



UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND OCTOBER 31, 2016

(Expressed in US dollars)

ASCENDANT RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2017 and December 31, 2016

(Unaudited) - Expressed in US dollars

As at	Notes	September 30, 2017	December 31, 2016
ASSETS			
Current			
Cash		\$6,642,497	\$12,614,908
Amounts receivable	6	2,061,834	84,170
Prepaid expenses and deposits	7, 9	324,923	562,861
Concentrate and ore inventory	8	8,801,219	2,173,388
Materials and supplies inventory	8	10,571,852	13,161,487
Total current assets		28,402,325	28,596,814
Non-current			
Deposits	9	-	137,146
Due from related parties	23	451,641	-
Other assets	10	1,047,606	36,093
Property, plant and equipment	11	14,042,640	7,720,119
Total assets		\$43,944,212	\$36,490,172
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	12, 22	\$9,410,612	\$7,806,817
Provision for environmental rehabilitation	15	2,035,766	2,280,000
Finance leases	14	1,041,013	726,728
Due to related parties	23	-	33,515
Total current liabilities		12,487,391	10,847,060
Non-current			
Finance leases	14	471,074	904,690
Due to Nyrstar	5	1,453,020	1,453,020
Provision for future termination payments	16	7,315,413	7,207,194
Provision for environmental rehabilitation	15	5,413,526	4,864,529
Total liabilities		\$27,140,424	\$25,276,493
Shareholders' equity			
Share capital	17	\$32,946,730	\$10,991,105
Shares to be issued	17	-	13,025,596
Warrants	18	5,280,348	435,644
Share-based payment reserve	19	1,798,415	462,526
Accumulated other comprehensive income	2(b)	1,119,332	90,820
Deficit		(24,341,037)	(13,792,012)
Total shareholders' equity		\$16,803,788	\$11,213,679
Total liabilities and shareholders' equity		\$43,944,212	\$36,490,172

Nature of Operations and Going Concern (Note 1), Commitments and Contingencies (Note 25)

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

ASCENDANT RESOURCES INC.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

Three and Nine Month Periods Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

	Notes	Three months ended		Nine months ended	
		September 30, 2017	October 31, 2016 Restated (Note 27)	September 30, 2017	October 31, 2016 Restated (Note 27)
REVENUES	20	\$ 17,399,214	\$ -	\$ 35,265,460	\$ -
MINE OPERATING EXPENSES	20	14,340,222	-	38,911,767	-
GROSS PROFIT (LOSS)		\$ 3,058,992	\$ -	\$ (3,646,307)	\$ -
GENERAL AND ADMINISTRATIVE EXPENSES	21	1,656,126	335,439	4,678,864	371,716
Income (loss) before other items		1,402,866	(335,439)	(8,325,171)	(371,716)
OTHER EXPENSE (INCOME) ITEMS	21	581,857	152,945	2,303,190	7,918
Income (loss) before income taxes		821,009	(488,384)	(10,628,361)	(379,634)
Income taxes	27	-	-	-	47,599
Net income (loss) for the period		\$ 821,009	\$ (488,384)	\$ (10,628,361)	\$ (332,035)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that can be reclassified subsequently to profit or loss					
Translation adjustment		186,919	14,543	1,028,512	(67,155)
Comprehensive income (loss) for the period		\$ 1,007,928	\$ (473,841)	\$ (9,599,849)	\$ (399,190)
Basic and diluted earnings (loss) per share					
Basic		\$0.01	(\$0.11)	(\$0.17)	(\$0.05)
Diluted		\$0.01	(\$0.11)	(\$0.17)	(\$0.05)
Weighted average number of shares outstanding					
Basic	17	71,737,079	4,360,531	63,153,081	6,854,657
Diluted	17	76,559,831	4,360,531	63,153,081	6,854,657

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

ASCENDANT RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows

Three and Nine Month Periods Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

		Three months ended		Nine months ended	
		October 31, 2016		October 31, 2016	
	Notes	September 30, 2017	Restated (Note 27)	September 30, 2017	Restated (Note 27)
OPERATING ACTIVITIES					
Net (loss) income for the period		821,009	(488,384)	(10,628,361)	(332,035)
Add (deduct) items not affecting cash					
Depreciation	11	689,584	79	2,046,713	79
Accretion expense on rehabilitation liabilities	15	316,768	-	732,161	523
Financing charge on termination obligations	16	225,835	-	668,357	-
Income tax recovery		-	-	-	(47,599)
Share based payment transactions	19	301,106	-	1,418,539	-
Gain on disposition of subsidiary companies	23	-	-	-	(162,445)
Change in fair value of conversion feature of convertible debentures		-	133,770	-	142,924
Debenture accretion		-	-	-	27,537
Interest expense		-	15,588	-	15,588
Termination liability payments	16	(76,528)	-	(270,222)	-
Operating cashs flow before changes in working capital		2,277,774	(338,947)	(6,032,813)	(355,428)
Changes in non-cash working capital			-		-
Amounts receivable	6	(671,985)	(1,804)	(1,971,678)	(5,294)
Prepaid expenses and deposits	7	200,150	(2,322)	262,020	(414)
Concentrate and ore inventory	8	(2,639,011)	-	(6,627,831)	-
Materials and supplies inventory	8	723,245	-	2,589,635	-
Valued added tax receivable	10	(421,312)	-	(1,009,939)	-
Accounts payable and accrued liabilities	12	(67,579)	327,204	1,540,918	285,915
Other		(114,734)	(103,820)	(427,468)	(103,820)
Total changes in non-cash working capital		(2,991,226)	219,258	(5,644,343)	176,387
Net cash flows used in operating activities		(713,452)	(119,689)	(11,677,156)	(179,041)
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	11	(2,550,097)	(1,525)	(8,368,161)	(1,525)
Net cash flows used in investing activities		(2,550,097)	(1,525)	(8,368,161)	(1,525)
FINANCING ACTIVITIES					
Net proceeds from private placement of equity	17	-	14,540,303	13,709,052	14,540,303
Increase in restricted cash		-	(14,540,303)	-	(14,540,303)
Proceeds from issuance of convertible debentures		-	151,400	-	151,400
Convertible debenture interest and issue costs		-	-	-	(15,568)
Proceeds from exercise of warrants	17	-	-	57,443	-
Proceeds from exercise of stock options	17	3,666	-	4,924	-
Payment to/advance from related party	23	(8,174)	-	(456,436)	72,592
Net cash flows (used in) provided by financing activities		(4,508)	151,400	13,314,983	208,424
Change in cash during the period		(3,268,057)	30,186	(6,730,334)	27,858
Cash, beginning of period		9,702,058	113	12,614,908	10,418
Impact of foreign exchange in cash balances		208,496	6,844	757,923	(1,133)
Cash, end of period		6,642,497	37,143	6,642,497	37,143

