

April 20, 2017

**Ascendant Resources Inc – TSXV:ASND**

## Ascendant Q1 Progress Report Encouraging

Ascendant Resources Inc. (TSXV:ASND) announced Q1 operating results and 2017 guidance from its recently acquired El Mochito mine in Honduras both of which we view positively. For Q1, despite elevated costs and ongoing efforts to improve operations the company appears to be only modestly cash flow negative at the mine level. More importantly, the planned progressive improvements appear to be achievable and the exit run-rate suggests a much higher valuation may be warranted at the end of 2017. While there is risk associated with Ascendant executing these operational improvements, the company appears poised to deliver a progressive re-rating throughout 2017. As well, following the recent financing (C\$20 million) the company should have the financial flexibility to execute on its plan, including what is planned to be a capital intensive Q2. We expect the pending financial and operating updates to be the key catalysts for the Ascendant share price over the next year.

**Q1 not bad, steady improvements expected.** The company reported Q1 results and provided quarter by quarter guidance for 2017 suggesting a progressive turnaround of operations. Based on the costs provided, and current metal prices the operations appear to be mildly cash flow negative in Q1, despite being in the early stages of a turnaround and labour issues during the quarter. We highlight, that based on the quarterly guidance, Q2 is expected to be the most capital intensive quarter, with capital spending declining and cash flow improving in H2 2017. The guidance provided for Q4 2017 suggests ongoing annual production of ~52.7M lbs of Zn, ~16.5M lbs of Pb and ~781k oz of Ag with site cash costs of ~US\$0.44/lb net of by-products (excluding refining costs).

**Executing on operational improvements should deliver a re-rating.** Should the company execute on the planned operational improvements it should see a significant re-rating. Based on peer multiples, the planned run-rate at guided costs would imply a 50-100% higher enterprise value than the company currently has. This re-rating is likely to be progressive over the year and will depend on the company's ability to deliver on the provided guidance. Q2 operating results (expected in early July) will be our next look at the company's progress.

Derek Macpherson | VP Mining Analysis  
Victoria Ellis Hayes | Associate

Red Cloud Klondike Strike Inc.  
105 King Street East, 2nd Floor  
Toronto ON, M5G 1G6  
[RCKSTalk@RedCloudKS.com](mailto:RCKSTalk@RedCloudKS.com)  
[www.redcloudks.com/rcks-talk](http://www.redcloudks.com/rcks-talk)

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Company Name	Ticker Symbol	Disclosures
Ascendant Resources Inc.	TSXV:ASND	2,4

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