



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 and 2021  
*(Expressed in thousands of US dollars)*

2022

A solid, dark teal horizontal bar spans the width of the page, positioned below the year "2022".

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

---

### INTRODUCTION

The following Management's Discussion & Analysis ("MD&A") dated May 11, 2022 is a review of the operations, current financial position and outlook for Ascendant Resources Inc. (the "Company" or "Ascendant") and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022, and related notes thereto. The unaudited condensed interim consolidated financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). This MD&A should also be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2021 and 2020, the related MD&A and the Annual Information Form for the year ended December 31, 2021 (the "2021 Annual Information Form"), which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### COMPANY OVERVIEW & BACKGROUND

Ascendant Resources Inc. is a Toronto-based mining company focused on the exploration and development of the highly prospective Lagoa Salgada volcanogenic massive sulphide ("VMS") project ("Lagoa Salgada" or the "Lagoa Salgada Project") located on the prolific Iberian Pyrite Belt in Portugal. The Lagoa Salgada Project is located just 80 km from Lisbon and is easily accessible by road and surrounded by exceptional infrastructure.

Exploration at Lagoa Salgada has been focused on expanding and upgrading the north and south deposits at the Venda Nova area located in the north western area of the concession package, see Figure 1 below. To date, at Venda Nova we have identified two ore bodies (North and South). In June 2021, the Company announced an updated NI 43-101 resource estimate for the mineral resources in the South Zone of Venda Nova (see press release dated June 17, 2021) and completed a NI 43-101 Compliant Preliminary Economic Assessment outlining a robust mining project with a NPV8% of \$246.7 million (see press release dated September 13, 2021). Currently Resources outlined at Venda Nova are as follows:

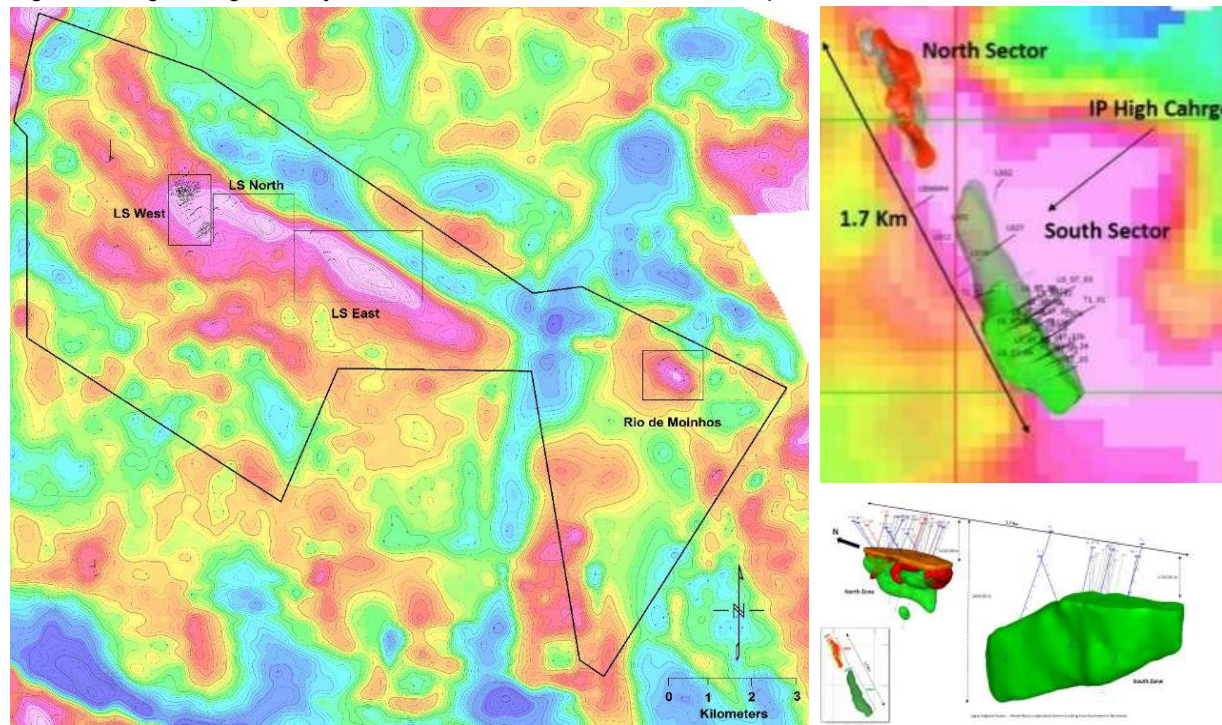
- North Zone Measured & Indicated Resources of 10.3 mt @ 9.065% ZnEq<sup>(1)</sup>
- North Zone Inferred Resources of 2.5 mt @ 5.93% ZnEq<sup>(1)</sup>
- South Zone Indicated Resources of 4.4 mt @ 1.50% CuEq<sup>(2)</sup>
- South Zone Inferred Resource of 10.8 mt @ 1.35% CuEq<sup>(2)</sup>

1.  $ZnEq\% = ((Zn\ Grade * 25.35) + (Pb\ Grade * 23.15) + (Cu\ Grade * 67.24) + (Au\ Grade * 40.19) + (Ag\ Grade * 0.62) + (Sn\ Grade * 191.75)) / 25.$
2.  $CuEq\% = ((Cu\ Grade * 67.24) + (Zn\ Grade * 25.35) + (Pb\ Grade * 23.15) + (Au\ Grade * 40.19) + (Ag\ Grade * 0.62)) / 67.24$

# ASCENDANT RESOURCES INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

Figure 1 - Lagoa Salgada Project and Venda Nova North and South Deposits



To date exploration work has been focused on defining and upgrading the north and south deposits at the Venda Nova area, however, VMS style deposits typically occur in clusters suggesting significant exploration upside potential remains near the Venda Nova deposits along strike, and at depth. Additionally, numerous prospective step-out targets across the large 7,209 ha property concession are yet to be explored by Ascendant. Current exploration has focused on a total strike length on only 1.7km of a 8km IP anomaly which has identified additional targets for future exploration.

