

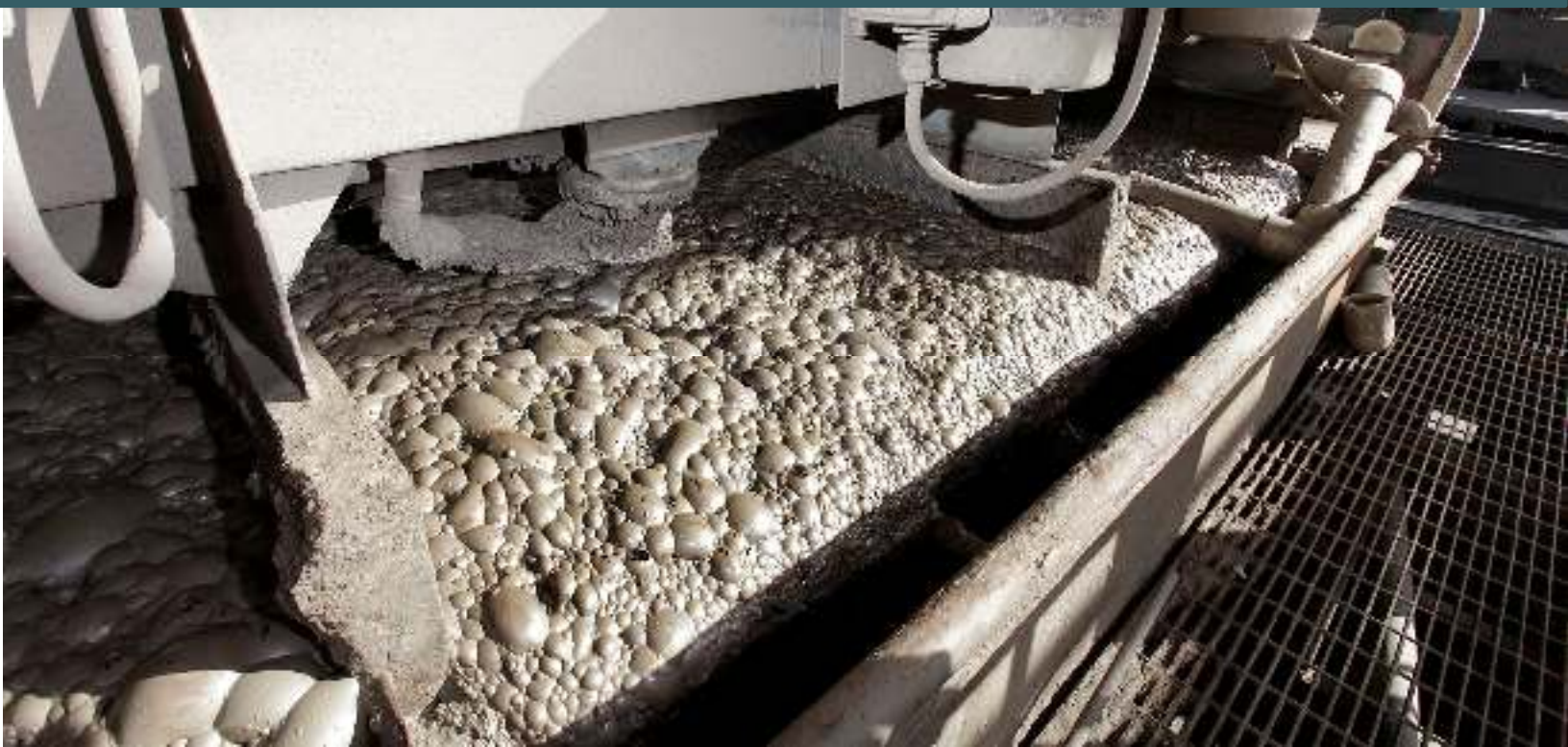


MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 and 2017

(Expressed in thousands of US dollars)

2018



ASCENDANT RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2018 and 2017

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

INTRODUCTION

This Management's Discussion & Analysis ("MD&A") for Ascendant Resources Inc. (the "Company", or "Ascendant") for the three months ended March 31, 2018 has been prepared by Management, in accordance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"), as of May 9, 2018, and discusses its financial results for the three months ended March 31, 2018. This MD&A provides a detailed analysis of the business of Ascendant and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2018 and 2017 (the "Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

This MD&A was reviewed and approved by the Company's Board of Directors on May 9, 2018. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com. The Company uses non-IFRS performance measures in the MD&A which do not have any standardized meaning prescribed by IFRS and therefore may not be directly comparable to similar measures presented by other issuers. The Company provides a reconciliation later in this MD&A between non-IFRS performance measures and the most closely comparable IFRS performance measures.

The Company's reporting currency is the U.S. dollar and all amounts in this MD&A are expressed in thousands of U.S. dollars ("\$"), except for share, per share, per tonne, per pound and per ounce amounts, unless otherwise noted. References to "Cdn\$" mean Canadian Dollars.

COMPANY OVERVIEW & BACKGROUND

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

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

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

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2018 FIRST QUARTER HIGHLIGHTS

Operational Performance

Contained metal production for the first quarter of ("Q1/18") was 15.3 million lbs of zinc ("Zn"), 5.1 million lbs of lead ("Pb") and 215,599 ounces of silver ("Ag"). Zinc equivalent ("ZnEq") metal production was 21.4 million lbs during Q1/18 using average metal pricing for the period. This is 9% higher than the 19.6 million ZnEq lbs produced in the fourth quarter of 2017 ("Q4/17") and 57% higher than the 13.7 million ZnEq lbs produced in the first quarter of 2017 ("Q1/17").

