ASCENDANT RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017

(Expressed in US dollars)

The following Management's Discussion & Analysis ("MD&A") 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 Unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2017 and July 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 August 10, 2017. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

Comparative information

With the recent change in the Company's year-end reporting period from a July 31 to a December 31 fiscal year-end as explained in note 2 (a) of the Condensed Consolidated Interim 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
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
Q2/SY16	November 1, 2016 - December 31, 2017	Q2/16	November 1, 2015 - January 31, 2016
Q1/SY16	August 1, 2016 - October 31, 2016	Q1/16	August 1, 2015 - October 31, 2015

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.

FORWARD-LOOKING INFORMATION

This MD&A contains certain "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward looking statements, except as required under applicable securities legislation.

Forward-looking statements are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking information. Such forward-looking statements relate to, among other things, regulatory compliance, and the sufficiency of current working capital. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Such factors include: the price of Zinc, and Lead; the Company's securities may experience price volatility; production estimate risks; cost estimate risks; risks relating to the depletion of mineral reserves; power supply risks; Honduras country risks; environmental risks and other hazards; risks relating to the requirement for additional capital; mineral legislation risks; risks relating to foreign mining tax regimes; currency fluctuation risks; risks to owning foreign asset; risks relating to dependence on key personnel; dependence on outside parties; labour and employment risks; insurance and uninsured risks; litigation risks; and the Company's directors and officers may have conflicts of interests. Although management of the Company has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking information, there may be othe factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Please see the "Risk Factors" section of this MD&A.

2017 - HIGHLIGHTS FOR THE QUARTER

El Mochito Mine, Honduras

Production for the second quarter ending June 30, 2017 (Q2/17) was 4,505 tonnes of zinc (Zn), 1,459 tonnes of lead (Pb) and 188,245 ounces of silver (Ag). Zinc equivalent metal production was 6,975 tonnes during Q2/17; 12% higher than the first quarter of 2017 and up 5% from guidance of 6,664 tonnes at the Company's El Mochito mine in Honduras.

Q2/17 recoveries averaged 88.9% for zinc, 72.3% for lead and 79.3% for silver. Mill throughput for the quarter was 150,785 tonnes. Average head grades were 3.36% Zn, 1.34% Pb and 48.9 grams per tonne (g/tonne) Ag. Zinc Equivalent grade was 5.50%

Revenues for the second quarter were $9,941,830 at weighted average realized metals prices of $1.25 per pound of zinc, $0.98 per pound of lead, and $16.97 per ounce of silver. The Company sold 4,588 tonnes of zinc concentrate, and Nil tonnes of Lead concentrate. The timing of metal sales can differ significantly from production.

The second quarter milling production rate of 1,733 tonnes per day ("tpd") increased 7% against Q1/17 due to improvements in truck productivity and 7% higher than planned metal grades mined on a zinc-equivalent basis and higher processing recoveries.

Of the three trucks and two loaders ordered in March, four pieces are now underground with the second truck and the second loader commissioned and in operation by the end of July. The addition of the new equipment, with high availability, and continued progress in various other productivity improvement initiatives already underway are expected to support higher sustained production rates going forward (see press releases on June 12, 2017, April 18, 2017 and July 17, 2017).

April was a strong month for the Company achieving 1,829 tpd milled due to efforts to improve mine productivity and mine equipment utilization. Initiatives included the successful rollout of hot seating on the loaders and trucks which increased utilization, and improving the truck cycle times. Milled production in May of 1,687 tpd (mining 1,550 tpd) was impacted by reduced availability of the underground mining equipment, due to increased workload and underscoring the Company's program to upgrade the existing aging mining fleet. Mining production was also hampered by numerous power cuts which also impacted on its ability to pump water, also affecting production. In June the Company milled 1,693 tpd which reflected a recovery from the water and equipment issues in the mine during May.

In May and June the Company also restructured both the mining and maintenance departments at El Mochito to improve their effectiveness. During the second quarter a Business Improvement team was established on site following the hiring of two additional senior engineers in May, with the aim of implementing further optimizations with a focus on higher production rates and lower costs. The Company also hired five senior personnel into key operational roles in maintenance, mining and mine planning.

Efforts to improve ventilation and thus underground working conditions for people and equipment remains ongoing, with various improvements having been implemented. In addition, several new areas of air losses have been identified and, as improvements are made, additional ventilation improvement is expected over the course of the year. Work continues to close off unused stopes, correct equipment placement and complete vertical raises to further improve the conditions for workers and equipment, which should ultimately contribute to higher productivity levels.

