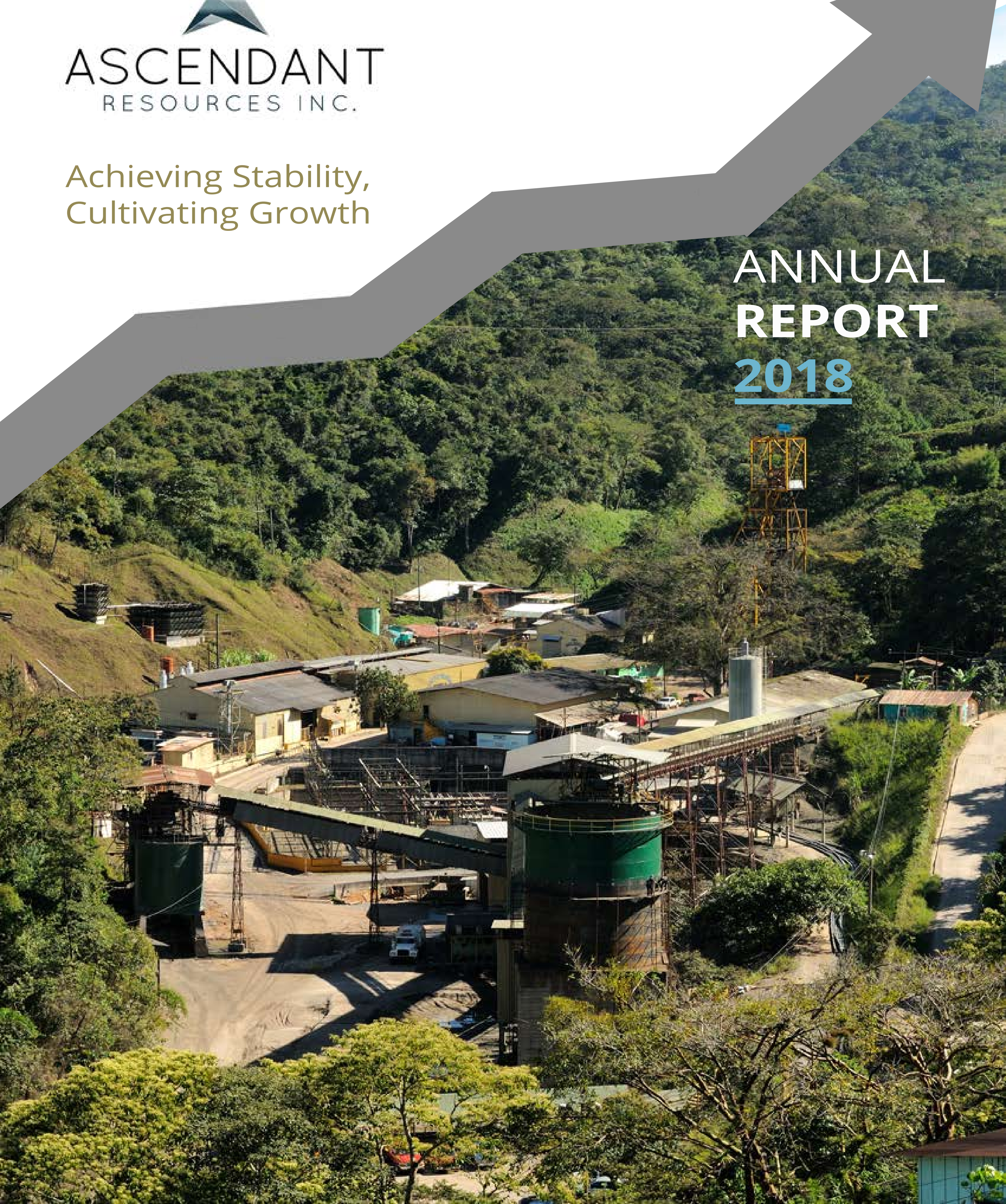
ASCENDANT
RESOURCES INC.

Achieving Stability, Cultivating Growth



ANNUAL REPORT 2018

MESSAGE
FROM THE **President & CEO**

"As we complete our first full year of normalized operations at our El Mochito zinc, lead and silver mine, we continue to be pleased with the performance and accomplishments the Company has achieved to date. While 2017 was a building year, 2018 has proven to be a year of stability and growth, providing a solid foundation on which to accelerate into a new phase of growth and optimization. Despite the external challenges faced in the commodity markets in the latter half of the year, the team was able to persevere and deliver strong operational performance as we continue to push El Mochito to its fullest potential. On behalf of the entire team at Ascendant Resources Inc., I would like to thank you for your continued support as we work towards achieving many more milestones in the year ahead."

Throughout 2018 the Company achieved many significant milestones making it another exceptional and transformational year. By maintaining a strong focus on operational improvements, execution and prioritization of core objectives, organic and accretive growth and aggressive yet prudent exploration, the Company was able to achieve our major objectives.

El Mochito continued to deliver on improved operational efficiencies during 2018, highlighted by significant improvement to the grade profile as a result of the emphasis on dilution control in the mine to help drive sustained higher contained metal production. The Company produced 91.4 million pounds of zinc equivalent contained metal in 2018, representing a 38% increase over 2017, and exited the year at a record grade of 7% zinc equivalent. These results have poised the Company for further production growth into 2019 with mean guidance up 10% over 2018 production levels.

El Mochito's growth potential was truly illustrated in the results of a Preliminary Economic Assessment announced in October 2018, outlining an Internal Rate of Return of 58%, with a payback period of just 2 years and an increase of over 30% to contained metal production. Fundamental is the fact that the study presents a robust and compelling opportunity for Ascendant to position El Mochito as a long-term profitable operation by reducing the all-in sustaining cost to an average of $0.97 per payable zinc equivalent pound produced, well below the consensus of long-term metal price expectations.

The study was considered following an extensive underground drill program in 2017, which resulted in an updated Mineral Resource Estimate at El Mochito which significantly increased the size and scale of the resource as total tonnes increased by 35%, near tripling Mineral Reserves at the time, providing for a materially long resource life over 12 years.

Looking back on the evolution of the El Mochito mine over the past few years, the great successes we have had can be attributed to the hard work of our entire team, especially the operating team in Honduras. When we acquired the 70-year-old mine at the end of 2016, we set out on an ambitious plan to rehabilitate and return the mine to its prior esteem. After just two years, we have done just that, achieving our production targets, significantly extending the mine life and identifying new avenues for growth potential. Without the depth of knowledge and hard work of the entire management team, the dedication of the workforce and the support of our local partners and community, we would not have been able to elevate El Mochito to where it is today.

Our understanding of this is exactly why our core values lie in the health and safety of our people. Since the Company took over operations at the El Mochito mine, we have been dedicated to improving the safety culture and morale while inspiring our employees. Over the course of 2018, significant reductions in the number total time incidents occurred and the Company was please to attain its longest stretch of working hours without injury. Cultural health and safety awareness has greatly improved, and yet we still see room for improvement. This will continue to be a core focus, with emphasis on strong visible leadership, rigorous educational and awareness training for the development of a safety-first culture driven by responsibility and accountability at all levels.

Our continued commitment to the community and environment was once again recognized as we were the recipients of the 2018 annual award for corporate social responsibility granted by the Foundation for Corporate Social Responsibility in Honduras for the 10th consecutive year. We understand our overall success lies in our relationship with the community and environment in which we operate, and we intend to continue prioritizing responsible mining, creating tangible benefits for all our stakeholders through investment in people, education, and the environment.

Also in 2018, the Company further demonstrated its ability to identify unique and accretive mineral opportunities with the investment in the Lagoa Salgada project in mid-year. The Company viewed the investment as a low-cost entry into a highly prospective, high-grade VMS polymetallic deposit with near-term potential for significant scalability and development opportunity, given its location along the Iberian Pyrite Belt, a prolific region that has been transformational for many other large-scale mining companies.

Subsequent to the year, the Company affirmed its growth expectations for the project with an updated Mineral Resource Estimate significantly expanding and upgrading the previous estimate, doubling total tonnes in resource, following a modest 20-hole drill program in 2018. In 2019, the Company will embark on a 37-hole drill program totaling 15,175 metres, with the expectation of further expanding and delineating the resource, with a view to progress the project further towards development.

Looking to 2019, we continue to build upon Ascendant's solid foundation, our objectives remain centered on operational improvements and growth provided through exploration, expansion and acquisition. We look forward to securing the proposed project funding for the expansion at El Mochito and commencing construction later in the year. In the meantime, we are pushing for better margins through improving cost efficiencies and production growth. One recent opportunity is provided by the newly completed production ramp which brings direct and efficient access from Esperanza to the underground crusher as well as highly prospective exploration potential as we search in an area that has not been tested before. As the Company embarks on exploration at both El Mochito and Lagoa Salgada, we look forward to unlocking the true exploration potential as both mineral deposits remain limited in exploration compared to our entire land package in both regions.

While Ascendant reflects on the significant progress made to date, I would like to take this opportunity to express my gratitude to all stakeholders, community partners, contractors, my colleagues across the entire organization and shareholders. Your support through the year and in the years ahead is what makes our growth and success possible. We look forward to an exciting and rewarding 2019.

Chris Buncic
President & Chief Executive Officer

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2018 Achievements

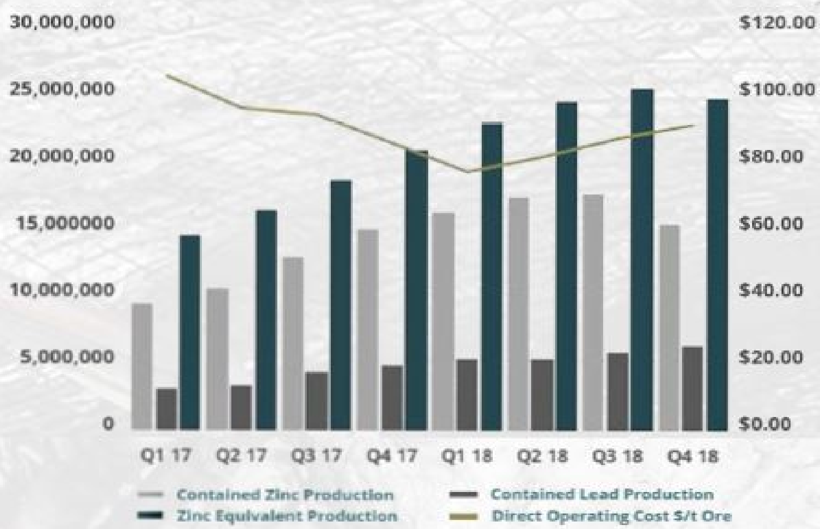
▲ **38%** Production to 91.4 M ZnEq lbs

▼ **10%** Direct Operating Costs to $78.98/t

▲ **20%** Head Grade to 6.5% ZnEq

▼ **28%** Total Safety Related Incidents

2018 Operational Highlights



Ascendant Operations

HONDURAS FACTS

Stable democratic constitution; current pro-business President re-elected in 2017 and decentralized federal government giving municipalities autonomy.

Solid infrastructure; 2 hour drive from international airport (San Pedro ~1.5M pop.). Paved road to site and reliable power source.