Milled production for the first quarter of 2018 was 186,955 tonnes, representing a 6% decrease against Q4/17 and a 43% increase against Q1/17. The mill encountered a number of small stoppages due to wet ore and large rocks impacting the vibrating screen and cone crusher. Overall, throughput rates continue to trend higher as additional new equipment continues to be introduced into the mining fleet and new lower cost long hole stopes constitute more of the total production.

During the first quarter of 2018, recoveries averaged 89.3% for zinc, 76.7% for lead and 78.3% for silver. Average head grades were 4.2% zinc, 1.6% lead and 46 grams per tonne ("g/t") silver. Zinc Equivalent head grade was 6.1% using average metal pricing for the period. Increased control of dilution and a firm focus on mining less sub-grade material in most areas of the mine drove the substantial increase in head grades. Notably, mining from the relatively higher-grade Esperanza orebody accelerated in the first quarter with the completion of development of its first long hole stope. The success at Esperanza was partially offset by higher than expected internal dilution experienced in the Nueva Este 23L long hole stope, which is now mostly depleted.

As previously disclosed, the Company commenced a full replacement and overhaul of the mining fleet in Q2/17 purchasing a total of 10 new underground mine trucks, 6 scoops, 2 jumbos and 2 bolters as well as refurbishing an additional 2 trucks and 2 scoops. The Company is still waiting on the remainder of the equipment, 3 pieces, which are expected to be delivered and deployed by mid-2018, completing the full underground fleet replacement. These last pieces of equipment are expected to support further operational and direct operating cost improvements, increasing our overall value per tonne mined as we have seen with the new equipment received in 2017.

Financial

The company generated revenues of \$28.04 million in the first quarter as a result of the sale of 15.3 million pounds of zinc in concentrates, and 6.3 million pounds of lead in concentrates. Provisional realized commodity prices in USD were \$1.53 per pound zinc, \$1.07 per pound lead and \$16.41 per ounce silver. This marks the first quarter the Company has achieved its targeted sales schedule of one zinc concentrate shipment per month and one lead concentrate shipment per quarter. The Company expects to maintain this schedule throughout the remainder of 2018.

During the three months ended March 31, 2018, the Company reported net income of \$5.29 million, or \$0.07 basic and diluted earnings per share, compared to a net loss of \$2.89 million or \$0.06 basic

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and diluted loss per share in the comparative quarter in 2017. Income from mining operations was \$8.41 million during the first quarter of 2018.

Adjusted EBITDA for the first quarter ending March 31, 2018 totalled \$7.95 million representing three consecutive quarters of positive adjusted EBITDA. During Q1/18 the Company remained focused on profitability and reported its fifth consecutive quarter of production increases and its second consecutive quarter of free cash flow of \$5.30 million.

Direct operating costs per tonne milled for Q1/18 at El Mochito were \$72.33, a 10% decrease vs Q4/17 direct operating costs per tonne milled of \$80.13 and a 27% decrease vs Q1/17 direct operating costs per tonne milled of \$98.91. These reductions are a result of cost optimization, operational efficiencies, and increased production achieved. Cost reduction is an ongoing focus for the Company. There are additional initiatives in place, aimed at further improving the Company's cost structure.

Cash operating cost per zinc equivalent payable sold was \$0.82 and AISC for Q1/18 was \$1.34 per zinc equivalent payable pound sold. With the Company now in a steady state of production, entering its first full year of normalized production, it has adopted the All-In Sustaining Cost ("AISC") reporting metric as the Company believes it more fully defines the total costs associated with producing zinc and provides greater transparency for stakeholders when assessing operating performance, ability to generate free cash flow from operations and overall value. For details on how this figure is calculated, please refer to the Non-IFRS Performance Measures sections of this document.

Updated Mineral Resource & Reserve Estimate

On April 10, 2018, the Company announced the results of an updated Mineral Resource & Reserve Estimate for its El Mochito mine in Honduras prepared in accordance with National Instrument 43-101 ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards.

The updated Mineral Reserve and Resource Estimate marks the first compiled since Ascendant acquired the El Mochito mine in December 2016 and replaces the previous estimate with the effective date of December 31, 2015, prepared by Micon as part of the acquisition transaction.

The new estimate shows a material increase in both Mineral Resources and Reserves against the previous Mineral Resource and Reserve Estimates dated December 31, 2015, underscoring the mine's long history of expanding and upgrading Mineral Resources.

Highlights include the following:

Proven & Probable Mineral Reserves increase life of mine beyond seven years (at a rate of 820kt/yr):

- Contained zinc increased 193% from 204Mlbs to 597Mlbs
- Contained lead increased 109% from 100Mlbs to 209Mlbs
- Contained silver increased 106% from 3.5Moz to 7.2Moz

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Measured & Indicated Mineral Resources increase
 50% to 869Mlbs contained zinc from 578Mlbs, and
 28% to 1,216Mlbs contained zinc equivalent metal, up from 953Mlbs

Inferred Mineral Resources also increase by 14% to 739Mlbs contained zinc equivalent metal, up from 648Mlbs.