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

ASCENDANT RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity

Nine Month Periods Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

	Notes	Number of shares	Issued Share Capital	Warrants	Shares to be issued	Share-based payments reserve	Accumulated deficit	Accumulated other comprehensive income	Total
Balance, January 31, 2016									
Restated (Note 27)		6,653,927	10,330,168	32,247	-	619,127	(11,703,094)	186,890	(534,662)
Shares issued on convertible debentures	17, 18	2,200,000	394,397	-	-	-	-	-	394,397
Warrants granted	18	-	-	403,397	-	-	-	-	403,397
Stock options expired	19	-	-	-	-	(181,239)	181,239	-	-
Loss for the period	27	-	-	-	-	-	(332,035)	-	(332,035)
Foreign currency translation adjustment		-	-	-	-	-	-	(67,155)	(67,155)
Balance, October 31, 2016									
Restated (Note 27)		8,853,927	10,724,565	435,644	-	437,888	(11,853,890)	119,735	(136,058)
Balance, December 31, 2016		8,853,927	10,991,105	435,644	13,025,596	462,526	(13,792,012)	90,820	11,213,679
Shares issued on conversion of subscription receipts	5, 17	39,000,000	13,025,596		(13,025,596)	-	-	-	-
Private placement	17, 18	23,575,000	8,845,063	4,195,589		-	-	-	13,040,652
Broker warrants	18	-	-	668,400	-	-	-	-	668,400
Warrants exercised	17, 18	300,000	76,728	(19,285)	-	-	-	-	57,443
Options exercised	17, 19	24,000	8,238	-	-	(3,314)	-	-	4,924
Options expired	19	-	-	-	-	(79,336)	79,336	-	-
RSUs vested	19	-	-	-	-	1,418,539	-	-	1,418,539
Loss for the period		-	-	-	-	-	(10,628,361)	-	(10,628,361)
Foreign currency translation adjustment		-	-	-	-	-	-	1,028,512	1,028,512
Balance, September 30, 2017		71,752,927	32,946,730	5,280,348	-	1,798,415	(24,341,037)	1,119,332	16,803,788

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

ASCENDANT RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

Ascendant Resources Inc. (the "Company" or "Ascendant") was incorporated in British Columbia on August 17, 2006 under the Business Corporations Act (British Columbia) under the name 0766400 B.C. Ltd. On September 11, 2007 the Company changed its name to Blackburn Ventures Corp. On December 22, 2009 the Company completed a business combination involving the acquisition of Morumbi Capital Inc., pursuant to which the Company changed its name to Morumbi Oil and Gas Inc., and continued into Alberta under the Business Corporations Act (Alberta). On March 27, 2012 the Company changed its name to Morumbi Resources Inc. On October 11, 2014 the Company continues into Ontario under the Business Corporation Act (Ontario). The Company filed articles of amendment to give effect to its name change from Morumbi Resources Inc. to Ascendant Resources Inc. effective December 21, 2016. The Company's head office, principal address and records office are located at 79 Wellington Street West, TD Tower South, Suite 2100, Toronto-Dominion Centre, Toronto, Ontario, Canada, M5K 1H1. In July 2017, the Company received final approval from the Toronto Stock Exchange ("TSX") to graduate from the TSX Venture Exchange ("TSXV") and list its common shares and listed common share purchase warrants on the TSX, which began trading on July 20, 2017, under the symbols ASND and ASND.WT, respectively.

On December 20, 2016, the Company acquired all of the outstanding shares of American Pacific Honduras S.A. de C.V. ("AMPAC") from affiliates of Nyrstar NV ("Nyrstar") and assumed ownership and control of the producing El Mochito zinc, lead and silver mine in Honduras ("El Mochito") for a total consideration of \$500,000 cash (the "Acquisition") and a 10-year offtake agreement for its zinc and lead concentrates. See Note 5.

In connection with the acquisition of AMPAC, the Company closed a private placement financing of subscription receipts at a price of Cdn\$0.50 per subscription receipt for aggregate gross proceeds of approximately \$14,550,900 (Cdn\$19,500,000). The proceeds were placed in escrow and were released when the closing conditions were met. The automatic exercise of the subscription receipts and compensation warrants, and issuance of the underlying common shares and compensation options occurred on January 20th, 2017. See Notes 17 (ii) and 18 (ii).

On March 7, 2017, the Company closed an underwritten public offering (the "Offering") through a syndicate of underwriters led by Eight Capital and including Canaccord Genuity Corp. and GMP Securities L.P. (the "Underwriters"). In connection with the closing of the Offering (Note 16 (iii)), the Underwriters exercised their over-allotment option in full. The Company issued 23,575,000 units ("Units") at a price of Cdn\$0.85 per Unit (the "Offering Price") for aggregate gross proceeds of Cdn\$20,038,750. See Notes 17 (iii) and 18 (iii).

