EIGHT CAPITAL

INITIATING COVERAGE

Metals & Mining

May 25, 2017

Get Your Zinc On!

Source: Ascendant Resources Inc.

Operating, focused pure plays - best way to play stronger zinc price

- Zinc market has tightened (see pages 3-7) significantly over the last several years, with strong consumption growth well timed with the closure of significant mine capacity attributable to both end-of-mine life and producer discipline

We are initiating research coverage with BUY recommendations on both Trevali Mining (BUY: C$1.85 target) and Ascendant Resources (BUY: C$1.30 target))

- Trevali now represents the world's largest non-integrated pure-play zinc miner with ~80% of revenue attributable to zinc (see page 10)
- Ascendant is optimizing its El Mochito mine and will aggressively explore to both identify higher-grade 'chimney' structures and extend mine life (see page 19)

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INTRODUCTION - NEW RESEARCH COVERAGE

Trevali Mining Corporation and Ascendant Resources Inc. - Pure Plays That Offer Superior Leverage To Tighter Zinc Market

We are initiating research coverage on Trevali Mining with a BUY recommendation and a 12-month target price of C$1.85 per share based on an equal weighting between our NAV (8% discount) and a 5.0x multiple to our 2018 EBITDA estimate. Based on the current share price, our target represents a 56% rate of return.

We are initiating research coverage on Ascendant Resources with a BUY recommendation and a 12-month target price of C$1.30 per share based on an equal weighting between our NAV (8% discount) and a 4.0x multiple to our 2018 EBITDA estimate. Based on the current share price, our target represents an 88% rate of return.

Target EV/EBITDA multiples of 6.0x to up to 7.0x are fairly typical for copper stocks and zinc companies generally trade at a discount to copper names. Our higher target multiple for Trevali reflects the more established and senior global position the company will have post the completed acquisition of the African assets. That said, while Ascendant still needs to deliver on its optimization programs and establish an operating track record, we like the upside potential in the El Mochito asset and would look to review operating and valuation assumptions as milestones are reached. The following are our key thesis points:

- Given our constructive views on zinc market fundamentals and LME pricing going forward through the balance of 2017 and into 2018, we view the current share price levels of both Trevali and Ascendant as excellent entry points for clients
- Investors looking to participate in the tightening zinc market in the near term should focus on pure-play zinc producers first as these companies will have higher leverage to zinc price changes relative to producers with a more diversified production profile
- In addition, however, we believe that zinc market fundamentals will continue to be favourable in the medium term as well, which would be supportive of more advanced zinc development stories
- In our view, Trevali Mining and Ascendant Resources represent two of the better ways for investors to gain zinc exposure due to their pure-play status
- Trevali's recent announcement of its intention to acquire the Rosh Pinah and Perkoa zinc mines in Africa from Glencore (Not Rated) represents a transformational acquisition for the company and bolsters an already strong partnership between the two companies. This increases the potential for additional value-added transactions between the companies going forward
- For Ascendant, the acquisition of the El Mochito mine in Honduras offers the market another pure-play option with a focused management team and promising exploration potential to extend the mine life through further discoveries. This mine, once fully optimized, will also serve as a foundation to further grow the company's asset base

CURRENT STATE OF THE ZINC MARKET - HOW MUCH TIGHTER?

The Demand Side

Typically, when analyzing supply-demand fundamentals, the supply side of the equation receives much of the focus as production levels are easier to quantify and forecast. The demand side of the equation is more difficult to estimate and often can only be known with greater certainty looking back at the end of a period.

Wood Mackenzie forecasts zinc consumption growth of about 2.5% per year over the next 5 years, with China continuing to be the main driver. We are using this growth rate for the 2018 – 2020 period, but using a lower rate of 2.0% for 2017 to reflect concerns that Chinese demand could be slower as reflected in recent economic data. These assumptions are the basis of the demand side of our zinc supply-demand analysis.

The Supply Side

The supply side of the zinc market has been developing for several years, with the primary features consisting of:

- Closing of the Brunswick (2013-2014), Perseverance (2013-2014), Lisheen (2015), and Century (2015-2016) mines, effectively removing ~1.04 mm tonnes of zinc metal in concentrate production
- Glencore announcing in October 2015 that it was taking ~500,000 tonnes of zinc metal in concentrate production off-line from the George Fisher, Lady Loretta, McArthur River, Iscaycruz and Kazzinc operations (zinc was trading at ~$0.74/lb)
- China announcing in August 2016 that it was shutting 26 zinc and lead mines in the Hunnan Province due to safety and environmental concerns - while we are not sure what the attributable capacity is exactly for this announcement, we estimate it at 250,000 - 350,000 tonnes (zinc was trading at ~$1.03/lb)

The estimated sum total of mine production capacity that was therefore either closed or taken off-line (care and maintenance) was approximately 1.85 mm tonnes of zinc metal in concentrate (~14% of global mine supply), with 750,000 - 850,000 tonnes available and assumed to be put back into production in a fundamentally tighter and stronger zinc price environment. However, despite the production cuts noted above, the International Lead and Zinc Study Group (ILZSG) estimates that global mine production only dropped by a net ~0.3 mm tonnes from 2014 - 2016 due to increased production levels in Bolivia, Canada, China and Peru, and commissioning of new production in Eritrea (Bisha).

The backdrop for all of the production cuts noted above was a very high total global zinc inventory level. The ILZSG defines global zinc inventories as the sum total of:

- London Metal Exchange (LME) inventories
- Shanghai Futures Exchange (SHFE) inventories
- China State Reserve Bureau (SRB) bonded warehouses
- Producer inventories
- Consumer inventories, and
- Merchant inventories