A summary of the Mineral Reserve Estimate is set out in Table 1 and the Mineral Resource Estimate can be found in Table 2 below:

Category	Tonnes (kt)	Grade				Contained Metal			
		Zn (%)	Pb (%)	Ag (g/t)	ZnEq. (%)	Zn Mlbs	Pb Mlbs	Ag Moz	ZnEq. Mlbs
Proven Reserves	787	4.7	2.0	54	7.2	81	35	1.4	124
Probable Reserves	5,002	4.7	1.6	36	6.5	516	174	5.8	717
Proven & Probable Reserves	5,789	4.7	1.6	38	6.6	597	209	7.2	841

Notes:
 (1) Mineral Resources are stated inclusive of Mineral Reserves, Tonnage, grade and contained metal values have been rounded, totals may vary due to rounding. ZnEq% conversion factors used were: Pb x 0.8175 and Ag x 0.0149
 (2) Price assumptions used were US\$1.21/lb Zn, US\$1.06/lb Pb and US\$18/troy oz Ag. Processing recoveries used were 88.9% Zn, 74.3% Pb, and 77.7% Ag
 (3) **A cut-off of 4.76% ZnEq was used to estimate Mineral Reserves** which includes factors for metal recovery, operating & sustaining costs, royalties, concentrate treatment charges, payables, penalties and transportation/selling costs. Average modifying factors for Mineral Reserves included internal dilution 1.2%, external dilution 14.3% and mining recovery 90.8%.

Category	Tonnes (kt)	Grade				Contained Metal			
		Zn (%)	Pb (%)	Ag (g/t)	ZnEq. (%)	Zn Mlbs	Pb Mlbs	Ag Moz	ZnEq. Mlbs
Measured Resources	1,100	5.5	2.0	65	8.2	134	48	2.3	198
Indicated Resources	6,452	5.2	1.7	41	7.2	735	241	8.4	1,019
Measured & Indicated Resources	7,553	5.2	1.7	44	7.3	869	289	10.7	1,216
Inferred Resources	4,972	5.1	1.4	33	6.7	556	156	5.4	739

Notes:
 (1) Mineral Resources are stated inclusive of Mineral Reserves, Tonnage, grade and contained metal values have been rounded, totals may vary due to rounding.
 (2) Price assumptions used were US\$1.21/lb Zn, US\$1.06/lb Pb and US\$18/troy oz Ag. Zinc equivalent metal grade (ZnEq. %) was calculated as follows:

$$\text{Zn\%} + (\text{Pb \%} \times 0.82) + (\text{Ag g/t} \times 0.0149) = \text{ZnEq\%}$$
 and is based on 88.9% Zn recovery, 74.3% Pb recovery and 77.7% Ag recovery.
 (3) **A cut-off of 3.1% ZnEq. was used to estimate Mineral Resources** and is based on fourth quarter 2017 marginal direct operating costs.
 (4) Results of an interpolated bulk density deposit model have been applied, and contributing 5ft downhole assay composites were capped at 38% Zn, 36% Pb and 2000g/t Ag.
 (5) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
 (6) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

The new Technical Report is being prepared in accordance with National Instrument 43-101 ("NI 43-101") and the CIM Standards by Mercator Geological Services Limited, with contributions made by P&E Mining Consultants Inc. with reference to the Mineral Reserve Estimate, mining and metallurgical engineering sections. This Technical Report will be filed on www.sedar.com on or before the 25th of May 2018.

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Mineral Reserve Estimate

The P&E Mining Consultants Inc. Mineral Reserve Estimate (Table 1) review strategy was based on a review and check for reasonableness of the percent zinc equivalent ("ZnEq%") cut-off value. Subsequently, the internal dilution, external dilution, and mine extraction (mining recovery) was scrutinized for each of the four mining methods employed to ensure they fell within acceptable limits for Mineral Reserve Estimate reporting. In addition, the remaining Mineral Resource Estimate not converted to a Mineral Reserve Estimate was reviewed to ensure it balanced with the mine extraction data. The Mineral Reserve Estimate reviews were summarized into overall dilution and mine extraction percentile for a reasonable value comparison analysis. The average values are as follows: Internal Dilution = 1.2%, External Dilution = 14.3% and Mine Extraction = 90.8%.

Mineral Resource Estimate

The Mineral Resource Estimate, as set out in Table 2, was prepared by Mercator Geological Services Limited. The effective date of this Mineral Resource Estimate is January 1, 2018, and it is based on 26 contiguous areas of "manto" and/or "chimney" style skarn mineralization defined by 2,176 diamond drill holes up to December 31st, 2017. 3D solid models of skarn mineralization reflecting a minimum grade of 3% ZnEq. were depleted for previously mined areas to constrain resource volumes. GEOVIA Surpac® 6.8.1 software was used to assign block grades for zinc (%), lead (%), silver (g/t) and density (g/cm³) for Measured, Indicated and Inferred Mineral Resources using inverse distance squared (ID²) interpolation methodology and capped 5 foot down hole assay composites. Up to four interpolation passes were applied using progressively increasing ellipsoid ranges to cover the range of 3D solid model sizes present. Block size is 10 feet (x) by 10 feet (y) by 10 feet (z) with two levels of sub-blocking allowed to a minimum block size of 2.5 feet (x) by 2.5 feet (y) by 2.5 feet (z). Resource categorization was applied using discrete solid models developed from contributing drill hole and assay composite parameters.

Exploration Activities

During the first quarter 2018, the Company commenced its planned 40,000 metre 2018 drill program. This program is focused equally on definition drilling for the purpose of resource conversion to further enhance the new resource base supporting a long operating life and exploration drilling to define additional material near mine and regional exploration targets.