The Company announced the results of its new National Instrument 43-101 (“NI 43-101”) Technical Report and Preliminary Economic Assessment for the Lagoa Salgada Project on September 13, 2021 and filed the report on October 25, 2021 (the “PEA”) report. The PEA reflected an after tax NPV<sub>8%</sub> of US\$246.7 million and an after tax IRR of 55%. The PEA highlighted the potential for the project to be a high margin, high return project at conservative commodity prices driven by its low capex, low opex, and conventional underground mining and processing methods.

A summary of the results is presented below.

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

### PEA Summary Results

PEA Summary Table - All figures in US\$		LOM Total / Avg.
Pre-Tax NPV (8%)	\$MM	\$341.6
Pre-Tax IRR	%	68.2%
Pre-Tax Payback	Years	1.3
Post-Tax NPV (8%)	\$MM	\$ 246.7
Post-Tax IRR	%	54.9 %
Post-Tax Payback	Years	1.5
Mine Life	Years	14.0
Initial Capital Costs - Including Contingency	\$MM	\$132.3
Sustaining Capital Costs	\$MM	\$102.6
Total Operating Costs	\$/t	\$38.52
All-In Sustaining Costs (AISC)	\$/t	\$52.83
All-In Sustaining Costs (AISC)	\$/lb Zn eq.	\$0.76
Cu Payable	klb	90,747
Zn Payable	klb	556,383
Pb Payable	klb	459,513
Ag Payable (Total)	koz	17,661
Au Payable (Total)	koz	167
Sn Payable	klb	8,938
Zn Payable Equivalent	Mlb	1,818
Zn Payable Equivalent	kt	825

#### Notes to Table:

The PEA was completed September 2021 by QUADRANTE, a multidisciplinary engineering and consulting company with more than 23 years of activity and projects completed in Europe, Africa and the Americas, and mine planning, design and engineering undertaken by IGAN INGENIERÍA, an independent consulting firm specializing in mine planning and engineering for open pit and underground mining projects and operations based in Spain.

The PEA is preliminary in nature, as it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized.

The PEA is based upon the Company's current Mineral Resource Estimate completed by MICON International reported in a NI 43-101 report dated March 26, 2021, updated on June 10, 2021, and focuses on the mining and processing of ore from both the North Zone and the South Zones at the Venda Nova area. The PEA demonstrates robust economics for Lagoa Salgada based on the current defined resources, however, the Company anticipates that future exploration work to define additional resources should extend the mine life or increase the scale of the outlined operation. (See press release dated September 13, 2021).

### OUTLOOK

The main focus for the Lagoa Salgada Project in 2021 was to further define the understanding of the mineralization of the Venda Nova Deposit and the north and south zones therein. This culminated with the publication of the PEA in October 2021 under NI 43-101 focusing on an operation encompassing both the North and South Zones. These results reveal a larger scale and longer mine life operation than presented in the previous PEA completed on the North Zone as a standalone development opportunity. The PEA reflects an after tax NPV and IRR of \$246 million and 55%, respectively.

In 2022, Ascendant will continue to progress the project through two principal streams of working towards the completion of a Bankable Feasibility study to develop the Venda Nova deposit at Lagoa Salgada and will also continue with additional exploration activities to further expand the resource potential on the overall property.

#### 2022 Feasibility Study Program

In 2022, Ascendant plans to complete the infill drilling program announced on November 23, 2021 (Infill and Extensional) to support the planned Feasibility study later in the year. Work will also focus on additional metallurgical studies, completing the required engineering and optimizations studies to complete a 43-101 Complaint Bankable Feasibility Study which is expected to be completed by the end of 2022.

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021

(Expressed in US dollars, except otherwise noted)

---

### **Metallurgical Testing**

During 2022, Ascendant will also undertake additional metallurgical testwork to support the Feasibility study which is to be split into two phases. The first phase is comprehensive testing of all 5 domains to confirm the processing flowsheet and assess tailings characteristics, with the second phase assessing variability across the deposit to further enhance the recovery of the various metals in the deposit. As of 11 May 2022 the metallurgical drill holes for both the north and south zones have been received by Grinding Solutions Ltd ("GSL"). For the South zone Testwork has progressed in accordance with the Schedule. The North zone material is going through the final stages of sample preparation before beginning the flotation Testwork. The current forecast is to complete both phases of testwork no later than the third quarter of 2022.

As of May 1<sup>st</sup> all samples from drill met drill holes have been prepared and shipped to Grinding GSL in the United Kingdom. Test started with composited of the south Sector, Ascendant and Micon has instructed GSL with the composites to be prepared for the North metallurgical testing should start in May for this zone. These metallurgical testing programs will look to build on previous test work to enhance our understanding of the metal recovery from the various ore types seen within the Venda Nova deposit. Over the coming weeks flotation testing and optimization tests will be conducted to determine recoveries for the South Zone. Samples collected from the North Zone will arrive at GSL in the coming days.

### **Feasibility Study**

Progress on other areas of the Feasibility Study are advancing to schedule and will continue over the course of the year. The feasibility study is being lead by Quadrante (who will be responsible for overall project management and engineering), Igan (responsible for underground mining) and SLR (responsible for management of tailings, backfill and waste rock) with additional work being done by Micon International who is responsible for flowsheet determination and by TetraTech (responsible for engineering of the process plant and surface infrastructure). Work has continued on mine design, site layout and other infrastructure requirements. Work to obtain mine pricing will commence in Q22022.

Trade-offs to optimise the process plant for the new testwork results and trade-offs for the backfill plant optimisation is anticipated to commence in the second quarter of 2022. Updating of the geological model as results from drilling and assay work is anticipated to continue through the second quarter of 2022.

Progress on the rock mechanics sampling and testing is progressing well with all samples for the North zone at the laboratory. Surface geotechnical work has commenced and is progressing well.

Golder Associates have been retained to complete Peer review assessments. Their first report confirms the work is progressing in line with expectations.