The Company has re-established and refreshed a strong relationship with the workforce which had suffered previously. In May, a new collective bargaining agreement ("CBA") with union leadership was agreed to the satisfaction of all parties and ratified by the Minister of Labour of Honduras. The agreement aligns the interests of the workers and the Company and is valid for three years. The successful conclusion of negotiations without further disruption of work reflects the improving relations since the Company's acquisition of the El Mochito Mine in Honduras in December 2016.

Appointment of New Directors

Following the Annual and Special Meeting of shareholders on June 21, 2017, Mr. Renaud Adams and Mr. Guillermo Kaelin were elected to the Company's Board of Directors.

Mr. Adams currently serves as President and Chief Executive Officer of Richmont Mines Inc. and has over 20 years of experience as an executive and as an operator in the mining industry. This includes a role as General Manager of the El Mochito Mine and VP of AMPAC from 2005 to 2007. Mr. Adams holds a Bachelor of Engineering degree in Mining and Mineral Processing from Laval University.

Mr. Kaelin is a capital markets professional with over 18 years of experience in private equity, investment banking, research and public securities. Mr. Kaelin is currently the Head of Latin America of Appian Capital Advisory LLP and has an MBA from the University of Chicago, an MS in Finance from ESAN (Peru) and a BS in Industrial Engineering from the Universidad de Lima.

Listing on the TSX

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 currently-listed common share purchase warrants on the TSX. The Common Shares and Warrants are trading under their existing symbols "ASND" and "ASND.WT", respectively.

Production Summary

Following is a summary of the Company's key production and operating statistics for the three and six months ended June 30, 2017. The results include the El Mochito Mine. The summary does not include the El Mochito Mine results for the comparative three and six months ended July 31, 2016 as El Mochito Mine was acquired by the Company on December 20, 2016.

(Expressed in US dollars)

Q2 2017 OPERATING AND FINANCIAL HIGHLIGHTS

KEY OPERATING INFORMATION

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

* Key Operating Information			Three Months Ended March 31, 2017 Q1/17	Three Months Ended June 30, 2017 Q2/17	Six Months Ended June 30, 2017 H1/17
* **Consolidated**					
Total Tonnes Mined		tonnes	131,325	151,028	282,353
Total Tonnes Milled		tonnes	131,115	150,785	281,901
Operating Days		days	81	87	168
Average Tonnes Per Day		tpd	1,619	1,733	1,678
Average Head Grades					
Average Zn grade		%	3.43%	3.36%	3.39%
Average Pb grade		%	1.33%	1.34%	1.33%
Average Silver grade		g/t	52.1	48.9	50.4
ZnEq Head grade	(1)	%	5.56%	5.50%	5.53%
Average Recoveries					
Zinc		%	89.8%	88.9%	89.3%
Lead		%	76.9%	72.3%	74.4%
Silver		%	78.8%	79.3%	79.1%
Contained Metal Production					
Zinc		tonnes	4,032	4,505	8,537
Lead		tonnes	1,341	1,459	2,800
Silver		ozs	173,041	188,245	361,286
ZnEq		tonnes	6,201	6,975	13,176
ZnEq	(1)	lbs	13,671,410	15,376,986	29,048,397
Payable Production					
Zinc	(3)	tonnes	3,427	3,829	7,256
Lead	(3)	tonnes	1,274	1,386	2,660
Silver	(3)	ozs	121,129	131,771	252,900
ZnEq	(3)	tonnes	5,271	5,929	11,200
ZnEq	(1)	lbs	11,620,699	13,070,438	24,691,137
Payable Metal Sold					
Zinc		tonnes	2,128	4,558	6,686
Lead		tonnes	899	-	899
Silver		ozs	102,706	24,157	126,863
ZnEq	(3)	tonnes	4,918	5,062	9,980
ZnEq	(1)	lbs	10,841,921	11,159,823	22,001,744
Site Operating Cost per Tonne Milled (Exc. CAPEX)	(2)	$/ton	$101.82	$93.19	$97.20

(Expressed in US dollars)

			Three Months Ended March 31, 2017 Q1/17	Three Months Ended June 30, 2017 Q2/17	Six Months Ended June 30, 2017 H1/17
Financial					
Revenue		$	7,924,415	9,941,830	17,866,245
Adjusted EBITDA	(2)	$	(1,932,694)	(6,166,895)	(8,143,625)
Operating cash flow		$	(8,300,883)	(2,961,439)	(11,262,322)
Cash and cash equivalents		$	16,813,122	9,702,058	9,702,058
Working capital		$	27,159,637	16,874,186	16,874,186
Capital Expenditures		$	1,605,735	4,212,327	5,818,062

(1) Actual realized metal prices of US$2,758.68/t Zinc, US$2,222.18/t Lead and US$17.81/oz Silver for the six months ended June 30, 2017.
(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 no longer included.