2018 exploration initiatives will include a soil geochem survey of the entire El Mochito concession, the review and prioritization of near-mine targets (Manzanal, Big Fuzzy, Porvenir, Caliche) as well as other concessions within Honduras. Specifically at El Mochito, follow up work on known "chimney" type ore bodies with historic grades in excess of 17% zinc equivalent is underway. With a plethora of historical data available, the Company will also seek to review historical mining areas in the upper levels of the mines, mined by previous operators as many of these areas still contain a number of high-grade targets.

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KEY OPERATING INFORMATION AND FINANCIAL CONDITION

The following table is a summary of the Company's key production and operating statistics for the three months ended March 31, 2018 and 2017 at the El Mochito mine.

Key Operating Information		Q1 March 31, 2018	Q1 March 31, 2017
Total Tonnes Mined	tonnes	187,255	131,325
Total Tonnes Milled	tonnes	186,955	131,116
Average Head Grades			
Average Zn grade	%	4.2%	3.4%
Average Pb grade	%	1.6%	1.3%
Average Silver grade	g/t	46	52
ZnEq Head grade	(1) %	6.1%	5.6%
Average Recoveries			
Zinc	%	89.3%	89.8%
Lead	%	76.7%	76.9%
Silver	%	78.3%	78.8%
Contained Metal Production			
Zinc	000's lbs	15,301	8,888
Lead	000's lbs	5,125	2,957
Silver	ozs	215,599	173,041
ZnEq	(1) 000's lbs	21,412	13,672
Payable Production			
Zinc	000's lbs	13,006	7,555
Lead	000's lbs	4,869	2,809
Silver	ozs	150,919	121,129
ZnEq	(1) 000's lbs	18,200	11,621
Payable Metal Sold			
Zinc	000's lbs	15,285	4,691
Lead	000's lbs	6,323	1,982
Silver	ozs	169,165	102,706
ZnEq	(1) 000's lbs	21,543	7,748
Average Realized Metal Price			
Zinc	\$/lb	\$1.53	\$1.26
Lead	\$/lb	\$1.07	\$1.04
Silver	\$/oz	\$16.41	\$18.01
Cash operating cost per ZnEq payable lb sold	(2) \$/ZnEq lb	\$0.82	\$1.19
AISC per ZnEq payable lb sold	(2) \$/ZnEq lb	\$1.34	\$1.66
Direct operating cost per tonne milled (excl. CAPEX)	(2) \$/tonne	\$72.33	\$98.91

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

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

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The following table is a summary of the Company's key financial information for the three months ended March 31, 2018 and 2017 at the El Mochito mine.

Financial		Q1 March 31, 2018	Q1 March 31, 2017
Total revenue	\$000's	28,038	7,924
Mine operating expenses	\$000's	19,624	9,707
Income (loss) from mining operations	\$000's	8,414	(1,783)
Net income (loss)	\$000's	5,294	(2,894)
Adjusted EBITDA	(2) \$000's	7,945	(1,690)
Operating cash flow before movements in working capital	(2) \$000's	6,774	(2,542)
Operating cash flow	\$000's	11,418	(8,334)
Cash and cash equivalents	\$000's	13,260	16,813
Working capital	\$000's	13,658	27,157
Capital Expenditures	\$000's	6,116	1,606

(1) Assumes average spot metal prices for the period.
(2) This is a non-IFRS performance measure, see Non-IFRS Performance Measures section of the MD&A.

Production of zinc and lead concentrate is trucked daily from the El Mochito mine to the port of Puerto Cortes where zinc and lead concentrates are stored until sufficient inventory is available for shipment.

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

Given the Company's revenue recognition policy and shipment schedule, the dry metric tonne ("DMT") concentrate produced in any given quarter may not be immediately reflected in its revenue. The timing difference between DMT concentrate produced and revenue recognized tends to decrease significantly when viewed on a yearly basis. In Q1/18, the Company produced 13,816 DMT of zinc concentrates and 3,733 DMT of lead concentrate, and sold 13,904 DMT of zinc concentrate and 5,060 DMT of lead concentrate.

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OUTLOOK

During 2017, the Company focused on increasing zinc equivalent production to levels approaching those the El Mochito mine has historically produced. The Company took milled production from 38,521 tonnes in January to 69,578 tonnes in December, representing an 81% increase in monthly production year to date. In 2018, continued improvements at El Mochito are expected to be achieved by ramping up mining operations in higher grade areas of the mine, as well as reducing operating costs by employing a greater number of lower cost longhole stopes, and reducing equipment maintenance costs as the last three pieces of the new mining fleet arrive.

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

Contained Metals in Concentrate

Zinc equivalent metal	93 – 109 million lbs
Zinc	65 – 73 million lbs
Lead	24 – 28 million lbs
Silver	900,000 – 1,200,000 ozs

Direct Operating Costs \$70 – \$80 / tonne

Capital Expenditure \$16 – \$18 million

Financial Metrics

Adjusted EBITDA¹ \$32 – \$40 million

Free Cash Flow² \$14 – \$20 million

All figures in the above table are based on the following metal price assumptions; \$1.50/lb zinc, \$1.10/lb lead and \$18/oz silver.

¹Adjusted EBITDA is a Non-IFRS measure and is calculated by considering the Company's earnings before interest payments, tax, depreciation and amortization, share-based payments, adjusted for net foreign exchange expenses.