Ascendant Resources Inc. is focused on its 100%-owned producing El Mochito zinc, silver and lead mine in west-central Honduras, which has been in continued production since 1948. Since acquiring the mine in December 2016, the Company has been focused on increasing zinc equivalent production to levels nearing that of what the El Mochito mine has historically produced. The Company is also engaged in the evaluation of producing and advanced development stage mineral resource opportunities, on an ongoing basis.

ASCENDANT RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

The Company expects to increase zinc equivalent production through the balance of the year and in 2018 by ramping up mining operations. Achieving these anticipated and sustainable higher mining rates is dependent on the staged arrival of additional underground mining equipment. The arrival of the bulk of the new mining equipment is forecasted for Q4/17 and through to mid-2018, with commensurate increased production and reduction in unit operating costs expected in the latter part of the year 2018.

Management has estimated that the Company's existing cash at September 30, 2017 together with cash from operations will be sufficient to fund cash requirements in the ordinary course of business for a period of at least twelve months. The Company's cash and liquidity position is, however sensitive to a number of variables which cannot be predicted with certainty, including, but not limited to, meeting production targets, metal prices, foreign exchange rates, operational costs, capital expenditures and the success of the above noted operational initiatives. If the Company's cash flow from operations is not sufficient to satisfy its requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Ascendant.

Accordingly, these conditions represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The condensed consolidated interim 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 AND STATEMENT OF COMPLIANCE

Statement of compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Certain disclosures included in the notes to the annual financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these interim financial statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the five month period ended December 31, 2016.

(a) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis. The significant accounting policies are presented in Note 4 to the five month period ended December 31, 2016 audited consolidated financial statements, and have been consistently applied in each of the periods presented. The Company had changed its fiscal year end from July 31 to December 31 in 2016. As a result, the period ended December 31, 2016 is a stub year, comprised of five months. Prior period comparative information has been selected such that the quarter being compared most closely resembles the new financial quarter ended September 30, 2017 being reported. The comparative periods to these interim financial statements are the three and nine months ended October 31, 2016.

ASCENDANT RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

(b) Functional and presentation currency

The functional currency of Ascendant Resources Inc. is the Canadian dollar ("CAD"). These consolidated financial statements are presented in US dollars ("USD") which is also the functional currency of the Honduran subsidiary AMPAC.

Change in presentation currency

In 2016, the Company changed its presentation currency from the CAD to USD on December 31, 2016 to better reflect the Company's business activities (Note 26). 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.

Certain prior period information in the consolidated statements of operations and comprehensive (loss) income has been reclassified for consistency with the current period presentation. This change in classification had no impact on the previously reported results of operations and comprehensive (loss) income, cash flows or the financial position of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements 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 consolidated financial statements as at and for the five month period ended December 31, 2016.

ASCENDANT RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

4. 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 extent of the impact of adoption of the amendments has not yet been determined.

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

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 extent of the impact of adoption of the standard has not yet been determined.

ASCENDANT RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

4. ACCOUNTING STANDARDS ISSUED (continued)

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

IFRIC 22 – Foreign currency transactions and advance consideration (“IFRIC 22”) was issued in December 2016 by the IASB. IFRIC 22 clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January 1, 2018. The extent of the impact of adoption of the Interpretation has not yet been determined.

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

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.

ASCENDANT RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

5. BUSINESS COMBINATION

On December 20, 2016, the Company acquired all of the outstanding shares of AMPAC from affiliates of Nyrstar NV ("Nyrstar") and assumed ownership and control of the producing El Mochito zinc, silver and lead mine in Honduras ("El Mochito") for a total consideration of \$500,000 cash (the "Acquisition").

The Company determined that the Acquisition was a business combination in accordance with the definition in IFRS 3, Business Combinations ("IFRS 3"), and as such has accounted for it in accordance with this standard, with the Company being the accounting acquirer on the acquisition date of December 20, 2016.

The following table sets forth a preliminary allocation of the purchase price to assets and liabilities acquired, based on preliminary estimates of fair value. Final valuations of assets and liabilities are not yet complete due to the timing of the acquisition and the inherent complexity associated with the valuations. The preliminary allocation is subject to adjustment with the final allocation to be completed later in 2017. In addition to the cash consideration paid, the final purchase price is subject to a working capital adjustment.

The major areas outstanding are finalizing the estimate of the fair value of the property, plant and equipment, the provision for environmental liabilities and the finalization of the working capital adjustment with Nyrstar.

	December 20, 2016
Cash	\$ 557,657
Prepaid expenses and other	369,121
Inventories	14,680,820
Property, plant and equipment	7,721,168
Accounts payable and accrued liabilities	(5,522,982)
Provision for environmental rehabilitation	(6,989,174)
Termination payment liabilities	(7,229,197)
Due to Nyrstar	(1,453,020)
Other liabilities	(1,634,393)
Total identifiable net assets acquired and cash consideration given	\$ 500,000

In connection with the acquisition of AMPAC, the Company closed a private placement financing of subscription receipts at a price of Cdn\$0.50 per subscription receipt for aggregate gross proceeds of approximately Cdn\$19,500,000. Each subscription receipt was to convert into one common share of the Company. On January 20, 2017 all subscription receipts were converted and the Company issued 39,000,000 common shares. See Notes 17 (ii) and 18 (ii).

The Company entered into offtake agreements (the "Offtake Agreements") at market terms based on international benchmarks and prices quoted on the London Metal Exchange ("LME") with Nyrstar International and its affiliate Nyrstar Sales & Marketing AG with respect to the purchase by Nyrstar from the Company of all of the zinc, lead and precious metal concentrate from El Mochito, as a condition of the transaction.