The Company is also progressing towards securing its environmental permit, which it expects to receive in the first quarter of 2023. In March 2022, the Company expects to formally deliver its environmental impact assessment ("EIA") plans to the environmental regulators. A positive opinion to move forward with those plans is expected in the second quarter of 2022. The final EIA report is expected to be delivered to the regulators in the third quarter of 2022. The final EIA report will then be assessed by an evaluation committee followed by a 30 day public consultation period with final approval expected in the first quarter of 2023.

### *Hydrogeology*

As part of the overall Feasibility Study program the Company is currently drilling the final hydrogeological hole in the North Zone (of a total of 7 holes) and is expected to be completed by the first week of April. Post completion, various pumping tests will be conducted and a hydrological model built by Consmaga, Lda, a specialist in hydrogeological assessment for numerous projects in the Iberian Pyrite Belt. The hydrological model together with the already established grid of surface and underground water monitoring stations, will be an important part of the Feasibility Study and the environmental impact assessment.

### *Environmental Impact Assessment*

A Scope Definition Proposal ("PDA" – Proposta de Definição de Âmbito) has been prepared and presented to the Portuguese Environmental Authorities ("APA" – Agência Portuguesa do Ambiente). This preliminary and optional phase of the EIA procedure identifies and analyzes the significant environmental aspects to be considered as part of the Environmental Impact Study. This document is subject to revision by the APA Authority. Within a period of up to 45 days from receipt, the APA will define the various aspects that must be included in the EIA and the evaluation methodology to be adopted for each of the areas. This decision binds the Company and the APA authority regarding the content of the EIA, for a period of two years.



# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

---

### Exploration

Additionally, exploration efforts are planned to continue at Lagoa Salgada to look to further expand the resource potential. The Company has initiated a Deep Penetrating Magnetic Survey which is expected to be completed in the first quarter of 2022. This program will allow the Company to target massive sulphide zones below the current level of geophysical penetration (~ 300 m) as well as stepping out to the east of the known Venda Nova Deposit. Positive results could potentially add extensional targets and /or new zones to be targeted in future drilling programs. Given the depths of other deposits along the IBP the potential for additional deposits at depth and along strike are viewed as high.

International Geophysical Technology ("IGT") completed the first phase of a Deep Penetrating Electromagnetic Survey over the Venda Nova deposit at Lagoa Salgada between January and February 2022. The program scope is to extend the depth of previous surface and downhole IP/RES geophysics penetration to approximately 600m in order to expand the understanding of the exploration potential at depth. Current IP Resistivity / Chargeability inversion shows a continuous footprint between the Venda Nova North and South Zones that correlates with elevated gravity. These surveys indicate the presence of a potential extension of mineralization between the North and South Zones at depth. We note that the drilling to date has only been conducted to a depth of 350m, despite numerous similar deposits on the IBP extending to depths of up to 1,400m.

Initial results on DPEM loops are very encouraging notably foot printing the known ore bodies and additionally identifying preliminary a relatively large conductor to the North East of Venda Nova. Full results from the DPEM survey were completed in April 2022: the East Anomaly was modeled in Maxwell as two conductive bodies: Overburden sub horizontal regional horizon and a subvertical deep conductor (possibly related to sulphides or formational conductive units). Further data integration expected to determine if a drilling campaign is warranted.

The Company is rapidly progressing towards earning its 50% interest in the Lagoa Salgada Project and anticipates that it will achieve the necessary milestones to earn a 50% interest in Lagoa Salgada in the first half of 2022.

### 2022 FIRST QUARTER HIGHLIGHTS

#### Lagoa Salgada

##### **Project of National Interest**

On April 28, 2022 the Company announced that the Lagoa Salgada VMS project (the "Project") has been recognized by the Portuguese Government as a Project of National Interest ("PIN"). The award, as dated April 4th, 2022 is based on various economic, environmental and social factors and its positive impact on the local Municipalities covered by the mining concession, the region and for Portugal. The award of PIN status by the Agência para o Investimento e Comércio Externo de Portugal ("Portuguese Agency for Investment and Foreign Trade of Portugal" or "AICEP") provides the Project with direct access to the government and ensures that all interactions with public entities involved in the environmental and construction permitting process and all procedures for licencing will be facilitated and simplified through AICEP while complying with all applicable regulations. The development of the Project will now be subject to continuous follow-up by the CPAI - Permanent Commission for Investor Support to ensure its swift progress to the benefit of the national interest.

##### **Infill Drilling program**

During Q1 2022 Ascendant's infill and expansion drill program at the Venda Nova Deposit at Lagoa Salgada continued to progress well Drilling is focused on upgrading a significant component of the Venda Nova deposit to the Measured and Indicated Resource categories to support the Feasibility Study program. In addition, some drill holes are also more exploratory in nature to expand the overall potential resources seen in the area. As of April 22, a total of 5,036m have been completed (inclusive of the 2,000m in 6 metallurgical holes ). Five infill holes have been finalized (2 in the North and 3 in the souths) and three are in progress (South Zone).

The metallurgical drilling program consisted of six drill holes that were completed in Q1 2022. Four holes were collared in the North Zone and 2 in the South Zone. Results were disclosed on May 3rd, 2022.

With the new information metal clustering and ratios were used in the Northern Zone to model the massive internal zoning. Two subdomains within the massive sulphide ore were defined: Secondary and Primary. The former represents a shallow dipping blanket parallel to the overlying gossan ore. This secondary massive sulphide domain is characterized

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

by higher Cu values due to secondary enrichment. Zn is generally low and Pb shows some variability but with general high values.

Separating the enriched blanket from the primary ore has relevant implication both in processing and mining economics. The enriched blanket relevant composites reported here average CuEq. grade above 6% in an average apparent thickness of 7 meters. Copper, Tin and precious metals are the main economic drivers of this domain that could become a separate mining/processing ore type. The primary massive sulphide domain shows higher Zn grades than the bulk of the massive sulphide with less metal ratio variability which Ascendant believes could have positive impact in metallurgical recoveries.