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

Realized Metal Prices		Three Months Ended March 31, 2017 Q1/17	Three Months Ended June 30, 2017 Q2/17	Six Months Ended June 30, 2017 H1/17
Zinc (lb)	$/lb	$1.26	$1.25	$1.25
Lead (lb)	$/lb	$1.04	$0.98	$1.01
Silver (oz)	$/oz	$18.01	$16.97	$17.81

COMPANY BUSINESS & BACKGROUND

Ascendant Resources Inc. was incorporated in Ontario, Canada on May 1, 2006. The Company filed articles of amendment to give effect to its previously announced name change from Morumbi Resources Inc. to Ascendant Resources Inc. effective December 21, 2016.

Its primary business is operating the zinc, lead and silver producing El Mochito Mine in west-central Honduras (the "El Mochito Mine") acquired 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. Additionally, the Company sources and evaluates potential natural resource opportunities, including a focus in recent years on seeking accretive acquisitions of resource development properties in North, South and Central America.

The El Mochito Mine is located near the town of Las Vegas, Honduras, approximately 88 km southwest of the city of San Pedro Sula and 220 km northwest of Tegucigalpa, the capital of Honduras. The El Mochito Mine has been in almost continuous production since 1948. Breakwater Resources Ltd. ("Breakwater") acquired AMPAC in 1990 and Nyrstar, in turn, acquired Breakwater through Nyrstar International B.V. ("Nyrstar International") in 2011.

Historically, the Company conducted mineral exploration and evaluation activities on several potential mineral properties in Papua New Guinea that did not proceed past the assessment stage. These properties were written down between 2013 and 2015 and disposed of in 2016. The Company also holds a legacy interest in a Canadian light oil and gas property, which was in commercial production but ceased production during the financial year of the Company ended July 31, 2013.

The Company's shares are listed on the Toronto Stock Exchange under the symbol "ASND". In December 2016, the Company finalized the acquisition of AMPAC see below "El Mochito Mine".

CORPORATE STRUCTURE

The Interim Condensed 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**").

(Expressed in US dollars)

ACQUISITION OF EL MOCHITO MINE

Under the terms of the share purchase agreement (the "Agreement"), Ascendant acquired from Nyrstar a 100% interest in AMPAC for a purchase price of $500,000 and a 10-year offtake agreement, with an adjustment for acquisition date working capital differences from an agreed level in the Agreement. As such the purchase prices is subject to finalization, which will impact the allocation of the purchase price to the acquired assets and liabilities for accounting purposes. These adjustments will be recorded once they are finalized. The Transaction is an arm's length acquisition within the meaning of TSX Venture Exchange policies.

The property consists of an underground zinc-lead-silver mine and a nominal 2,300 t/d concentrator producing zinc and lead concentrates.

The economic mineralization at the El Mochito mine occurs as both manto and chimney skarn deposits in Lower Cretaceous limestones. In 2015, the mine produced approximately 766,000 t of ore grading 3.52 % zinc, 1.70 % lead and 51.79 g/t silver. The mill recoveries were 86.4 % zinc, 76.6 % lead and 87.8 % silver. Zinc equivalent grade was 6.3%

The manto deposits are typically flat dipping, following the bedding of the host rock, and are generally relatively extensive in horizontal dimension, rendering them suitable for room and pillar stoping methods. Rooms are backfilled following extraction.

Chimney deposits are typically steeply dipping and cut across the host rocks over a significant vertical distance. In general, the chimneys are of higher grade than the mantos. The Company uses various mining methods, including longhole stoping and backfilling of mined stopes.

Nyrstar published mineral resources and mineral reserves for El Mochito as at the end of 2015 in a news release dated 27 April, 2016 and published on the website, www.nyrstar.com. The estimates are provided in Table 1 and Table 2.

Table 1 - 2015 Historical Mineral Resource Statement

Metal	Unit	Measured Resources	Indicated Resources	Measured Plus Indicated Resources	Inferred Resources
	Mt	1.38	4.03	5.40	3.86
Zinc	%	5.22	4.72	4.85	5.11
Lead	%	1.93	1.65	1.72	1.38
Silver	g/t	62.10	38.80	44.70	35.00

Nyrstar, 2016b, 2015 Mineral Resource and Mineral Reserve Statement 27 April, 2016.

