cost of production to increase to a point where the Company may determine that it is no longer economical to exploit some or all of its mineral reserves.

Although AMPAC utilizes the operating history of its existing mine complex to derive estimates of future operating costs and capital requirements, such estimates may differ materially from actual operating results at new deposits or expansion of existing deposits. The economic feasibility analysis with respect to any individual project is based upon, among other things: the interpretation of geological data obtained from drill holes and other sampling techniques; internal feasibility analysis (which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed); base and precious metals price assumptions; the configuration of the ore body; expected recovery rates of metals from the ore; comparable facility and equipment costs; anticipated climatic conditions; and estimates of labour, productivity, royalty, tax rates, or other ownership burdens and other factors.

The Company expects to periodically review mining schedules, production levels and asset lives in its life-of mine planning. Significant changes in the life-of-mine plans can occur as a result of mining experience, new ore discoveries, changes in mining methods and rates, process changes, investment in new equipment and technology, base and precious metals price assumptions, and other factors.

As a result of the foregoing risks, expenditures on all projects, actual production quantities and rates, and cash costs may be materially and adversely affected and may differ materially from anticipated expenditures, production quantities and rates, and costs. In addition, estimated production dates may be delayed materially, especially to the extent that development projects are involved. Any such events can materially and adversely affect the Company's business, financial condition, results of operations and cash flows.

Competition

The mining industry is competitive in all its phases. The Company will compete with numerous other participants in the search for the acquisition of mineral properties and in the marketing of mineral resources. Their competitors include mining companies that have substantially greater financial resources, staff and facilities than those of the Company, as the case may be. The Company's ability to increase resources in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of mineral resources include price and methods and reliability of delivery.

Regulatory

Mining operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. The Company's operations may require licenses from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary approvals, licenses and permits that may be required to carry out exploration and development at its projects. A failure to obtain such approval on a timely basis or material conditions imposed by such authority in connection with the approval would materially affect the prospects of the Company.

Environmental
All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of resources or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it will be in material compliance with current applicable environmental regulations no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Reclamation and Mine Closure Costs
Closing a mine can have a significant impact on local communities and site remediation activities may not be supported by local stakeholders. AMPAC reviews and updates closure plans regularly with external stakeholders over the life of the mine and considering where post-mining land use for mining affected areas has potential benefits to the communities.

In addition to the immediate closure activities, including ground stabilization, infrastructure demolition and removal, top soil replacement, re-grading and re-vegetation, closed mining operations require long-term surveillance and monitoring.

Site closure plans have been developed and amounts accrued in AMPAC's financial statements to provide for mine closure obligations. Future remediation costs for inactive mines are estimated at the end of each period, including ongoing care, maintenance and monitoring costs. Changes in estimates at inactive mines are reflected in earnings in the period an estimate is revised. Actual costs realized in satisfaction of mine closure obligations may vary materially from management's estimates. Changes in environmental laws can create uncertainty with regards to future reclamation costs and affect the requirements.

Market Conditions
In the last decade, market events and conditions, including the disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility in commodity prices. These conditions also caused a loss of confidence in the broader US and global credit and financial markets and resulted in the collapse of, and government intervention in, major banks, financial institutions and insurers and created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the

general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. More recently, there has been mounting government debt in many western nations, significant volatility and depression in the price of oil and numerous environmental disasters globally. These events are illustrative of the effect that events beyond the Company's control may have on commodity prices, demand for metals such as zinc, lead and silver, availability of credit, investor confidence and general financial market liquidity, all of which may affect the Company's business. Any or all of these economic factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, resulting in impairment losses. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

The Company is also exposed to liquidity and various counterparty risks including, but not limited to, through: (i) financial institutions that hold the Company's or AMPAC's cash; (ii) companies that have payables to AMPAC or the Company; (iii) the Company's or AMPAC's insurance providers; (iv) future lenders to the Company or AMPAC; and (v) companies that have received deposits from AMPAC for the future delivery of equipment. AMPAC is also exposed to liquidity risks in meeting its capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable.

Issuance of Debt

From time to time Ascendant may enter into transactions to acquire assets or the shares of other Companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. Neither the Company's articles nor its by-laws limit the amount of indebtedness that Ascendant may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Impairment of PP&E assets

Under IFRS, impairment of PP&E is calculated at a more granular level than under the Canadian GAAP Full Cost Accounting method where all the Company's mining assets are accumulated into costs centres. Impairment calculations are performed at a "Cash Generating Unit" level ("CGUs") by comparing the CGUs carrying value to a corresponding risk adjusted recovery of proved and probable resources. The Company has allocated its costs to each block acquired during the year based on individual acquisition costs and on the Company's proved plus probable resources or resource values where costs were not separately identified.