Assays were received in April 2022 (see relevant intercepts below), and validated results show numerous mineralized intervals. Significant intercepts in both sectors have confirmed the shape and extent of the domains used in the current resource model. A simple prognose exercise reveals that the holes completed in the Northern Zone, particularly Met\_MS-01, have considerable higher metal tenors along its traces than the one predicted with the estimator of the current block model.

Hole Id	Domain	from m	to m	Width m	Zn %	Cu %	Pb %	Ag g/t	Au g/t	Sn %	ZnEq %	CuEq %	Lenght Mineralized Intervals m
Met_MS_01	Gossan	167.0	176.0	9.0	0.27	0.33	1.56	227	4.41	0.40	22.33		125.5
	Secondary MS	176.0	182.0	6.0	0.12	1.25	4.68	401	2.57	0.23	26.41	9.06	
	Primary MS	182.0	260.5	78.5	8.17	0.26	6.57	105	1.60	0.20	22.72		
	Stringer	272.0	276.0	4.0	1.34	1.13	0.03	21	0.02	0.24	7.59		
	Stringer	292.0	320.0	28.0	1.29	0.29	0.33	24	0.29	0.10	4.68		
Met_MS_02	Gossan	161.9	174.3	12.5	0.86	0.18	4.39	17	1.33	0.70	15.46		138.2
	Secondary MS	174.3	180.0	5.7	0.27	1.24	0.98	33	0.20	0.32	9.20	3.16	
	Primary MS	180.0	246.4	66.4	1.86	0.31	2.00	62	0.25	0.11	7.71		
	Stringer	246.4	300.0	53.6	0.58	0.49	0.15	24	0.10	0.17	4.72		
Met_MS_03	Gossan	143.1	151.0	7.9	0.96	0.16	5.18	18	0.10	0.23	8.73		36.9
	Gossan	169.0	178.5	9.5	0.24	0.05	0.73	183	5.57	0.82	26.39		
	Secondary MS	178.5	190.0	11.5	0.14	1.49	1.81	263	1.70	0.22	19.04	6.53	
	Primary Ms	202.0	210.0	8.0	0.04	0.46	1.03	82	0.58	0.15	7.20		
Met_MS_04	Gossan	151	153	2.0	0.28	0.04	0.14	86	2.18	0.01	7.716		32.2
	Gossan	167	169.7	2.7	0.3	0.05	0.68	256	0.84	0.1	10.73		
	Secondary MS	169.7	175.0	5.3	0.28	1.24	3.24	227	0.69	0.20	16.16	5.54	
	Primary Ms	175.0	197.2	22.2	9.20	0.27	7.55	172	1.25	0.20	25.64		
Met_ST_01	Stringer	169.0	411.0	242.0	1.05	0.26	0.57	12	0.04			0.92	242.0
Met_ST_02	Stringer	206.5	272.0	65.5	0.79	0.15	0.24	8.42	0.04			0.60	65.5

### Metallurgical Testing

During Q1/22 metallurgical testwork continues to build on prior work programs as part fo the feasibility study program. Metallurgical testwork is being conducted by Grinding Solutions Limited (GSL), a UK mineral processing services company with strong technical knowledge of mineral processing of ores typical of the Iberian Pyrite Belt and has been guided by Micon International, who was responsible for the metallurgical results validation on material from both the massive sulphide and stockwork ores from the Venda Nova North and South Zones.

To date the metallurgical test work results support the use of a conventional polymetallic process flowsheet capable of recovering copper, lead, zinc, gold, and silver in three saleable concentrates. Flotation tailings will be leached for additional gold and silver values and tin will be recovered from processing the tailings material by flotation. The recent drilling has made available significant amounts of which is to results in significantly better results than previous work on older oxidized material. It is expected that metal recoveries will be in line with or better than the average seen at existing mines on the Iberian Pyrite Belt.

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

### Preliminary Economic Assessment

Work to date in 2022 continues to build on the results from the PEA, entitled "NI 43-101 Technical Report and Preliminary Economic Assessment for the Lagoa Salgada Project", was filed this quarter. As previously noted, the results are summarized as follows:

- Low capital-intensive project with pre-production capital cost of \$132 million and a post-tax payback of 1.5 years
- Post tax NPV8% of \$246 Million and Post tax IRR of 55%.
- Average EBITDA of approximately US\$117 million and Post Tax Free Cash Flow of approximately US\$82 million per annum for the first 5 years.
- Initial Operating Mine Life of 14 years with average throughput of 2.0 million tons per annum from the North and South Zones of Venda Nova Area at Lagoa Salgada
- World Class Infrastructure in place including existing major highway, water dam, high voltage power line and rail line to nearest ports supporting rapid development

**Table 1: Lagoa Salgada Updated Mineral Resource Estimate**

South Zones Mineral Resource Estimate - Effective June 10, 2021

	Tonnes (000)	Metal Grade					Tin (%)	Contained Metal					
		Cu (%)	Zn (%)	Pb (%)	Au (g/t)	Ag (g/t)		Cu (MMlb)	Zn (MMlb)	Pb (MMlb)	Au (000oz)	Ag (000oz)	Tin (MMlb)
<b>North Zone</b>													
<b>M&amp;I</b>													
Measured & Inidcated	10,334	0.37%	2.12%	2.39%	0.64	64.0	0.16%	84	483	545	213	21,266	36
Inferred	2,502	0.18%	1.42%	1.70%	0.43	38.0	0.12%	10	78	94	35	3,057	7
<b>South Zone</b>													
<b>M&amp;I</b>													
Measured & Inidcated	4,044	0.42%	1.55%	0.87%	0.06	17.6		37	138	78	8	2,294	0
Inferred	10,827	0.31%	0.79%	0.43%	0.76	14.6		74	189	103	265	5,069	0
<b>Combined resources</b>													
<b>M&amp;I</b>													
Measured & Inidcated	14,378	0.38%	1.96%	1.96%	0.48	50.96	0.11%	122	621	622	220	23,560	36
Inferred	13,329	0.29%	0.91%	0.67%	0.70	18.96	0.02%	84	267	196	299	8,126	7