(Expressed in US dollars)

Table 2 - 2015 Historic Mineral Reserve Statement

Metal	Unit	Proven Reserves	Probable Reserves	Total Mineral Reserves
	Mt	0.57	1.34	1.91
Zinc	%	4.59	4.94	4.84
Lead	%	2.63	2.27	2.38
Silver	g/t	77.40	47.60	56.50

Nyrstar, 2016b, 2015 Mineral Resource and Mineral Reserve Statement 27 April, 2016.

The mineral resources and mineral reserves presented in Tables 1 and 2 are historical in nature, as described in NI 43-101. They were prepared prior to the agreement to acquire the property by Ascendant and a Qualified Person has not yet verified them as current. At this time, the relevance and reliability of the estimates are not known. The estimates are classified using the categories set out in the Canadian Institute of Mining, Metallurgy and Petroleum's CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines as required by NI 43-101. However, Ascendant is not treating the mineral resources or mineral reserves as current.

The mineral resources in Tables 1 and 2 are reported inclusive of mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

The 2015 mineral resources and mineral reserves are not supported by a recent NI 43-101 Technical Report. The most recent NI 43-101 report was filed by Breakwater Resources Ltd. in March, 2010.

The Company is working towards an updated NI 43-101 report to be issued in the first half of 2018.

Historical data show that, between 2000 and 2015, reserves at El Mochito have ranged from a high of 5.25 million tonnes in 2011 (sufficient for seven years of production), to a low of 1.75 million tonnes in 2013 (sufficient for slightly more than two years of production).

The El Mochito Mine ore is processed in a conventional, differential sulphide flotation mill. This facility produces separate zinc and lead concentrates. The process consists of crushing, grinding, flotation, concentrate dewatering and tailings disposal. Flotation recoveries are reported to be typically in the range of 74 to 78% lead, 86 to 90% zinc, and 86 to 93% silver.

All environmental permits are in good standing and there is a good relationship between the government and AMPAC. The mine has a strong social program and has won numerous corporate social responsibility awards in Honduras.

There are several projects (i.e. mill efficiencies, magnetite concentrate sales, etc.), including infrastructure developments (i.e. new power connections), that would provide better efficiencies at the mine complex and lower operating costs in the long-term. The majority of the capital costs for these projects have already been paid for, so the new capital layout would be minimal.

The operation has relied heavily on continued exploration to replace reserves on an on-going basis. Management continues to place focus on growing the resource base and believes that the potential for discovery of additional reserves is considered to be high.

OUTLOOK

The Company expects to gradually increase zinc equivalent (ZnEq) production through the year by ramping up mining operations. Achieving these anticipated and sustainable higher mining rates is dependent on the staged arrival of additional new and refurbished underground mining equipment and the successful execution of the mine plan. A third truck was ordered, which adds to the new fleet and ancillary equipment previously ordered and described in the Company's March 23, 2017 press release. The arrival of the bulk of the new mining equipment is forecasted in Q3/17, with commensurate increased production expected in the latter part of the year.

The increased mining activity should see El Mochito exit the year with annualized production rates of just under 80 million lbs of contained ZnEq production, with further improvement expected as the Company continues to reposition El Mochito for the future. Metal payabilities are in line with industry norms with 85% for zinc, 95% for silver (derived from both zinc and lead concentrates).

See news releases entitled "Ascendant Resources provides Q1 2017 progress report on El Mochito Optimization and announces 2017 Production Guidance" and "Ascendant Resources Provides June and Second Quarter Production Update".

In addition to the cash consideration paid to Nyrstar of $500,000 and a 10-year offtake agreement, the final purchase price is subject to a working capital adjustment. The preliminary working capital adjustment is $7,073,408 in favour of the Company and may be subject to change as more information becomes available. The Company expects to offset the amount due to Nyrstar against the final working capital adjustment.

DISCUSSION OF OPERATIONS

With the recent change in the Company's year-end reporting period from a July to a December 31 fiscal year-end, 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 June 30, 2017 compared with three months ended July 31, 2016

During the three months ended June 30, 2017, the Company reported a loss of $8,555,456 (Q4/16 – $131,637) and comprehensive loss of $8,183,246 (Q4/16 – $7,549), or loss of $0.15 per share (Q4/16 - $0.02). During the quarter, the Company produced 13.07 million zinc equivalent payable pounds, compared to the same quarter last year of Nil. Loss from mining operations was $4,922,593 during the second quarter (Q4/16 - $Nil).