The **largest exports** in Honduras are apparel items and coffee beans. Two producing mines represented 4% of GDP in 2015.

Standard & Poor's raised Honduras' credit rating in July 2017 from B+ to BB-, and changed the country's outlook from stable to positive.

El Mochito Mine

OWNERSHIP	100%
METALS	Zinc, Lead, Silver
LOCATION	Las Vegas, Honduras
STAGE	Production
MINING TYPE	Underground

Lagoa Salgada Project

OWNERSHIP	25%*
METALS	Zinc, Lead,Silver,Copper, Gold, Tin
LOCATION	Grandola, Portugal
STAGE	Exploration
DEPOSIT TYPE	Polymetallic VMS

PORTUGAL FACTS

Superior Jurisdiction as Portugal has a strong economy and is a member of the European Union.

Established Mining Sector with a long history of mining and skilled workforce highlighted today by large-scale mines such as Neves Corvo and Aljustral.

Pro-Mining Government demonstrated by substantial support through favourable mining laws that encourage mineral exploration and exploitation.

World Class Infrastructure; 1.5 hour drive to project from Lisbon, modern roadways, reliable power source, accessible ports and operating smelters with capacity.

*Ascendant acquired a 25% interest in Redcorp – Empreendimentoes Mineirs, LDA., which owns an 85% interest in the Lagoa Salgada Project as well as acts as the operating entity. Ascendant has an option to increase ownership to 80% upon completion of certain milestones and payments. On a pro rata basis Ascendant currently owns an effective 21.25% of the Project.

Cultivating Growth

2019 Guidance

Pushing El Mochito to New Highs

ZnEq Production

90-110M lbs

Direct Operating Cost
($US)

$70-$80/t

Capital Expenditure
($US)

$15-$20M

10% increase in 2019 mean ZnEq production over 2018.

Growth driven by higher-grade profile as dilution control remains a focus.

Expansion Project

Striving for Long-Term Profitability El Mochito

Robust Economics with 2 Year Payback

58% Project IRR

31% Increase in Production to Annual Average of

120M lbs

26% Decrease in AISC to Annual Average of

$0.97/lb ZnEq

22% Increase in Processed Tonnes to

~2,800tpd

PEA provides compelling results for the expansion and optimization of the mine.

Construction expected to begin in H2 2019 once project funding term sheet is finalized.

Exploration Upside

Highly Prospective Exploration Potential at both El Mochito & Lagoa Salgada

HONDURAS

El Mochito

Goal is to further expand Mineral Resources.

New development allows exploration in an area of the mine never tested before.

PORTUGAL

LAGOA SALGADA

Goal to further expand and upgrade Mineral Resource Estimate and progress the project.

37-hole drill program totalling 15,175 metres planned for 2019 off the back of a modest 20-hole, 7,077 metre drill program in 2018 which doubled total tonnes in updated Mineral Resource Estimate.

Our Appraoch to Corporate Social Responsibility

Ascendant Resources Inc. is committed to responsible mining at El Mochito, prioritizing the creation of tangible benefits for all our stakeholders, including our employees, local communities and the environment in which we operate. The El Mochito mine has been in operation in the local community for over 70 years, having contributed greatly to the area. Our objective is to not only maintain this legacy, but exceed it, operating as a socially responsible business bringing economic development and prosperity while ensuring environment stewardship and best practices by all.

As a result of the Company's active role and dedication to corporate social responsibility, it was once again presented with the Empresa Socialmente Responsable (ESR) "Socially Responsible Business" award by the Foundation for Corporate Responsibility in Honduras (FUNDAHRSE) in 2018 - **for the 10th consecutive year in 2018**.

ESR
EMPRESA SOCIALMENTE RESPONSABLE

COMMUNITY

20 Years
PARTNERED WITH FUNDEMOCHITO

Educational Development Fund in partnership with the Red Cross, Municipality of Las Vegas and the Catholic Church of Las Vegas

740
CHILDREN SUPPORTED THROUGH DAILY NUTRITIONAL NEEDS

Partneres with the Honduran Government to combat low malnutrition levels in the surrounding community

3,300+
CVEM TRAINED STUDENTS SINCE INCEPTION

The vocational school is 80% funded by the El Mochito mine, training students in all aspects of mining

ENVIRONMENT

15,000+
COMMUNITY MEMBERS PROTECTED BY THE PRESERVATION OF THE WATER SUPPLY

In partnership with the municipality, the water treatment facility protects and preserves the primary water source for the local community ensuring maintained water quality

400+ HA
OF PROTECTED LAND IN PARTNERSHIP WITH THE INSTITUTE FOR FOREST CONSERVATION

Several initiatives are implemented to care for and protect surrounding plant life including a Green House that supplies seeds of native trees which are used to supplement reforestation initiatives in the surrounding communities

700+
LOCAL & MIGRATORY BIRD SPECIES NEST NEAR EL MOCHITO

At El Mochito, we continually monitor our protected conservation areas and have made reducing the minimum tree cutting threshold our objective year after year

WORKFORCE

950+
EMPLOYEES AT EL MOCHITO MINE

With a large workforce and 85% of all contracting services sourced from the local community, the impact EL Mochito has on the community spreads far and wide

↓
REDUCTION IN NUMBER OF INCIDENTS & LONGEST WORKING HOURS WITH NO INCIDENTS

Providing a safe working environment for our employees means a continuous push on driving change and promoting a safety-first culture placing emphasis on training, leadership and accountability

10x
THE MULTIPLE OF OUR WORKFORCE THAT RECIEVES BENEFITS RELATED TO HEALTH

El Mochito contributes to the health of employees and community through an on-site hospital treating workers and their dependents, emergency services in the area and vaccination campaigns and other disease prevention activities throughout the community



ASCENDANT RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

(Expressed in thousands of US dollars)

2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Ascendant Resources Inc.

Opinion

We have audited the consolidated financial statements of Ascendant Resources Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2018 and December 31, 2017
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which notes that while the Entity believes that its existing cash, together with cash from operations and additional financing will be sufficient to meet its obligations as they become due, however the Entity's ability to fund its obligations is sensitive to a number of variables which cannot be predicted with certainty, including the production output and cash flows from the Entity's operations. As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that casts significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

KPMG

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
The engagement partner on the audit resulting in this auditors' report is Lee Hodgkinson

Toronto, Canada
March 20, 2019

ASCENDANT RESOURCES INC.
Consolidated Statements of Financial Position
As at December 31, 2018 and 2017
(Expressed in thousands of US dollars)

As at	Notes	December 31, 2018	December 31, 2017
ASSETS			
Current			
Cash		$ 3,808	$ 8,041
Trade and other receivables	6	4,093	3,125
Other financial assets	20	137	-
Prepaid expenses and deposits		325	156
Concentrate and ore inventory	7	2,003	6,643
Materials and supplies inventory		9,436	10,849
Total current assets		19,802	28,814
Non-current			
Due from related parties	22	833	471
Taxes receivable	6	3,085	1,296
Investment in joint venture	5	3,011	-
Property, plant and equipment	8	39,340	21,376
Total assets		66,071	51,957
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	9	19,374	14,793
Credit facility	10	4,775	-
Finance lease obligations	11	1,185	1,084
Provision for environmental rehabilitation	12	1	381
Taxes payable	26	1,577	50
Total current liabilities		26,912	16,308
Non-current			
Finance lease obligations	11	270	380
Due to Nyrstar	18	-	1,453
Provision for environmental rehabilitation	12	6,664	8,787
Provision for future termination payments	13	8,601	8,799
Total liabilities		42,447	$ 35,727
Shareholders' equity			
Share capital	14	36,041	34,194
Warrants	15	4,935	4,967
Share-based payment reserve	16	3,095	2,106
Accumulated other comprehensive income		2,299	733
Deficit		(22,746)	(25,770)
Total shareholders' equity		23,624	16,230
Total liabilities and shareholders' equity		$ 66,071	$ 51,957

Nature of Operations and Going Concern *(Note 1)* , **Commitments and Contingencies** *(Note 23)*

APPROVED AND AUTHORIZED ON BEHALF OF THE BOARD:

Signed: "PETRA DECHER" Signed: "MARK BRENNAN"

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

ASCENDANT RESOURCES INC.

Consolidated Statements of Operations and Comprehensive Loss

For the Years Ended December 31, 2018 and 2017

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

	Notes	Year ended December 31, 2018	Year ended December 31, 2017
REVENUE	17	$ 85,618	$ 59,199
MINE PRODUCTION EXPENSES			
Mining		38,334	$ 40,614
Processing		12,129	8,101
Government Royalties		4,375	2,788
Selling, General and Administration		9,971	8,897
Concentrate Inventory		4,641	(4,471)
Depreciation and amortization		4,712	3,319
Total production expenses		74,162	59,248
TOTAL OPERATING PROFIT (LOSS)		$ 11,456	$ (49)
GENERAL AND ADMINISTRATIVE EXPENSES	18	5,984	7,405
INCOME (LOSS) BEFORE OTHER EXPENSE (INCOME)		5,472	(7,454)
OTHER EXPENSE (INCOME)	18	804	3,445
INCOME (LOSS) BEFORE INCOME TAXES		4,668	(10,899)
Income taxes	26	(1,663)	(1,158)
Net income (loss) for the period		$ 3,005	$ (12,057)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified subsequently to profit or loss			
Translation adjustment		(34)	641,740
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of future termination payments	13	1,600	-
Other comprehensive income (loss)		1,566	641,740
Total comprehensive income (loss)		$ 4,571	$ 629,683
Basic and diluted (loss) earnings per share			
Basic		$ 0.04	$ (0.18)
Diluted		$ 0.04	$ (0.18)
Weighted average number of shares outstanding			
Basic	14	74,310,271	65,482,243
Diluted	14	77,766,769	65,482,243

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

ASCENDANT RESOURCES INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017
(Expressed in thousands of US dollars)

	Notes	Year ended December 31, 2018	Year ended December 31, 2017
OPERATING ACTIVITIES			
Net income (loss) for the period		$ 3,005	$ (12,057)
Add (deduct) the following items			
Depreciation	8	4,724	3,345
Advances to joint venture expensed	5	2,248	-
Accretion expense on rehabilitation liabilities	12	310	482
Change in environmental rehabilitation estimate	12	(2,788)	62
Environmental rehabilitation payments	12	(25)	(297)
Charge on termination obligations	13	2,335	1,472
Termination liability payments	13	(932)	(726)
Assumed termination liability	13	-	105
Value added tax write-down		904	-
Material and supplies inventory adjustment		1,391	-
Materials and supplies obsolescence adjustment		266	-
Gain on settlement of amounts payable	18	(1,592)	-
Share based payments	16	1,022	1,787
Operating cash flows before changes in working capital		10,868	(5,827)
Total changes in non-cash working capital	25	5,408	(640)
Net cash flows from (used in) operating activities		16,276	(6,467)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	8	(21,738)	(13,445)
Payments on finance leases	11	(305)	-
Investment in joint venture	5	(1,361)	-
Advances to joint venture	5	(1,918)	-
Net cash flows (used in) investing activities		(25,322)	(13,445)
FINANCING ACTIVITIES			
Net proceeds from private placement of equity	14	-	13,709
Proceeds from exercise of warrants	14	151	930
Proceeds from exercise of stock options	14	-	5
Proceeds from revolving credit facility	10	5,850	-
Repayment of revolving credit facility	10	(1,075)	-
Net cash flows provided by financing activities		4,926	14,644
Change in cash during the period		(4,120)	(5,268)
Cash, beginning of period		8,041	12,615
Impact of foreign exchange in cash balances		(113)	694
Cash, end of period		$ 3,808	$ 8,041

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

ASCENDANT RESOURCES INC.