ASCENDANT RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

6. AMOUNTS RECEIVABLE

		September 30, December 31,	
	Notes	2017	2016
Input tax credit receivable - Corporate		\$ 68,583	\$ 76,206
Other amounts receivable - El Mochito		308,615	7,964
Trade receivables	(i)	1,684,636	-
		\$ 2,061,834	\$ 84,170

(i) Trade receivables are from sales to Nyrstar

7. PREPAID EXPENSES

		September 30, December 31,	
	Notes	2017	2016
Prepaid insurance and other - Corporate		\$ 122,859	\$ 193,740
Prepaid insurance and other - El Mochito		151,197	369,121
Deposits	9	50,867	-
		\$ 324,923	\$ 562,861

8. INVENTORIES

Stockpile inventories represent mineralized material that has been mined at the El Mochito mine, Honduras. All concentrate and ore inventories are valued at the lower of cost and net realizable value.

		September 30, December 31,	
		2017	2016
Mineralized stockpiles	\$	248,824	\$ 271,226
Concentrates		8,552,395	1,902,162
Concentrate and ore inventory	\$	8,801,219	\$ 2,173,388
Materials and supplies		10,571,852	13,161,487
	\$	19,373,071	\$ 15,334,875

ASCENDANT RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2017 and October 31, 2016

(Unaudited) - Expressed in US dollars

9. DEPOSITS

McKinley Property, Alberta, Canada – 100% interest

The Company was obligated to make deposits of \$137,146 (Cdn\$183,916) (July 31, 2016 - \$140,600) which are held by the Alberta Energy Regulator ("AER"). The deposits will be held until the closure of the land, at which time, the amounts will either be refunded or used towards the restoration of the land. Although the Company does not expect that it will have to perform significant restoration activities, it has recorded a provision for the rehabilitation costs based on the amount of the deposit held by the AER. See Note 15.

During October 2016, the Company received a notification that the Company was required to rehabilitate the McKinley Property by February 17, 2017. The Company abandoned the well site by that date and a deposit of \$90,550 (Cdn\$121,326) was refunded by the AER on March 21, 2017. The remaining deposit of \$50,867 (Cdn\$63,131) will be refunded once the Energy Resources Conservation is satisfied that the Company has performed all necessary restoration activities, both of which are planned for 2018.

10. OTHER ASSETS

The Company has recorded valued added tax ("VAT") paid in Honduras and related to the El Mochito mine as a recoverable asset. Honduras law allows for certain VAT payments to be recovered through ongoing applications for refunds.

At September 30, 2017, other assets consist entirely of Honduran VAT receivable.

ASCENDANT RESOURCES INC.

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(Unaudited) - Expressed in US dollars

11. PROPERTY, PLANT AND EQUIPMENT

	Property, Plant and Equipment	Assets Under Construction	Computer and Office Equipment	Total
Costs				
Balance, July 31, 2016 and 2015	\$ -	\$ -	\$ -	\$ -
Acquisition through business combination (Note 5)	7,721,168	-	-	7,721,168
Additions	-	-	1,510	1,510
Foreign currency translation	-	-	(20)	(20)
Balance, December 31, 2016	\$ 7,721,168	\$ -	\$ 1,490	\$ 7,722,658
Additions	5,686,369	2,649,823	31,969	8,368,161
Transfer from Assets Under Construction	2,074,413	(2,074,413)	-	-
Foreign currency translation	-	-	1,362	1,362
Balance, September 30, 2017	\$ 15,481,950	\$ 575,410	\$ 34,821	\$ 16,092,181
Accumulated depreciation				
Balance, July 31, 2016 and 2015	\$ -	\$ -	\$ -	\$ -
Depreciation	(2,324)	-	(214)	(2,538)
Foreign currency translation	-	-	(1)	(1)
Balance, December 31, 2016	\$ (2,324)	\$ -	\$ (215)	\$ (2,539)
Depreciation	(2,028,762)	-	(17,951)	(2,046,713)
Foreign currency translation	-	-	(289)	(289)
Balance, September 30, 2017	\$ (2,031,086)	\$ -	\$ (18,455)	\$ (2,049,541)
Net book value, July 31, 2016 and 2015	\$ -	\$ -	\$ -	\$ -
Net book value, December 31, 2016	\$ 7,718,844	\$ -	\$ 1,275	\$ 7,720,119
Net book value, September 30, 2017	\$ 13,450,864	\$ 575,410	\$ 16,366	\$ 14,042,640

The Company expects to finalize the estimate of the fair value of the property, plant and equipment by the end of fiscal 2017. Refer to Note 5.

The carrying value of property, plant and equipment under finance leases at September 30, 2017 was \$1,512,087 (December 31, 2016 - \$1,631,418).

ASCENDANT RESOURCES INC.

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12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, December 31,	
	2017	2016
Trade Payables	\$ 5,236,529	\$ 2,862,485
Accrued liabilities	3,190,795	3,541,642
Accrued payroll and other	983,288	1,402,690
	<u>\$ 9,410,612</u>	<u>\$ 7,806,817</u>

13. CONVERTIBLE DEBENTURES

On July 31, 2016, the Company closed a convertible debenture financing of 70 units at a price of Cdn\$5,000 per unit, with each unit consisting of Cdn\$5,000 principal amount of convertible unsecured debentures maturing on July 31, 2019 and 4,000 share purchase warrants for aggregate gross proceeds of Cdn\$350,000.

The convertible debentures contained a feature in the holders' conversion rights that results in the conversion feature being accounted for as a derivative with changes in fair value being recorded in the statement of operations and comprehensive loss.

See Note 18 (i) for details of the assumptions used to value the warrants issued with the convertible debentures.

In October 2016, all of the convertible debentures (see Note 17) were converted into common shares of the Company. The Company issued 2,200,000 common shares to the debenture holders.

ASCENDANT RESOURCES INC.

