



UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 and 2020
(Expressed in thousands of US dollars)

2021

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ASCENDANT RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Financial Position

As at June 30, 2021 and December 31, 2020

(Expressed in thousands of US dollars)

	Note	June 30, 2021	December 31, 2020
ASSETS			
Current			
Cash		\$ 685	\$ 756
Trade and other receivables	5	142	121
Prepays and other assets		222	195
Due from related parties	15	118	-
Total current assets		1,167	1,072
Non-current			
Investment in joint venture	6	5,361	4,361
Property, plant and equipment	7	74	129
Due from related parties	15	651	888
Total assets		7,253	6,450
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	8	855	1,348
Lease obligations	9	108	206
Due to related parties	15	353	121
Total current liabilities		1,316	1,675
Non-current			
Debentures	10	1,765	-
Total liabilities		3,081	1,675
Shareholders' equity			
Share capital	11	39,071	38,817
Warrants	12	5,650	4,386
Share-based payment reserve	13	1,478	1,370
Accumulated other comprehensive income		2,169	2,193
Deficit		(44,196)	(41,991)
Total shareholders' equity		4,172	4,775
Total liabilities and shareholders' equity		\$ 7,253	\$ 6,450

Nature of Operations and Going Concern (Note 1)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ASCENDANT RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the Three and Six Months Ended June 30, 2021 and 2020

(Expressed in thousands of US dollars, excepts for share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2021		2020	
Note		(Note 4)		(Note 4)
CONTINUING OPERATIONS				
General and administrative expenses				
Wages and salaries	\$ 29	\$ 130	\$ 254	\$ 688
Professional fees	27	109	82	269
Consulting fees	26	30	33	122
Office and miscellaneous	44	76	89	200
Travel and promotion	-	-	1	6
Depreciation	30	26	59	52
Share-based payments	119	398	362	413
Loss before other expense (income)	275	769	880	1,750
Other expense (income)				
Gain on sale of AMPAC	-	(450)	-	(450)
Advances to joint venture	635	62	897	102
(Gain)/loss on foreign exchange	(15)	(6)	4	282
Other expense (income)	265	(60)	250	(60)
Finance expense	179	3	174	6
	1,064	(451)	1,325	(120)
Loss from continuing operations	(1,339)	(318)	(2,205)	(1,630)
DISCONTINUED OPERATIONS				
Net income (loss) from discontinued operations	4	53	-	(9,773)
Net loss for the period	\$ (1,339)	\$ (265)	\$ (2,205)	\$ (11,403)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss				
Translation adjustment	12	(58)	(24)	217
Total comprehensive loss	\$ (1,327)	\$ (323)	\$ (2,229)	\$ (11,186)
Basic and diluted loss per share from continuing operations	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.02)
Basic and diluted income (loss) per share from discontinued operations	\$ -	\$ 0.00	\$ -	\$ (0.12)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.14)
Basic and diluted weighted average number of shares outstanding	11	95,257,205	81,325,202	94,738,056
				80,817,380

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ASCENDANT RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the Three and Six Months Ended June 30, 2021 and 2020

(Expressed in thousands of US dollars)