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2018 and 2017

(Expressed in thousands of 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, December 31, 2017		74,214,593	$ 34,194	$ 4,967	$ -	$ 2,106	$ (25,770)	$ 733	$ 16,230
Warrants exercised	**15**	800,000	183	(32)	-	-	-	-	151
Shares issued as consideration for investment in joint venture	**5**	2,052,546	1,650	-	-	-	-	-	1,650
RSUs vested	**16**	-	-	-	-	1,022	-	-	1,022
RSUs redeemed	**16**	25,000	14	-	-	(14)	-	-	-
RSUs cancelled	**16**	-	-	-	-	(19)	19	-	-
Income for the period		-	-	-	-	-	3,005	-	3,005
Foreign currency translation adjustment		-	-	-	-	-	-	(34)	(34)
Remeasurement adjustment of termination obligation	**13**		-	-	-	-	-	1,600	1,600
Balance, December 31, 2018		77,092,139	$ 36,041	$ 4,935	$ -	$ 3,095	$ (22,746)	$ 2,299	$ 23,624

	Notes	Number of shares	Issued Share Capital	Warrants	Shares to be issued	Share-based payments reserve	Accumulated deficit	Accumulated other comprehensive income	Total
Balance, December 31, 2016		8,853,927	$ 10,991	$ 435	$ 13,026	$ 463	$ (13,792)	$ 91	$ 11,214
Shares issued on conversion of subscription receipts	**14**	39,000,000	13,026	-	(13,026)	-	-	-	-
Private placement	**14, 15**	23,575,000	8,845	4,196	-	-	-	-	13,041
Broker warrants	**15**	-	-	668	-	-	-	-	668
Warrants exercised	**14, 15**	2,640,000	1,263	(332)	-	-	-	-	931
Options exercised	**14, 16**	24,000	8	-	-	(4)	-	-	4
Options expired	**16**	-	-	-	-	(79)	79	-	-
RSUs vested	**14**	-	-	-	-	1,787	-	-	1,787
RSUs redeemed	**14, 16**	121,666	61	-	-	(61)	-	-	-
Loss for the period		-	-	-	-	-	(12,057)	-	(12,057)
Foreign currency translation adjustment		-	-	-	-	-	-	642	642
Balance, December 31, 2017		74,214,593	$ 34,194	$ 4,967	$ -	$ 2,106	$ (25,770)	$ 733	$ 16,230

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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.

Ascendant Resources Inc. ("Ascendant" or "the Company") through its 100%-owned subsidiary American Pacific Honduras S.A. ("AMPAC") is focused on its producing El Mochito zinc, silver and lead mine in west-central Honduras, which has been in near continuous production since 1948. Since acquiring the mine in December 2016, the Company has been focused on increasing zinc equivalent production and optimizing mine operations. The Company is also engaged in the evaluation of producing and advanced development stage mineral resource opportunities, on an ongoing basis.

Management expects that the Company's existing cash at December 31, 2018 together with cash from operations and additional financing will be sufficient to fund cash requirements in the ordinary course of business for a period of at least twelve months, our liquidity position is, however, sensitive to a number of variables which cannot be predicted with certainty, including, but not limited to, meeting increased production targets, metal prices, foreign exchange rates, operational costs, and capital expenditures. 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.

2. BASIS OF PRESENTATION

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively "IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were reviewed by the Audit Committee, and approved by the Board of Directors for issue on March 20, 2019.

(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. All values are rounded to the nearest thousand ($000) except where otherwise indicated.

(c) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis except for derivatives, embedded derivatives, other financial instruments at fair value through profit or loss (“FVTPL”), which are measured at fair value.

The accounting policies set out in Note 3 have been applied consistently by the Company and its subsidiaries in preparing the consolidated financial statements for the years ended December 31, 2018 and 2017.

(d) Use of accounting estimates and judgements:

The preparation of the consolidated financial statements in conformity with IFRS requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

The Company reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that the Company believe to be reasonable under the circumstances. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and in any future periods affected.

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

– *Mineral reserves and resources* - the Company estimates mineral reserves and resources to determine future recoverable mine production based on assessment of geological, engineering and metallurgical analyses, estimates of future production costs, capital costs and reclamation costs, as well as long term commodity prices and foreign exchange rates. There are numerous uncertainties inherent in estimating mineral reserves and resources, including many factors beyond the Company’s control. The estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body and interpreting this data requires complex geological judgements.

  Changes in the mineral reserve or resource estimates may affect:
  - the carrying value of exploration and evaluation assets, capital works in progress, mining properties and plant and equipment;
  - depreciation expense for assets depreciated either on a unit-of-production basis or on a straight-line basis where useful lives are restricted by the life of the related mine or plan;
  - the provision for decommissioning, restoration and similar liabilities; and
  - the carrying value of deferred tax assets.

- *Property plant and equipment* (note 8) - the carrying amounts of property, plant and equipment and exploration and evaluation assets on the Company's consolidated balance sheets are significant and reflect multiple estimates and applications of judgement. Management exercises judgement in determining whether the costs related to exploration and evaluation are eligible for capitalization and whether they are likely to be recoverable by future exploration, which may be based on assumptions about future events and circumstances. Judgement and estimates are used when determining whether exploration and evaluation assets should be transferred to assets under construction within property, plant and equipment. For mines in the production stage, management applies judgement to determine development costs to be capitalized based on the extent they are incurred in order to access reserves mineable over more than one year. In doing this, estimates such as number of tonnes of waste to be removed over the life of the mining area and economically recoverable reserves extracted as a result.

  For depreciable property, plant and equipment assets, management makes estimates to determine depreciation. For assets depreciated using the straight-line method, useful lives of the assets or components are estimated. A significant estimate is required to determine the total production basis for units-of-production depreciation. The most currently available reserve and resource report is utilized in determining the basis which has material impacts on the amount of depreciation recorded through inventories and the consolidated income statements. There are numerous uncertainties inherent in estimating mineral reserves, and assumptions that were valid at the reporting date may change when new information becomes available. The actual volume of ore extracted and any changes in these assumptions could affect prospective depreciation rates and carrying values.

- *Tax provisions* (note 26) - management makes estimates in determining the measurement and recognition of deferred tax assets and liabilities recorded on the consolidated balance sheets. The measurement of deferred tax assets and deferred tax liabilities is based on tax rates that are expected to apply in the period that the asset is realized or liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood of taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability to realize the net deferred tax assets recorded at the balance sheet date could be affected. At the end of each reporting period, management reassesses the period that assets are expected to be realized or liabilities are settled and the likelihood of taxable income in future periods in order to support and adjust the deferred tax assets and deferred tax liabilities recognized on the consolidated balance sheets.

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

- *Provision for environmental rehabilitation* (note 12) - significant judgement and estimates are utilized in the determination of the decommissioning and restoration provisions in the consolidated balance sheets. Judgement is involved in determining the timing and extent of cash outflows required to satisfy constructive obligations based on the timing of site closures in the Life-of-Mine ("LOM") plans, expected unit costs to determine cash obligations to remediate disturbances and regulatory and constructive requirements to determine the extent of the remediation required. The timing of cash outflows and discount rates associated with discounting the provision are also key estimates. Changes in these estimates may result in a change in classification of the provision between non-current and current as well as material differences in the total provision recorded in the consolidated balance sheets.

- *Post-employment benefits* (note 13) - the Company's termination obligations relate mainly to ongoing severance plans. The Company estimates obligations related to the employee benefits plans using actuarial determinations that incorporate assumptions using management's best estimates of factors including, salary escalation, retirement dates of employees and discount rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the termination obligation is highly sensitive to changes in these assumptions. Management reviews all assumptions at each reporting date. In determining the appropriate discount rate, the Company considers the interest rates on government bonds in the respective currency, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country, and the Company bases future salary increases and severance increases on expected future inflation rates for Honduras.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and by all Company entities.

(a) Basis of consolidation:

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries, Morumbi Capital Inc. and AMPAC.

Subsidiaries

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Business combinations and goodwill

When the Company makes an acquisition, it first determines whether the assets acquired and liabilities assumed constitute a business, in which case the acquisition requires accounting as a business combination. Management applies judgement in determining whether the acquiree is capable of being conducted and managed for the purpose of providing a return, considering the inputs of the acquiree and processes applied to those inputs that have the ability to create outputs.

The Company applies the acquisition method of accounting to business combinations, whereby the goodwill is measured at the acquisition date as the excess fair value of the consideration transferred including the recognized amount of any non-controlling interests in the acquiree as compared to the fair value of the net assets acquired. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statement of operations and comprehensive loss. The assessment of fair values on acquisition includes those mineral reserves and resources that are able to be reliably measured. In determining these fair values, management must also apply judgement in areas including future cash flows, metal prices, exchange rates and appropriate discount rates. Changes in such estimates and assumptions could result in significant differences in the amount of goodwill recognized.

The consideration transferred is the aggregate of the fair values at the date of acquisition of the sum of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the acquirer in exchange for control of the acquiree. Acquisition-related costs are recognized in the consolidated statement of operations and comprehensive loss as incurred, unless they relate to issue of debt or equity securities.

Business combinations and goodwill (continued)

Where applicable, the consideration transferred includes any asset or liability resulting from a contingent consideration arrangement, which is measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS.

After initial recognition, any goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units ("CGUs") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill is allocated to the lowest level at which it is monitored for internal management purposes and is not larger than an operating segment before aggregation. Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the determination of any gain or loss on disposal.

Goodwill is not amortized but is tested for impairment annually and whenever there is an indication of impairment. If any such indication exists, the recoverable amount of the CGU is estimated in order to determine the extent of the impairment, if any. The recoverable amount is determined as the higher of fair value less costs of disposal and the CGU's value in use. An impairment loss in respect of goodwill is not reversed.

Fair value for mineral interests and related goodwill is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development.

The weighted average cost of capital of comparable market participants is used as a starting point for determining the discount rates, with appropriate adjustments for the risk profile of the country in which the operations are located and the specific risks related to the development of the project.

Business combinations and goodwill (continued)

Where the asset does not generate cash flows that are independent of other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in the consolidated statement of operations and comprehensive loss.

(b) Translation of foreign currencies:

Management determines the functional currency of each subsidiary as the currency of the primary economic environment in which the entity operates.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entity at exchange rates in effect at the transaction dates.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the period end exchange rate. Non-monetary assets and liabilities measured at fair value are translated using the exchange rates at the date when fair value was determined. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates that were in effect at the transaction dates.