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14. FINANCE LEASE LIABILITIES

	September 30, 2017	December 31, 2016
Payments due no later than 1 year		
Raise Bore	\$821,439	\$475,140
Underground Drill Rig	192,675	94,881
Excavator	26,899	46,569
	<u>\$1,041,013</u>	<u>\$616,590</u>
Later than 1 year less than 5 years		
Raise Bore	\$301,289	\$502,066
Underground Drill Rig	157,745	310,828
Excavator	12,040	33,714
	<u>\$471,074</u>	<u>\$846,608</u>
More than 5 years		
Raise Bore Future Finance Charges	-	\$140,245
Underground Drill Rig Future Finance Charges	-	27,975
Excavator Future Finance Charges	-	-
Finance Lease Obligation	<u>\$1,512,087</u>	<u>\$1,631,418</u>
Less: current portion	<u>1,041,013</u>	<u>726,728</u>
Non-current portion	<u>\$471,074</u>	<u>\$904,690</u>

The finance lease liabilities were assumed with the business combination (see Note 5).

The annual interest rate on the finance leases are in the range of 2.0% and 5.5%.

ASCENDANT RESOURCES INC.

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15. PROVISION FOR ENVIRONMENTAL REHABILITATION

The Company's provision for environmental rehabilitation consists of costs accrued based on the best estimate of mine closure and reclamation activities that will be required at the El Mochito mine site upon completion of mining activity. These activities include costs for earthworks, including land re-contouring and re-vegetation, water treatment and demolition. As noted in Note 5 the fair value of the provision for environmental rehabilitation related to El Mochito mine has not yet been completed. The amount included is based on the amount recorded by the previous operator.

The following is a continuity schedule of the Company's estimated provisions:

	Notes	September 30, 2017	December 31, 2016
Balance, beginning of period		\$ 7,144,529	\$ 140,600
Acquired through business combination	5	-	6,989,174
Change in estimate		62,369	-
Accretion		732,161	18,639
Payments		(373,590)	-
Rehabilitation of McKinley Property	9	(125,415)	-
Foreign currency translation adjustment		9,238	(3,884)
Balance, end of period		\$ 7,449,292	\$ 7,144,529
Less: Current portion		2,035,766	2,280,000
		\$ 5,413,526	\$ 4,864,529

The Company estimated the total undiscounted amount required to settle its decommissioning liabilities related to its interest in the McKinley Property (Note 9) to be approximately \$1,202 (Cdn\$1,500) at September 30, 2017. These obligations are expected to be settled in 2018.

16. PROVISION FOR FUTURE TERMINATION PAYMENTS

The Company provides severance benefits to its employees in accordance with Honduran Labour Law. The severance accrues based on the years of service of employees with the Company up to a maximum of 25 years. The present value of the severance liability is based on expected future payments that arise from future potential terminations. This obligation is calculated by the Company, which is based on the annual independent actuaries using the projected unit credit method. Expected future payments are discounted using the risk-free rate of Honduran state bonds average in recent years of 9.93%.

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17. 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:

		Number of Common Shares	Issued Capital
Balance, January 31, 2016		6,653,927	10,330,168
Shares issued on convertible debentures	(i)	2,200,000	660,937
Balance, December 31, 2016		8,853,927	10,991,105
Shares issued on conversion of subscription receipts	(ii)	39,000,000	14,550,900
Warrant valuation	(ii)	-	(313,404)
Share issue costs	(ii)	-	(1,211,900)
Private placement	(iii)	23,575,000	14,935,343
Private placement - warrant valuation	(iii)	-	(4,744,168)
Private placement - issue costs	(iii)	-	(1,346,112)
Warrants exercised		300,000	76,728
Options exercised		24,000	8,238
Balance, September 30, 2017		71,752,927	32,946,730

On December 21, 2016, the Company's shares were consolidated on a 5 for 1 basis. All share, option and warrant quantities have been adjusted in these condensed consolidated interim financial statements.

- (i) In October 2016, all of the convertible debentures (see Note 13) were converted into common shares of the Company. The Company issued 2,200,000 common shares to the debenture holders.
- (ii) In tandem with the completion of the Acquisition (see Note 5) and following the receipt by Ascendant and Nyrstar of the approval of the Honduran Commission for the Defense and Promotion of Competition for the Acquisition, announced on December 16, 2016, the Company also satisfied the outstanding conditions for the release of the escrowed funds from the 39,000,000 subscription receipts at a price of Cdn\$0.50 per subscription receipt for aggregate gross proceeds of \$14,550,900 (Cdn\$19,500,000), issuance costs of \$1,211,900 (Cdn\$1,624,095), and 2,340,000 compensation warrants valued at \$313,404 (Cdn\$420,000). On January 20, 2017, all of the subscription receipts were converted into shares of the Company. The Company issued 39,000,000 common shares upon the conversion of the subscription receipts.

ASCENDANT RESOURCES INC.

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17. SHARE CAPITAL (continued)

- (iii) On March 7, 2017, the Company closed an underwritten public offering through a syndicate of underwriters led by Eight Capital and including Canaccord Genuity Corp. and GMP Securities L.P. The Company issued 23,575,000 units at a price of Cdn\$0.85 per unit for aggregate gross proceeds of \$14,935,343 (Cdn\$20,038,750). Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share at an exercise price of Cdn\$1.25 per share on or before March 7, 2022. The estimated fair value of the warrants is \$4,744,168 (Cdn\$6,365,250) reduced by issuance costs of \$548,579 (Cdn\$736,029), resulting in a net value of \$4,195,589 (Cdn\$5,629,221).

See Note 18 (iii) for details on the assumptions used to value the warrants and compensation warrants issued with the offering of these units.