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note	2021	2020	2021	2020
			(Note 4)		(Note 4)
OPERATING ACTIVITIES					
Net (loss) from continuing operations		\$ (1,339)	\$ (318)	\$ (2,205)	\$ (1,630)
Add (deduct) the following items					
Gain on sale of subsidiary		-	(450)	-	(450)
Advances to joint venture	6	635	62	897	102
Depreciation	7	30	26	59	52
Change in fair value of marketable securities		(1)	-	(16)	-
Share based payments	13	119	398	362	413
Accretion expense on debentures	10	139	-	139	-
Other expense		241	-	241	-
Interest		-	-	(5)	-
Operating cash flows before changes in working capital		(176)	(282)	(528)	(1,513)
Changes in non-cash working capital					
Amounts receivable		(33)	(32)	(51)	(27)
Prepaid expenses and deposits		7	62	(6)	(10)
Accounts payable and accrued liabilities		(604)	(722)	(526)	40
Other		-	28	-	26
Net change in non-cash operating working capital balances		(630)	(664)	(583)	29
Operating cash flows used in continuing operations		(806)	(946)	(1,111)	(1,484)
Operating cash flows provided by discontinued operations	4	-	718	-	11,625
Net cash flows used in provided by operating activities		(806)	(228)	(1,111)	10,141
INVESTING ACTIVITIES					
Cash proceeds from sale of subsidiary		-	1,046	-	1,046
Investment in joint venture		(1,000)	(100)	(1,000)	(100)
Advances to joint venture	6	(635)	(62)	(897)	(102)
Investing cash flows (used in) provided by continuing operations		(1,635)	884	(1,897)	844
Investing cash flows used in discontinued operations	4	-	(20)	-	(2,721)
Net cash flows (used in) provided by investing activities		(1,635)	864	(1,897)	(1,877)
FINANCING ACTIVITIES					
Due to related parties	15	82	-	150	-
Due from related parties	15	(19)	-	(36)	-
Net payments on leases	9	(41)	67	(67)	(2)
Net proceeds from debentures	10	2,930	-	2,930	-
Financing cash flows provided by (used in) continuing operations		2,952	67	2,977	(2)
Financing cash flows used in discontinued operations	4	-	(5)	-	(9,339)
Net cash flows provided by (used in) financing activities		2,952	62	2,977	(9,341)
Change in cash during the period		511	698	(31)	(1,077)
Cash, beginning of period		181	47	756	1,684
Impact of foreign exchange on cash balances		(7)	(254)	(40)	(116)
Cash, end of period		\$ 685	\$ 491	\$ 685	\$ 491

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ASCENDANT RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

For the Six Months Ended June 30, 2021 and 2020

(Expressed in thousands of US dollars, except for share amounts)

	Note	Number of shares	Issued Share Capital	Warrants	Share-based payment reserve	Accumulated other comprehensive income	Accumulated deficit	Total
Balance, December 31, 2020		94,213,139	\$ 38,817	\$ 4,386	\$ 1,370	\$ 2,193	\$ (41,991)	\$ 4,775
Debenture warrants	10, 12	-	-	615	-	-	-	615
Debenture finder warrants	10, 12	-	-	203	-	-	-	203
Debenture pledgor warrants	10, 12	-	-	446	-	-	-	446
Option & RSU vesting	13	-	-	-	362	-	-	362
RSUs redeemed	11, 13	1,854,243	254	-	(254)	-	-	-
Foreign currency translation adjustment		-	-	-	-	(24)	-	(24)
Loss for the period		-	-	-	-	-	(2,205)	(2,205)
Balance, June 30, 2021		96,067,382	\$ 39,071	\$ 5,650	\$ 1,478	\$ 2,169	\$ (44,196)	\$ 4,172
Balance, December 31, 2019		77,692,149	\$ 36,194	\$ 4,196	\$ 3,312	\$ 2,371	\$ (30,153)	\$ 15,920
Options expired	13	-	-	-	(272)	-	272	-
RSU vesting	13	-	-	-	413	-	-	413
RSUs redeemed	11, 13	3,871,001	1,836	-	(1,836)	-	-	-
Foreign currency translation adjustment		-	-	-	-	217	-	217
Loss for the period		-	-	-	-	-	(11,403)	(11,403)
Balance, June 30, 2020		81,563,150	\$ 38,030	\$ 4,196	\$ 1,617	\$ 2,588	\$ (41,284)	\$ 5,147

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ASCENDANT RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021 and 2020 and Year Ended December 31, 2020

(Expressed in thousands of US dollars, except where otherwise noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Ascendant Resources Inc. ("Ascendant" or "the Company") is focused on the high-grade Lagoa Salgada volcanogenic massive sulphide ("VMS") project in the Iberian Pyrite Belt in Portugal through its investment in Redcorp - Empreendimentos Mineiros, Lda. ("Redcorp") (see Note 6). The Company is also engaged in the evaluation of producing and advance development stage mineral resource opportunities, on an ongoing basis. The Company's head office, principal address and records office are located at 110 Yonge Street, Suite 501, Toronto, Ontario, Canada, M5C 1T4. The Company's common shares and common share purchase warrants are listed on the Toronto Stock Exchange, under the symbols ASND and ASND.WT, respectively.

Ascendant, through its formerly 100%-owned subsidiary American Pacific Honduras S.A. ("AMPAC") owned and operated the producing El Mochito zinc, lead and silver mine in west-central Honduras. In April 2020, Ascendant entered into a share purchase agreement with Kirungu Corporation ("Kirungu"), to sell all of the issued and outstanding shares of AMPAC and its El Mochito mine (See Note 4). The sale was completed on April 27, 2020.