Foreign currency gains and losses arising on period-end revaluations are recognized in the consolidated statement of operations and comprehensive loss, a financial liability designated as a hedge of a net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in OCI.

Foreign operations

For the purpose of the consolidated financial statements, assets and liabilities of entities that have functional currencies other than the US dollar are translated to US dollars at the reporting date using the exchange rate on that date. Revenue and expenses are translated at monthly average exchange rates that approximate those in effect at the transaction dates. Differences arising from these foreign currency translations are recognized in OCI and presented within equity in the foreign currency translation reserve. When a foreign operation is disposed, the relevant exchange differences accumulated in the foreign currency translation reserve are transferred to the consolidated statement of operations and comprehensive loss as part of the profit or loss on disposal.

Net investment in a foreign operation

Foreign currency gains and losses arising on translation of a monetary item receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are considered to form part of a net investment in the foreign operation. Such gains and losses are recognized in OCI and presented within equity in the foreign currency translation reserve.

(a) Revenue:

Revenue from the sale of goods to customers is measured at the fair value of the consideration received or receivable, net of treatment and refining charges. Revenue from the sale of by-products is included in revenue.

Sales revenue is recognized when control of the goods sold has been transferred to the buyer. Control is deemed to have passed to the customer when significant risk and reward of the product has passed to the buyer, the Company has a present right to payment and physical possession of the product has been transferred to the buyer. For medium and long-term contracts, revenue recognition criteria are assessed for individual sales within the contracts.

Sales of concentrate and certain other products are “provisionally priced”. For these contracts, sales prices are subject to final adjustment at the end of a future period after shipment, based on quoted market prices during the quotational period specified in the contract. Revenue is recognized when the above criteria are met. Therefore, revenue is initially recorded based on an initial provisional invoice. Such a provisional sale contains an embedded derivative that must be separated from the host contract. Subsequently, at each reporting date, until the provisionally priced sale is finalized, sales receivables are marked to market, with adjustments (both gains and losses) recorded within revenue and in trade and other receivables on the consolidated balance sheets. As per IFRS 15 Revenue, variability in price is deemed to be fair value movements on provisionally price receivables under the scope of IFRS 9 Financial Instruments.

The Company only includes in the transaction price an amount which is not highly likely to be subject to significant subsequent revenue reversal. Within sales contracts with customers, separate performance obligations may arise pertaining to the shipping of goods sold. Where significant, costs and the transaction price are allocated on a relative stand-alone selling basis to any separate performance obligations and are recognized over the period of time the goods sold are shipped, on a gross basis.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents have maturities of three months or less at the date of acquisition. Interest earned is included in other income on the consolidated statement of operations and comprehensive loss and in investing activities on the consolidated statements of cash flows.

Amounts that are restricted from being used for at least twelve months after the reporting date are classified as non-current assets and presented in restricted cash on the consolidated balance sheets. Changes in restricted cash balances are classified as investing activities on the consolidated statements of cash flows.

(c) Inventories:

Inventories consist of stockpiles, in-process inventory (concentrates), and supplies. Concentrates and all other saleable products are valued at the lower of cost and estimated net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Where the net realizable value is less than cost, the difference is charged to the consolidated statement of operations and comprehensive loss as an impairment.

Cost of production of concentrate inventory is determined on a weighted average cost. The cost of production includes direct costs associated with conversion of production inventory: material, labour, contractor expenses, and an attributable portion of production overheads and depreciation of all property, plant and equipment involved with the mining and production process. Estimates and judgements are required to assess the nature of any significant changes to levels of ore stockpiles.

Materials and supplies include consumable stores and spare parts used in operations. Appropriate allowances for damage, obsolescence and slow-moving items are recorded based on an identification process. Spare parts include spares that are regularly replaced, usually as part of a replacement programme (circulating spares). However, major spare parts on hand to ensure the uninterrupted operation of the production equipment before an unexpected breakdown or equipment failure and stand-by equipment are accounted for as property, plant and equipment and depreciated over the same period as the component they are associated with.

Supplies are valued at the lower of average cost and net realizable value. A regular review is undertaken to determine the extent of any provision for obsolescence.

(d) Intangible assets:

Computer software is measured at cost less accumulated amortization and accumulated impairment losses. Costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating it in the manner intended by management.

Amortization methods, useful lives, and residual values if any, are reviewed at each year end and adjusted prospectively, if required. When an intangible asset is disposed of, or when no further economic benefits are expected, the asset is derecognized, and any resulting gain or loss is recorded in the consolidated statement of operations and comprehensive loss.

Currently, the Company's intangible assets relate primarily to enterprise resource planning ("ERP") information systems, which are amortized over their estimated useful lives.

(e) Exploration and evaluation expenditures:

Exploration and evaluation activity begins when the Company obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility, and the assessment of commercial viability of an identified resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interests in mineral rights, licenses and properties and the costs of the Company's exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

Exploration and evaluations costs are initially capitalized as either tangible or intangible exploration or evaluation assets according to the nature of the assets acquired. These costs include acquisition of rights to explore, exploration drilling, carrying costs of unproved properties, and any other activities relating to evaluation of technical feasibility and commercial viability of extracting mineral resources. Cash flows associated with exploration and evaluation assets are classified as investing activities in the consolidated statements of cash flows.

Judgement is required in determining whether the respective costs are eligible for capitalization where applicable, and whether they are likely to be recoverable, which may be based on assumptions about future events and circumstances. Estimates and assumptions made may change if new information becomes available. Management has determined that exploration and evaluation costs incurred and capitalized have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, operating management expertise and existing permits. Costs incurred relating to the acquisition and claim maintenance of mineral properties, including option payments and annual fees to maintain the project in good standing, are capitalized and deferred by project until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company monitors exploration and evaluation assets for factors that may indicate their carrying amounts are not recoverable. If such indicators are identified, the Company tests the exploration and evaluation assets or their CGUs, as applicable, for impairment. The Company also tests for impairment when assets reach the end of the exploration and evaluation phase.

Exploration and evaluation assets are transferred to assets under construction within property, plant and equipment once the Company determines that probable future economic benefits will be generated as a result of the expenditures. The Company's determination of probable future economic benefit is based on management's evaluation of the technical feasibility and commercial viability of the geological properties of a given ore body based on information obtained through evaluation activities, including metallurgical testing, resource and reserve estimates and the economic assessment of whether the ore body can be mined economically. Tools that may be used to determine this include a preliminary feasibility study, confidence in converting resources into reserves and the probability that the property could be developed into a mine site. At that time, the property is considered to enter the development phase, and subsequent evaluation costs are capitalized.

(h) Property, plant and equipment:

The Company measures items of property, plant and equipment at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of an item of property, plant and equipment includes its purchase price or construction costs, including import duties and non-refundable purchase taxes, any costs directly attributable to bringing the asset into operation, and for qualifying assets, borrowing costs. The initial cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Capitalization of costs ceases once an asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. At this time, depreciation commences. For a new mine, this occurs upon commencement of commercial production. Any revenue earned in the process of preparing an asset to be capable of operating in the manner intended by management is included in the cost of the constructed asset. Any other incidental revenue earned prior to commencement of commercial production is recognized in the consolidated statement of operations and comprehensive loss.

Carrying amounts of property, plant and equipment, including assets under finance leases, are depreciated to their estimated residual value over the estimated useful lives of the assets or the estimated life of the related mine or plant, if shorter. Where components of an asset have different useful lives, depreciation is calculated on each separate component. Components may be physical or non-physical, including the cost of regular major inspections and overhauls required in order to continue operating an item of property, plant and equipment.

Certain items of property, plant and equipment are depreciated on a unit-of-production basis. The unit-of-production method is based on proven and probable tonnes of ore reserves. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that were valid at the reporting date may change when new information becomes available. The actual volume of ore extracted and any changes in these assumptions could affect prospective depreciation rates and carrying values.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Upon derecognition of an item of property, plant and equipment, the difference between its carrying value and net sales proceeds, if any, is presented as a gain or loss in other operating income or expense in the consolidated statement of operations and comprehensive loss.

(i) Assets under construction:

Assets under construction consist of items of property, plant and equipment in the course of construction or mineral properties in the course of development, including those transferred upon completion of the exploration and evaluation phase. On completion of construction or development, costs are transferred to plant and equipment and/or mining properties as appropriate. Assets under construction are not depreciated.

(ii) Mining properties:

Mining properties consist of costs transferred from assets in construction when a mining property reaches commercial production, costs of subsequent mine and exploration development, and acquired mining properties in the production stage.

Mining properties include costs directly attributable to bringing a mineral asset into the state where it is capable of operating in the manner intended by management and includes such costs as the cost of shafts, ramps, track haulage drifts, ancillary drifts, pumps, electrical substations, refuge stations, ventilation raises, permanent manways, and ore and waste pass raises. The determination of development costs to be capitalized during the production stage of a mine operation requires the use of judgements and estimates such as estimates of tonnes of waste to be removed over the life of the mining area and economically recoverable reserves extracted as a result.

A mining property is considered to be capable of operating in a manner intended by management when it commences commercial production. Upon commencement of commercial production, a mining property is depreciated on a unit-of-production method. Unit-of-production depreciation rates are determined based on the related proven and probable mineral reserves.

Subsequent mine development costs are capitalized to the extent they are incurred in order to access reserves mineable over more than one year. Ongoing maintenance and development expenditures are expensed as incurred and included in mine production expenses in profit or loss. These include ore stope access drifts, footwall and hanging-wall drifts in stopes, drawpoints, drill drifts, sublevels, slots, drill raises, stope manway access raises and definition diamond drilling.

(ii) Property, plant and equipment:

Plant and equipment consists of buildings and fixtures, surface and underground fixed and mobile equipment and assets under finance lease.

Plant and equipment are depreciated on either unit-of-production or straight-line basis based on factors including the production life of assets and mineable reserves. In general, mining assets are depreciated using a unit-of-production method; equipment is depreciated using the straight-line method, based on the shorter of its useful life and that of the related mine or facility; and plants are depreciated using the straight-line method, with useful lives limited by those of related mining assets.

(iii) Depreciation rates of major categories of assets:

- Mining properties	- unit-of-production
- Mining assets	- unit-of-production
- Other plant assets	- straight-line over 1 to 5 years unit-of-production
- Equipment	- straight-line over 1 to 5 years

The Company reviews its depreciation methods, remaining useful lives and residual values at least annually and accounts for changes in estimates prospectively.

(j) Impairment of non-financial assets:

At the end of each reporting period, the Company reviews the carrying amounts of property, plant and equipment, exploration and evaluation assets and intangible assets - computer software to determine whether there is any indication of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset in order to determine the extent of the impairment loss, if any. The Company generally assesses impairment at the level of CGUs, which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of cash inflows from other assets.

The Company allocates exploration and evaluation assets to CGUs based on their operating segment, geographic location and management's intended use for the property. Exploration and evaluation assets are allocated to CGUs separate from those containing producing or development-phase assets, except where exploration and evaluation assets have the potential to significantly affect the future production of producing or development-phase assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount of the asset or CGU is made. The recoverable amount is the higher of the fair value less costs of disposal and value in use:

– Fair value less costs of disposal is the amount obtainable from the sale of the asset or CGU in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Fair value for mineral assets is often determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to arrive at a net present value of the asset.

– Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset or CGU in its present form and its eventual disposal, discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use calculations apply assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value, and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The Company estimates future cash flows based on estimated future recoverable mine production, expected sales prices (considering current and historical commodity prices, price trends and related factors), production levels and cash costs of production, all based on detailed engineering LOM plans. Future recoverable mine production is determined from reserves and resources after taking into account estimated dilution and recoveries during mining, and estimated losses during ore processing and treatment. Estimates of recoverable production from measured, indicated and inferred mineral resources not included in the LOM plan are assessed for economic recoverability and may also be included in the valuation of fair value less costs of disposal. Gains from the expected disposal of assets are not included in estimated future cash flows. Assumptions underlying future cash flow estimates are subject to risks and uncertainties. Changes in estimates may affect the expected recoverability of the Company's investments in mining properties.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount, and an impairment loss is recognized in the consolidated statement of operations and comprehensive loss in the expense category consistent with the function of the impaired asset or CGU. The Company presents impairment losses on the consolidated statement of operations and comprehensive loss as part of results from operating activities.

(k) Provisions:

Provisions are recognized when the Company or its subsidiaries has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are recognized in the consolidated financial statements, if estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote.

Mine closure and restoration

Provisions for mine closure and restoration are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include such costs as dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate and the accretion is included in finance costs. At the time of establishing the provision, the net present value of the obligation is capitalized as part of the cost of mineral properties.

The provision is reviewed on an annual basis for changes in cost estimates, discount rates, inflation and operating lives. The net present value of changes in cost estimates of the mine closure and restoration obligations are capitalized to mineral properties.

Restoration activities will occur primarily upon closure of a mine but can occur from time to time throughout the life of the mine. As restoration projects are undertaken, their costs are charged against the provision as the costs are incurred.

(l) Financial Instruments:

Non-derivative financial instruments are initially recognized at fair value plus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, directly attributable transaction costs. Measurement in subsequent periods depends on the financial instrument's classification. The Company uses trade date accounting for regular way purchases or sales of financial assets. The Company determines the classification of its financial instruments and non-financial derivatives at initial recognition.

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheets when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The classification of financial assets is based on the results of the contractual characteristics test and the business model assessment which will result in the financial asset being classified as either: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

(i) Non-derivative financial instruments - classification:

Financial assets at fair value through profit or loss
Provisionally priced zinc sales receivables and the Company's advances to associates and joint ventures where repayments do not meet the criteria as Solely Payments of Principal and Interest ("SPPI") are classified as financial assets at fair value through profit or loss and are measured at fair value. The unrealized gains or losses related to changes in fair value are reported in other finance income/expense in the consolidated income statements, except gains and losses on the non-hedge financial derivatives related to customer sales contracts are presented in revenue.

Amortized cost
Cash and other receivables are classified as and measured at amortized cost and are carried at amortized cost using the effective interest rate method, less impairment losses, if any.

Non-derivative financial liabilities
Accounts payable and credit facility are initially recognised at FVTPL and subsequently accounted for at amortized cost, using the effective interest rate method.

(ii) Derivatives:

Derivatives are initially recognized at fair value when the Company becomes a party to the derivative contract and are subsequently re-measured to fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated income statements immediately unless the derivative is designated and effective as a hedging instrument. Derivatives with positive fair value are recognized as assets; derivatives with negative fair value are recognized as liabilities.

Contracts to buy or sell non-financial items that meet the definition of a derivative but were entered into and are held in accordance with the Company's expected purchase, sale or usage requirements are not recognized as derivatives. Such contracts are recorded as non-derivative purchases and sales.

(iii) Embedded derivatives:

The Company considers whether a contract contains an embedded derivative when it becomes a party to the contract. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

(iv) Fair values of financial instruments:

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Fair values of financial instruments traded in active markets are determined based on quoted market prices, where available. Bid prices are generally used for assets held or liabilities to be issued; asking prices are generally used for assets to be acquired or liabilities held.

For financial instruments not traded in an active market, fair values are determined based on appropriate valuation techniques. Such techniques may include discounted cash flow analysis, using recent arm's-length market transactions, reference to the current fair value of another instrument that is substantially the same, and other valuation models.

The Company applies a hierarchy to classify valuation methods used to measure financial instruments carried at fair value. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuation techniques use significant observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices), or valuations are based on quoted prices for similar instruments; and
- Level 3: Valuation techniques use significant inputs that are not based on observable market data (unobservable inputs).

An analysis of fair values of financial instruments is provided in note 20.

(vi) Derecognition of financial instruments:

The Company derecognizes financial assets when the contractual rights to the cash flows from the assets expire, or when the Company transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expire or when its terms are modified and the cash flows of the modified liability are substantially different.

(m) Taxation:

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

Additionally, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future periods.

Deferred Tax

Deferred tax is recognized using the balance sheet method in respect of temporary differences at the balance sheet date between the tax basis of assets and liabilities, and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Judgement is required in determining whether deferred tax assets are recognized on the consolidated balance sheets. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood of taxable profit in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability to realize the net deferred tax assets recorded at the balance sheet date could be affected.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes relating to items recognized outside profit or loss (whether in other comprehensive income or directly in equity) are recognized outside profit or loss and not in the consolidated income statements. Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax.

(n) Loss per share:

The Company presents basic and diluted earnings (loss) per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which currently consist of stock options and RSUs granted to employees and warrants.

When calculating earnings per share for periods where the Company has a loss, Ascendant's calculation of diluted earnings per share excludes any incremental shares from the assumed conversion of stock options, RSUs, and warrants as they would be anti-dilutive.

(o) Share Capital and Reserves:

<u>Transaction costs</u>

Transaction costs directly attributable to equity transactions are recognized as a deduction from equity.

<u>Share-based payment reserve</u>

Share-based payment reserve is used for equity-settled share-based payments and includes amounts for stock options and RSUs granted, vested and not exercised.

<u>Foreign currency translation reserve</u>

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. Exchange differences arising from the translation of the financial statements of foreign operations form part of the net investment in the foreign operation. Translation gains and losses remain in the reserve until disposal of all or a portion of the foreign operation.

(p) Share-based payments:

The Company maintains a Restricted Share Unit (“RSU”) and stock option plan for employees, directors, and other qualified individuals.

Equity-settled transactions, which include RSUs and stock options, are measured by reference to their fair value at the grant date. The fair value for RSUs is determined using the market value of the common shares, as listed on the TSX, at the close of business at the grant date. The fair value for stock options is determined using a Black-Scholes option pricing model, which relies on estimates of the future risk-free interest rate, future dividend payments, future share price volatility and the expected average life of options. The Company believes this model adequately captures the substantive features of the option awards, and are appropriate to calculate their fair values. The fair value determined for both RSUs and stock options at grant date is recognized over the vesting period in accordance with the vesting terms and conditions, with a corresponding increase to share-based payment reserve.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 16. The fair value determined at the grant date of the equity-settled share-based payments is expensed in profit or loss over the vesting period in accordance with vesting terms and conditions, with a corresponding increase to share-based payment reserve. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest, if any.

(p) Leases

Finance leases, under which substantially all the risks and rewards incidental to ownership of the leased item are transferred to the Company, are capitalized as assets at the inception of the lease at the lower of fair value or the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated income statements as finance costs.

Under operating lease arrangements, the risks and rewards incidental to ownership are not transferred to the Company. Operating lease payments are recognized as an expense in the consolidated income statements on a straight-line basis over the lease term.

(q) Interests in Joint Arrangements

A joint arrangement can take the form of a joint venture or joint operation. All joint arrangements involve a contractual arrangement that establishes joint control, which exists only when decisions about the activities that significantly affect the returns of the investee require unanimous consent of the parties sharing control. A joint operation is a joint arrangement in which the Company has rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which the Company has rights to only the net assets of the arrangement.

Joint ventures are accounted for in accordance with the policy “Investments in Associates and Joint Ventures.” Joint operations are accounted for by recognizing the Company’s share of the assets, liabilities, revenue, expenses and cash flows of the joint operation in the consolidated financial statements.

(r) Investments in Associates and Joint Ventures

Investments over which the Company exercises significant influence and which the Company does not control or jointly control are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale. Investments in joint ventures as determined in accordance with the policy “Interests in Joint Arrangements” are also accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's or joint venture's net assets such as dividends.

The Company's proportionate share of the associate's or joint venture's profit or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between the Company's accounting policies and the associate's or joint venture's policies before applying the equity method. Adjustments are also made to account for depreciable assets based on their fair values at the acquisition date of the investment and for any impairment losses recognized by the associate or joint venture.

If the Company's share of the associate's or joint venture's losses equals or exceeds the investment in the associate or joint venture, recognition of further losses is discontinued. After interest is reduced to zero, additional losses will be provided for and a liability recognized only to the extent that the Company has incurred legal or constructive obligations to provide additional funding or make payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

At each reporting date, the Company considers whether there is objective evidence of impairment in associates and joint ventures, and records an impairment charge accordingly.

4. NEW STANDARDS

New standards and interpretations adopted

(a) IFRS 9, Financial Instruments ("IFRS 9")

Issued on July 24, 2014, IFRS 9 is the IASB's replacement of IAS 39, Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after January 1, 2018 with early adoption permitted. The Company has finalized its determination of the effect of adoption of IFRS 9 on its consolidated financial statements:

- The embedded derivatives within our provisionally priced sales receivables are no longer bifurcated from the accounts receivable recorded; therefore, both are presented together on the balance sheets, and provisionally priced sales receivables are recorded at FVTPL.
- An expected credit loss model is used to impair any financial assets measured at amortized cost when material. There was no impact to earnings as a result of this.

The Company applied this amendment on January 1, 2018, and as a result of the adoption no adjustments were required to the Company's consolidated financial statements.

(b) IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15 which is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The Company finalized its determination of the effect of adoption of IFRS 15 on its consolidated financial statements:

- The Company does not have any differences pertaining to the timing or the amount of revenue recognition for concentrate sales.
- Within sales contracts with customers, separate performance obligations may arise pertaining to the shipping of goods sold. Where significant, costs and the revenue allocated to this separate performance obligation are recognized over the period of time the goods sold are shipped, on a gross basis. No material impacts occurred as a result of separate performance obligations.
- The Company has disclosed revenue generated from changes in mark-to-market of its provisionally priced sales separately from revenue from sale of concentrates. This has created differences in revenue from sale of concentrates as previously reported due to the fair value adjustments subsequent to initial provision invoicing being reported on a separate line.

The Company applied this amendment on January 1, 2018, and as a result of the adoption no adjustments were required to the Company's consolidated financial statements.

(c) IFRIC Interpretation 22, Foreign Currency Transactions and Advance Consideration ("IFRIC 22")

IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Interpretations Committee concluded that the exchange rate should be the rate used to initially measure the non-monetary asset (prepaid asset) or liability (deferred credit) when the advance was made. If there were multiple advances, each receipt or payment would be measured at the date the non-monetary asset or liability is recognized. This interpretation is effective for annual periods beginning on or after January 1, 2018, is consistent with the Company's existing policies, and therefore does not have any effect on the Company's financial results.