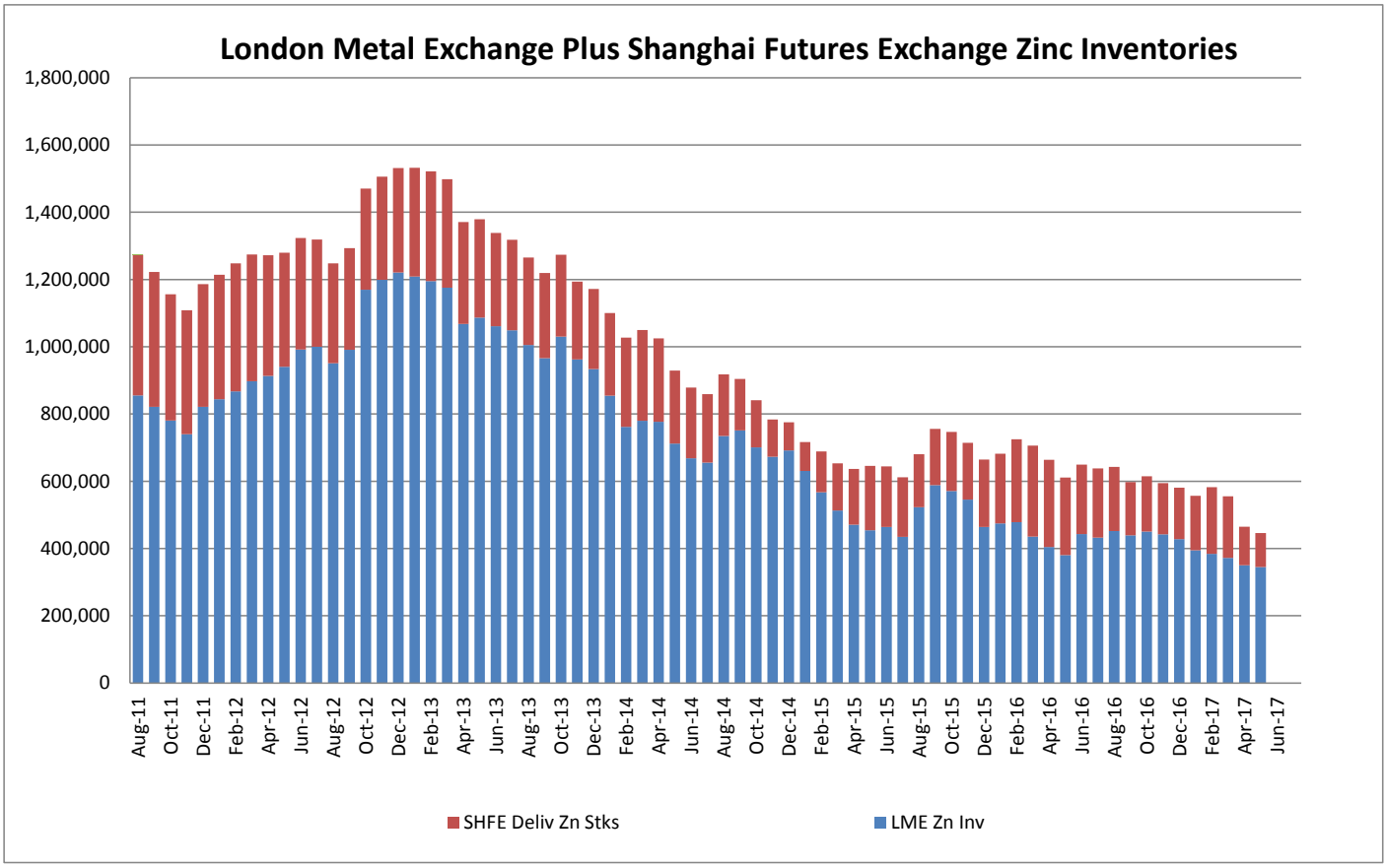
On this basis, total reported global zinc stocks stood at 2.21 mm tonnes at the end of 2012. At that time, zinc was trading at approximately $0.90/lb.

If we work with the sources of inventory that we can get regular data on, which includes LME inventories and SHFE inventories, the sum total at the end of 2012 was 1.53 mm tonnes of zinc metal, or roughly 45 days of consumption.

From 2012 to mid-2015, global mine production had increased by less than 2%, but global zinc consumption had increased by over 8%. Assuming marginal change to secondary (recycling) production, zinc had to come out of inventories and by June 2015, LME and SHFE inventories were cut by 58%, to 644,500 tonnes, or roughly 16.5 days of consumption.

From 2014 - 2016, global zinc inventory drawdowns continued, but at a slower pace due to net global mine production falling by ~0.3 mm tonnes and global zinc consumption only increasing by approximately 1.5% over this 2-year period (down 2% in 2015 and up 3.6% in 2016). As a result, cumulative LME and SHFE zinc inventories dropped 194,683 tonnes from the end of 2014 to the end of 2016, a period when much of the well-documented mine production capacity was closed or taken off-line. This represented a 25% drop in inventories from the end of 2014 and was further evidence of an overall tightening in the market.

LME & Shanghai Inventories Falling to 7 Days of Consumption



Source: Bloomberg

Where We Are Currently - Limited Downside On Price Given Low Global Inventories

By the end of 2016, total LME and SHFE inventory levels had fallen to 580,674 tonnes, or 14.9 days of consumption, due to stronger Chinese zinc demand in 2016 and a zinc concentrate market that continued to tighten due to the closures and production capacity taken off-line. As a result, spot treatment charges fell to $40/t in Q1/17 and smelter capacity has also been shut due to a general lack of available mine concentrates. In the first 4 months of 2017, total LME and SHFE inventories fell by 20% to 464,925 tonnes, or under 12 days of consumption. Based on the pace of falling inventories, it is expected that critical total inventory levels, which we estimate at 7 days based on the LME and SHFE inventories alone, could be reached in H2/17, which should result in a meaningful price response.

However, the market is not yet reflecting this level of concern given that zinc still trades in a $1.10 – 1.20/lb range, significantly lower than the US1.33/lb highs seen in February. One line of thinking is that several of the metals in the base metal complex got ahead of themselves in late 2016 and early 2017 when expectations were set for a significant U.S. infrastructure build. When this feature had little follow-through, the whole complex fell into a consolidation phase. Another, more recent development has been weaker than expected Chinese economic data in April that highlighted the broad economic impact of regulatory curbs to clamp down on debt risks, which resulted in a tapering of factory output, investment and retail sales. For bulk commodities and base metals, this economic data has called into question the impact on forward-looking demand in a slower growth environment.

While this feature is a valid concern, we continue to see the zinc market as somewhat of an isolated case given ongoing supply side constraints and the much tighter global inventory picture. We believe that the zinc market will continue to tighten into H2/17 and expect the zinc price to trend higher over the balance of the year.

2018 And Beyond - Upside May Be Capped If Shuttered Mine Capacity Is Reactivated

While we expect the market to tighten further and fully anticipate that prices will rise from current levels, we also believe that once a certain price threshold is reached, Glencore will start to bring back the 500,000 tonnes of zinc metal production it started shutting in Q4/15. In our view, this will represent the 'safety valve' on the price escalation and we forecast this production coming back on-line on a staged basis starting in H2/18.

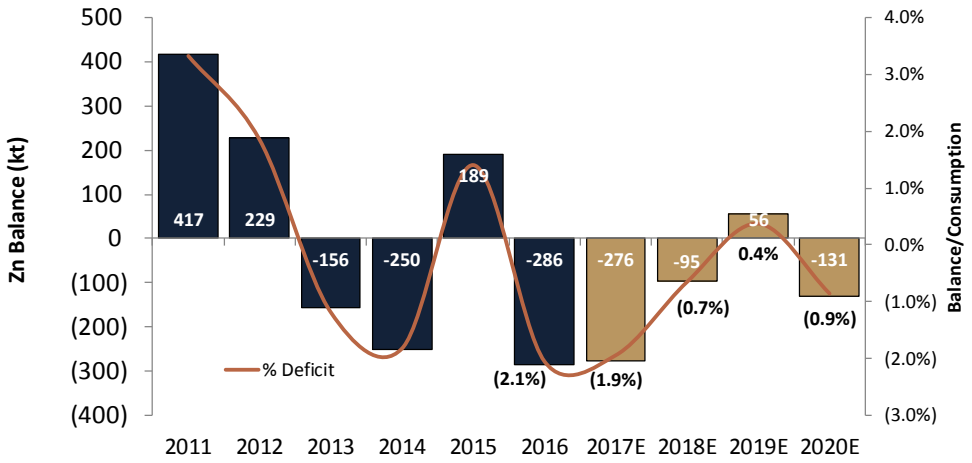
There is also the potential for some of the Chinese mine capacity that was shut last August to come back on-line in a tighter zinc market environment, although those closures were reportedly due to safety and environmental concerns. It is worth noting that media reports indicated that those closures were to be reviewed as early as June 2017. Clearly, if this production were to come back on-line, this would also further relieve the tightness in the zinc market.