²Free Cash Flow is a Non-IFRS measure and is calculated by considering the Company's cash flows from operations, less the cash used in investing activities.

The Company's investment in people, infrastructure and mining equipment has had a direct positive impact on operations and resulted in the Company's ability to achieve such significant production growth. The benefits realized from the new mining equipment received and deployed in Q4/17 give management the confidence that the remaining equipment expected to be delivered and deployed by mid-2018 should provide an additional push to enable the Company to achieve its 2018 targets. The higher availability of trucks, the significant decrease in maintenance costs and the improved morale at the mine level from the investments made underground have contributed significantly to operational improvements achieved to date.

Now that production growth and operational stability have been achieved at the El Mochito mine and there is clear visibility for additional growth in 2018, the company will spend the year focused on profitability. In Q1/18 the Company has successfully delivered on this goal with further cost reductions

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represented by direct operating costs of \$72.33/t milled reflecting a decrease of 10% from Q4/17 and 27% from Q1/17.

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

With an 11,000 hectare land package and a lack of exploration work over recent years prior to Ascendant's ownership, management also plans to focus on longer-term growth with follow-up on regional targets identified by historical drilling data.

DISCUSSION OF OPERATIONS

Three months ended March 31, 2018, versus the three months ended March 31, 2017

Revenues of \$28.04 million (Q1/17 - \$7.92 million) resulted from the sale of 15.3 million (Q1/17 - 4.7 million) pounds of zinc in concentrates, and 6.3 million (Q1/17 - 2.0 million) pounds of lead in concentrates. Provisional realized commodity prices in USD were \$1.53 (Q1/17 - \$1.26) per pound zinc, \$1.07 (Q1/17 - \$1.04) per pound lead and \$16.41 (Q1/17 - \$18.01) per ounce silver. During the quarter, the Company produced 18.2 million equivalent payable lbs of zinc and sold 21.5 million zinc equivalent payable lbs of zinc.

Revenue from the sale of concentrate, increased by 254% during the first quarter, compared against the first quarter of 2017. The increase was primarily the result of increased production and consequently sales from the El Mochito mine as compared to the first quarter of 2017, as this was the first quarter reported under Ascendant ownership of the El Mochito mine and thus the first financial reporting period reflecting revenue from El Mochito mine operations since the acquisition of AMPAC in December 2016.

Total mine operating expenses of \$19.62 million (Q1/17 - \$9.71 million) related to the sale of concentrate. Costs consisted of direct site production costs of \$8.27 million (Q1/17 - \$8.65 million) related to mining, processing costs of \$2.89 million (Q1/17 - \$1.82 million), selling, general and administration of \$2.14 million (Q1/17 - \$1.93 million), and government taxes and royalty expense were \$1.27 million (Q1/17 - \$0.38 million). The Company also recorded \$0.88 million of depreciation and amortization (Q1/17 - \$0.65 million). The Company's direct operating cost for the quarter was \$72.33 per tonne milled (see non-IFRS measures at the end of this MD&A).

The Company's production during the three months ended March 31, 2018, increased significantly over the same period in the prior year largely due to the productivity improvements as disclosed above.

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During the three months ended March 31, 2018, the Company incurred general and administrative expenses of \$1.37 million (Q1/17 - \$0.56 million) before non-cash share-based compensation of \$0.35 million (Q1/17 - \$Nil). The overall increase in general and administrative expenses is primarily due to the increase in management salaries and consulting fees of \$0.90 million (Q1/17 - \$0.24 million) as staffing levels increased, professional fees of \$0.16 million (Q1/17 - \$Nil) and share-based compensation of \$0.35 million (Q1/17 - \$Nil) as a result of the Company's increased general and administrative activities associated with the growing operations of the El Mochito mine as explained above.

During the three months ended March 31, 2018, the Company recorded expenses from other items of \$0.56 million (Q1/17 - \$0.54 million) primarily due to financing charge on termination obligations of \$0.42 million (Q1/17 - \$0.10 million), and gain of foreign exchange of \$0.10 million (Q1/17 - loss of \$0.26 million).

During the three months ended March 31, 2018, the Company reported net income of \$5.29 million, or \$0.07 basic and diluted earnings per share, compared to a net loss of \$2.89 million, or \$0.06 basic and diluted loss per share in the comparative quarter in 2017. During the quarter, the Company produced 18.20 million (Q1/2017 - 11.62 million) equivalent payable lbs of zinc and sold 21.54 million (2017 - 7.75 million) zinc equivalent payable lbs of zinc. Income from mining operations was \$8.41 million during the first quarter of 2018 (Q1/17 - loss of \$1.78 million).

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SUMMARY OF QUARTERLY RESULTS

The following tables provide highlights, extracted from the Company's financial statements, of quarterly results for the past eight quarters. The changes in the tables below largely reflect the financing and acquisition of AMPAC on December 20, 2016 and the ramp up in operations of the El Mochito mine during fiscal 2017.