New standards and interpretations not yet adopted

The Company's consolidated financial statements have been prepared based on all IFRS and interpretations effective as at December 31, 2018. The following new standards, amendments to standards and interpretations are not yet effective or have otherwise not yet been adopted by the Company:

(d) IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued this standard which is effective for periods beginning on or after January 1, 2019, which replaces the current guidance in IAS 17, Leases ("IAS 17"), and is to be applied either retrospectively or using the modified retrospective approach. Early adoption is permitted, but only in conjunction with IFRS 15, Revenue from Contracts with Customers. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflective of future lease payments and a "right-of-use asset" for virtually all lease contracts, which will cause, with limited exceptions, most leases to be recorded 'on balance sheet'. The new standard also requires more extensive disclosures than under IAS 17.

The Company will apply the new standard on its effective date of January 1, 2019 using the modified retrospective approach, which means the cumulative effect of adoption will be recognized upon adoption and comparatives will not be restated. The Company will record right-of-use assets based on the lease liabilities determined as at January 1, 2019 and a result, will not have a retained earnings adjustment on transition.

The Company will apply the transitional practical expedient to apply the criteria of IFRS 16 only to arrangements that were previously identified as leases by applying IAS 17, and IFRIC 4: Determining whether an Arrangement contains a Lease. Only contracts entered into or amended after January 1, 2019, will be assessed for being, or containing, leases by applying the criteria of the new standard. The Company has further elected to use the available exemptions as permitted by IFRS 16 for lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low-value.

As at December 31, 2018, the review of the effect of adopting IFRS 16 on the Company's financial statements is nearing completion. Work related to the calculation and review of the lease balances under the requirements of IFRS 16 is being finalized.

The Company's existing operating lease commitments under IAS 17, as disclosed in Note 11, will be the main source of leases under the new standard. The final quantitative impact of adopting IFRS 16 will be provided in the Company's report for the first quarter of 2019.

On the transition date of January 1, 2019, the Company expects to recognize additional leases on the consolidated balance sheet, which will increase finance lease obligations and property, plant and equipment balances. As a result of recognizing additional finance lease obligations, the expected impact is a reduction in cost of sales, as operating lease expense will be replaced by depreciation expense and finance expenses. In addition, the classification between cash flow from operating activities and cash flow from financing activities will also change.

(e) IAS 28, Investments in Associates and Joint Ventures ("IAS 28")

The IASB issued amendments to IAS 28 "Investments in Associates and Joint Ventures". The amendment is intended to clarify that an entity applies IFRS 9 "Financial Instruments" to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendments are to be applied retrospectively for fiscal years beginning on or after January 1, 2019. The amendments and additions to IAS 28 have resulted in the Company recording the advances to joint venture where the repayments do not meet the SPPI criteria as financial assets at fair value through profit or loss and measured at fair value.

5. INVESTMENT IN REDCORP

On June 27, 2018 (the "closing date"), the Company entered into an agreement with TH Crestgate GmbH ("Crestgate") to acquire an initial 25% interest in its Portuguese subsidiary Redcorp - Emprendimentos Mineiros, Lda ("Redcorp"), which holds an 85% interest in the polymetallic Lagoa Salgada volcanogenic massive sulphide ("VMS") Project, as well as an option to earn up to an 80% interest in Redcorp upon completion of certain milestones.

• Ascendant acquired an initial effective 25% interest in Redcorp for an upfront payment of $2.45 million composed of $0.8 million in cash ($0.4 million on closing of the transaction and $0.4 million on July 15, 2018) and $1.65 million in 2,053,546 Ascendant shares.
• Ascendant has the right to earn a further effective 25%, totaling an 50% interest in Redcorp via staged payments and funding obligations as outlined below:

> Investing a minimum of $9.0 million directly in Redcorp within 48 months of the closing date, to fund exploration drilling, metallurgical test work, economic studies and other customary activities for exploration and development, and
>
> Making payments totaling $3.5 million to Crestgate according to the following schedule or earlier:
>
> > 6 months after the closing date: $0.25 million (December 27, 2018 – paid)
> > 12 months after the closing date: $0.25 million (June 27, 2019)
> > 18 months after the closing date: $0.5 million (December 27, 2019)
> > 24 months after the closing date: $0.5 million (June 27, 2020)
> > 36 months after the closing date: $ 1.0 million (June 27, 2021)
> > 48 months after the closing date: $ 1.0 million (June 27, 2022)

• The Company then has the option to earn an additional 30%, totaling an 80% interest in Redcorp, by completing a Feasibility study within 54 months (December 27, 2022) of the closing date and making a further payment of $2.5 million to Crestgate.
• The Company will fund all development and future construction costs and recoup Crestgate's share of investment through shareholders' distributions until all the expenditures incurred in the project have been repaid.
• Ascendant will retain a Right of First Offer on the remaining equity held by Crestgate.

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

5. INVESTMENT IN REDCORP (continued)

At December 31, 2018, the Company holds a 25% interest in the Redcorp joint venture, with the remaining 75% held by Crestgate. The Redcorp joint venture is governed by the Shareholders' Agreement between the joint venture partners that requires unanimous approval for certain key strategic, operating, investing and financing policies of the Redcorp joint venture. There are no publicly quoted market prices for Redcorp.

It is expected that the net assets and liabilities of Redcorp will be distributed to the Company. The Company accounts for this investment using the equity method; accordingly, the investment will be adjusted for the Company's share of profit and loss at each reporting period. As a Project site operating entity, Redcorp's exploration and evaluation expenditures are capitalized, and the Company did not report losses attributable to Redcorp's operations in its Consolidated Financial Statements. The advances to Redcorp of $2,248 are classified as financial assets at fair value through profit or loss and are measured at fair value, which resulted in a total expense of $2,248 recognized in other expense items (see note 18).

The following is a summary of selected financial information of Redcorp prepared under IFRS, which is considered to be a joint venture at December 31, 2018, and the carrying amount of the investment on the consolidated statements of financial position:

Summarized consolidated statements of financial position:

Item	**December 31, 2018**
Current assets	$ 618
Non-current assets	1,789
Current liabilities	(163)
Non-current liabilities	(1,996)
Net assets (liabilities)	$ 248

Statement of investment in joint venture:

	Year ended December 31, 2018
Balance, beginning of period	$ -
Investment in joint venture	2,700
Acquisition costs	311
Loss from investment in joint venture	-
Balance, end of period	$ 3,011

Advances to joint venture:

	Year ended December 31, 2018
Balance, beginning of period	$ -
Advances to joint venture	2,248
Valuation allowance	(2,248)
Balance, end of period	$ -

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

6. TRADE AND OTHER RECEIVABLES

	December 31, 2018	December 31, 2017
Current		
Trade receivables	$ 4,031	$ 2,944
Taxes receivable	62	37
Other receivables	-	144
	4,093	3,125
Non-current		
Taxes receivable	3,085	1,296
	$ 7,178	$ 4,421

Current taxes receivable relates to refundable Harmonized Sales Tax (“HST”) in Canada

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 or tax credits. At December 31, 2018 and 2017, non-current assets consist entirely of Honduran VAT receivable.

7. 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.

	December 31, 2018	December 31, 2017
Mineralized stockpiles	$ 295	$ 134
Concentrates	1,708	6,509
Concentrate and ore inventory	$ 2,003	6,643

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

8. PROPERTY, PLANT AND EQUIPMENT

	Property, Plant and Equipment	Assets Under Construction	Computer and Office Equipment	Total
Cost as at January 1, 2018	$ 24,021	$ 666	$ 36	$ 24,723
Additions	20,589	2,095	6	22,690
Foreign currency translation	-	-	(4)	(4)
As at December 31, 2018	44,610	2,761	38	47,409
Accumulated depreciation and amortization as at January 1, 2018	(3,321)	-	(26)	(3,347)
Charge for the period	(4,712)	-	(12)	(4,724)
Foreign currency translation	-	-	2	2
As at December 31, 2018	(8,033)	-	(36)	(8,069)
Net book value, December 31, 2018	$ 36,577	$ 2,761	$ 2	$ 39,340
Cost as at January 1, 2017	$ 10,411	$ -	$ 1	$ 10,412
Additions	11,713	2,563	34	14,310
Transfers	1,897	(1,897)	-	-
Foreign currency translation	-	-	1	1
As at December 31, 2017	24,021	666	36	24,723
Accumulated depreciation and amortization as at January 1, 2017	(2)	-	-	(2)
Depreciation	(3,319)	-	(26)	(3,345)
Foreign currency translation	-	-	-	-
As at December 31, 2017	(3,321)	-	(26)	(3,347)
Net book value, December 31, 2017	$ 20,700	$ 666	$ 10	$ 21,376

The carrying value of property, plant and equipment under finance leases at December 31, 2018 was $1,660 (December 31, 2017 - $1,464). Refer to Note 11.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2018	December 31, 2017
Trade Payables	$ 7,779	$ 7,264
Accrued liabilities	8,612	3,819
Accrued payroll and other	2,983	3,710
	$ 19,374	$ 14,793

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

10. CREDIT FACILITY

On August 24, 2018 the Company entered into a $5.0 million 12-month term revolving credit facility. The credit facility bears interest at a rate of 8% for drawn downs in US dollar ("USD") currency and 13% for drawn downs in Honduran Lempira ("HNL") currency, and is renewable on an annual basis. Any amounts drawn under the revolving credit facility are payable in 12 monthly instalments. The credit facility is secured by a pledge of the Company's real estate assets at the port of Puerto Cortes, Honduras as well as a corporate guarantee to AMPAC by the parent company. The interest rate effective at December 31, 2018 was 8% relating solely to amounts drawn in USD.

11. FINANCE LEASE OBLIGATIONS

	December 31, 2018	December 31, 2017
Total minimum lease payments	1,548	1,477
Effect of discounting	(93)	(13)
Present value of minimum lease payments	1,455	1,464
Less: current portion	(1,185)	(1,084)
	270	380
Minimum payments under finance leases		
Due no later than 1 year	1,205	1,095
Due later than 1 year less than 5 years	343	382
	1,548	1,477

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

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

12. 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 costs will largely be incurred on mine closure. These activities include costs for earthworks, including land re-contouring and re-vegetation, water treatment and demolition.

The assumptions used in the estimate of the provision are as follows:

	Undiscounted liability for closure	Expected dates of expenditure	Pre-tax discount rate	Inflation factor	Present value of cash flow required on closure
El Mochito mine operation	$ 11,745	2019 - 2038	4.09%	2.39%	$ 6,664

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

	Year ended December 31, 2018	Year ended December 31, 2017
Balance, beginning of period	$ 9,168	$ 9,119
Change in estimate	(2,788)	62
Accretion	310	482
Rehabilitation payments	(25)	(297)
Rehabilitation of McKinley Property	-	(202)
Foreign currency translation adjustment	-	4
Balance, end of period	6,665	9,168
Less: Current portion	1	381
	$ 6,664	$ 8,787

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

13. 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 has been calculated by 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 10.08% for employees who receive benefits in Honduran Lempiras and 3.76% for employees who receive benefits in US dollars.