Revenues of $9,941,830 (Q4/16 - $Nil) resulted from the sale of 4,588 (Q4/16 - $Nil) tonnes of zinc concentrates and 24,157 (Q4/16 – Nil) ounces of silver concentrates. Provisional realized commodity prices in USD were $1.25 per pound zinc, $0.98 per pound lead and $16.97 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 $14,864,423 (Q4/16 - $Nil) related to the sale of concentrate to Nyrstar at market prices. Costs consisted of direct site production costs of $10,681,144 (Q4/16 - $Nil) related to mining. Processing costs were $1,586,759 (Q4/16 - $Nil) and royalty expense was $485,803 (Q4/16 - $Nil). The Company also recorded $699,442 of depreciation and amortization (please see non-IFRS measures at the end of this MD&A). The Company's site operating cost for the quarter was $93.19 per tonne milled.

During the three months ended June 30, 2017, the Company incurred general and administrative expenses of $1,338,229 (Q4/16 – $149,567) before non-cash share-based payments of $1,117,433 (Q4/16 - $Nil). Including non-cash share-based payments of $1,117,433 (Q4/16 - $Nil) general and administrative expenses were $2,455,662 (Q4/16 – $149,567). The overall increase in general and administrative expenses is primarily due to the increase in management salaries and consulting fees of $800,751 (Q4/16 - $94,756) as staffing levels increased, Professional fees of $249,575 (Q4/16 - $25,216) and Share-based payments of $1,117,433 (Q4/16 - $Nil) 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 June 30, 2017, the Company recorded total Loss from Other items of $1,177,201 (Q4/16 – $30,233) primarily due to a loss on foreign exchange of $521,899 (Q4/16 - $39), financing charge on termination obligations of $377,138 (Q4/16 - $Nil), and accretion expense on rehabilitation liabilities assumed on acquisition of $237,467 (Q4/16 - $264).

Six months ended June 30, 2017 compared with six months ended July 31, 2016

During the six months ended June 30, 2017, the Company reported a loss of $11,449,371 (Q4/16 – income of $157,486) and comprehensive loss of $10,868,193 (Q4/16 – income of $148,142), or loss of $0.19 per share (Q4/16 – income $0.02). During the six months ended June 30, 2017, the Company produced 24.69 million zinc equivalent payable pounds, compared to the same quarter last year of Nil. Loss from mining operations was $6,705,300 during the period (Q4/16 - $Nil).

Revenues of $17,866,245 (Q4/16 - $Nil) resulted from the sale of 6,686 (Q4/16 - $Nil) tonnes of zinc concentrates. 899 (Q4/16 – Nil) tonnes of lead concentrates, and 126,863 (Q4/16) ounces of silver concentrates. Provisional realized commodity prices in USD were $1.25 per pound zinc, $1.01 per pound lead and $17.81 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 $24,571,545 (Q4/16 - $Nil) related to the sale of concentrate to Nyrstar at market prices. Costs consisted of direct site production costs of $19,332,431 (Q4/16 - $Nil) related to mining. Processing costs were $3,409,080 (Q4/16 - $Nil) and royalty expense was $866,857 (Q4/16 - $Nil). The Company also recorded $1,352,427 of depreciation and amortization (please see non-IFRS measures at the end of this MD&A). The Company's site operating cost for the quarter was $97.20 per tonne milled.

During the six months ended June 30, 2017, the Company incurred general and administrative expenses of $1,905,305 (Q4/16 – $36,277) before non-cash share-based payments of $1,117,433 (Q4/16 - $Nil). Including non-cash share-based payments of $1,117,433 general and administrative expenses were $3,022,738 (Q4/16 - $36,277). The overall increase in general and administrative expenses is primarily due to the increase in management salaries and consulting fees of $1,242,617 (Q4/16 - $107,323) as staffing levels increased, Professional fees of $249,575 (Q4/16 - $50,445) and Share-based payments of $1,117,433 (Q4/16 - $Nil) 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 six months ended June 30, 2017, the Company recorded total Loss from Other items of $1,721,333 (Q4/16 – income of $146,164) primarily due to a loss on foreign exchange of $778,684 (Q4/16 – gain of $21,102), financing charge on termination obligations of $442,522 (Q4/16 - $Nil), and accretion expense on rehabilitation liabilities assumed on acquisition of $415,393 (Q4/16 - $523).

Cash Flows

Operating Activities

During the period ended June 30, 2017, cash used in operating activities was $11,262,322 (Q4/16 - $58,215). The increase in cash flow used in operating activities is mainly the result of the El Mochito mine operating expenses incurred in Q2/17, as well as an increase in general and administrative expenses when compared to Q4/16.

Investing Activities

During the period ended June 30, 2017, cash used in investing activities was $5,818,062 (Q4/16 - $Nil). The increase in cash flow used in investing activities is mainly the result of capital expenditures in connection with the El Mochito mine operations.