As at June 30, 2021, the Company had a minimal cash balance and a working capital deficiency of \$0.1 million. Following the closing of the sale of AMPAC on April 27, 2020, the Company has no source of operating cash flow and its ability to continue as a going concern is dependent upon its ability to raise additional financing to be able to further explore its mineral properties, retain mining rights, including its obligation related to its investment in Redcorp (see Note 6), and to meet ongoing requirements for general operations. Even if the Company has been successful in the past in doing so, there can be no assurance that additional debt or equity financings will be available to meet these requirements or available on terms acceptable to Ascendant. These matters represent a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

These condensed interim 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.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards board ("IASB"). These condensed interim consolidated financial statements do not contain all the required annual disclosures and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2020. All amounts are expressed in thousands of US dollars, unless otherwise noted. References to \$CAD are to Canadian dollars.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 11, 2021.

(b) Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires judgements and estimates that affect the amounts reported. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2020.

(c) Reclassifications

Certain of the prior period figures have been reclassified to conform to the current period's presentation (See Note 4).

ASCENDANT RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021 and 2020 and Year Ended December 31, 2020

(Expressed in thousands of US dollars, except where otherwise noted)

3. ADOPTION OF NEW ACCOUNTING STANDARDS

(a) Standards and amendments issued but not yet effective or adopted

IAS 16, Property, Plant and Equipment

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The Company assessed the implication of the amendment and concluded no material impact on the financial statements.

IAS 1, Presentation of Financial Statements

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. An assessment will be performed prior to the effective date of January 1, 2023 to determine the impact to the Company's financial statements.

4. DISPOSITION OF SUBSIDIARY AND DISCONTINUED OPERATIONS

Sale of AMPAC

On April 17, 2020, the Company entered into an agreement to sell its wholly-owned subsidiary AMPAC, which holds the El Mochito mine in Honduras, to Kirungu Corporation ("Kirungu"). Under the agreement, Kirungu acquired 100% of the issued and outstanding shares of AMPAC for a purchase price of \$1.0 million cash received upon closing of the transaction, and additional future consideration (the "Zinc Royalty Receivable") on zinc sales from the El Mochito mine. Upon closing of the transaction, Ascendant also received \$0.05 million in working capital adjustments. Management determined the fair value of the Zinc Royalty Receivable to be \$1.0 million, using a Black-Scholes Option Pricing model, based on the estimated present value of the cash to be received taking into account future forecast zinc prices and a relevant discount rate. The total estimated consideration on the sale was \$2.1 million.

The disposal was completed on April 27, 2020, on which date control passed to Kirungu. As a result of the loss of control of AMPAC, the Company determined AMPAC met the criteria as a discontinued operation under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

For the period from January 1 to April 26, 2020 and for the year ended December 31, 2020, the net loss from AMPAC is reported as loss from discontinued operations. From April 27, 2020 onwards, the results from El Mochito mine are not reported in the financial statements of the Company.

The discontinued operations presented in the comparative periods in the statements of operations and comprehensive income (loss) and statement of cash flows have been presented in respect of all operations that have been classified as discontinued as at the statement of financial position date of the most recent period presented.

ASCENDANT RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021 and 2020 and Year Ended December 31, 2020

(Expressed in thousands of US dollars, except where otherwise noted)

5. TRADE AND OTHER RECEIVABLES

	Note	June 30, 2021	December 31, 2020
Current			
Taxes receivable		\$ 81	\$ 29
Lease receivable	15	61	92
		\$ 142	\$ 121

Current taxes receivable relates to refundable Harmonized Sales Tax ("HST") in Canada. The Company sub-leases an office space that it leased in 2019 to companies with directors and officers in common. The Company has classified the sub-lease as a lease, because the sub-lease is for the whole remaining term of the head lease.

6. INVESTMENT IN REDCORP

On June 22, 2018 (the "closing date"), the Company entered into an agreement with TH Crestgate GmbH ("Crestgate") to acquire an initial 25% interest in its Portuguese subsidiary Redcorp, which holds an 85% interest in the polymetallic Lagoa Salgada volcanogenic massive sulphide ("VMS") Project, as well as an option to earn up to an 80% interest in the project upon completion of certain milestones.