#### Notes To Table

1. Mineral resources unlike mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
2. The mineral resources have been estimated in accordance with the CIM Best Practice Guidelines (2019) and the CIM Definition Standards (2014)
3. The resources for the South Zone are reported at a cut-off grade of 1.10 % CuEq; for the North zone, resources contained in the Gossan and Stringer domains are reported at a cut-off grade of 2.5 % ZnEq, and within the Massive Sulphide domain at 3.0 % ZnEq.4. Totals may not tally due to rounding
5.  $CuEq\% = ((Zn\ Grade * 25.35) + (Pb\ Grade * 23.15) + (Cu\ Grade * 67.24) + (Au\ Grade * 40.19) + (Ag\ Grade * 0.62)) / 67.24$
6.  $ZnEq\% = ((Zn\ Grade * 25.35) + (Pb\ Grade * 23.15) + (Cu\ Grade * 67.24) + (Au\ Grade * 40.19) + (Ag\ Grade * 0.62) + (Sn\ Grade * 191.75)) / 25.35$
7. Metal Prices: Cu \$6,724/t, Zn \$2,535/t, Pb \$2,315/t, Au \$1,250/oz, Ag \$19.40/oz, Sn \$19,175/t
8. Densities: GO=3.12, MS=4.76, Str=2.88, Str/Fr=2.88 (north Zone) & 3.00 (South Zone)
9. MMLb: Million Pounds

### Definitive Mining Concession Contract

On October 28, 2021 Redcorp signed with the Portuguese Government, through the General Directorate for Energy and Geology ("DGEG"), the definitive mining concession contract for its Lagoa Salgada VMS project in the prolific Iberian Pyrite Belt, Portugal. A summary of the main legal and contractual obligations of the Contract are highlighted below: (See press release dated November 8, 2021)

- An initial contract term for 20 years renewable for two extension periods of 15 years each;



# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021

(Expressed in US dollars, except otherwise noted)

---

- Two distinct phases for work development are defined. Phase 1 having a duration of six (6) years from signing to present and get approval of an Environmental Impact Assessment (EIA) and a Definitive Feasibility Study (DFS) and in Phase 2, to start within nine (9) years of signing to commence the exploitation of the mineral deposits and to build an ore treatment industrial facility (mill);
- During Phase 1, Ascendant plans to execute all necessary exploration and other works that aim to contribute to the improved knowledge of their mineral deposits and improve resources through the delivery of an NI 43-101 Feasibility Study during 2022 which will define the planned development and economic potential of the Lagoa Salgada project;
- Phase 2 can occur simultaneously to Phase 1, if it proves to be technically feasible and provided that the necessary authorizations and approvals are obtained;
- The contract stipulates a 3% royalty on the value at the mouth of the mine of mining products or concentrates shipped or used, being those divided in: 2/3 being paid to the DGEG and 1/3 being paid to the Municipalities where the project is located;
- The Company is required to outline its reclamation plans and minimization of the environmental impact of the operation within 5 (five) years after the start of exploration program, corresponding to 10% of the financial charges foreseen for the execution of safety plans, environmental protection, management of waste and the landscape recovery and integration plan contained in the mining plan approved by the DGEG, and may not be less than €1,000,000.

### Earn-In agreement

On June 22, 2018 (the "closing date"), the Company entered into an agreement with TH Crestgate GmbH ("Crestgate") to acquire an initial 25% interest in its Portuguese subsidiary Redcorp, which currently holds a 100% interest in the polymetallic Lagoa Salgada volcanogenic massive sulphide project (the "Lagoa Salgada Project"), as well as an option to earn up to an effective 80% interest in the Lagoa Salgada Project upon completion of certain milestones. Ascendant acquired the initial effective 25% interest in the Lagoa Salgada Project for an upfront payment of \$2.5 million composed of \$0.8 million in cash and 2,053,546 Ascendant shares with a value of \$1.7 million.

Ascendant has the right to increase its interest in Redcorp from 25% to 50% by:

- incurring a minimum of \$9.0 million in project expenditures by June 22, 2022, to fund exploration drilling, metallurgical test work, economic studies and other activities relating to exploration and development of the Lagoa Salgada Project; and
- making payments totaling \$3.5 million initially and amended to \$3.6 million to Crestgate.

As at March 31, 2022, \$7.9 million has been directly invested in project expenditures and \$2.6 million of the required \$3.6 million has been paid to Crestgate. The Company expects to achieve the milestones required to earn a 50% interest in the Lagoa Salgada Project during the second quarter of 2022.

After achieving the 50% earn-in, Ascendant has the right to increase its interest in Redcorp from 50% to 80% by:

- completing a feasibility study by December 22, 2022; and
- making a further payment of \$2.5 million to Crestgate.

The Company anticipates achieving the milestones required to earn an 80% interest in the Lagoa Salgada Project by year end 2022.

Pursuant to a consortium agreement between Redcorp and Empresa de Desenvolvimento Mineiro, SA ("EDM"), a Portuguese company with public capital whose object is, among others, the pursuit of prospecting, research and exploration activities of mineral resources, following delivery of a feasibility study, EDM has an option to participate in up to a 15% interest (the "EDM Interest") in the Lagoa Salgada Project and has provided Redcorp with a right of first refusal to purchase the EDM Interest. The Company has certain contractual rights which guarantee that it will continue to own an effective 80% interest in the Lagoa Salgada Project if Redcorp is not successful in acquiring the EDM Interest, such that its ownership in the Lagoa Salgada Project is not impacted by the EDM Interest.

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

---

### Operational Performance

Since April 27, 2020, the Company is solely engaged in the exploration and development of the Lagoa Salgada Project in Portugal.

### Financial Performance

Exploration and evaluation expenditures in the Lagoa Salgada Project do not currently generate revenues for the Company.

Net loss and basic and diluted loss per share for the three months ended March 31, 2022 was \$1.4 million and \$0.01 compared to a net loss and basic and diluted loss per share of \$0.9 million and \$0.01 for the three months ended March 31, 2021.

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

### OPERATIONS

The following table is a summary of the Company's key financial information for the three months ended March 31, 2021, and 2020.