Financing Activities

During the period ended June 30, 2017, cash provided by financing activities was $13,579,906 (Q4/16 - $57,024). 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 $14,935,323 (Cdn$20,038,750), less cash share issuance costs of $965,856 resulting in net cash proceeds of $13,969,467.

(Expressed in US dollars)

SUMMARY OF QUARTERLY RESULTS

The Company's financial statements are reported under IFRS issued by the IASB. The following tables provide highlights, extracted from the Company's financial statements, of quarterly results for the past eight quarters.

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

U.S. Dollar/Cdn Dollar exchange rate	June 30, 2017	March 31, 2017	Dec 31, 2016	Oct 31, 2016	Jul 31, 2016	Apr 30, 2016	Jan 31, 2016	Oct 31, 2015
Closing rate at the reporting date	0.7706	0.7513	0.7448	0.7454	0.7659	0.7969	0.7140	0.7648
Average for the period	0.7494	0.7554	0.7564	0.7625	0.7716	0.7535	0.7280	0.7597

Quarter ended	June 30, 2017 $	March 31, 2017 $	Two months ended December 31, 2016 $	October 31, 2016 $ (Restated)
Total assets	42,337,216	46,608,716	36,490,172	14,984,949
Working capital surplus (deficiency)	16,874,186	27,159,637	17,752,729	(137,739)
Interest (income) expense	87,291	50,030	38,611	1,938
Net loss for the period	8,555,456	2,893,917	1,938,223	488,283
Basic and diluted earnings (loss) per share	(0.15)	(0.06)	(0.31)	0.01

Quarter ended	July 31, 2016 $ (Restated)	April 30, 2016 $ (Restated)	January 31, 2016 $ (Restated)	October 31, 2015 $ (Restated)
Total assets	311,501	167,126	156,414	218,101
Working capital surplus (deficiency)	(111,899)	(217,577)	(457,423)	(392,732)
Interest (income) expense	14,126	13,574	(320)	103
Net loss (income) for the period	68,091	(286,211)	92,556	56,335
Basic and diluted earnings (loss) per share	0.02	0.04	0.06	0.00

FINANCIAL RISK MANAGEMENT

Fair Value
The carrying values of cash, amounts receivable, due rom related parties, accounts payable and accrued liabilities, and finance liabilities 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.

Based on an anticipated cash flow from the Company's El Mochito mine, the equity financings completed in 2016 and 2017 to the date of this MDA, the Company is expected to have sufficient resources to meets its committed expenditures for the next twelve months.

The Company's ability to service its ongoing obligations and cover anticipated corporate, exploration and ongoing development will rely on positive cash flow from production at its El Mochito mine, its current cash balance, and, if necessary, upon the continued issuance of equity or debt securities to finance its future activities. Based on a reasonable expectation of operating performance and capital plan and forecasted zinc and lead prices, the Company believes it will have sufficient financial capacity to manage current requirements for the foreseeable future. However, there can be no assurance that actual cash flow from operations will be as forecasted or that such equity and/or debt financings will be available on a timely basis under terms acceptable to the Company.

The Company has not entered into any significant long-term lease commitments other than those outlined under Note 13 in the Company's Unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2017.

Other than cash held by its subsidiary for their immediate operating needs in Honduras, most of the Company's cash reserves are on deposit with a major Canadian chartered bank.

(Expressed in US dollars)

Contractual Obligations and Commitments

The Company has the following contractual obligations and capital commitments as at June 30, 2017:

	Payments due by period			
	<1 years	1-5 years	5> years	Total
Operating leases (i)	25,000	75,000	-	100,000
Finance leases	540,229	846,608	171,759	1,558,596
Environmental Rehabilitation provisions (i)	595,726	2,162,685	12,273,785	15,032,196
Termination payment liability	-	-	7,156,163	7,156,163
	1,160,955	3,084,293	19,601,707	23,846,955

(i) Operating leases and Environmental rehabilitation provisions are 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 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. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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 three and six months ended June 30, 2017 and the five month period ended December 31, 2016.

DISCLOSURE OF OUSTANDING SHARE DATA

The following is a summary of the Company's outstanding share data as of June 30, 2017.

Capital stock
The Company is authorized to issue an unlimited number of common shares. As of June 30, 2017, the Company has 71,734,927 common shares issued and outstanding.

As of August 10, 2017, the Company has 71,734,927 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. The Company has 17,442,000 outstanding warrants as at June 30, 2017.

As of August 10, 2017, the Company has 17,442,000 warrants and compensation warrants issued and outstanding.