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

U.S. Dollar/Cdn Dollar exchange rate	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Oct 31, 2016	Jul 31, 2016
Closing rate at the reporting date	0.7756	0.7971	0.8013	0.7706	0.7513	0.7448	0.7454	0.7659
Average for the period	0.7907	0.7866	0.7982	0.7494	0.7554	0.7564	0.7625	0.7716

		Three Months Ended			
		March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Total assets	\$000's	57,999	51,957	43,945	42,337
Total revenue	\$000's	28,038	23,934	17,399	9,942
Working capital surplus	\$000's	13,658	12,506	15,913	16,874
Income (loss) before other expense (income)	\$000's	6,696	871	1,403	(7,378)
Net income (loss) for the period	\$000's	5,294	(1,429)	821	(8,555)
Basic earnings (loss) per share	\$000's	0.07	(0.02)	0.01	(0.15)
Diluted earnings (loss) per share	\$000's	0.07	(0.02)	0.01	(0.15)

		Three Months Ended	Two Months Ended	Three Months Ended	
		March 31, 2017	December 31, 2016	October 31, 2016	July 31, 2016
Total assets	\$000's	46,609	39,180	14,985	312
Total revenue	\$000's	7,924	-	-	-
Working capital surplus (deficiency)	\$000's	27,157	19,650	(138)	(112)
Income (loss) before other expense (income)	\$000's	(2,350)	(1,269)	(335)	(150)
Net (loss) income for the period	\$000's	(2,894)	(1,938)	(488)	(132)
Basic earnings (loss) per share	\$000's	(0.06)	(0.22)	(0.11)	(0.02)
Diluted earnings (loss) per share	\$000's	(0.06)	(0.22)	(0.11)	(0.02)

The increase in total assets from the fourth quarter of 2017 to the first quarter in 2018 is a result of an increase in working capital through cash and accounts receivable resulting from sales. In addition, concentrate revenues accounts for a portion of the quarter-to-quarter increase in total assets during 2017, where much of the increase is attributed to the acquisition of property, plant and equipment of approximately \$13.45 million including continued underground capitalized development at the El Mochito mine. The Company also raised approximately \$13.71 million during the first quarter of 2017 in equity financing, accounting for a portion of the increase in total assets. During the second half of calendar 2016 the increase in total assets is mainly attributed to the acquisition of AMPAC, including an assumed property, plant and equipment balance of \$10.41 million, and inventory balances of \$14.68 million. Additionally the Company raised approximately \$13.34 million, which accounts for substantial portion of the increase in total assets in the second half of 2016.

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Revenues commenced in the first quarter of 2017 at the El Mochito mine, and fluctuated quarter-to-quarter due to increased production and metal price volatility throughout 2017. In the first quarter of 2018, revenues continued to increase due to increased production and rising metal prices.

Working capital increased significantly from the second half of 2016 as a result of equity financing of \$13.34 million, and acquisition of AMPAC resulting in an assumed inventory balance of \$14.68 million. Working capital increased in the first quarter of 2017 as a result of accounts receivable from sales and the equity financing of \$13.71 million. Working capital declined in the third quarter of 2017 as a result of continued capital expenditures at the Company's El Mochito mine. The Company's working capital increased in the fourth quarter of 2017 and first quarter of 2018 due to an increased accounts receivable and increased cash balance, largely resulting from increased production and rising zinc and lead prices.

Net income in the first quarter of 2018 is mainly the result of increased production and rising zinc and lead prices. Net losses in the first half of 2017 were mainly a result of lower production volumes and associated higher production costs, consulting and professional fees incurred. The income in the third quarter of 2017 was mainly due to the increase in operating income at the El Mochito mine, partially offset by corporate general administrative and other expenses. The loss incurred in the fourth quarter is mainly attributed to the increase in management salaries and consulting costs of \$2.06 million as staffing levels increased and awarded bonuses being accrued in the fourth quarter, as well as recognition of current tax expense of \$1.16 million in the fourth quarter of 2017.

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FINANCIAL RISK MANAGEMENT

Fair Value

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

Fair Value Hierarchy and Liquidity Risk Disclosure

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

LIQUIDITY AND CAPITAL RESOURCES

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

Management has estimated that the Company's existing cash at March 31, 2018 together with cash from operations will be sufficient to fund cash requirements in the ordinary course of business for a period of at least twelve months. The Company's cash and liquidity position is, however, sensitive to a number of variables which cannot be predicted with certainty, including, but not limited to, meeting production targets, metal prices, foreign exchange rates, operational costs, capital expenditures and the success of the above noted operational initiatives. If the Company's cash flow from operations is not sufficient to satisfy its requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Ascendant.

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

The Company has not entered into any significant long-term lease commitments other than those outlined under Note 9 in the Company's Financial Statements.

As at March 31, 2018, the Company's working capital position was \$13,658 (December 31, 2017 - \$12,505) and a cumulative deficit of \$20,476 (December 31, 2017 - \$25,770).

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CASH FLOWS

Operating Activities

During the three months ended March 31, 2018, cash from operating activities totaled \$11.41 million due primarily to increased production and sales at the El Mochito mine. Cash used in operating activities before changes in working capital was \$6.77 million. Total change in non-cash working capital was \$4.64 million driven primarily by a reduction in concentrate inventory.

During the three months ended March 31, 2017, cash used in operating activities was \$8.33 million, consisting of \$2.54 million cash used before changes in working capital and \$5.79 million in non-cash working capital. The primary driver of increased working capital was a build up in concentrate inventory and increase in amounts receivable due to increasing production.

Investing Activities

During the three months ended March 31, 2018, cash used in investing activities was \$6.11 million, mainly the result of capital expenditures in connection with the El Mochito mine operations and new equipment required to continue increasing production.

During the three months ended March 31, 2017, cash used in investing activities was \$1.60 million, mainly the result of capital expenditures in connection with the El Mochito mine operations commencing in the first quarter of fiscal 2017.