In 2018 Ascendant acquired an initial effective 25% interest in Redcorp for an upfront payment of \$2.5 million composed of \$0.8 million in cash and 2,053,546 Ascendant shares with a value of \$1.7 million. Ascendant has the right to earn a further effective 25%, totaling a 50% interest in Redcorp by:

- Investing a minimum of \$9.0 million directly (as at June 30, 2021 \$6.1 million has been invested) in Redcorp within 48 months of the closing date, to fund exploration drilling, metallurgical test work, economic studies and other customary activities for exploration and development, and
- Making staged payments totaling \$3.6 million initially and amended to \$3.6 million to Crestgate according to the schedule below or earlier. As of June 30, 2021, \$2.6 million has been paid.

The Company then has the option to earn an additional 30% in Redcorp, by completing a feasibility study within 54 months (December 22, 2022) of the closing date and making a further payment of \$2.5 million to Crestgate and, along with certain other contractual rights, the ability to increase its interest in the project to 80%.

The Company will fund all development and future construction costs and recoup Crestgate's share of investment through shareholders' distributions until all the expenditures incurred in the project have been repaid.

Ascendant will retain a Right of First Offer on the remaining equity held by Crestgate.

The Company accounts for this investment using the equity method; accordingly, the investment will be adjusted for the Company's share of profit and loss at each reporting period. Redcorp's exploration and evaluation expenditures are capitalized, therefore the Company has not reported losses attributable to Redcorp's operations in its Consolidated Financial Statements. The advances to Redcorp of \$0.9 million for the six-month period ended June 30, 2021 (June 30, 2020 - \$0.1 million) are classified as financial assets at fair value through profit or loss and are measured at fair value, which resulted in a total expense of \$0.9 million (June 30, 2020 - \$0.1 million) recognized in other expense items.

In June 2020, Ascendant and Crestgate amended the option agreement, where the \$0.5 million payment due to be paid by Ascendant on June 22, 2020 was satisfied by six monthly payments of \$0.1 million (a total of \$0.6 million), and an additional security pledge. The final payments due to Crestgate under the option agreement at intervals of 36 months and 48 months after the closing date, remain unchanged.

ASCENDANT RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021 and 2020 and Year Ended December 31, 2020

(Expressed in thousands of US dollars, except where otherwise noted)

As a result, the staged option payments have been updated and minimum exploration expenditures are summarized as follows:

Expressed in (000's)	On or Before Due Date	Cash Option Payments Required	Cash Option Payments to Date	Share Payments	Number of Shares	Minimum Exploration Expenditures Required	Exploration Expenditures Funded to Date* June 30, 2021
<i>To earn an initial 25% interest</i>							
On closing date	June 22, 2018	\$800 (paid)		\$1,650 (issued)	2,053,546	-	-
<i>To earn additional 25% interest, for a total 50% interest</i>							
6 months after the closing date	December 22, 2018	\$250 (paid)	\$250	-	-	-	\$2,248
12 months after the closing date	June 22, 2019	\$250 (paid)	\$250	-	-	-	\$578
18 months after the closing date	December 22, 2019	\$500 (paid)	\$500	-	-	-	\$2,056
Amended payment terms	November 22, 2020	\$600 (paid)	\$600	-	-	-	\$320
36 months after the closing date	June 22, 2021	\$1,000 (paid)	\$1,000	-	-	-	\$897
48 months after the closing date	June 22, 2022	\$1,000	-	-	-	-	-
		\$3,600	\$2,600	-	-	\$9,000	\$6,099
<i>To earn additional 30% interest, for a total 80% interest</i>							
54 months after the closing date	December 22, 2022	\$2,500	-	-	-	-	Completing a feasibility study

* Note the date of the expenditure is for the period ended closest to the date of the option payments disclosed above

As at June 30, 2021, the Company holds a 25% interest in the Redcorp joint venture, with the remaining 75% held by Crestgate. The Redcorp joint venture is governed by the shareholders' agreement between the joint venture partners that requires unanimous approval for certain key strategic, operating, investing and financing policies of the Redcorp joint venture. There are no publicly quoted market prices for Redcorp.

7. PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the carrying value of property, plant and equipment ("PP&E"):

	Computer and Office Equipment	Right-of-use Assets	Total
Cost			
Cost as at December 31, 2020	\$ 41	\$ 351	\$ 392
Foreign currency translation	-	10	10
As at June 30, 2021	41	361	402
Accumulated depreciation and amortization			
Accumulated depreciation and amortization as at December 31, 2020	(41)	(222)	(263)
Charge for the period	-	(59)	(59)
Foreign currency translation	-	(6)	(6)
As at June 30, 2021	(41)	(287)	(328)
Net book value			
Balance, December 31, 2020	\$ -	\$ 129	\$ 129
Balance, June 30, 2021	\$ -	\$ 74	\$ 74

The Company deconsolidated AMPAC's property, plant and equipment in 2020 (See Note 4).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	December 31, 2020
Trade Payables	\$ 400	\$ 444
Accrued liabilities	455	904
	\$ 855	\$ 1,348

The Company deconsolidated AMPAC's trade and other payables in 2020 (Note 4).

ASCENDANT RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021 and 2020 and Year Ended December 31, 2020

(Expressed in thousands of US dollars, except where otherwise noted)

9. LEASE OBLIGATIONS

	June 30, 2021	December 31, 2020
Total minimum lease payments	\$ 134	\$ 250
Effect of discounting	(26)	(44)
Present value of minimum lease payments	108	206
Less: current portion	(108)	(206)
Non-current portion of lease obligations	-	-
Minimum payments under leases		
Due no later than 1 year	134	250
Due later than 1 year less than 5 years	-	-
	\$ 134	\$ 250

The Company deconsolidated AMPAC's leases in 2020 (See Note 4).

10. DEBENTURES

On May 11, 2021, the Company closed a non-brokered debenture financing of 3,900 debenture units at a price of CAD\$1,000 per debenture unit for aggregate gross proceeds of approximately \$3.2 million (CAD\$3.9 million). Each debenture unit is comprised of CAD\$1,000 principal amount of 10% secured debentures of the Company due 18 months from the closing date and 3,333 common share purchase warrants for an aggregate total of 12,998,700 warrants. Each warrant entitles the holder thereof to purchase one common share of the Company for a period of 60 months from the closing date at a price of CAD\$0.30 per warrant share.

The Company paid an arm's length finder a cash fee of \$0.2 million (CAD\$0.3 million) and issued 1,365,000 common share purchase warrants ("Finder Warrants") valued at \$0.2 million (CAD\$0.2 million). Each Finder Warrant entitles the holder to acquire one common share at an exercise price of CAD\$0.17.

The Debentures are secured by a pledge of 3,000,000 common shares in the capital of Cerrado Gold Inc. by four individuals: (the "Pledgors") pursuant to a limited-recourse guarantee and share pledge agreement between each Pledgor and the debenture holder (the "Pledgor Guarantee Agreements"). The Company has agreed to guarantee and indemnify the Pledgors in the event that the holder of the Debentures enforces its security pursuant to the Pledgor Guarantee Agreements pursuant to a limited-recourse guarantee and indemnity agreement entered into between the Company and the Pledgors. In addition, the Company entered into a pledge quota agreement with the Pledgors pursuant to which it granted a security interest in its equity ownership of Redcorp. The Company also issued 3,000,000 common share purchase warrants to the Pledgors (each a "Pledgor Warrant") valued at \$0.4 million (CAD\$0.5 million). Each Pledgor Warrant entitles the holder to acquire one Common Share at an exercise price of CAD \$0.17 per Common Share for a period of 36 months from the date of issuance.

At inception, the debt portion of the debentures was recorded at the estimated fair value of \$1,765 plus transaction costs directly attributable to its issuance, using an effective interest rate of 20% per annum at the time of issuance with the residual value of \$615 recorded as reserves for the warrants issued. The transaction costs noted above were proportionately allocated between the financial liability and equity component of the non-convertible debenture.

See Note 12 (ii) for details on assumptions used to value the warrants issued with the offering of these units.

ASCENDANT RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021 and 2020 and Year Ended December 31, 2020

(Expressed in thousands of US dollars, except where otherwise noted)

11. SHARE CAPITAL

Authorized

Unlimited number of common shares, no par value

Unlimited number of preferred shares

The following is a summary of changes in common share capital:

	Note	Number of Common Shares	Share Capital (\$000's)
Balance, December 31, 2019		77,692,139	\$ 36,194
Private placement	(i)	12,600,000	760
RSUs redeemed	13	3,921,000	1,863
Balance, December 31, 2020		94,213,139	\$ 38,817
RSUs redeemed	13	1,854,243	254
Balance, June 30, 2021		96,067,382	\$ 39,071

- (i) On October 5, 2020, the Company completed a non-brokered private placement of 12,600,000 units of the Company at a price of CAD\$0.10 each per Unit. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of CAD\$0.15 per share for a 24-month period following the closing date of private placement.