The weighted average number of shares outstanding used to calculate basic and diluted Earnings (Loss) per Share for the three and nine months ended September 30, 2017 and October 31, 2016 is as follows:

Weighted Average Number of Shares Outstanding	3 months ended		9 months ended	
	September 30, 2017	October 31, 2016	September 30, 2017	October 31, 2016
Basic	71,737,079	4,360,531	63,153,081	6,854,657
Dilutive effect of warrants	1,818,585	-	-	-
Dilutive effect of options	257,226	-	-	-
Dilutive effect of RSUs	2,746,942	-	-	-
Diluted	76,559,831	4,360,531	63,153,081	6,854,657
Net (Loss) Income for the Period	\$ 821,009	\$ (488,384)	\$ (10,628,361)	\$ (332,035)
Comprehensive Loss for the Period	\$ 1,007,928	\$ (473,841)	\$ (9,599,849)	\$ (399,190)

The determination of weighted average number of common shares for the purpose of diluted Earnings and (Loss) per Share excludes the following shares relating to warrants and options that were anti-dilutive for the periods below noted:

Loss per Share	3 months ended		9 months ended	
	September 30, 2017	October 31, 2016	September 30, 2017	October 31, 2016
Anti-dilutive warrants	13,202,000	3,488,400	17,442,000	-
Anti-dilutive options	163,334	114,067	570,334	-
Anti-dilutive RSUs	-	-	5,790,000	-

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18. WARRANTS

As at September 30, 2017 and December 31, 2016, warrants outstanding were as follows:

Expiry Date	September 30, 2017			December 31, 2016		
	Exercise Price (Cdn\$)	Number of Warrants	Exercisable	Exercise Price (Cdn\$)	Number of Warrants	Exercisable
October 31, 2018	\$0.25	800,000	800,000	\$0.25	800,000	800,000
July 31, 2019	\$0.25	1,100,000	1,100,000	\$0.25	1,400,000	1,400,000
October 31, 2018	\$0.50	2,340,000	2,340,000	\$0.50	2,340,000	2,340,000
March 7, 2022	\$1.25	11,787,500	11,787,500	-	-	-
March 7, 2019	\$0.85	1,414,500	1,414,500	-	-	-
	\$1.01	17,442,000	17,442,000	\$0.38	4,540,000	4,540,000

At September 30, 2017, the weighted average remaining contractual life of the warrants was 3.67 years (December 31, 2016 – 2.06 years).

Warrants transactions are summarized as follows:

	Number of Warrants	Weighted average exercise price (Cdn\$)	Warrants reserve
Balance, January 31, 2016	800,000	\$0.25	\$ 32,247
Warrants granted (i)	1,400,000	\$0.25	89,993
Warrants granted (ii)	2,340,000	\$0.50	313,404
Balance, December 31, 2016	4,540,000	\$0.38	\$ 435,644
Warrants granted on private placement (iii)	11,787,500	\$1.25	4,744,168
Warrant issue costs (iii)	-	-	(548,579)
Compensation warrants granted (iii)	1,414,500	\$0.85	668,400
Warrants exercised	(300,000)	\$0.25	(19,285)
Balance, September 30, 2017	17,442,000	\$1.01	\$ 5,280,348

ASCENDANT RESOURCES INC.

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18. WARRANTS (continued)

- (i) On July 31, 2016, the Company issued an aggregate of 1,400,000 warrants to debenture holders (Note 13). Each whole warrant will entitle the holder to acquire one common share of the Company at an exercise price of Cdn\$0.25 per share on or before July 31, 2019. The estimated fair value of the warrants is Cdn\$168,000. The value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 105%, a risk-free interest rate of 0.54% and an expected life of 3 years. The warrant value has been reduced by deferred taxes of Cdn\$45,800 and costs of issuance of Cdn\$4,700 resulting in a net value of \$89,993 (Cdn\$117,500).
- (ii) On October 13, 2016, in connection with the acquisition of AMPAC (see Note 5) the Company issued an aggregate of 2,340,000 compensation warrants to the agent which will entitle the holder to acquire one common share of the Company at an exercise price of Cdn\$0.50 on or before October 31, 2018. The estimated fair value of the warrants is \$313,404 (Cdn\$420,000). The value of the compensation warrants was estimated using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 115%, a risk-free interest rate of 0.60% and an expected life of 2 years.
- (iii) On March 7, 2017, the Company closed an underwritten public offering and 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). Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share at an exercise price of Cdn\$1.25 per share on or before March 7, 2022. The estimated fair value of the warrants is \$4,744,168 (Cdn\$6,365,250) reduced by issuance costs of \$548,579 (Cdn\$736,029), resulting in a net value of \$4,195,589 (Cdn\$5,629,221). 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 185%, a risk-free interest rate of 1.08% and an expected life of 5 years.

In connection with the March 7, 2017 public offering, the Company issued an aggregate of 1,414,500 compensation warrants to the broker which will entitle the holder to acquire one broker unit at an exercise price of Cdn\$0.85 per broker unit on or before March 7, 2019. Each broker unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share at an exercise price of Cdn\$1.25 per share on or before March 7, 2022. The estimated fair value of the compensation warrants is \$668,400 (Cdn\$896,793). The value of the compensation warrants was estimated using the Black-Scholes option pricing model with the following assumptions: an expected yield of 0%, expected volatility of 189%, a risk-free interest rate of 0.79% and an expected life of 2 years.

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19. SHARE-BASED PAYMENT RESERVE

Options

The Company has an incentive stock option plan ("the Option Plan") whereby the Company can grant to directors, officers, employees and consultants options 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. Options granted under the Option Plan vest immediately pending any regulatory hold period.

The Company does not expect to use the Option Plan as part of its executive compensation program going forward and has no plans to issue further options.

As at September 30, 2017 and December 31, 2016 the Company had outstanding stock options enabling the holders to acquire common shares as follows:

September 30, 2017				December 31, 2016		
Expiry date	Exercise Price (Cdn\$)	Number of Options	Exercisable	Exercise Price (Cdn\$)	Number of Options	Exercisable
July 10, 2017	-	-	-	\$7.05	13,333	13,333
May 28, 2019	\$0.75	131,667	131,667	\$0.75	131,667	131,667
January 14, 2020	\$5.25	31,667	31,667	\$5.25	31,667	31,667
June 15, 2020	\$0.25	367,000	367,000	\$0.25	391,000	391,000
October 27, 2020	\$0.25	40,000	40,000	\$0.25	40,000	40,000
	\$0.64	570,334	570,334	\$0.77	607,667	607,667

At September 30, 2017, the weighted average remaining contractual life of the stock options was 2.47 years (December 31, 2016 – 3.17 years).