Global Zinc Supply - Demand Balance - Modest Deficits Likely

GLOBAL ZINC SUPPLY/DEMAND BALANCE

'000t Zn	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Mine Production	**12,552**	**12,895**	**13,047**	**13,525**	**13,202**	**13,225**	**13,386**	**13,928**	**14,449**	**14,638**
Add: New Zinc Mine Supply, ex-China							261	495	521	125
Add: New Chinese Zinc Mine Supply							0	50	0	100
Less: Planned Mine Shutdowns							101	3	1	36
% Growth	*(1.3%)*	*2.7%*	*1.2%*	*3.7%*	*(2.4%)*	*0.2%*	*1.2%*	*4.1%*	*3.7%*	*1.3%*
Less: Disruption Allowance							134	139	144	146
Add: Net Secondary Zinc							700	700	700	700
Refined Zn Production	**12,968**	**12,607**	**13,004**	**13,485**	**13,651**	**13,663**	**13,952**	**14,489**	**15,004**	**15,191**
% Growth		*-2.8%*	*3.1%*	*3.7%*	*1.2%*	*0.1%*	*2.1%*	*3.8%*	*3.6%*	*1.2%*
					449	438				
Zn Consumption	**12,551**	**12,378**	**13,160**	**13,735**	**13,462**	**13,949**	**14,228**	**14,584**	**14,948**	**15,322**
% Growth	*7.3%*	*(1.4%)*	*6.3%*	*4.4%*	*(2.0%)*	*3.6%*	*2.0%*	*2.5%*	*2.5%*	*2.5%*
Balance	**417**	**229**	**-156**	**-250**	**189**	**-286**	**-276**	**-95**	**56**	**-131**
% Deficit	*3.3%*	*1.9%*	*(1.2%)*	*(1.8%)*	*1.4%*	*(2.1%)*	*(1.9%)*	*(0.7%)*	*0.4%*	*(0.9%)*

Source of historic data (2011 - 2016): ILZSG



Source: Eight Capital, SNL, Metal Bulletin, ILZSG

Potential Scenario For 'Stronger For Longer'

The figure above reflects our overall forecast for the zinc market balance for the next several years. While it appears that the market will go back to a small surplus in 2019, this reflects our forecast of the timing of Glencore's mine production capacity coming back on-line and assumes Chinese zinc mine capacity returns in moderate stages.

Therefore, depending on timing, we could see a balanced market in 2019. However, based on our assumptions, the market returns to a deficit position in 2020 due to expectations of continued strong global zinc consumption and a general lack of new mine capacity coming on-line. These features, combined with the extensive drawdown of global zinc inventories in the last 5 years, supports our view that we could see an extended medium-term phase at the $1.25/lb average zinc price level. We assume a long-term price of $1.05/lb starting in 2022. The following table summarizes our commodity price assumptions:

Commodity and Forex Assumptions

	2017	2018	2019	2020	2021	2022+LT
Zinc ($/lb)	$1.25	$1.25	$1.25	$1.25	$1.20	$1.05
Lead ($/lb)	$1.05	$1.05	$1.05	$1.05	$1.00	$0.95
Silver ($/oz)	$17.93	$19.00	$19.00	$19.00	$19.00	$19.00
Gold ($/oz)	$1,250	$1,275	$1,300	$1,300	$1,300	$1,300
US$/C$ exch	$0.75	$0.75	$0.80	$0.80	$0.83	$0.85

Source: Eight Capital

Pure-Play Canadian Zinc Investment Vehicles

While all diversified base metal companies that have zinc production exposure (including Glencore, Vedanta, Teck, Boliden, Lundin, HudBay, Volcan, Milpo and Mitsui Mining - all Not Rated) will directly benefit from a stronger zinc price environment, our preference would be to participate via pure-play producers like Trevali and Ascendant, as these producers provide the greatest leverage or torque to changing prices.

Based on revenue contribution by metal, we estimate that in 2018, Trevali will have in excess of 80% of its revenue from zinc. Ascendant will have approximately 60% of revenue derived from zinc, with the balance split relatively evenly between lead and silver.

Risks

Risks to producing companies like Trevali Mining and Ascendant Resources and our valuations are varied. These include metal price assumptions, production schedules, operating cost forecasts, sustaining capital forecasts, and changes in treatment and refining cost assumptions. Investing in mining companies is inherently risky. While both companies are in production, Ascendant is in the middle of a series of optimization programs at El Mochito that will require capital and Trevali is reviewing its strategy in northern New Brunswick that could also require additional capital to eventually bring production from the Halfmile mine and Stratmat project. Project financing is a key issue in what is currently a difficult market environment. That said, we believe both companies have adequate capital in place to meet near term programs, goals and commitments.

Commodity price risk - In both companies, commodity risk is specifically related to zinc, lead and silver prices. We currently have a favourable outlook on these commodities in the near, medium and longer term. However, an unexpected softening of the prices for these commodities could impact negatively on project economics and valuation, as well as the ability to raise equity and debt capital.

Production risk - Our basic model inputs and key determinants of project economics are

based largely on our assumptions and management guidance and are based on mine plans that are subject to change and modifications. Assumptions have been made regarding the mine schedule, including production rates, mine life, Capex, Opex, and transportation costs. In all cases, we attempt to model reasonable and conservative assumptions and attempt to review these assumptions with management.

Financing risk – As noted above, Trevali and Ascendant benefit from having producing assets that generate revenue. Additionally, both companies have sufficient capital in place to address near-term requirements and programs. In the event that commodity prices fall from current levels, Ascendant may require additional capital to complete its optimization programs and complete targeted exploration programs.

Permitting risk – all five of the operating mines controlled by Trevali and Ascendant are fully permitted. In the event that Trevali management advances its development projects, permitting could be an issue. That said, the more significant development assets would be the past-producing Halfmile mine and/or Stratmat project, both located in New Brunswick where Trevali already has a presence and has already gone through the permitting process. In this sense, we would characterize the permitting risk as low.

A Short Primer on Basic Geological Models of Zinc Deposits

In each of the five asset checklists (four Trevali assets, one Ascendant asset), we make reference to deposit geology. This section provides some additional technical colour on each of the deposit models:

Volcanogenic Massive Sulphide (VMS) Deposits
(summarized from original source: Piercey, 2015)

Volcanogenic Massive Sulphide (VMS) deposits consist of lenses and sheets of massive sulphide that form from seafloor hydrothermal systems. Metal-rich fluids precipitate on or near the seafloor where circulating hydrothermal fluids, driven by magmatic heat, are quenched through mixing with bottom waters or porewaters in near-seafloor lithologies. VMS deposits are significant sources of zinc, copper, lead, silver, and gold, and are significant contributors to the Canadian economy. Of Canada's overall metal production, approximately 27% of copper, 49% of zinc, 20% of lead, 40% of silver and 3% of gold are accounted for by VMS deposits.