Stock options
- On January 23, 2017, 6,000 stock options were exercised.
- As of June 30, 2017, a total of 601,667 stock options are issued and outstanding with expiry dates ranging from July 10, 2017 to October 27, 2020. The weighted average exercise price for all stock options is Cdn$0.77. Each stock option entitles the holder to purchase one common share of the Company.
- On July 10, 2017, 13,333 stock options expired unexercised.

As of August 10, 2017, 588,334 stock options are issued and outstanding.

Restricted share units (RSUs)
- On April 18, 2017, the Company granted 5,790,000 Restricted Share Units ("RSUs"), subject 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 none were converted to common shares as at June 30, 2017.

As of June 30, 2017, 5,790,000 RSUs are issued and outstanding, of which 1,680,000 are fully vested and exercisable.

FINANCIAL CONDITION

The Company's total assets as at June 30, 2017 increased to $42,337,216 from $36,490,172 at December 31, 2016 and $311,501 as at July 31, 2016. The most significant reasons for the increase was the acquisition of El Mochito mine in Honduras, as well as the cash raised through the private placement of 39 million subscription receipts that closed in December 21, 2016 in connection with the mine acquisition, as well as the March 7, 2017 private placement of 23,575,000 units as explained earlier above.

The Company's current liabilities are $12,189,050 at June 30, 2017, compared to $10,847,060 at December 31, 2016, and $282,800 as at July 31, 2016. The increase in the comparative period is primarily due to activity at the El Mochito mine in Honduras resulting in an increased level of accounts payable associated with the mine's operations, as well as the current portion of the provision for environmental rehabilitation at June 30, 2017 of $2,091,667 (July 31, 2016 - $Nil).

COMMITMENTS AND CONTINGENCIES

See Note 24 of the Unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2017.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

The Unaudited Condensed Consolidated Interim Financial Statements include balances and transactions with directors and officers of the Company and Companys related to them. The Company paid fees for services to certain officers and directors or companies controlled by certain officers and directors during the period that were recorded in the accounts shown below.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

(Expressed in US dollars)

Key management personnel compensation comprised:

	June 30, 2017	December 31, 2016
Management salaries and consulting fees	$ 390,087	$ 1,137,303
Share-based payment expense	1,108,938	-
Directors fees	49,962	-
Bonus payouts	112,978	-
	$ 1,661,965	$ 1,137,303

As at June 30, 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. On January 2017, these loans were settled in full through a cash payment of Cdn$45,000.

As at June 30, 2017, the Company granted loans of $446,874 (Cdn$579,908) to certain directors and officers of the Company . Refer to Note 22 of the interim consolidated financial statements.

On April 28, 2016, the Company entered into an agreement to sell the shares of the subsidiaries through which the Company held mineral explorations interests in Bougainville, Papua New Guinea (the "PNG Subsidiaries") to a company (the "Purchaser") of which two directors of the Company were shareholders. The Purchaser agreed to purchase the PNG Subsidiaries for aggregate consideration of Cdn$1.00 plus the assumption of historical liabilities associated with PNG Subsidiaries. See Note 23 of the Company's Unaudited Condensed Consolidated Interim Financial Statements.

(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, which vary according to their vintage, technological currency, 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 sharebased 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. 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 Company considers cash flow before movements in working capital to be the IFRS performance measure that is most closely comparable to adjusted EBITDA.

The following table provides a reconciliation of adjusted EBITDA to the condensed interim consolidated financial statements for the three and six months ended June 30, 2017:

	Three Months Ended March 31, 2017 Q1/17	Three Months Ended June 30, 2017 Q2/17	Six Months Ended June 30, 2017 H1/17
Net (loss) income	$ (2,893,917)	$ (8,555,456)	$ (11,449,371)
Adjusted for:			
Depletion and depreciation	654,408	702,635	1,357,043
Interest expense and other finance costs	-	-	-
Interest income/expense	50,030	46,594	52,586
Share-based payments	-	1,117,433	1,117,433
Foreign currency exchange gain/loss	256,785	521,899	778,684
Income taxes	-	-	-
Adjusted EBITDA	**$ (1,932,694)**	**$ (6,166,895)**	**$ (8,143,625)**

(Expressed in US dollars)

Cash cost per zinc equivalent payable pound

The Company uses the non-IFRS measure of cash cost per zinc equivalent pound 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 zinc equivalent payable pound to be the most comparable IFRS measure to cash cost per zinc equivalent payable pound and has included calculations of this metric in the reconciliations within the applicable tables to follow. This is the first time the Company is including the cost of sales per equivalent ounce and pound