Financial		Three months ended	
		2022	March 31, 2021
Net loss for the period	\$000's	(1,392)	(866)
Cash flow used in operations	\$000's	(328)	(305)
Operating cash flow	\$000's	(328)	(305)
Cash and cash equivalents	\$000's	69	181
Working capital deficit	\$000's	(3,657)	(1,251)

### DISCUSSION OF OPERATIONS

#### Three months ended March 31, 2022 versus the three months ended March 31, 2021

During the three months ended March 31, 2022, the Company incurred general and administrative expenses of \$0.5 million (2021 – \$0.4 million) excluding non-cash share-based compensation expense of \$0.1 million (2021 - \$0.2 million).

During the three months March 31, 2022, the Company recorded other expense of \$0.9 million (2021 – \$0.3 million). Other expense items in the first quarter of 2022 primarily derive from advances made towards the Lagoa Salgada Project of \$0.7 million and finance costs related to the debentures of \$0.2 million.

Net loss and basic and diluted loss per share from continuing operations for the three months ended March 31, 2022 was \$1.4 million and \$0.01, compared to \$0.9 million and \$0.01 in the three months ended March 31, 2021.

# **ASCENDANT RESOURCES INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

---

### **CASH FLOWS**

#### **Operating Activities**

Cash used in operating activities in the three months ending March 31, 2022 was \$0.30 million, comparable with \$0.30 million used in operations for the three months ended March 31, 2021.

#### **Investing Activities**

Cash used in investing activities in the three months ending March 31, 2022 was \$0.7 million as compared to cash used of \$0.3 million in the three months ending March 31, 2021, an increase of \$0.4 million.

Cash used in investing activities in the first quarter 2022 consisted of the \$0.7 million in advances made to the Lagoa Salgada Project. Cash used in investing activities in the first quarter 2021 consisted of \$0.3 million of payments made to the Lagoa Salgada Project.

#### **Financing Activities**

Cash provided by financing activities in the three months ending March 31, 2022, was \$0.2 million as compared to \$0.01 million in the three months ended March 31, 2021.

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

### SUMMARY OF QUARTERLY RESULTS

The following tables provide highlights, extracted from the Company's financial statements, of quarterly results for the past eight quarters.

		Three months ended			
		March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Total assets	\$000's	7,152	7,910	6,761	7,253
Total liabilities	\$000's	4,685	4,051	3,385	3,081
Working capital deficit	\$000's	(3,657)	(2,249)	(719)	(149)
Net loss from continuing operations	\$000's	(1,392)	(1,575)	(942)	(1,339)
Net (loss) income for the period	\$000's	(1,392)	(1,575)	(942)	(1,339)
Basic and Diluted loss per share	\$/share	(0.01)	(0.05)	(0.01)	(0.01)

		Three months ended			
		March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total assets	\$000's	5,984	6,450	6,374	6,755
Total liabilities	\$000's	1,868	1,675	1,855	1,608
Working capital (deficit) surplus	\$000's	(1,251)	(603)	(612)	(664)
Net loss from continuing operations	\$000's	(866)	(572)	(754)	(318)
Net income (loss) from discontinued operations	\$000's	-	612	-	53
Net (loss) income for the period	\$000's	(866)	40	(754)	(265)
Basic and Diluted loss per share	\$/share	(0.01)	0.00	(0.01)	(0.00)

### LIQUIDITY AND CAPITAL RESOURCES

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

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to be able to further explore its mineral properties, retain mining rights and to meet ongoing requirements for general operations. Even if the Company has been successful in the past in doing so, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Ascendant. These matters represent a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

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.



# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

### Financings

In May 2021, the Company closed a non-convertible debenture financing of 3,900 debenture units at a price of CAD\$1,000 per debenture unit for aggregate gross proceeds of approximately \$3.2 million (CAD\$3.9 million). (See Other Corporate highlights section).

In October 2021, the Company completed a non-brokered private placement of 13,149,665 units of the Company at a price of CAD\$0.24 each per unit for gross proceeds of approximately \$2.5 million (CAD\$3.2million). Each Unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of CAD\$0.40 per share for a 24-month period following the closing date of private placement.

### Contractual Obligations and Commitments

The Company has not entered into any significant long-term lease commitments other than those outlined under Note 9 in the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022.

The balance of the debentures is due in November 2022. Contractual undiscounted debt repayments related to the debentures are summarized below:

	Payments due by period			Total
	< 1 years	1-5 years	5> years	
Repayment of debentures	3,121	-	-	3,121
Interest on debentures	240	-	-	240
<b>Debenture repayments</b>	<b>3,361</b>	<b>-</b>	<b>-</b>	<b>3,361</b>

### FINANCIAL INSTRUMENTS HIERARCHY AND FAIR VALUES

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

Recurring measurements	March 31, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Amortised cost				
Cash	(i) \$ 69	\$ 69	\$ 938	938
Due from related parties	650	650	639	639
Fair value through profit or loss				
Investment in marketable securities	(iii) 65	65	56	56
<b>Total financial assets</b>	<b>784</b>	<b>784</b>	<b>1,633</b>	<b>1,633</b>
<b>Financial liabilities</b>				
Amortised cost				
Trade and other payables	(i)(ii) 885	885	620	620
Due to related parties	701	701	517	517
Debentures	(iv) 2,686	2,686	2,499	2,499
<b>Total financial liabilities</b>	<b>4,272</b>	<b>4,272</b>	<b>3,636</b>	<b>3,636</b>
<b>Net financial asset (liability)</b>	<b>\$ (3,488)</b>	<b>\$ (3,488)</b>	<b>\$ (2,003)</b>	<b>\$ (2,003)</b>

- (i) Cash, and trade and other payables are recorded at carrying value, which approximates fair value due to their short-term nature and generally negligible credit losses.
- (ii) Excludes tax and other statutory amounts.
- (iii) Investments are carried at their fair value, which is determined using quoted market bid prices in active markets for listed entities.
- (iv) Debentures are measured at amortized cost. The fair value of debentures is primarily measured using determined variables, and therefore was classified within Level 2 of the fair value hierarchy. See Note 9.