Resource Estimates

There are numerous uncertainties inherent in estimating quantities of resources and cash flows to be derived there from, including many factors that are beyond the control of the Company. The resource and cash flow information set forth herein represent estimates only. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of resources, timing and amount of capital expenditures, marketability of production, future prices, operating costs and royalties and other government levies that may be imposed over the producing life of the resources. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of the Company. Actual production and cash flows derived there from will vary from these evaluations, and such variations could be material. The foregoing evaluations are based in part on the assumed success of activities the Company intends to undertake in future years. The resources and estimated cash flows to be derived there from contained in such evaluations will be reduced to the extent.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, civil unrest and political instability, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability. The Company will maintain insurance to protect against certain other risks in such amounts as it considers reasonable. However, its insurance will not cover all the potential risks associated with its operations.

The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on Key Personnel

The Company's success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not anticipate having key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Company are likely to be of central importance. In addition, the competition for qualified personnel in the mining industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

Labour and Employment Matters

Relations with employees and key skilled personnel in Honduras could be impacted by changes in the scheme of labour relations that may be introduced by relevant governmental authorities. Adverse changes in such legislation may materially adversely affect the Company's business, results of operations and financial condition. In addition, labour disruption or work stoppages by AMPAC's employees , most of whom are unionized, or its contractors could materially adversely affect its business and operations.

Operations in Foreign Jurisdiction and Emerging Market
Substantially all of the Company's operations are located in Honduras. Like many emerging markets, Honduras is a developing country that at times may face challenges in terms of natural resource development governance, physical and institutional infrastructure, governmental and regulatory bureaucracy and delays associated therewith. Additionally, the Company's AMPAC operations may at various times be exposed to political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties
include, but are not limited to:

- renegotiation, nullification, termination or rescission of existing concessions, licenses, permits and contracts;
- expropriation and/or nationalization;
- repatriation restrictions;
- echanging political conditions;
- currency exchange rate fluctuations;
- war and civil unrest;
- military repression;
- hostage-taking;
- taxation policies;
- labour unrest;
- changing government policies and legislation;
- import and export regulations;
- restrictions on foreign exchange;
- currency controls;
- environmental legislation;
- infrastructure development policy; and
- certain non-governmental organizations that oppose globalization and resource development.

Changes, if any, in mining or investment policies or shifts in political attitude in Honduras may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims by locals, water use, infrastructure and mine safety. Additionally, there may be restrictions that interfere with the ability of AMPAC to make distributions to the Company. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations and profitability.

There can be no assurance that companies and/or industries which are deemed of national or strategic importance in Honduras, including mineral exploration, production and development, will not be nationalized. There is a risk that further government limitations, restrictions or requirements, not presently foreseen, may be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on the Company.

There can be no assurance that AMPAC's assets in Honduras will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

In addition, in the event of a dispute arising from operations in Honduras, the Company may be subject to the exclusive jurisdiction of foreign courts. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality due to the doctrine of sovereign immunity.

The Company has taken certain steps to mitigate certain of the foregoing risks, including but not limited to: implementing appropriate internal financial control policies, retaining qualified local experts to advise on matters such as title to the El Mochito mine, licenses and permits, environmental regulation and related matters, hiring personnel with appropriate specialized knowledge, skill and experience, maintaining positive government relations, maintaining positive labour relations, and maintaining appropriate insurance policies.

However notwithstanding the Company's efforts to mitigate risks associated with operations in a developing jurisdiction, most of the foregoing risks and uncertainties are beyond the Companys control and the occurrence of any of them could adversely affect the operations of AMPAC and the Company's future cash flow, results of operations and financial condition.

Title Matters

The Company obtained, as a condition of closing for the El Mochito Acquisition, a favourable legal report as to the quality of AMPAC's title to the property and assets comprising the El Mochito mine, however should AMPAC's titles not be honoured or become unenforceable for any reason, the Company's business, financial condition and prospects will be materially adversely affected. While the Company has diligently investigated AMPAC's title to, rights over and interests in and relating to its mining assets and mineral properties, this should not be construed as a guarantee of AMPAC's title to its mining assets and/or the area covered by such mining rights. AMPAC's mineral property interests may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. There can be no guarantee that title to some of AMPAC's properties will not be challenged or impugned. Additionally, the land upon which AMPAC holds mineral exploitation rights may not have been surveyed; therefore, the precise area and location of such interests may be subject to challenge.

Changes in Legislation

The return on an investment in securities of the Company is subject to changes in Canadian and Honduras federal and provincial tax laws and government incentive programs and there can be no assurance that such laws or programs will not be changed in a manner that adversely affects the Company or the holding and disposing of the securities of the Company.

Assessments of Value of Acquisitions

Acquisitions of mining issuers and mineral resources assets are typically based on engineering and economic assessments made by independent engineers and the Company's own assessments. These assessments both will include a series of assumptions regarding such factors and recoverability and marketability of mineral resources, future prices of mineral resources and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the resources. Many of these factors are subject to change and are beyond the Company's control. In particular, the prices of and markets for mineral resources products may change from those anticipated at the time of making such assessment. In addition, all such assessments involve a measure of geologic and engineering uncertainty which could result in lower production and resources than anticipated. Initial assessments of acquisitions may be based on reports by a firm of independent engineers that are not the same as the firm the Company uses for its year end resource evaluations. Because each of these firms may have different evaluation methods and approaches, these initial assessments may differ significantly from the assessments of the firm used by the Company. Any such instance may offset the return on and value of the Company shares.