The following table provides a reconciliation of cash costs to cost of sales, as reported in the Company's condensed interim consolidated statement of income (loss) for the three and six months ended June 30, 2017:

		Three Months Ended March 31, 2017 Q1/17	Three Months Ended June 30, 2017 Q2/17	Six Months Ended June 30, 2017 H1/17
Cash Cost per Tonne of Processed Ore				
Cost of Sales	$	9,707,123	14,864,423	24,571,545
Adjust: Termination Liability Payment	$	562,580	(368,786)	193,694
Adjust: D&A/Other adjustments	$	3,733,266	255,554	3,988,821
Variation in Finished Inventory	$	(652,985)	(699,442)	(1,352,427)
Total Cash Cost	$	13,349,984	14,051,749	27,401,633
Tonnes Processed	tonnes	131,115	150,785	281,901
Cash Cost per Tonne Processed	$/tonne	$101.82	$93.19	$97.20

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.

ACCOUNTING STANDARDS ISSUED

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 Company does not expect this amendment to have a significant impact on its consolidated financial statements.

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 has not yet determined the potential impact of adopting this standard on its consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was issued in May 2014. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. 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 Company has not yet determined the potential impact of adopting this standard on its consolidated financial statements.

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 Company has not yet determined the potential impact of adopting this standard on its consolidated financial statements.

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 has not yet determined the potential impact of adopting this standard on its consolidated financial statements.

Adoption of new accounting standards

IAS 7 - Statement of Cash Flows ("IAS 7") was amended in January 2016, introducing additional disclosure requirements for liabilities arising from financing activities. The amendments are effective for the year beginning January 1, 2017. The Company has determined that there is no impact from adopting the amendments of IAS 7 on its condensed consolidated interim financial statements.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. The Company has determined that there is no impact from adopting the amendments of IAS 12 on its condensed consolidated interim financial statements.

RISKS AND UNCERTAINTIES

Limited Operating History

The Company has no 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. 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 and may occur as infrequently as semi-annually (in the case of lead concentrate, for example). The infrequency with which the Company generates revenue resulting from these periodic bulk sales poses challenges to ongoing working capital management and cash flow.

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 there from 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 unit 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-ofmine 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 mineclosure 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.

Substantial Capital Requirements

It is anticipated that the Company will make substantial capital expenditures for the acquisition, exploration, development and production of resources in the future. If the Company's revenues or resources decline, it may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

Additional Funding Requirements

The Company's cash flow from its resources may not be sufficient to fund its ongoing activities at all times. From time to time, the Company may require additional financing in order to carry out its acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Company's revenues from its resources decrease as a result of lower resource prices or otherwise, it will affect The Company's ability to expend the necessary capital to replace its resources or to maintain its production. If the Company's cash flow from operations is not sufficient to satisfy its capital expenditure 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.

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.

Exploration and Evaluation Assets

Previously exploration and evaluation ("E&E") assets and developed and producing ("D&P") assets were presented together on the statements of financial position as Property and Equipment ("PP&E"). Under IFRS, E&E assets and D&P assets are separated on the balance sheet for presentation purposes and D&P assets are presented as Property and Equipment on the statement of financial position. E&E assets consist of the book value for the Company's undeveloped land that relate to exploration properties in Canada. E&E assets are not depleted and will be assessed for impairment when indicators suggest the possibility of impairment. Once the E&E assets have reached technical feasibility and commercial viability, they will be transferred to D&P assets subject to an impairment test. D&P assets are classified as PP&E on the balance sheet.

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.

In particular, the collective bargaining arrangement currently in place between AMPAC and the applicable union expired in September 2016 and is subject to renewal. The progress of Nyrstar towards entering into the El Mochito Purchase Agreement and subsequent sale of AMPAC to the Company delayed the commencement of formal negotiations on renewal of this arrangement, as did the appointment of a new executive of the employee union in late 2016. Following the completion of the El Mochito Acquisition and the assumption of office by the new union executive, the El Mochito Mine experienced a temporary work stoppage on January 27, 2017. Although the work stoppage was resolved and work recommenced on February 3, 2017, following which AMPAC recommenced negotiations with the union towards completion of the renewed collective bargaining agreement, the failure by AMPAC to negotiate a new collective bargaining agreement or significant labour disruptions or stoppages as a result could have an adverse effect on the Company's ability to maintain positive labour relations and may adversely
affect the results of operations or financial condition of the Company.

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, maintaining appropriate insurance policies and retaining the transition services of Nyrstar during the initial phase of ownership of the El Mochito Mine.

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 its current or future joint venture partners, marketers of its petroleum and natural gas production 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.