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

### Fair value hierarchy

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

- The fair values for cash, trade and other receivables, due from related parties, investment in marketable securities, trade and other payables, 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.
- Debentures are classified as Level 2 in accordance with their fair value hierarchy.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels of the date of the event or change in circumstances that caused the transfer. During the three months ended March 31, 2022 and years ended December 31, 2021 and 2020 the Company did not make any transfers.

### DISCLOSURE OF OUTSTANDING SHARE DATA

Ascendant is authorized to issue an unlimited number of common shares and preferred shares. A detailed description of the rights, privileges, restrictions and conditions attached to each class of authorized shares are included in our Annual Information Form for the year ended December 31, 2021, a copy of which can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

As at May 11, 2022, the number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares		Number
Outstanding	(i)	111,559,137
Issuable upon exercise of Ascendant warrants	(ii)	28,913,531
Issuable upon exercise of Ascendant options	(iii)	2,000,000
Issuable upon redemption of Ascendant RSUs		6,530,367
Diluted common shares		149,003,035

- (i) In Q1 2022 there were 211,800 common shares issued pursuant to the exercise of 111,800 RSUs and 100,000 options.
- (ii) There were 28,913,531 common share purchase warrants outstanding with exercise prices ranging from CAD\$0.15 to CAD\$1.25 and expiring between March 7, 2022 and May 10, 2026.
- (iii) There were 2,000,000 stock options outstanding with exercise prices ranging from CAD\$0.24 to CAD\$0.305 and expiring between May 27, 2026 and October 20, 2026.

Ascendant has not issued any preferred shares.

### FINANCIAL CONDITION

As at March 31, 2022, the Company's cash balance was \$0.1 million. Total current assets were \$0.7 million and total current liabilities were \$4.4 million for a working capital deficit of \$3.7 million.

### OFF-BALANCE SHEET ARRANGEMENTS

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

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

### 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

	Three months ended	
	March 31, 2022	March 31, 2021
Management compensation	\$ 169	\$ 121
Directors' fees	13	44
Share-based payments	50	209
	\$ 232	\$ 374

#### (b) Due from related parties

uring the years ended December 31, 2018 and 2017, the Company granted loans of \$0.4 million and \$0.4 million, respectively, to certain directors and officers of the Company to cover the tax liability in respect of the vested RSUs. These loans bear interest at the Canada Revenue Agency's ("CRA") quarterly prescribed interest rate used to calculate employee and shareholder loans calculated annually and payable on the earlier of: (i) demand by the Company, (ii) sale by the directors and officers of the common shares underlying the vested RSUs, and (iii) April 18, 2022 and August 24, 2023 for the April 2017 RSU recipients, and November 22, 2022 for the November 2017 RSU recipients.

As at March 31, 2022, amounts due from related parties in connection with these loans including accrued interest is \$0.7 million (December 31, 2021 - \$0.6 million). The Company has considered the Expected Credit Losses ("ECL") on the related party loans and concluded that no allowance is required.

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

As at March 31, 2022, the Company entered into the following transactions with related parties:

- i. \$0.2 million in office rent owed from James Bay (December 31, 2021 - \$0.1 million)
- ii. Incurred \$nil million in shared services owed to Cerrado Gold (December 31, 2021 - \$0.3 million)

The Debentures as described in note 9, are secured by a pledge of 3,000,000 common shares in the capital of Cerrado Gold Inc. by four individuals (the "Pledgors"), three of which are directors and officers of Ascendant Resources Inc.

As at March 31, 2022 and December 31, 2021, the Company's balances with related parties are summarized as follows:

	March 31, 2022	December 31, 2021
<b>Current receivables</b>		
Office rent owed from James Bay	155	146
Office rent owed from Cerrado Gold	8	11
	163	157
<b>Non-current receivables</b>		
Related party loans	650	639
<b>Current payables</b>		
Shared services payable to Cerrado Gold	701	194

In 2020 Ascendant was granted a total of 200,000 RSUs in the capital of Cerrado Gold in exchange for administrative services provided. During the year ended December 31, 2020 Ascendant received 66,667 common shares of

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

---

Cerrado Gold, in accordance with the vesting terms of the 200,000 RSUs granted. During the period ended December 31, 2021 Ascendant received the remaining 133,333 common shares of Cerrado Gold, pursuant to the accelerated vesting of the RSUs granted for a total of 200,000 common shares held, of which 150,000 were sold. The remaining 50,000 shares are included in other assets.

### USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Refer to Note 2 of the consolidated financial statements of the Company for the three months ended March 31, 2022 and year ended December 31, 2021.

### Internal Controls over Financial Reporting (ICFR)

The CEO and the CFO, with the assistance of management, conducted an evaluation of the effectiveness of the Company's internal controls over financial reporting as at March 31, 2022. Based on the evaluation, the CEO and the CFO have concluded that as at March 31, 2022, the Company's internal control over financial reporting is effective, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control — Integrated Framework (2013).

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected. Therefore, no matter how well-designed, ICFR has limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As at the end of the period covered by this MD&A and accompanying Financial Statements, Ascendant's management evaluated the effectiveness of its disclosure controls. Based on that evaluation, the CEO and the CFO have concluded that Ascendant's disclosure controls and procedures and internal controls over financial reporting, provide reasonable assurance that they were effective for the covered period.

There have been no changes in our internal control over financial reporting during the first quarter of 2022 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

### RISKS AND UNCERTAINTIES

The Company's business contains significant risk due to the nature of mining, exploration, and development activities. For additional discussion of these and other risk factors, please refer to the Company's Annual Information Form for the year ended December 31, 2020, which can be found under the Company's profile at [www.sedar.com](http://www.sedar.com).

#### Unfavourable global economic conditions

The Company's results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could strain our suppliers, possibly resulting in supply disruption, or cause delays in payments for our services by third-party payors. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current our future economic climate and financial market conditions could adversely impact our business. For example, in December 2019, a novel strain of COVID-19 was reported in many countries around the globe. The extent to which the COVID-19 impacts our results will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the COVID-19 and the actions required to contain the COVID-19 or remedy its impact, among others.