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19. SHARE-BASED PAYMENT RESERVE (continued)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price (Cdn\$)	Share-based payment reserve
Balance, April 30, 2016 and January 31, 2016	657,667	\$1.10	\$ 619,127
Options expired	(78,333)	\$3.60	(181,239)
Balance, July 31, 2016	579,334	\$0.76	\$ 437,888
Options granted	28,333	\$1.15	24,638
Balance, December 31, 2016	607,667	\$0.77	\$ 462,526
Options exercised	(24,000)	\$0.25	(3,314)
Options expired	(13,333)	\$7.05	(79,336)
Balance, September 30, 2017	570,334	\$0.82	\$ 379,876

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 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 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.

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, 5,040,000 will vest in accordance with the following schedule: (i) 33 1/3% immediately; (ii) 33 1/3% one year from the date of the grant; and (iii) 33 1/3% two years from the date of the grant. The remaining 750,000 RSUs will vest in accordance with the following schedule: (i) 33 1/3% one year following the date of the grant; (ii) 33 1/3% two years from the date of the grant; and (iii) 33 1/3 three years after the date of the grant.

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19. SHARE-BASED PAYMENT RESERVE (continued)

Restricted Share Units ("RSUs") (continued)

Of the 5,790,000 RSUs granted, 1,680,000 RSUs vested on the grant date of April 18, 2017. Of the remaining 4,110,000 RSUs granted 1,930,000, 1,930,000 and 250,000 RSUs will vest in each of the second quarters of 2018, 2019 and 2020 respectively. The total estimated fair value was \$2,813,411 (Cdn\$3,763,500) or \$0.49 (Cdn\$0.65) per RSU based on the market value of the Company's common shares on the grant date of April 18, 2017. None of the 1,680,000 RSUs that vested on April 18, 2017 were converted to common shares and remain issued and exercisable as at September 30, 2017. See Note 22.

For the three and nine month period ended September 30, 2017, the Company recognized share-based payment expense relating to the vesting of RSUs of \$301,106 (Cdn\$402,789) and \$1,418,539 (Cdn\$1,897,578) respectively, and will recognize an amount of \$1,394,873 (Cdn\$1,865,922) over the respective RSU vesting periods.

As of September 30, 2017, there were 5,790,000 RSUs outstanding. For the comparative period in 2016 there were none outstanding.

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20. REVENUES AND MINE OPERATING EXPENSES

	Three months ended September 30, 2017	Nine months ended September 30, 2017
REVENUES		
Zinc Concentrate	\$11,764,470	\$26,348,876
Lead Concentrate	5,634,744	8,916,584
Total Revenues	\$17,399,214	\$35,265,460
MINE OPERATING EXPENSES		
Mining	\$10,855,560	\$30,187,991
Processing	1,971,517	5,380,597
Selling, General and Administration	2,563,340	6,162,911
Change in Concentrate Inventory	(2,639,010)	(6,627,831)
Government Royalties	912,480	1,779,337
Depreciation	676,335	2,028,762
Total production expenses	\$14,340,222	\$38,911,767

21. ADMINISTRATIVE EXPENSES AND OTHER EXPENSE ITEMS

	Three months ended		Nine months ended	
	September 30,	October 31,	September 30,	October 31,
	2017	2016	2017	2016
GENERAL AND ADMINISTRATIVE EXPENSES				
Evaluation costs (recovery)	\$ -	\$ 1,062	\$ -	\$ (175,547)
Consulting fees	-	65,928	279,530	173,251
Wages and salaries	555,902	-	1,518,989	-
Professional fees	354,836	204,370	604,411	254,815
Office and miscellaneous	398,149	64,000	695,930	113,841
Depreciation	13,249	79	17,951	79
Travel and promotion	32,884	-	143,514	5,277
Share-based payments	301,106	-	1,418,539	-
	\$ 1,656,126	\$ 335,439	\$ 4,678,864	\$ 371,716
OTHER EXPENSE (INCOME) ITEMS				
(Gain) loss on foreign exchange	\$ (13,880)	\$ -	\$ 764,804	\$ (19,965)
(Gain) loss on disposition of subsidiary	-	-	-	(162,445)
Change in fair value of derivative	-	133,770	-	142,924
Financing charge on termination obligations	225,835	-	668,357	-
Accretion expense on rehabilitation liabilities	316,768	-	732,161	523
Other	53,134	19,175	137,868	46,881
	\$ 581,857	\$ 152,945	\$ 2,303,190	\$ 7,918

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22. FINANCIAL INSTRUMENTS

Financial instruments hierarchy and fair values

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	September 30, 2017		December 31, 2016	
	Carrying value	Fair value	Carrying value	Fair value
Financial Assets				
Loans and receivables				
Cash	\$ 6,642,497	\$ 6,642,497	\$ 12,614,908	\$ 12,614,908
Accounts receivable	\$ 1,684,636	\$ 1,684,636	-	-
Due from related parties	\$ 451,641	\$ 451,641	-	-
Financial liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	\$ 9,410,612	\$ 9,410,612	\$ 7,806,817	\$ 7,806,817
Due to related parties	-	-	\$ 33,515	\$ 33,515
Finance leases	\$ 1,512,087	\$ 1,512,087	\$ 1,631,418	\$ 1,631,418
Due to Nyrstar	\$ 1,453,020	\$ 1,453,020	\$ 1,453,020	\$ 1,453,020

The Company's financial instruments consist of cash, amounts receivable, due to/from related parties, accounts payable, accrued liabilities, and finance lease liabilities. At September 30, 2017, the carrying values of these instruments approximate their fair values due to the relatively short periods to maturity of the financial instruments and are classified as Level 1 in accordance with the fair value hierarchy.