VMS deposits usually consist of greater than 40% sulphides, usually pyrite, pyrrhotite, chalcopyrite (copper), sphalerite (zinc) and galena (lead). Zonation within VMS deposits, both vertically and laterally, can be seen with potentially significant variations in grades and recoveries. Alteration zonation in the host rocks surrounding VMS deposits are usually well-developed, including advanced argillic (kaolinite, alunite), argillic (illite, sericite), sericitic (sericite, quartz), chloritic (chlorite, quartz) and propylitic (carbonate, epidote, chlorite).

Carbonate Hosted Deposits
(summarized from original source: Kamona, 2011)

Three main carbonate-hosted base metal deposit types are recognized:

- Leadville-type mineralization (LTM)
- Sedimentary-exhalative (SEDEX), and
- Mississippi Valley-type (MVT) deposits

LTM deposits are high temperature (>200 degrees C) carbonate-hosted Pb-Zn-Ag deposits distinctly different from MVT and SEDEX deposits by virtue of their temporal and spatial relationship to igneous intrusions. The fundamental diagnostic feature of this deposit type is its origin from magmatic-hydrothermal processes associated with felsic to intermediate magmatism and ore formation by replacement of carbonate rocks (Einaudi et al., 1981; Megaw et al., 1988; Thompson & Beaty, 1990). Although the type name originates in the Colorado mineral belt of the United States, the type setting for these deposits is northern Mexico.

Carbonate-hosted SEDEX Pb-Zn deposits are characterized by a stratiform morphology, an active tectonic setting during mineralization and low to moderate temperatures of formation (100° to 260° C). The Pb-Zn ores are associated with significant Ag and minor Cu (Hitzman & Large, 1986). The mode of occurrence of the mineralization includes cross-cutting and stratiform ores. The deposits are distinct from volcanogenic massive sulphide deposits because of a high Pb/Cu ratio and their lack of an intimate association with volcanic and volcaniclastic sequences (Turner & Einaudi, 1986).

MVT deposits are stratabound, epigenetic orebodies that occur in clusters in carbonate formations of mineral districts distributed over large areas (Ohle, 1959, 1967; Heyl, 1967; Snyder, 1967). The orebodies are typically found at or near basin margins associated with domes and intrabasinal highs. Like SEDEX deposits, MVT deposits are characterized by the absence of obviously associated igneous rocks, but the stratabound and often stratiform morphology of the former contrasts with the majority of MVT deposits whose morphology commonly crosscuts stratigraphy (Hitzman & Large, 1986; Sangster, 1990). Classic examples of MVT deposits are the districts of the mid-continent in the United States and the Pine Point district in Canada. However, they also occur in other districts, including the Appalachian in eastern United States, Silesia in Europe, southern and central Africa, and the Leonard shelf in Australia.

Ascendant's El Mochito has been characterized as a zinc-lead-silver skarn deposit, within a spectrum of carbonate-hosted deposits referred to as carbonate replacement deposits. Based on the high-temperature replacement of lead-zinc deposits in carbonates, this would classify El Mochito as a variation on the LTM deposit type. Acid hydrothermal solutions have deposited skarn minerals, such as garnet, pyroxene and epidote, together with sulphides of zinc, lead and iron. The replacement deposits typically take two forms: some follow flat bedding of their host rock (mantos), while others cut across the rocks (chimneys or pipes). Typically, grades (especially zinc) are higher in chimneys.

The Trevali operating mines are summarized starting on page 13 and we note the zinc deposit type in each of the asset checklist figures we use to summarize these assets.

EIGHT CAPITAL

Trevali Mining Corporation

(TV-T: C$1.17)

May 25, 2017

BUY

Target: C$1.85

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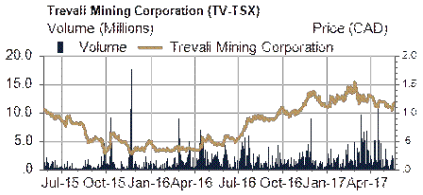
A Pure-Play Zinc Producer Built To Perform

TV-T	New	Last
Rating	BUY	--
Target Price (C$)	$1.85	--
Projected return	55.5%	--
NAV/share (C$)	$1.53	--
Target/NAV multiple	1.2x	--
Share Data		
Current price (C$)		$1.19
52-week high/low (C$)	H-$1.57	L-$0.43
Market Cap (C$M)		$998
EV ($M)		$796
Shares Outstanding - Basic		815.5 MM
Shares Outstanding - FD		838.8 MM
Avg. Trading Volume - One month		3.0 MM
Net Debt (net cash) ($M)		$48
Dividend per share		$0.0
Dividend yield		--
Operations		
Locations		Namibia, Peru, Canada, Burkina Faso
Main Commodities		Zn, Pb, Ag
2018E Production (M Payable ZnEq lbs)		524.0
2018E Sustaining Capex		$43.7
2018E AISC ($/lb ZnEq)		$0.76
NAV/share (C$)		$1.53
P/NAV		0.78x

Forecast			
Year	2016A	2017E	2018E
Zinc Price ($/lb)	$0.95	$1.25	$1.25
Payable Zn-eq Prod (Mlbs)	145.4	428.8	524.0
Revenue ($M)	$149.7	$409.3	$496.0
EPS ($/sh)	$0.02	$0.14	$0.14
P/E	39.7x	6.4x	6.5x
EBITDA ($M)	$41.8	$221.3	$282.5
EV/EBITDA	10.0x	3.6x	2.8x
CF ($M)	$44.3	$177.1	$210.9
CF/share ($)	$0.12	$0.21	$0.25
Capex ($M)	$25.1	$57.7	$43.7
FCF ($M)	$19.3	$119.4	$167.3

All figures are in US$ unless otherwise stated
Source: Eight Capital, Factset, Company Documents

TV: Price/Volume Chart



Source: Factset

Company Description

Upon closing of the acquisition of the Glencore assets, Trevali Mining will become the world's largest pure-play zinc miner and will operate the Caribou (Canada), Santander (Peru), Rosh Pinah (Namibia) and Perkoa (Burkina Faso) mines, with an estimated annual production of payable 480 mm Zn-eq lbs. It also has other development assets in its portfolio that are currently being studied.

Zinc project developer to top 10 global zinc miner in 5 years

- TV is expected to produce 524 mm Zn-eq lbs in 2018 at an AISC of $0.76/lb Zn-eq
- Over 80% of 2018 revenue contribution is from zinc metal, making TV the world's largest non-integrated pure-play zinc miner
- We estimate 2018 EBITDA of $282.5 mm ($1.25/lb Zn) and FCF of $167 mm
- We expect that management will carefully allocate capital to debt repayment, exploration opportunities to extend mine lives, and opportunities to optimize the resource optionality it has in the Caribou area

Acquisition of Rosh Pinah and Perkoa transforms TV

- We estimate that TV paid 0.74x NAV for the 2 African mines, excluding optionality of Gergarub and Heath Steele
- Strengthens relationship with Glencore, who will own a 25% interest in TV and hold 2 Board seats
- Based on our zinc price forecast, we estimate that the payback period (FCF) for two African mines will be <4 years
- If we expand the analysis to include all 4 mines, payback falls to <3 years

Tightening zinc market aligns well with acquisition strategy

- Large mine closures of the last few years and higher global zinc demand have both contributed to a significant drawdown of global zinc inventories and a very tight zinc concentrate market
- We expect that zinc market conditions will tighten further over the balance of the year and that pricing will respond in H2/17
- The zinc price is expected to average $1.25/lb over the 2017 - 2020 period, which should support significant FCF and create opportunities to further grow the company

Target Price Valuation Methodology

We estimate that Trevali Mining will generate $221.3 mm in EBITDA in 2017 (assumes April 1st effective date of the acquisition) and $282.5 million in EBITDA in 2018. In addition, we estimate that for each $0.05/lb change in the zinc price, EBITDA will have a like change of $17 mm in 2017 and $21 mm in 2018.