Income Taxes

The Company will file all required income tax returns and believes that it will be in full compliance with the provisions of the Income Tax Act (Canada), all applicable provincial tax legislation as well as the Income Tax Law in Honduras. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive.

Third Party Credit Risk

The Company is or may be exposed to third party credit risk through its contractual arrangements with future joint venture partners, and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its cash flow from operations.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this MD&A and the Consolidated Financial Statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the audited financial statements.

Additional Information

Additional information relating to the Company can also be found on SEDAR.

CORPORATE STRUCTURE

The Consolidated Financial Statements include the financial statements of the Company and it's subsidiaries, Morumbi Capital Inc. and AMPAC.

TECHNICAL INFORMATION

All technical information contained herein has been reviewed and approved by Robert A. Campbell, M.Sc, P.Geo, a director of the Company. Mr. Campbell is a "qualified person" within the meaning of NI 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**").

CAUTIONARY NOTES TO US INVESTORS

The information concerning the Company's mineral properties has been prepared in accordance with National Instrument 43-101 ("NI-43-101") adopted by the Canadian Securities Administrators. In accordance with NI-43-101, the terms "mineral reserves", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014. While the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are recognized and required by NI 43-101, the U.S. Securities Exchange Commission ("SEC") does not recognize them. The reader is cautioned that, except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic value. Inferred mineral resources have a high degree of uncertainty as to their existence and as to whether they can be economically or legally mined. It cannot be assumed that all or any part of any inferred mineral resource will ever be upgraded to a higher category. Therefore, the reader is cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category. Likewise, you are cautioned not to assume that all or any part of a measured or indicated mineral resource will ever be upgraded into mineral reserves.

Readers should be aware that the Company's financial statements (and information derived therefrom) have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards. IFRS differs in many respects from United States generally accepted accounting principles and thus the Company's financial statements (and information derived therefrom) may not be comparable to those of United States companies.

FORWARD LOOKING INFORMATION

This news release contains "forward-looking statements" and "forward-looking information" (collectively, "forward-looking information") within the meaning of applicable Canadian securities legislation. All information contained in this news release, other than statements of current and historical fact, is forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "budget", "guidance", "scheduled", "estimates", "forecasts", "strategy", "target", "intends", "objective", "goal", "understands", "anticipates" and "believes" (and variations of these or similar words) and statements that certain actions, events or results "may", "could", "would", "should", "might" "occur" or "be achieved" or "will be taken" (and variations of these or similar expressions). Forward-looking information is also identifiable in statements of currently occurring matters which may continue in the future, such as "providing the Company with", "is currently", "allows/allowing for", "will advance" or "continues to" or other statements that may be stated in the present tense with future implications. All of the forward-looking information in this news release is qualified by this cautionary note.

Forward-looking information in this news release includes, but is not limited to, statements regarding the consistency of processing recovery levels, improvements of grades in 2018, deployment of new mining equipment, increase in contained metal production, maintenance of production rates, increase of mill feed grades, reduction of costs, monthly shipments of concentrate, the ability to fully fund planned development, exploration and capital expenditures, completion of an NI 43-101 report and the undertaking of various long-term optimization programs. Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by Ascendant at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that Ascendant identified and were applied by Ascendant in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to, the ability of the Company to maintain the consistency of processing recovery levels, to improve grades in 2018, to deploy new mining equipment, increase contained metal production, maintain production rates, increase mill feed grades, reduce costs, make monthly shipments of concentrate, fully fund planned development, exploration and capital expenditures, complete an NI 43-101 report and undertake various long-term optimization programs and other events that may affect Ascendant's ability to develop its project; and no significant and continuing adverse changes in general economic conditions or conditions in the financial markets.

The risks, uncertainties, contingencies and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information may include, but are not limited to, risks generally associated with the mining industry, such as economic factors (including future commodity prices, currency fluctuations, energy prices and general cost escalation), uncertainties related to the development and operation of Ascendant's projects, dependence on key personnel and employee and union relations, risks related to political or social unrest or change, rights and title claims, operational risks and hazards, including unanticipated environmental, industrial and geological events and developments and the inability to insure against all risks, failure of plant, equipment, processes, transportation and other infrastructure to operate as anticipated, compliance with government and environmental regulations, including permitting requirements and anti-bribery legislation, volatile financial markets that may affect Ascendant's ability to obtain additional financing on acceptable terms, the failure to obtain required approvals or clearances from government authorities on a timely basis, uncertainties related to the geology, continuity, grade and estimates of mineral reserves and resources, and the potential for variations in grade and recovery rates, uncertain costs of reclamation activities, tax refunds, hedging transactions, as well as the risks discussed in Ascendant's most recent Annual Information Form on file with the Canadian provincial securities regulatory authorities and available at www.sedar.com.

Should one or more risk, uncertainty, contingency, or other factor materialize, or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information. Accordingly, the reader should not place undue reliance on forward-looking information. Ascendant does not assume any obligation to update or revise any forward-looking information after the date of this news release or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.