See Note 12 (i) for details on assumptions used to value the warrants issued with the offering of these units.

12. WARRANTS

As at June 30, 2021 and December 31, 2020, warrants outstanding were as follows:

Expiry Date	Note	June 30, 2021			December 31, 2020		
		Exercise Price (CAD\$)	Number of Warrants	Exercisable	Exercise Price (CAD\$)	Number of Warrants	Exercisable
March 7, 2022		\$1.25	11,787,500	11,787,500	\$1.25	11,787,500	11,787,500
October 5, 2022	(i)	\$0.15	6,300,000	6,300,000	\$0.15	6,300,000	6,300,000
May 10, 2026	(ii)	\$0.30	12,998,700	12,998,700	-	-	-
May 10, 2024	(ii)	\$0.17	1,365,000	1,365,000	-	-	-
May 10, 2024	(ii)	\$0.17	3,000,000	3,000,000	-	-	-
		\$0.57	35,451,200	35,451,200	\$0.87	18,087,500	18,087,500

As at June 30, 2021, the weighted average remaining contractual life of the warrants was 2.59 years (December 31, 2020–1.38 years).

Warrant transactions are summarized as follows:

	Note	Exercise Price (CAD\$)	Number of Warrants	Warrants (\$000's)
Balance, December 31, 2019		\$1.25	11,787,500	\$ 4,196
Warrants granted	(i)	\$0.15	6,300,000	190
Balance, December 31, 2020		\$0.87	18,087,500	\$ 4,386
Warrants granted	(ii)	\$0.27	17,363,700	1,264
Balance, June 30, 2021		\$0.57	35,451,200	\$ 5,650

- (i) On October 5, 2020, the Company issued 6,300,000 warrants. Each warrant entitles the holder thereof to acquire one common share at a price of CAD\$0.15 per share for a 24-month period following the closing date of the private placement. The estimated fair value of the warrants is \$0.2 million (CAD\$0.3 million). The value of the warrants was estimated using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 98%, a risk-free interest rate of 0.22% and an expected life of 2 years.
- (ii) On May 10, 2021, the Company issued 12,998,700 warrants in connection with the issuance of the non-convertible debenture units (Note 10). Each warrant entitles the holder thereof to purchase one common share of the Company for a period of 60 months from the closing date at a price of CAD\$0.30 per warrant share. The estimated fair value of the

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debenture warrants is \$0.6 million (CAD\$0.7 million). The value of the debenture warrants was estimated using the residual method as described in Note 10.

The Company paid an arm's length finder a cash fee of \$0.2 million (CAD\$0.3 million) and issued 1,365,000 Finder Warrants valued at \$0.2 million (CAD\$0.2 million). Each Finder Warrant entitles the holder to acquire one common share at an exercise price of CAD\$0.17 per share. The value of the Finder Warrants was estimated using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 110%, a risk-free interest rate of 0.29% and an expected life of 2 years.

The Company also issued 3,000,000 common share purchase warrants to the Pledgors (each a "Pledgor Warrant") valued at \$0.4 million (CAD\$0.5 million). Each Pledgor Warrant entitles the holder to acquire one Common Share at an exercise price of CAD \$0.17 per Common Share for a period of 36 months from the date of issuance. The value of the Pledgor Warrants was estimated using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 110%, a risk-free interest rate of 0.29% and an expected life of 3 years.

13. SHARE-BASED PAYMENT RESERVE

	June 30, 2021			December 31, 2020		
	Options (\$000's)	Restricted share units (\$000's)	Share-based payment reserve (\$000's)	Options (\$000's)	Restricted share units (\$000's)	Share-based payment reserve (\$000's)
Balance, beginning of period	\$ -	\$ 1,370	\$ 1,370	\$ 279	\$ 3,033	\$ 3,312
Option vesting	77	-	77	-	-	-
Options expired	-	-	-	(279)	-	(279)
RSU vesting	-	285	285	-	449	449
RSUs redeemed	-	(254)	(254)	-	(1,863)	(1,863)
RSUs cancelled/forfeited	-	-	-	-	(249)	(249)
Balance, end of period	\$ 77	\$ 1,401	\$ 1,478	\$ -	\$ 1,370	\$ 1,370

Options

The Company has an incentive stock option plan ("the Option Plan") whereby the Company can grant options to directors, officers, employees and consultants to purchase common shares of the Company. The Option Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The Option Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases.