#### COVID-19 and Other Health Crises

The current COVID-19 pandemic and any future emergence of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the Company's operations, the operations of its suppliers, contractors and service providers and the ability to obtain financing and maintain necessary liquidity, the demand for and ability to transport the Company's products and its ability to advance its projects and other growth initiatives. Travel bans may also adversely impact the Company's operations and the ability of the Company to advance its projects. Should any employees or consultants of the Company become infected with COVID-19, it could have a material negative impact on the Company's operations and prospects.

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021

(Expressed in US dollars, except otherwise noted)

---

The outbreak of COVID-19 and the resulting global upheavals have caused significant volatility in commodity prices. The outbreak and its declaration as a global pandemic is causing companies and governments around the world to impose sweeping restrictions on the movement of people and goods, including social distancing measures and restrictions on group gatherings and isolation and quarantine requirements, closure of business and government offices, travel advisories and travel restrictions. The duration of these measures, and the related business, social and government disruptions and financial impact cannot be reasonably estimated at this time. The Company cannot estimate whether or to what extent these measures, and the resulting impacts may adversely impact the Company's business, financial condition, and results of operations.

### **Exploration, Development and Production Risks**

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

### **Competition**

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

### **Regulatory**

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

### **Environmental**

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

### **Market Conditions**

In the last decade, market events and conditions, including the disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, has resulted in significant volatility of commodity prices. These conditions also caused a loss of confidence in the broader US and global credit and financial markets and resulted in the collapse of, and government intervention in, major banks, financial institutions and insurers and



# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021

(Expressed in US dollars, except otherwise noted)

---

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

### Issuance of Debt

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

### Resource Estimates

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

### Insurance and Uninsured Risks

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

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

### Reliance on Key Personnel

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

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021

(Expressed in US dollars, except otherwise noted)

---

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

### Labour and Employment Matters

Relations with employees and key skilled personnel in Portugal or any other country in which the Company has a presence, could be impacted by changes in the scheme of labour relations that may be introduced by relevant governmental authorities. Adverse changes in such legislation may materially adversely affect the Company's business, results of operations and financial condition. In addition, labour disruption or work stoppages could materially adversely affect its business and operations.

### International Operations in Portugal

The Corporation's only material mineral project, the Lagoa Salgada Project is located in an international jurisdiction. The Lagoa Salgada Project is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, crime, political instability, currency controls, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation and mining laws, regulations and policies, restrictions on foreign exchange and repatriation, and changing political conditions and governmental regulations relating to foreign investment and the mining business.

Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the operations or profitability of the mining operations in Portugal. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, mine safety and the rewarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in additional taxes, costs, fines, penalties or other expenses being levied on the mining operations, as well as other potential adverse consequences such as economic impacts on the mining operations, loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

### Title Matters

The acquisition and maintenance of title to mineral properties is a very detailed and time-consuming process. Redcorp may not be the registered holder of some or all of the claims and concessions comprising the Lagoa Salgada project. These claims or concessions may currently be registered in the names of other individuals or entities, which may make it difficult for the Corporation to enforce its rights with respect to such claims or concessions. There can be no assurance that proposed or pending transfers will be affected as contemplated. Failure to acquire title to any of the claims or concessions at one or more of the Corporation's projects may have a material adverse impact on the financial condition and results of operation of the Corporation.

Once acquired, title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims or concessions at the Corporation's projects will not be challenged or impugned. There may be challenges to any of the Corporation's titles which, if successful, could result in the loss or reduction of the Corporation's interest in such titles. The Corporation's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Corporation may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes or to carry out and file assessment work, can lead to the unilateral termination of concessions by mining authorities or other governmental entities.

### Changes in Legislation

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

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021

(Expressed in US dollars, except otherwise noted)

---

### **Assessments of Value of Acquisitions**

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

### **Income Taxes**

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

### **Dilution**

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

### **Third Party Credit Risk**

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

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

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

### **Additional Information**

Additional information relating to the Company can also be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **CORPORATE STRUCTURE**

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

## **TECHNICAL INFORMATION**

All technical information contained herein has been reviewed and approved by Dr. Sergio Gelcich, P.Geol., an officer and director of the Company. Dr. Gelcich is a "qualified person" within the meaning of NI 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

# ASCENDANT RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

---

### CAUTIONARY NOTES TO US INVESTORS

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

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

### FORWARD LOOKING INFORMATION

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

Forward-looking information in this MD&A includes, but is not limited to, statements regarding expectation of expanding the known Mineral Resources at Lagoa Salgada. Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by Ascendant at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that Ascendant identified and were applied by Ascendant in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to, the ability to expand known Mineral Resources at Lagoa Salgada, and other events that may affect Ascendant's ability to develop its project; and no significant and continuing adverse changes in general economic conditions or conditions in the financial markets.

The risks, uncertainties, contingencies and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information may include, but are not limited to, risks generally associated with the mining industry, such as economic factors (including future commodity prices, currency fluctuations, energy prices and general cost escalation), uncertainties related to the development and operation of Ascendant's projects, dependence on key personnel and employee and union relations, risks related to political or social unrest or change, rights and title claims, operational risks and hazards, including unanticipated environmental, industrial and geological events and developments and the inability to insure against all risks, failure of plant, equipment, processes, transportation and other infrastructure to operate as anticipated, compliance with government and environmental regulations, including permitting requirements and anti-bribery legislation, volatile financial markets that may affect

# **ASCENDANT RESOURCES INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Three Months Ended March 31, 2022 and 2021  
(Expressed in US dollars, except otherwise noted)

---

*Ascendant's ability to obtain additional financing on acceptable terms, the failure to obtain required approvals or clearances from government authorities on a timely basis, uncertainties related to the geology, continuity, grade and estimates of Mineral Reserves and Mineral Resources, and the potential for variations in grade and recovery rates, uncertain costs of reclamation activities, tax refunds, hedging transactions, the inability of the Company to meet its guidance, as well as the risks discussed in Ascendant's most recent Annual Information Form on file with the Canadian provincial securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com).*

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