Financing Activities

During the three months ended March 31, 2018 there were no financing activities.

During the three months ended March 31, 2017, cash provided by financing activities was \$13.77 million, mainly the result of proceeds received from private placement of units. On March 7, 2017, the Company issued 23,575,000 units at a price of Cdn\$0.85 per unit for aggregate proceeds of \$14.94 million (Cdn\$20.04 million), less cash share issuance costs of \$1.23 million resulting in net cash proceeds of \$13.71 million. In the same period, the Company also received \$0.10 million through the exercise of warrants and stock options.

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Contractual Obligations and Commitments

The Company has the following constructive obligations and capital commitments as at March 31, 2018:

		Payments due by period			Total
		<1 years	1-5 years	5> years	
Capital commitments (i)	\$	4,737	-	-	4,737
Office operating leases (i)	\$	81	-	-	81
Finance leases (i)	\$	1,187	259	-	1,446
Environmental Rehabilitation provisions (i)	\$	-	380	9,408	9,788
	\$	6,005	639	9,408	16,052

(i) Reported on an undiscounted basis

CAPITAL MANAGEMENT

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2018 and the year ended December 31, 2017.

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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 following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

At March 31, 2018 and December 31, 2017, the carrying values of these instruments approximate their fair values due to the relatively short periods to maturity of the financial instruments and are classified as Level 1 in accordance with the fair value hierarchy.

	March 31, 2018		December 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial Assets				
Amortised cost				
Cash	\$ 13,260	\$ 13,260	\$ 8,041	\$ 8,041
Due from related parties	453	453	471	471
FVTPL				
Accounts receivable	4,289	4,289	2,944	2,944
Financial liabilities				
Amortised cost				
Accounts payable and accrued liabilities	15,509	15,509	14,793	14,793
Finance leases	1,447	1,447	1,464	1,464
Due to Nyrstar	\$ 1,453	\$ 1,453	\$ 1,453	\$ 1,453

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DISCLOSURE OF OUTSTANDING SHARE DATA

The following is a summary of the Company's outstanding share data as of March 31, 2018.

Capital stock

The Company is authorized to issue an unlimited number of common shares without par value.

As of March 31, 2018 and May 9, 2018, the Company has 74,214,593 common shares issued and outstanding.

Warrants

As of March 21, 2018 and May 9, 2018, a total of 15,102,000 warrants are issued and outstanding.

Stock options

As of March 31, 2018 and May 9, 2018, a total of 570,334 stock options are issued and outstanding.

Restricted share units (RSUs)

As of March 31, 2018 and May 9, 2018, a total of 6,333,334 RSUs are issued and outstanding, of which 1,771,667 are fully vested and redeemable.

FINANCIAL CONDITION

As at March 30, 2018, the Company's cash balance was \$13.26 million. Total current assets were \$31.25 million and total current liabilities were \$17.59 million for positive working capital of \$13.66 million. As 2017 was a ramp up year, and the remainder of 2018 is expected to be more steady state, working capital is expected to remain consistent.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, the Company granted loans of \$431 (Cdn\$576) to certain directors and officers of the Company to cover the tax liability in respect of the vested RSUs. These loans bear interest at the Canada Revenue Agency's ("CRA") quarterly prescribed interest rate used to calculate employee and shareholder loans calculated annually and payable on the earlier of: (i) demand by the Company, (ii) sale by the directors and officers of the common shares underlying the vested RSUs, and (iii) April 18, 2022 for the April 2017 RSU recipients, and November 22, 2022 for the November 2017 RSU recipients.

As at March 31, 2018, amounts due from related parties including the balance related to these loans and accrued interest is \$453 (2017 - \$471).

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During the three months ended March 31, 2018, the Company entered into the following transactions with related parties:

Officers and directors' compensation

The Company paid or accrued officers and directors' compensation of \$628 (2017 - \$234) included in wages and salaries. The Company recorded share-based payment expense related to the vesting of issued RSUs of \$352 (2017 - \$Nil) included in wages and salaries.

As at March 31, 2018, accounts payable and accrued liabilities include \$1 due to directors and officers of the Company, and accrued compensation of \$72 due to directors and officers of the Company.

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NON-IFRS PERFORMANCE MEASURES

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

Non-IFRS reconciliation of adjusted EBITDA

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

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

Adjusted EBITDA		Q1 March 31, 2018	Q1 March 31, 2017
Net income (loss)	\$000's	5,294	(2,894)
	\$000's		
<i>Adjusted for:</i>	\$000's		
Depletion and depreciation	\$000's	884	654
Interest income/expense	\$000's	37	50
Accretion expense on rehabilitation liabilities	\$000's	207	178
Financing charge on termination obligations	\$000's	421	65
Share-based payments	\$000's	352	-
Foreign currency exchange gain/loss	\$000's	(96)	257
Income taxes	\$000's	846	-
Adjusted EBITDA	\$000's	7,945	(1,690)

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Direct operating cost per tonne milled

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

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

Cash operating costs

Cash operating costs is a financial performance measure with no standard meaning under IFRS. Ascendant reports total production cash costs on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance.

Total production cash costs include production costs, such as mining, processing charges divided by ZnEq payable pounds sold to arrive at total cash operating costs per ZnEq payable pound sold. The measure also includes other mine related costs incurred such as variation in inventory. Production costs are exclusive of depreciation. Other companies may calculate this measure differently.