As at June 30, 2021 and December 31, 2020, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

	June 30, 2021			December 31, 2020		
	Number of Options	Exercise Price (CAD\$)	Number of Options Vested & Exercisable	Exercise Price (CAD\$)	Number of Options	Number of Options Vested & Exercisable
Expiry date						
May 27, 2026	1,350,000	\$0.305	450,000	-	-	-
	1,350,000	\$0.305	450,000	-	-	-

At June 30, 2021, the weighted average remaining contractual life of the stock options was 4.91 years (2020 – Nil).

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Stock option transactions are summarized as follows:

	June 30, 2021			December 31, 2020		
	Number of Options	Exercise Price (CAD\$)	Share-based payment reserve (\$000's)	Number of Options	Exercise Price (CAD\$)	Share-based payment reserve (\$000's)
Balance, beginning of period	-	-	\$ -	438,667	\$0.61	\$ 279
Options granted	1,350,000	\$0.305	77	-	-	-
Options expired	-	-	-	(438,667)	\$0.65	(279)
Balance, end of period	1,350,000	\$0.305	\$ 77	-	-	\$ -

Restricted Share Units ("RSUs")

On October 7, 2016, the Company's shareholders approved the Restricted Share Unit Plan (the "RSU Plan"), whereby RSUs may be granted to directors, officers, consultants or employees at the discretion of the Board of Directors. The RSU Plan provides for restricted share unit awards (the "RSUs") to be granted by the Board of Directors to employees of the Company. An RSU is a unit representing the right to receive one common share issued from treasury. The RSU Plan provides for the issuance of RSUs to acquire up to 10% of the Company's issued and outstanding capital. The RSU Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of RSUs will increase as the Company's issued and outstanding share capital increases.

The number of RSUs awarded will be determined based on the market price on the date of the grant, as approved by the Board of Directors. The market price shall be calculated at the closing market price on the Toronto Stock Exchange of the common shares on the date of the grant. The vesting requirements are established from time to time by the Board of Directors.

As at June 30, 2021 and December 31, 2020 the Company had restricted share units enabling the holders to redeem common shares as follows:

	June 30, 2021			December 31, 2020		
Issue Date	Number of RSUs Granted & Outstanding	Grant Date Fair Value (CAD\$)	Number of RSUs Vested & Redeemable	Number of RSUs Granted & Outstanding	Grant Date Fair Value (CAD\$)	Number of RSUs Vested & Redeemable
April 18, 2017	1,779,999	\$0.65	1,779,998	1,863,333	\$0.65	1,863,332
November 22, 2017	133,333	\$0.70	133,333	213,333	\$0.70	213,333
May 28, 2020 (i)	3,967,933	\$0.12	3,892,933	5,275,034	\$0.12	4,254,000
January 21, 2021 (ii)	1,566,192	\$0.20	916,192	-	-	-
Balance, end of period	7,447,457	\$0.28	6,722,456	7,351,700	\$0.30	6,330,666

- (i) On May 28, 2020, the Company granted 5,407,700 RSUs to certain eligible participants under the Company's RSU Plan, including certain officers, directors, and employees.
- (ii) On January 21, 2021, the Company granted 1,950,000 RSUs to certain eligible participants under the Company's RSU Plan, including certain officers, directors, and employees.

The RSUs above noted vest in accordance with the following schedule: (i) 66 2/3 % immediately, and (ii) 33 1/3 % one year from the date of grant.

As at June 30, 2021, there were 7,447,457 RSUs outstanding, which includes 6,722,456 RSUs that have vested, and are redeemable as of June 30, 2021.

For the six months ended June 30, 2021 and year ended December 31, 2020, the Company recognized share-based payment expense relating to the vesting of RSUs of \$0.3 million and \$0.4 million, respectively.