Actuarial Valuation of termination benefits:

Termination obligation	Notes	Notification	Severance	Death	Total
Balance at December 31, 2017		$ 1,115	$ 7,669	$ 15	$ 8,799
Current service cost		78	804	-	882
Past service cost		167	597	(3)	761
Net interest cost		90	600	2	692
Remeasurement adjustment of termination obligation		(235)	(1,374)	9	(1,600)
Exchange rate adjustment		-	(1)	-	(1)
Benefit payments		(115)	(807)	(10)	(932)
Balance at December 31, 2018		$ 1,100	$ 7,488	$ 13	$ 8,601

Termination obligation	Notes	Notification	Severance	Death	Total
Balance at December 31, 2016		$ 1,060	$ 6,862	$ -	$ 7,922
Current service cost		103	706	-	809
Past service cost		-	-	15	15
Net interest cost		82	566	-	648
Exchange rate adjustment		3	23	-	26
Benefit payments		(133)	(593)	-	(726)
Assumed liability		-	105	-	105
Balance at December 31, 2017		$ 1,115	$ 7,669	$ 15	$ 8,799

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

14. 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:

	Notes	Number of Common Shares		Share Capital
Balance, December 31, 2016		**8,853,927**	**$**	**10,991**
Shares issued on conversion of subscription receipts	(i)	39,000,000		14,551
Warrant valuation	(i)	-		(313)
Share issue costs	(i)	-		(1,212)
Private placement	(iii)	23,575,000		14,935
Private placement - warrant valuation	(iii)	-		(4,744)
Private placement - share issue costs	(iii)	-		(1,346)
Warrants exercised	(ii)	2,640,000		1,263
Options exercised		24,000		8
RSUs redeemed		121,666		61
Balance, December 31, 2017		**74,214,593**		**34,194**
Shares issued as consideration for investment in Redcorp	**5**	2,052,546		1,650
Warrants exercised		800,000		183
RSUs redeemed		25,000		14
Balance, December 31, 2018		**77,092,139**	**$**	**36,041**

(i) In tandem with the completion of the acquisition of AMPAC in December 2016, the Company 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 $14,551 (Cdn$19,500), issuance costs of $1,212 (Cdn$1,624), and 2,340,000 compensation warrants valued at $313 (Cdn$420). On January 20, 2017, all of the subscription receipts were converted into 39,000,000 common shares of the Company.

(ii) On December 7, 2017, all of the 2,340,000 compensation warrants issued in 2016 in connection with the acquisition of AMPAC were exercised at Cdn$0.50 each for gross proceeds of $873 (Cdn$1,170).

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

14. 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 (Cdn$20,038). 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 (Cdn$6,365) reduced by issuance costs of $548 (Cdn$736), resulting in a net value of $4,196 (Cdn$5,629).

See Note 15 (i) 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 years ended December 31, 2018 and 2017 is as follows:

Weighted Average Number of Shares Outstanding	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Basic	74,310,271	65,482,243
Dilutive effect of warrants	776,094	-
Dilutive effect of options	287,155	-
Dilutive effect of RSUs	2,393,249	-
Diluted	77,766,769	65,482,243

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:

	Year ended December 31, 2018	**Year ended December 31, 2017**
Loss per Share		
Anti-dilutive warrants	13,202,000	15,102,000
Anti-dilutive options	163,334	570,334
Anti-dilutive RSUs	-	6,333,334

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

15. WARRANTS

As at December 31, 2018 and 2017, warrants outstanding were as follows:

	December 31, 2018			December 31, 2017		
Expiry Date	Exercise Price (Cdn$)	Number of Warrants	Exercisable	Exercise Price (Cdn$)	Number of Warrants	Exercisable
October 31, 2018	$0.25	-	-	$0.25	800,000	800,000
July 31, 2019	$0.25	1,100,000	1,100,000	$0.25	1,100,000	1,100,000
March 7, 2022	$1.25	11,787,500	11,787,500	$1.25	11,787,500	11,787,500
March 7, 2019	$0.85	1,414,500	1,414,500	$0.85	1,414,500	1,414,500
	$1.13	14,302,000	14,302,000	$1.09	15,102,000	15,102,000

- On March 7, 2019, a total of 1,414,500 compensation warrants expired unexercised.

At December 31, 2018, the weighted average remaining contractual life of the warrants was 2.69 years (December 31, 2017 – 3.54 years).

Warrants transactions are summarized as follows:

		December 31, 2018			December 31, 2017		
		Number of warrants	Exercise price (Cdn$)	Warrants	Number of warrants	Exercise price (Cdn$)	Warrants
Balance, beginning of period		15,102,000	$1.09	$ 4,967	4,540,000	$0.38	$ 435
Warrants granted	(i)	-	-	-	11,787,500	$1.25	4,196
Compensation warrants granted	(i)	-	-	-	1,414,500	$0.85	668
Warrants exercised		(800,000)	$0.25	(32)	(2,640,000)	$0.47	(332)
Balance, end of period		14,302,000	$1.13	$ 4,935	15,102,000	$1.09	$ 4,967

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

15. WARRANTS (continued)

(i) 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 (Cdn$20,038). 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 (Cdn$6,365) reduced by issuance costs of $548 (Cdn$736), resulting in a net value of $4,195 (Cdn$5,629). 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 (Cdn$896). 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.

16. SHARE-BASED PAYMENT RESERVE

	December 31, 2018			December 31, 2017		
	Options	Restricted share units	Share-based payment reserve	Options	Restricted share units	Share-based payment reserve
Balance, beginning of period	$ 380	$ 1,726	$ 2,106	$ 463	$ -	$ 463
Options exercised	-	-	-	(3)	-	(3)
Options expired	-	-	-	(80)	-	(80)
RSUs vested	-	1,022	1,022	-	1,787	1,787
RSUs redeemed	-	(14)	(14)	-	(61)	(61)
RSUs cancelled/forfeited	-	(19)	(19)	-	-	-
Balance, end of period	$ 380	$ 2,715	$ 3,095	$ 380	$ 1,726	$ 2,106

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.

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

16. SHARE-BASED PAYMENT RESERVE (continued)

No options were granted under the Option Plan during the years ended December 31, 2018 and 2017, and none have been granted since 2015.

As at December 31, 2018 and 2017 the Company had outstanding stock options enabling the holders to acquire common shares as follows:

	December 31, 2018			December 31, 2017		
Expiry date	Exercise Price (Cdn$)	Number of Options	Exercisable	Exercise Price (Cdn$)	Number of Options	Exercisable
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	367,000	367,000
October 27, 2020	$0.25	40,000	40,000	$0.25	40,000	40,000
	$0.64	570,334	570,334	$0.64	570,334	570,334

At December 31, 2018, the weighted average remaining contractual life of the stock options was 1.22 years (December 31, 2017 – 2.22 years).

Stock option transactions are summarized as follows:

	December 31, 2018			December 31, 2017		
	Number of Options	Exercise Price (Cdn$)	Share-based payment reserve	Number of Options	Exercise Price (Cdn$)	Share-based payment reserve
Balance, beginning of period	570,334	$0.64	$ 380	607,667	$0.77	$ 463
Options exercised	-	-	-	(24,000)	$0.25	(3)
Options expired	-	-	-	(13,333)	$7.05	(80)
Balance, end of period	570,334	$0.64	$ 380	570,334	$0.64	$ 380

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

16. SHARE-BASED PAYMENT RESERVE (continued)

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 RSU Plan provides for the issuance of RSUs to acquire up to 10% of the Company's issued and outstanding capital. The RSU Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of RSUs will increase as the Company's issued and outstanding share capital increases.

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

As at December 31, 2018 and 2017 the Company had restricted share units enabling the holders to redeem common shares as follows:

		December 31, 2018			December 31, 2017		
		Number of RSUs Granted	Grant date fair value (Cdn$)	Number of RSUs Vested & Redeemable	Number of RSUs Granted	Grant date fair value (Cdn$)	Number of RSUs Vested & Redeemable
April 18, 2017	(i)	5,693,333	$0.65	3,513,333	5,693,334	$0.65	1,583,334
November 22, 2017	(ii)	565,000	$0.70	238,333	640,000	$0.70	66,667
		6,258,333	$0.66	3,751,667	6,333,334	$0.65	1,650,001

As of December 31, 2018, there were 6,258,332 RSUs outstanding, which includes 3,751,667 RSUs that have vested, and are redeemable as of December 31, 2018.

For the year ended December 31, 2018, the Company recognized share-based payment expense relating to the vesting of RSUs of $1,022 (2017 - $1,787).

Restricted share unit vesting transactions are summarized as follows:

	December 31, 2018			December 31, 2017		
	Number of RSUs Vested & Redeemable	Grant date fair value (Cdn$)	Share-based payment reserve	Number of RSUs Vested & Redeemable	Grant date fair value (Cdn$)	Share-based payment reserve
Balance, beginning of period	1,650,001	$0.65	$ 1,726	-	-	$ -
RSUs Vested	2,126,667	$0.66	1,022	1,771,667	$0.65	1,787
RSUS Redeemed	(25,000)	$0.70	(14)	(121,666)	$0.66	(61)
RSUs Forfeited/Cancelled	-	-	(19)	-	-	-
Balance, end of period	3,751,667	$0.66	$ 2,715	1,650,001	$0.65	$ 1,726

16. SHARE-BASED PAYMENT RESERVE (continued)

Restricted Share Units ("RSUs") (continued)

(i) 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 5,790,000 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.

(ii) On November 22, 2017, the Company granted 665,000 Restricted Share Units ("RSUs"), subject to certain eligible participants under the Company's RSU Plan, including certain officers, directors, and employees.

Of the 665,000 RSUs granted, 275,000 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 390,000 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.

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

17. REVENUE

			Year ended December 31, 2018		Year ended December 31, 2017
Revenue from zinc and lead concentrates		$	91,166	$	56,311
Adjustments from initial estimate	(i)		(5,548)		2,888
		$	85,618	$	59,199

(i) Adjustments from initial estimate represent mark-to-market adjustments on provisionally priced sales.

The Company's analysis of revenues by product is as follows:

		Year ended December 31, 2018		Year ended December 31, 2017
Zinc	$	55,404	$	40,518
Lead		18,273		11,061
Silver		11,941		7,620
	$	85,618	$	59,199

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

18. ADMINISTRATIVE EXPENSES AND OTHER EXPENSE ITEMS

	Notes	Year ended December 31, 2018	Year ended December 31, 2017
GENERAL AND ADMINISTRATIVE EXPENSES			
Consulting fees		$ 135	$ 387
Wages and salaries		3,506	3,473
Professional fees		549	670
Office and miscellaneous		630	877
Depreciation	**8**	12	26
Travel and promotion		130	185
Share-based payments	**16**	1,022	1,787
		$ 5,984	$ 7,405
OTHER EXPENSE (INCOME) ITEMS			
Loss (gain) on foreign exchange		$ (49)	$ 1,044
Charge on termination obligations	(i)	2,335	1,472
Accretion expense on rehabilitation liabilities	**12**	310	482
Interest and bank charges		1,022	273
Advances to joint venture	**5**	2,248	-
Gain on settlement with Nyrstar	(ii)	(2,953)	-
Gain on remeasurement of environmental rehabilitation estimate	**13**	(2,788)	-
Other loss (income)		679	174
		$ 804	$ 3,445

(i) Charge on termination obligations includes an assumed liability expense of $761to reflect the transfer of employees from a third-party contractor into AMPAC's payroll and severance plan (see Note 13).