Our net asset value (NAV) based on an 8% discount rate and the commodity price assumptions indicated in our supply-demand analysis section is C$1.53 per share. Based on an equal weighting between our NAV (8% discount) and a 5.0x multiple to our 2018 EBITDA estimate, we are initiating research coverage on Trevali Mining with a BUY recommendation and a 12-month target price of C$1.85 per share. Our 5.0x target multiple reflects the discount that zinc stocks typically trade at relative to copper stocks (6.0x - 7.0x target multiples).

COMPANY SUMMARY

Trevali produces zinc, lead and silver from two mines - Santander in Peru and Caribou in Canada. The company is in the process of acquiring two other mines - Rosh Pinah and Perkoa - from Glencore. The closing of the acquisition of the Glencore asset portfolio, which will also include a 39% interest in the Gergarub project and an option on the Heath Steele property in New Brunswick, is expected before July 31, 2017 and will have an effective date of April 1st. The acquisition cost of the portfolio of assets from Glencore was $400 mm and was accretive to NAV, EPS and CFPS.

INVESTMENT THESIS

In March 2017, Trevali announced the proposed acquisition of two producing primary zinc mines in Africa from Glencore for a total consideration of $400 million, consisting of a cash consideration of $227.4 million and a share consideration of $172.6 million. The share consideration consisted of issuing to Glencore a total of 193,432,310 Trevali common shares at a deemed price of C$1.20 per share and the cash consideration will be paid from a combination of a Subscription Receipt financing and a new $190 mm senior debt financing facility. The deal has an effective date of April 1st, 2017 and is scheduled to close on July 31st, 2017.

Once concluded, the acquisition of the Glencore asset portfolio will transform Trevali to the world's largest non-integrated pure-play zinc miner. The timing of the acquisition is ideal as the zinc market has tightened considerably in the last 5 years and this tightening, as measured by declining levels of global zinc inventories, has escalated in the first 5 months of 2017. LME and SHFE inventories have fallen from 45 days of consumption at the end of 2012 to under 15 days at the end of 2016 and 11 days currently. We forecast that 'critical' inventory levels of ~7 days could be reached in August and should result in a strengthening of the zinc price in H2/17. Further, we expect that strong global zinc consumption and a lack of significant new mine supply in the coming years will be supportive of an average price of $1.25/lb from 2017 - 2020, enabling Trevali to generate significant FCF over this period.

In our view, the announcement of the acquisition of the Rosh Pinah (Namibia) and Perkoa (Burkina Faso) mines represented a transformational deal that achieved a number of significant goals and characteristics:

- More than doubled annual zinc production
- Geographically diversified the asset base
- Accretive to NAV and increased EBITDA leverage at an opportunistic point given tightening zinc market fundamentals
- Further strengthened the existing partnership with Glencore, which took a 25% ownership interest in the company and secured two TV Board seats
- As part of the deal, TV is negotiating a new $190 mm Senior Debt facility that will both help to facilitate the deal and also significantly lower its borrowing rate on its existing debt

VALUATION AND RECOMMENDATION

Based on a combination of company guidance, historical production assumptions, and our own assumptions, we estimate the following gross free cash flow profile for all 4 producing mines:

Trevali Mining: Free Cash Flow Summary

FCF Analysis ($ millions)	2017	2018	2019	2020
Trevali Mining				
Operating cash flow	$177.1	$210.9	$202.5	$223.5
Sustaining capex	$57.7	$43.7	$44.1	$36.6
Free cash flow	$119.4	$167.3	$158.5	$186.9

Source: Eight Capital estimates

An important consideration in acquisition analysis is payback period, and we have looked at this measure on the basis of both the two mines acquired (more relevant analysis) and all four mines as well. Based on our forecast for a zinc price of $1.25/lb from 2017-2020, we estimate that the payback period for the $400 mm acquisition of the two African mines is under 4 years based on the FCF generating power of the two mines acquired. The table below summarizes this analysis and provides sensitivity analysis for different zinc prices:

Trevali Mining: Payback Period Analysis

Payback Period (Years)	$1.00	$1.15	$1.25	$1.30	$1.40	$1.50
assumes: payback scenarios over 2017-2020 period		*spot*				
African mines	4.87	4.13	3.75	3.50	3.25	3.00
All 4 mines	4.00	3.13	2.75	2.63	2.38	2.25

Source: Eight Capital estimates

It is also worth noting that at our long-term zinc price assumption of $1.05/lb starting in 2022 (lead - $0.95/lb, silver - $19/oz, and gold - $1,300/oz), we estimate that TV will generate over $107 mm of annual FCF and that the company will be FCF breakeven at a zinc price of approximately $0.65/lb. This analysis speaks to the relative strength of the Trevali operating asset portfolio.

We estimate that Trevali Mining will generate $221.3 mm in EBITDA in 2017 and $282.5 million in EBITDA in 2018. In addition, we estimate that for each $0.05/lb change in the zinc price, EBITDA will have a like change of $17 mm in 2017 and $21 mm in 2018.

Based on our forecasts, we believe that Trevali will have the ability to build a considerable cash position of in excess of $650 mm by the end of 2021, in addition to paying down its new debt facility over the next 5 years. This gives the company the capacity to look at opportunities to grow the company further via M&A activity or additional asset acquisitions, potentially in the form of acquiring additional assets from Glencore. This could also address the production drop that will exist once Perkoa reaches the end of its mine life (we model 6 years of mine life, but exploration upside could extend this further). While we covet the pure-play position that Trevali holds in the zinc space, there is also the potential for management to look to other opportunities in the base metal space if they make strategic sense and are accretive.

Our net asset value (NAV) based on an 8% discount rate and the commodity price assumptions indicated in our supply-demand analysis section is C$1.53 per share. Based on an equal weighting between our NAV (8% discount) and a 5.0x multiple to our 2018 EBITDA estimate, we are initiating research coverage on Trevali Mining with a BUY recommendation and a 12-month target price of C$1.85 per share.