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Restricted share unit vesting transactions are summarized as follows:

	June 30, 2021			December 31, 2020		
	Number of RSUs Vested & Redeemable	Grant date fair value (CAD\$)	Share-based payment reserve (\$000's)	Number of RSUs Vested & Redeemable	Grant date fair value (CAD\$)	Share-based payment reserve (\$000's)
Balance, beginning of period	6,330,666	\$0.30	\$ 1,370	5,878,333	\$0.66	\$ 3,033
RSUs Vested	2,246,033	\$0.16	285	4,596,667	\$0.14	449
RSUs Redeemed	(1,854,243)	\$0.18	(254)	(3,921,001)	\$0.63	(1,863)
RSUs Forfeited/Cancelled	-	-	-	(223,333)	\$0.67	(249)
Balance, end of period	6,722,456	\$0.29	\$ 1,401	6,330,666	\$0.30	\$ 1,370

14. FINANCIAL INSTRUMENTS

(a) Fair value and carrying value of financial instruments:

The following represents the carrying value and fair value of the Company's financial instruments and non-financial derivatives:

Recurring measurements	June 30, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Amortised cost				
Cash	(i) \$ 685	\$ 685	\$ 756	756
Due from related parties	651	651	888	888
Fair value through profit or loss				
Investment in marketable securities	(iii) 71	71	53	53
Total financial assets	1,407	1,407	1,697	1,697
Financial liabilities				
Amortised cost				
Trade and other payables	(i)(ii) 1,327	1,327	1,348	1,348
Due to related parties	353	353	121	121
Non-convertible debentures	1,765	1,765	-	-
Total financial liabilities	3,445	3,445	1,469	1,469
Net financial asset (liability)	\$ (2,038)	\$ (2,038)	\$ 228	228

- (i) Cash, and trade and other payables are recorded at carrying value, which approximates fair value due to their short-term nature and generally negligible credit losses.
- (ii) Excludes tax and other statutory amounts.
- (iii) Investments are carried at their fair value, which is determined using quoted market bid prices in active markets for listed entities.

Fair value hierarchy

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

- The fair values for cash, trade and other receivables, due from related parties, trade and other payables, and finance leases, approximate carrying values due to the immediate or short-term maturities of these financial instruments and are classified as Level 1 in accordance with their fair value hierarchy.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels of the date of the event or change in circumstances that caused the transfer. During the three and six months ended June 30, 2021 and years ended December 31, 2020 and 2019, the Company did not make any transfers.

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15. RELATED PARTY TRANSACTIONS AND BALANCES

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.

(a) Compensation of key management personnel

	Six months ended	
	June 30, 2021	June 30, 2020
Management compensation	\$ 215	\$ 513
Directors' fees	21	145
Share-based payments	233	409
	\$ 469	\$ 1,067

(b) Due from related parties

During the years ended December 31, 2018 and 2017, the Company granted loans of \$0.4 million and \$0.4 million, respectively, 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, and August 24, 2023 for the April 2017 RSU recipients, and November 22, 2022 for the November 2017 RSU recipients.

As at June 30, 2021, amounts due from related parties in connection with these loans including accrued interest is \$0.7 million (December 31, 2020 - \$0.9 million). The Company has considered the Expected Credit Losses ("ECL") on the related party loans and concluded that no allowance is required.

In addition to the transactions detailed elsewhere in profit or loss, the Company shares administration and accounting services, and office space with Cerrado Gold Inc. ("Cerrado Gold") and James Bay Resources Ltd. ("James Bay"), related companies by virtue of common directors and officers, and from time to time will incur reimbursable third-party costs on behalf of related parties. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are due on demand, are unsecured and settlement occurs in cash.

As at June 30, 2021, the Company's balances with related parties are as follows:

- \$0.1 million in office rent owed from James Bay.
- \$0.4 million in shared services payable to Cerrado Gold.

Also, in 2020 Ascendant was granted a total of 200,000 RSUs in the capital of Cerrado Gold in exchange for administrative services provided. During the year ended December 31, 2020 Ascendant received 66,667 common shares of Cerrado Gold, in accordance with the vesting terms of the 200,000 RSUs granted, which are included in other assets.

16. SEGMENTED INFORMATION

Following the sale of AMPAC and its El Mochito mine in Honduras (See Note 4), the Company's sole investment and exploration activities are in the Lagoa Salgada Project in Portugal. Accordingly, the chief decision makers consider Ascendant Resources Inc. to currently have one segment and, therefore, segmented information is not presented.