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The following table provides a reconciliation of direct operating costs and all-in sustaining costs to cost of sales, as reported in the Company's consolidated statement of income (loss) for the three months ended March 31, 2018 and 2017:

Direct operating cost per tonne milled		Q1 March 31, 2018	Q1 March 31, 2017
Production expenses (from consolidated income statement)	\$000's	19,624	9,707
Add: Termination Liability Payments	\$000's	228	563
Deduct (Add): Variation in Finished Inventory	\$000's	(4,178)	3,733
Deduct: Depreciation in production	\$000's	(878)	(653)
Total cash costs (including royalties)	\$000's	14,796	13,350
Deduct: Government taxes and royalties	\$000's	(1,274)	(381)
Direct operating costs	\$000's	13,522	12,969
Tonnes Milled	tonnes	186,955	131,116
Direct operating cost per tonne milled	\$/tonne	\$72.33	\$98.91

AISC per ZnEq payable pound sold		Q1 March 31, 2018	Q1 March 31, 2017
ZnEq payable pounds sold	000's lbs	21,543	7,748
Cash Operating Costs Reconciliation			
Direct operating costs	\$000's	13,522	12,969
Add (deduct): Variation in Finished Inventory	\$000's	4,178	(3,733)
Cash operating costs		17,700	9,236
Cash operating cost per ZnEq payable pound sold	\$/ZnEq lb	\$0.82	\$1.19
All-in Sustaining Costs (AISC) Reconciliation			
Total cash operating costs	\$000's	17,700	9,236
Add: Government taxes and royalties	\$000's	1,274	381
Add: TC & RCs	\$000's	3,720	1,484
Add: G&A, excluding depreciation and amortization	\$000's	1,718	567
Add: Accretion expense on rehabilitation liabilities	\$000's	207	178
Add: Sustaining capital expenditure	\$000's	4,185	1,027
Total All-in sustaining costs	\$000's	28,804	12,873
AISC per ZnEq payable pound sold	\$/ZnEq lb	\$1.34	\$1.66

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Additional non-IFRS measures

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

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

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

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USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Areas of judgement that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2017 except for the critical accounting estimates which were made by the Company on adoption IFRS 9 and IFRS 15 on January 1, 2018. Refer to Note 2 of the unaudited condensed interim consolidated financial statements of the Company.

RISKS AND UNCERTAINTIES

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

Limited Operating History

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

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

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

Dependence on Nyrstar for Revenue

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

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Exploration, Development and Production Risks

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

Mining and Processing

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

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

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

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

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

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

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

Competition

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

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Regulatory

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

Environmental

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

Reclamation and Mine Closure Costs

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

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

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

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Market Conditions

In the last decade, market events and conditions, including the disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility in commodity prices. These conditions also caused a loss of confidence in the broader US and global credit and financial markets and resulted in the collapse of, and government intervention in, major banks, financial institutions and insurers and created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. More recently, there has been mounting government debt in many western nations, significant volatility and depression in the price of oil and numerous environmental disasters globally. These events are illustrative of the effect that events beyond the Company's control may have on commodity prices, demand for metals such as zinc, lead and silver, availability of credit, investor confidence and general financial market liquidity, all of which may affect the Company's business. Any or all of these economic factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, resulting in impairment losses. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

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

Issuance of Debt

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

Impairment of PP&E assets

Under IFRS, impairment of PP&E is calculated at a more granular level than under the Canadian GAAP Full Cost Accounting method where all the Company's mining assets are accumulated into costs centres. Impairment calculations are performed at a "Cash Generating Unit" level ("CGUs") by comparing the CGUs carrying value to a corresponding risk adjusted recovery of proved and probable resources. The Company has allocated its costs to each block acquired during the year based on

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individual acquisition costs and on the Company's proved plus probable resources or resource values where costs were not separately identified.

Resource Estimates

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

Insurance and Uninsured Risks

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

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

Reliance on Key Personnel

The Company's success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not anticipate having key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Company are likely to be of central importance. In

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In addition, the competition for qualified personnel in the mining industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

Labour and Employment Matters

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

Operations in Foreign Jurisdiction and Emerging Market

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

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

Changes, if any, in mining or investment policies or shifts in political attitude in Honduras may adversely affect the Company's operations or profitability. Operations may be affected in varying

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degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims by locals, water use, infrastructure and mine safety. Additionally, there may be restrictions that interfere with the ability of AMPAC to make distributions to the Company. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations and profitability. There can be no assurance that companies and/or industries which are deemed of national or strategic importance in Honduras, including mineral exploration, production and development, will not be nationalized. There is a risk that further government limitations, restrictions or requirements, not presently foreseen, may be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on the Company.

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

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

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

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

Title Matters

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

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impugned. Additionally, the land upon which AMPAC holds mineral exploitation rights may not have been surveyed; therefore, the precise area and location of such interests may be subject to challenge.

Changes in Legislation

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

Assessments of Value of Acquisitions

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

Income Taxes

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

Dilution

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

Third Party Credit Risk

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

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

Additional Information

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

CORPORATE STRUCTURE

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

TECHNICAL INFORMATION

All technical information contained herein has been reviewed and approved by Patrick Toth, exploration director for the company. Mr. Toth is a "qualified person" within the meaning of NI 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**").

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CAUTIONARY NOTES TO US INVESTORS

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

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

FORWARD LOOKING INFORMATION

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

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

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

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