Trevali Mining: Net Asset Value

TREVALI MINING
NET ASSET VALUE
EIGHT CAPITAL

EIGHT CAPITAL MINING GROUP

24-May-17

Project	Country	Metals	Status	Mine Life (Years)	Ownership (%)	Value by DCF/Other US$MM	NAV (US$/Share)	Comment
Caribou	Canada	Zn, Pb, Ag, Cu, Au	Producing	10	100%	$181.7	$0.22	DCF at 8% discount rate
Santander	Peru	Zn, Pb, Ag	Producing	15	100%	$172.8	$0.21	DCF at 8% discount rate
Rosh Pinah	Namibia	Zn, Pb, Ag	Producing	~14	80.08%	$226.2	$0.27	DCF at 8% discount rate
Perkoa	Burkina Faso	Zn	Producing	~6	100%	$315.2	$0.38	DCF at 8% discount rate
Halfmile	Canada	Zn, Pb, Ag, Cu	Development	~12	100%	$69.3	$0.08	Valued @ US$0.025/lb insitu
Stratmat	Canada	Zn, Pb, Ag, Cu	Development	~5	100%	$31.2	$0.04	Valued @ US$0.025/lb insitu
Gergarub	Namibia	Zn, Pb	Development	~10	39.0%	$31.3	$0.04	Valued @ US$0.02/lb insitu
Subtotal - Operations						**$1,027.6**	**$1.23**	
Working Capital						$122.3	$0.15	From Pro-forma financials in Management Info Circular (Section D)
Long-term debt						($186.3)	($0.22)	From Pro-forma financials in Management Info Circular (Section D)
Subtotal						**($64.0)**	**($0.08)**	
Net Asset Value (US$/share)						**$963.7**	**$1.149**	
Net Asset Value (C$/share)						**$1,284.89**	**$1.532**	
			No. Common Shrs (f.d., mm)		**838.8**			

Source: Eight Capital estimates, company guidance

Trevali Mining – Mine Snapshots

Perkoa Mine: Asset Checklist - 31% of operating NAV

Trevali Mining Asset Checklist	
Asset:	**Perkoa**
Location:	Burkina Faso
Risk profile (SNL*):	P, O, S = Medium; T = Low
Mine summary:	UG mine; standard milling, flotation
Mine life (modelled):	6 years
Geology:	VMS
Mill throughput:	2,000 tpd
2018 payable production (metal in conc; mm lbs/ozs):	
Zinc	175.86
Lead	0
Silver	0
2018 payable Zn-eq production (mm lbs)	175.86
2018 estimated AISC per Zn-eq lb produced (US$):	$0.74

Exploration potential:

* mineralization remains open at depth ; drilling in progress; potential to extend mine life
* significant exploration potential on 4 adjacent properties, where historically only gold occurrences were assayed
* regionally, a total of 46 EM anomalies have been identified for follow-up screening/exploration

*P=Political, O=Operational, S=Security, T=Terrorism

Source: Eight Capital, Company Presentation

Caribou Mine: Asset Checklist - 28% of operating NAV (including Halfmile/Stratmat)

Trevali Mining Asset Checklist	
Asset:	**Caribou mine**
Location:	NB, Canada
Risk profile (SNL*):	P, O, S, T = Low
Mine summary:	UG mine; standard milling, flotation
Mine life (modelled):	10 years
Geology:	VMS polymetallic
Mill throughput:	3,000 tpd
2018 payable production (metal in conc; mm lbs/ozs):	
Zinc	94.99
Lead	36.64
Silver	888,103
2018 payable Zn-eq production (mm lbs)	141.4
2018 estimated AISC per Zn-eq lb produced (US$):	$0.83

Exploration/Upside potential:

* considerable upside potential to extend resource base at depth at Caribou
* drill results from Caribou released In March 2017 intersected significant massive sulphide mineralization 350 metres outside of the current defined resource area
* down hole geophysics (BHEM) from both drill holes BR-1017 (tested W-NW down-dip extension) and BR-1018 (tested NW down plunge extension of "Caribou Mineral Horizon") suggests strong continuity of mineralization
* 2016/2017 winter campaign is nearing completion, with additional drill results expected
* Copper circuit - TV continues to study the net benefits of adding a Cu-circuit at Caribou; higher-grade Cu ore will be mined starting in 2018 that would produce a payable concentrate; limited remaining capex only ~$1.5 mm

*P=Political, O=Operational, S=Security, T=Terrorism

Source: Eight Capital, Company Presentation

Rosh Pinah Mine: Asset Checklist - 22% of NAV of operating assets

Trevali Mining Asset Checklist	
Asset:	**Rosh Pinah (100% basis)**
Location:	Namibia
Risk profile (SNL*):	P, O, S = Low; T = Insignificant
Mine summary:	UG mine; standard milling, flotation
Mine life (modelled):	14 years
Geology:	SEDEX / VMS
Mill throughput:	2,000 tpd
2018 payable production (metal in conc; mm lbs/ozs):	
Zinc	95.64
Lead	20.40
Silver	205,446
2018 payable Zn-eq production (mm lbs)	117.3
2018 estimated AISC per Zn-eq lb produced (US$):	$0.72

Exploration potential:

* Rosh Pinah deposit itself remains open for expansion, both on the property area and via underground exploration activities
* The mine is located on the same underexplored belt as the Skorpion, Black Mountain, and Gamsberg mines; limited historic exploration
* TV's 39% owned Gergarub project, located ~11km NW of Rosh Pinah, was discovered via an EM target
* other regional exploration targets also remain untested
* Copper circuit - Glencore had done preliminary study work and TV believes there is good potential to add value through adding a copper circuit; TV will continue to study it

*P=Political, O=Operational, S=Security, T=Terrorism

Source: Eight Capital, Company Presentation

Santander Mine: Asset Checklist - 17% of NAV of operating assets

Trevali Mining Asset Checklist	
Asset:	**Santander mine**
Location:	Peru
Risk profile (SNL*):	P, O, S = Medium; T = Low
Mine summary:	UG mine; standard milling, flotation
Mine life (modelled):	12 years
Geology:	Carbonate Replacement Deposit
Mill throughput:	2,400 tpd
2018 payable production (metal in conc; mm lbs/ozs):	
Zinc	67.06
Lead	13.36
Silver	731,600
2018 payable Zn-eq production (mm lbs)	89.4
2018 estimated AISC per Zn-eq lb produced (US$):	$0.75

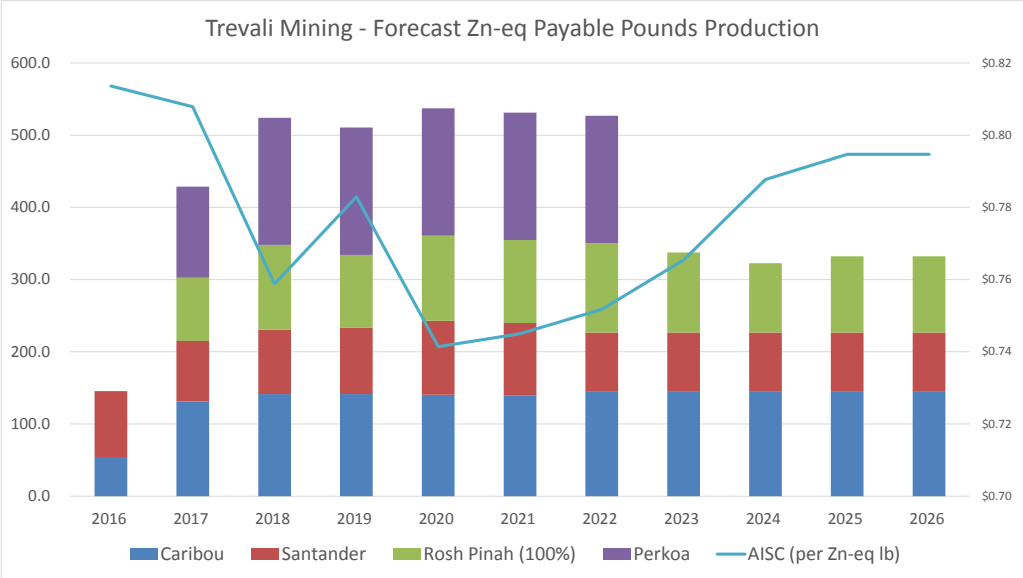
Exploration potential:

* significant exploration potential to expand the current resource base
* all known deposits remain open
* drill results from Santander released in December 2016 expanded the known high grade zinc-lead-silver mineralization and contributed to defining the newly discovered sulphide replacement zone between Magistral Central (MC) and Magistral North (MN), demonstrating that MC and MN merge at depth, with increasing zinc grades; drilling also tested the down-dip expression of the Oyon zone
* this drilling contributed to the definition and conversion of 3.6 mm Measured and Indicated (M&I) tonnes with a 70% conversion of Inferred to M&I

*P=Political, O=Operational, S=Security, T=Terrorism

Source: Eight Capital, Company Presentation

Trevali Mining: Cumulative Zn-eq Production and AISC per lb of Zn-eq



Source: Eight Capital estimates, Company guidance

On a net present value basis, we value the Rosh Pinah and Perkoa assets at $541 mm and that measure excludes any value for the Gergarub project interest or the Heath Steele option. On this basis, and based on the $400 mm acquisition price, we estimate that TV paid approximately 0.74x NAV. It is also worth noting that Rosh Pinah and Perkoa currently represent ~53% of the entire asset portfolio valuation. However, we do expect our valuation for Caribou to increase when the PEA results are released in late Q2/17, as we expect that our current low in-situ valuation of the Halfmine and Stratmat projects will increase as we transition to a DCF approach once future plans are disclosed (see following section on upside valuation potential).

Other Trevali assets

In addition to the four operating mines summarized above, Trevali also owns other significant assets that offer further upside production and valuation potential. Of these, the past-producing Halfmile mine and Stratmat project in the Bathurst camp in New Brunswick are both relatively close to the operating Caribou mine and are the most significant. In addition, further optionality is available through the Heath Steele option and a 39% interest in the Gergarub project located approximately 11 km NW of Rosh Pinah in Namibia. Both of these assets are included in the portfolio of assets being acquired from Glencore.

A number of different scenarios are currently being studied regarding the optimal way to unlock value in the Halfmile and Stratmat properties, which we estimate host NI 43-101 total resource bases of approximately 2.77 billion Zn-eq lbs and 1.25 billion Zn-eq lbs, respectively. The scenarios being studied include:

- Build a new mill and operate Halfmile followed by Stratmat as a new standalone operation – this option would add a new mine to the production profile, but requires the highest level of capex of the three options and risks missing the higher zinc price environment of the next several years. If Trevali pursues this, the optimal location of a new mill might be the permitted Heath Steele location, which also hosts ~1 mm tonnes of remnant historical resource
- Use these projects as a new ore source for the Caribou mill at the end of the Caribou mine life – based on our recent Caribou mine visit, we believe that the Caribou mine has very promising exploration potential and that the mine life will extend beyond 10 years; on this basis, any DCF benefit from production of the Halfmile and Stratmat would be pushed out until mining of these projects begins

- Expand the Caribou mill and have concurrent ore contribution from Caribou and Halfmile (+/- Stratmat) – this option is interesting in that the capex would be lower than the first option plus TV potentially can benefit from the increased production profile sooner, increasing the potential of hitting a stronger commodity price environment

Until further clarity is provided on the optimal path forward, we value these two assets on the basis of $0.025 per in-situ Zn-eq lb of total resource (see NAV breakdown), consistent with the higher end of the range of historical average in-situ zinc valuations for development projects.

Additionally, the Gergarub project has an existing JORC Indicated plus Inferred resource that indicates a total resource base of approximately 4 billion Zn-eq lbs. We value the 39% interest TV would secure on closing at $0.02/lb of in-situ resource (see NAV breakdown), consistent with historical average in-situ zinc valuations for development projects.

MANAGEMENT

Dr. Mark Cruise - President, CEO and Director. Base metal deposit specialist with over 20-years' project experience from grass-roots exploration through resource definition to permitting and production in Europe and the Americas on behalf of Pasminco Exploration, Anglo American and TSX-listed companies. Completed Geology Ph.D. on the Irish zinc-lead orefield and was a member of Anglo American's Lisheen Zinc-Lead Mine feasibility/technical team in Ireland. Co-founded Trevali in 2007 to position the Company to take advantage of anticipated global zinc deficits.

Anna Ladd – CFO. Ms. Ladd is an experienced financial professional with over 15 years' experience in the finance and mining industry. She has served as the VP Finance and Chief Financial Officer of Sulliden Gold Corporation, Crowflight Minerals Inc., Kria Resources Ltd and other privately held grass roots exploration companies. She has also held senior positions with various mining companies, including Kinross Gold Corporation, and has also worked in Thompson and Sudbury operations for Vale Inco. Ms. Ladd is a Certified Public Accountant and received her Masters of Arts in Economics from Queen's University, and a Bachelor of Commerce degree in Finance from the University of British Columbia.

Paul Keller, P.ENG – Chief Operating Officer. Mr. Keller brings extensive mine operations experience in Canada with 27 years of experience most recently as Manager of Technical Services for a major Canadian mining contractor where he led a team of engineers and designers on various mining contracts for major mining companies. Mr. Keller began his career with Rio Algom Limited and has also worked in various management roles with Barrick Gold's Hemlo mine in operations, engineering and maintenance. Mr. Keller holds a Bachelor of Engineering/Mining degree from Laurentian University and is a Professional Engineer.

Steve Stakiw – Vice President, Investor Relations and Corporate Communications. Mr. Stakiw is a geologist with over 25 years of mineral exploration, research and finance/equity market experience, and has held senior management roles with a leading mining research and investment publication and has consulted to resource-focused investment funds.

Marla Ritchie – Corporate Secretary. Marla brings over 25 years' experience in public markets working as an Administrator and Corporate Secretary specializing in resource-based exploration companies. Since 2001, she has been the Corporate Secretary for Cardero Resource Corp. Between 1992 – 2003, Marla worked for Ascot Resources Ltd., Brett Resources Inc., Golden Band Resources Inc., Hyder Gold Inc., Leicester Diamond Mines Ltd., Loki Gold Corporation, Oliver Gold Corporation and Solomon Resources Limited. She is also currently the corporate secretary for Corvus Gold Inc., International Tower Hill Mines Ltd. and Wealth Minerals Ltd.

Daniel Marinov – Vice President of Exploration. Mr. Marinov has over 24 years of international experience in the mining and mineral exploration industry – including 5 years in an underground production environment. He has extensive experience in precious, base metal and industrial minerals exploration having worked throughout Eastern Europe, Asia, Australia, as well as Central and South America with Rio Tinto and Anglo American in senior geologist and management roles. Before joining the Trevali team, Daniel was the project exploration manager at Anglo's Michiquillay porphyry copper-gold-molybdenum deposit in Peru. Daniel will be focusing on rapidly expanding and advancing the Company's Santander and Stratmat-Halfmile projects, and also in reviewing new potential opportunities. Daniel holds a Master of Science degree in mineral exploration from the University of Mining and Geology of Sofia, Bulgaria.