(ii) In May 2018 the Company finalized a working capital adjustment and certain other matters related to the El Mochito acquisition, with a value of $2,953 to the Company. Of this amount, $1,500 was a direct cash payment to the Company, and $1,453 was an off-set against a loan in that same amount advanced by Nyrstar Finance International AG to the Company in December 2016.

19. 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 includes equity, comprised of issued capital stock, warrants, share-based payments reserve and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its mineral exploration and evaluation activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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 years ended December 31, 2018 and 2017.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

20. FINANCIAL INSTRUMENTS

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

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

		December 31, 2018		December 31, 2017	
Recurring measurements		**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial Assets					
Amortised cost					
Cash	(i)	**$ 3,808**	**$ 3,808**	$ 8,041	$ 8,041
Trade and other receivables	(i)(ii)	**4,031**	**4,031**	2,944	2,944
Due from related parties		**833**	**833**	471	471
Fair value through profit or loss					
Advances to joint venture		**-**	**-**	-	-
Non-hedge derivative assets	(iii)	**137**	**137**	-	-
Total financial assets		**8,809**	**8,809**	11,456	11,456
Financial liabilities					
Amortised cost					
Trade and other payables	(i)(ii)	**19,374**	**19,374**	14,793	14,793
Credit facility	(iv)	**4,775**	**4,775**	-	-
Finance leases		**1,455**	**1,455**	1,464	1,464
Due to Nyrstar		**-**	**-**	1,453	1,453
Total financial liabilities		**25,604**	**25,604**	17,710	17,710
Net financial asset (liability)		**$ (16,795)**	**$ (16,795)**	$ (6,254)	$ (6,254)

(i) Cash, trade and other receivables, and trade and other payables are recorded at carrying value, which approximates fair value due to their short-term nature and generally negligible credit losses.
(ii) Excludes tax and other statutory amounts.
(iii) Derivatives and embedded provisional pricing derivatives are carried at their fair value, which is determined on internal valuation models that reflect observable market commodity prices.
(iv) The carrying value of the credit facility approximates the fair value due to their short-term nature.

20. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

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

b) For the non-derivative hedge assets and liabilities, the fair value is determined by reference to the quoted prices for the underlying commodity, and is classified as Level 1 on the fair value hierarchy.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels of the date of the event or change in circumstances that caused the transfer. During the years ended December 31, 2018 and 2017, the Company did not make any transfers.

(b) Derivatives and hedging:

Non-hedge derivative zinc contracts

Ascendant enters into fixed price sales contracts with zinc customers and, to ensure that the Company continues to receive a floating or unhedged realized zinc price, Ascendant enters into forward zinc purchase contracts that effectively offset the fixed price sales contracts. At December 31, 2018, the Company held contracts for forward zinc purchased of 2,000 tonnes that related to forward customer sales of zinc. Prices range from $2,598 to $2,625 per tonne and settlement dates extend to March 2019. The aggregate fair value of the transactions at December 31, 2018 was net asset position of $137.

(c) Embedded derivatives:

Changes in fair value of provisionally price receivables

The Company records changes in fair value of provisionally priced receivables related to provisional pricing in concentrate sale contracts. Under the terms of these contracts, prices are subject to final adjustment at the end of a future period after title transfers based on quoted market prices during the quotation period specified in the contract. The period between provisional pricing and final pricing is typically up to three months.

Changes in fair value of provisionally priced receivables are presented in trade and other receivables when they relate to sales contracts. At each reporting date, provisionally priced metals are marked-to-market, with changes in fair value recognized in revenue from concentrates. Cash flows related to changes in fair value of provisionally priced receivables are classified in operating activities.

21. FINANCIAL RISK MANAGEMENT

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its risk management objectives. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed to are described below. There have been no changes in the risks, objectives, policies and procedures during the years ended December 31, 2018 and 2017.

Liquidity Risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

At December 31, 2018, the Company had a cash balance of $3,808 (December 31, 2017 - $8,041), to settle current liabilities of $26,912 (December 31, 2017 - $16,308). The Company has working capital deficit of $7,110 at December 31, 2018 (December 31, 2017 – working capital of $12,506). See Note 1 Basis of Presentation and Going Concern.

Foreign Currency Risk
The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in currencies other than the functional currency of the entity party to the transaction. As of December 31, 2018, the Company had net monetary liabilities totalling $8,900 (2017 - $9,539) denominated in Honduran Lempiras, and $1,000 (2017 - $864) denominated in Euro. The Company’s sensitivity analysis suggests that for the year ended December 31, 2018 a change in the absolute rate of exchange in the Honduran Lempira by 1% would increase or decrease net income by $89 (2017 - $94) and in the Euro by 1% would increase or decrease net income by $10 (2017 – $9). The Company’s objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by obtaining most of its estimated annual U.S. cash requirements and holding the remaining currency in Canadian dollars. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Commodity Price Risk
The Company is exposed to price risk with respect to commodity prices arising from changes to the market prices for zinc, lead and silver between the time of the provisional invoicing of concentrates to the time of final price settlement. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company’s future operations will be significantly affected by changes in the market prices of these commodities. Prices fluctuate on a daily basis and are affected by numerous factors beyond the Company’s control. The supply and demand, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors may in turn be influenced by changes in international investment patterns and monetary systems and political developments. Management estimates that as of December 31, 2018 a 5% decrease in the market prices for zinc, lead and silver would reduce the provisionally priced mark-to-market revenues and related accounts receivable by $1,909 (2017 - $487).

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

Interest Rate Risk
The Company has cash balances and interest-bearing debt as described in Note 11. The Company has no short-term investments as at December 31, 2018 and is not subject to any significant impact on the cash balance as a result of changes in interest rates.

Credit Risk
The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentrating with respect to cash and amounts receivable is remote.

22. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Compensation of key management personnel

	Year ended December 31, 2018	Year ended December 31, 2017
Management compensation	$ 2,202	$ 2,953
Directors' fees	189	136
Share-based payments	905	1,751
	$ 3,296	$ 4,840

(b) Due from related parties

During the years ended December 31, 2018 and 2017, the Company granted loans of $432 (2017 - $431) to certain directors and officers of the Company to cover the tax liability in respect of the vested RSUs. These loans bear interest at the Canada Revenue Agency's ("CRA") quarterly prescribed interest rate used to calculate employee and shareholder loans calculated annually and payable on the earlier of: (i) demand by the Company, (ii) sale by the directors and officers of the common shares underlying the vested RSUs, and (iii) April 18, 2022 and August 24, 2023 for the April 2017 RSU recipients, and November 22, 2022 for the November 2017 RSU recipients.

As at December 31, 2018, amounts due from related parties including the balance related to these loans and accrued interest is $833 (2017 - $471).

23. 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.

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

The Company operates in countries where it 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 December 31, 2018, 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.

The Company has the following commitments as at December 31, 2018:

	Payments due by period			
	<1 years	**1-5 years**	**5> years**	**Total**
Capital commitments (i)	$ 3,337	$ 522	$ -	$ 3,859
Office leases (i)	7	-	-	7
Finance leases (i)	1,205	343	-	1,548
Credit facility payments (i)	4,775	-	-	4,775
Environmental rehabilitation provision (i)	-	1,104	9,621	10,725
	$ 9,324	$ 1,969	$ 9,621	$ 20,914

(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 Note 12.

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

24. SEGMENTED INFORMATION

The Company's sole mining operation is the El Mochito mine in Honduras. The Company's investment and exploration activities in the Lagoa Salgada Project in Portugal are not individually significant, as they do not meet the minimum quantitative thresholds. Accordingly, the chief decision makers consider Ascendant Resources Inc. to currently have one segment and, therefore, segmented information is not presented.

25. SUPPLEMENTAL CASH FLOW INFORMATION

a) Change in non-cash working capital:

	Year ended	
	December 31, 2018	December 31, 2017
Change in:		
Amounts receivable	(1,110)	(3,035)
Prepaid expenses and deposits	(186)	430
Concentrate and ore inventory	4,641	(4,470)
Materials and supplies inventory	(244)	2,313
Value added tax receivable	(2,693)	(1,258)
Accounts payable and accrued liabilities	3,894	6,049
Current income taxes payable	1,527	-
Other	(421)	(669)
	5,408	(640)

b) Non-cash transactions:

During the year ended December 31, 2018, the Company entered into the following non-cash investing activities which are not reflected in the consolidated statements of cash flows:

- Remeasurement of the Company's environmental rehabilitation provision for the year ended December 31, 2018 led to a decrease in the provision and a corresponding gain of $2,788 mainly as a result of an increase in El Mochito's Life-of-Mine and a decrease in expected costs of rehabilitation.
- Property, plant and equipment included $295 of net additions related to capital additions under finance lease (2017 - $Nil).
- In June 2018, the Company issued 2,052,546 common shares with a fair value of $1,650 as consideration for its investment in Redcorp (see Note 5).
- Charge on termination obligations for the year ended December 31, 2018 of $2,355 (2017 - $1,722) includes current service cost, past service cost and net interest cost (see Note 13).

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

26. INCOME TAXES

(a) Tax rate reconciliation

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 26.5% (December 31, 2017 – 26.5%) were as follows:

	December 31, 2018	December 31, 2017
Income (loss) before income taxes	$ 4,668	$ (10,899)
Expected income tax recovery based on statutory rate	1,237	(2,888)
Foreign tax rate differential	(148)	(122)
Share-based compensation	273	474
Other non-deductible expenses	217	300
Unrecognized/(recognized) temporary differences	84	2,236
Tax amnesty payment	-	1,158
Current income tax expense	$ 1,663	$ 1,158

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

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

26. INCOME TAXES (continued)

(b) Deferred income tax balances

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2018	December 31, 2017
Deferred income tax assets:		
Non-capital losses carry-forwards - Canada	$ 4,516	$ 3,384
Capital losses - Canada	270	557
Other deductible temporary differences - Canada	927	983
Tax losses - Honduras	7,656	16,200
Other deductible temporary differences - Honduras	35,881	39,900
Total deferred income tax assets not recognized	$ 49,250	$ 61,024

The Company has approximately $17.04 million (2017 - $12.77 million) of non-capital losses in Canada which under certain circumstances can be used to reduce taxable income for future years. These losses expire from 2027 to 2038. Other tax pools in Canada totalling $6.23 million (2017 - $7.91 million) do not expire.

The Company also has approximately $31 million (2017 - $54 million) of tax losses in Honduras, which under certain circumstances can be used to reduce taxable income for future years. The losses expire from 2019-2020. Other tax pools in Honduras totalling $134 million (2017 - $133 million) do not expire.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The aggregate amount of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, for which deferred tax liabilities have not been recognized, as at December 31, 2018 is $4.0 million (December 31, 2017 - $nil).

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