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(Unaudited) - Expressed in US dollars

23. RELATED PARTY TRANSACTIONS

These consolidated financial statements include balances and transactions with directors and officers of the Company and corporations 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.

During the nine months ended September 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.

During the nine months ended September 30, 2017, the Company granted loans of \$446,874 (Cdn\$579,908) 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. Overdue interest shall bear interest at the same rate. On May 2017, \$22,344 (Cdn\$28,996) has been repaid towards these loans, with the outstanding balance included in the statement of financial position as due from related parties.

At as September 30, 2017, accounts payable and accrued liabilities include \$108,173 (Cdn\$135,000) due to directors and officers.

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 24.

ASCENDANT RESOURCES INC.

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(Unaudited) - Expressed in US dollars

24. DISPOSITION OF SUBSIDIARY COMPANIES

On April 28, 2016, the Company entered into a share purchase agreement with the Purchaser (See Note 23), pursuant to which the Company agreed to dispose of the PNG Subsidiaries for a nominal Cdn\$1.00.

As a result of the transaction, the Company recorded a total gain on disposition of \$175,547 (Cdn\$203,852 – total liabilities of Cdn\$212,056 net of Cdn\$8,024 in legal fees) which primarily resulted from the disposal of liabilities held by the PNG Subsidiaries.

25. COMMITMENTS AND CONTINGENCIES

By their nature, contingencies will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events. The assessment of contingencies inherently involves the exercise of significant judgments and estimates of the outcome of future events.

The Company operates in several countries around the world and may be subject to assessments by the regulatory authorities in each of those countries, which can be complex and subject to interpretation. Assessments may relate to matters such as income and other taxes, duties and environmental matters. The Company is diligent, and exercises informed judgment to interpret the provisions of applicable laws and regulations as well as their application and administration by regulatory authorities to reasonably determine and pay the amounts due. From time to time, the Company may undergo a review by the regulatory authorities and in connection with such reviews, disputes may arise with respect to the Company's interpretations about the amounts due and paid.

The Company may also be subject to various litigation actions. In-house counsel, outside legal advisors, and other subject matter experts assess the potential outcome of litigation and regulatory assessments. Accordingly, the Company establishes provisions for future disbursements considered probable.

As at September 30, 2017, the Company did not have any material provisions for litigation claims or regulatory assessments. Further, the Company does not believe claims or regulatory assessments, for which no provision has been recorded, will have a material impact on the financial position of the Company.

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25. COMMITMENTS AND CONTINGENCIES (continued)

The Company has the following commitments as at September 30, 2017:

	Payments due by period			Total
	<1 years	1-5 years	5> years	
Capital commitments (i)	\$6,211,311	\$7,224	-	\$6,218,535
Operating leases (i)	\$62,000	\$41,000	-	\$103,000
	\$6,273,311	\$48,224	-	\$6,321,535

(i) Reported on an undiscounted basis

Environmental contingencies

The Company's mineral exploration and evaluation in oil and gas activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. See also Notes 9 and 14.

26. SEGMENTED INFORMATION

The Company's sole operation is the El Mochito mine in Honduras. Accordingly, the chief decision makers consider Ascendant Resources Inc. to currently have one segment and, therefore, segmented information is not presented.

ASCENDANT RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited) - Expressed in US dollars

27. CHANGE IN PRESENTATION CURRENCY

For comparative purposes, the condensed interim consolidated statements of operations and comprehensive (loss) income for the three and nine months ended October 31, 2016 includes adjustments to reflect the change in accounting policy resulting from the change in presentation currency to the US dollar. The amount previously reported in Canadian dollars as shown below have been translated into US Dollars at the three and nine months ended October 31, 2016 average exchange rate of 1.3112 US\$:Cdn\$ and 1.3110 US\$:Cdn\$ respectively. The effect of the translation is as follows:

	Three months ended October 31, 2016		Nine months ended October 31, 2016	
	As previously reported in Cdn\$	As restated in US\$	As previously reported in Cdn\$	As restated in US\$
GENERAL AND ADMINISTRATIVE EXPENSES				
Evaluation costs (recovery)	\$ 1,392	\$ 1,062	\$ (230,132)	\$ (175,547)
Management salaries and consulting fees	18,000	13,728	87,620	66,835
Professional fees	267,972	204,370	334,103	254,815
General and administrative costs	26,887	20,506	82,308	62,782
Transfer, listing and filing fees	10,363	7,903	20,280	15,468
Consulting fee	68,445	52,200	139,519	106,416
Technical report	46,667	35,591	46,667	35,591
Depreciation	104	79	104	79
Travel expenses	-	-	6,918	5,277
(Loss) before the undernoted	\$ (439,830)	\$ (335,439)	\$ (487,387)	\$ (371,716)
OTHER EXPENSE (INCOME) ITEMS				
Foreign exchange gain (loss)	-	-	(27,664)	(19,965)
Gain on disposition of subsidiary companies	-	-	(203,852)	(162,445)
Change in fair value of conversion feature of convertible debenture	175,400	133,770	187,400	142,924
Accretion expense	-	-	685	523
Other	25,142	19,175	61,463	46,881
(Loss) Income before income taxes	\$ (640,372)	\$ (488,384)	\$ (505,419)	\$ (379,634)
Income tax recovery	-	-	62,400	47,599
Net (Loss) Income For the Period	\$ (640,372)	\$ (488,384)	\$ (443,019)	\$ (332,035)
Effect of Change in Presentation Currency	-	14,543	-	(67,155)
Comprehensive (Loss) Income for the Period	\$ (640,372)	\$ (473,841)	\$ (443,019)	\$ (399,190)