Source: Company website

TREVALI MINING CORPORATION

BUY		**Basic Shares (MM)**	**815.5**	**Analyst:**
Share Price	**$1.19**	**Diluted Shares (MM)**	**838.8**	**Jacques Wortman**
Target Price	**$1.85**	**Basic Mkt Cap (C$MM)**	**$970.4**	**647-265-8271**
NAV	**$1.53**	**Enterprise Value (US$MM)**	**$796.3**	**jwortman@viiicapital.com**

COMPANY SUMMARY

Trevali produces zinc, lead and silver from two mines - Santander in Peru and Caribou in Canada. The company is in the process of acquiring two other mines - Rosh Pinah and Perkoa - from Glencore. The closing of the acquisition of the Glencore asset portfolio, which will also include a 39% interest in the Gergarub project and an option on the Heath Steele property in New Brunswick, is expected before July 31, 2017 and will have an effective date of April 1st. The acquisition cost of the portfolio of assets from Glencore was $400 mm and was accretive to NAV, EPS and CFPS.

INVESTMENT THESIS

Once concluded, the acquisition of the Glencore asset portfolio will transform Trevali to the world's largest non-integrated pure play zinc miner. The timing of the acquisition is ideal as the zinc market has tightened considerably in the last 5 years and this tightening, as measured by declining levels of global zinc inventories, has escalated in the first 5 months of 2017. LME and SHFE inventories have fallen from 45 days of consumption at the end of 2012 to under 15 days at the end of 2016 and 12 days currently. We forecast that 'critical' inventory levels of ~7 days could be reached in August and should result in a strengthening of the zinc price in H2/17. Further, we expect that strong global zinc consumption and a lack of significant new mine supply in the coming years will be supportive of an average price of $1.25/lb from 2017 - 2020, enabling Trevali to generate significant FCF over this period.

INCOME STATEMENT

US$MM, Year-end Dec.	2016A	2017E	2018E	2019E	2020E
Net Revenue	98.4	409.3	496.0	482.4	507.2
Growth y/y	*--*	*316%*	*21%*	*-3%*	*5%*
Cost of Sales	51.8	177.5	203.0	206.2	204.6
G&A	4.8	10.5	10.5	10.5	10.5
EBITDA	**41.8**	**221.3**	**282.5**	**265.7**	**292.1**
EBITDA Margin	*42%*	*54%*	*57%*	*55%*	*58%*
Other items	0.0	-	-	-	-
Depreciation	18.2	75.2	95.1	91.7	97.7
EBIT	**23.5**	**146.1**	**187.4**	**174.0**	**194.4**
Net Interest Expense	9.1	10.3	9.0	7.0	5.0
Taxes	5.2	29.4	56.3	51.4	57.5
Net Income	**9.2**	**106.4**	**122.1**	**115.7**	**132.0**
Translation adjustment	2.1	-	-	-	-
Non-controlling interest	-	4.5	6.2	4.8	6.2
Comprehensive income	**7.0**	**102.0**	**115.9**	**110.9**	**125.8**
EPS (Reported) ($/sh)	0.02	0.14	0.14	0.13	0.15
Fully Diluted Shares (MM)	385.1	735.6	838.8	838.8	838.8

CASH FLOW STATEMENT

US$MM	2016A	2017E	2018E	2019E	2020E
Net Income	7.0	102.0	115.9	110.9	125.8
Depreciation	NM	75.2	95.1	91.7	97.7
Operating CF b4 WC chgs	**(0.9)**	**177.1**	**210.9**	**202.5**	**223.5**
Net CF from operations	**(0.9)**	**191.9**	**225.8**	**217.4**	**238.3**
Financing cash flow	**(3.9)**	**405.3**	**(50.2)**	**(48.2)**	**(46.2)**
Additions to PP&E	(25.1)	(57.7)	(43.7)	(44.1)	(36.6)
Investing cash flow	**(24.2)**	**(462.7)**	**(48.7)**	**(49.1)**	**(41.6)**
FX effects	(0.0)	-	-	-	-
Net cash change	6.5	134.6	126.9	120.1	150.5
Bash - beginning of Period	4.8	11.3	145.8	272.7	392.9
Cash - end of Period	**11.3**	**145.8**	**272.7**	**392.9**	**543.4**

BALANCE SHEET

US$MM	2016A	2017E	2018E	2019E	2020E
Cash	11.3	145.8	272.7	392.9	543.4
LT Assets	360.6	891.9	838.6	748.5	661.8
Total Assets	**415.3**	**1,134.7**	**1,201.8**	**1,230.5**	**1,297.1**
Short Term Debt	29.9	24.7	43.2	42.7	42.2
Long term Debt	55.1	182.7	141.5	100.3	59.1
Total Liabilities	**154.9**	**451.5**	**437.0**	**396.8**	**354.3**
Shareholders' Equity	**260.5**	**683.2**	**764.8**	**833.7**	**942.8**

FCF ANALYSIS

FCF Analysis
($ millions)

Trevali Mining	2017	2018	2019	2020
Operating cash flow	$177.1	$210.9	$202.5	$223.5
Sustaining capex	$57.7	$43.7	$44.1	$36.6
Free cash flow	$119.4	$167.3	$158.5	$186.9

VALUATION DATA

	2016A	2017E	2018E	2019E	2020E
EV/EBITDA	10.0x	3.6x	2.8x	3.0x	2.7x
P/E	37.7x	6.4x	6.5x	7.2x	6.3x
P/CF	7.4x	3.7x	3.5x	3.9x	3.6x
P/S	2.3x	1.6x	1.5x	1.7x	1.6x
P/B	1.3x	0.9x	1.0x	0.9x	0.8x
FCF Yield	0.0x	0.2x	0.2x	0.2x	0.2x

RESOURCE BASE - SUMMARY

Category	Tonnage (Mt)	Zn (%)	Pb (%)	Ag (g/t)
Resources				
Santander				
Measured & Indicated	3.8	4.85%	0.83%	38.0
Inferred	12.0	4.21%	0.23%	17.0
Caribou				
Measured & Indicated	7.2	6.99%	2.93%	84.4
Inferred	3.7	6.95%	2.81%	78.3
Rosh Pinah				
Measured & Indicated	9.9	7.85%	1.51%	24.2
Inferred	2.9	5.96%	1.06%	30.0
Perkoa				
Measured & Indicated	4.3	14.61%	0.00%	0.0
Inferred	1.6	12.90%	0.00%	0.0

note: Rosh Pinah and Perkoa resources are inclusive of reserves (not shown)

INPUT PRICES

Key Commodities		2016A	2017E	2018E	2019E	2020E
Zinc	US$/lbs	0.95	1.25	1.25	1.25	1.25
Lead	US$/lbs	0.85	1.05	1.05	1.05	1.05
Silver	US$/oz	17.10	17.93	19.00	19.00	19.00
Gold	US$/oz	1,248	1,250	1,275	1,300	1,300
US$/Cdn$ exchange		0.76	0.75	0.75	0.80	0.80

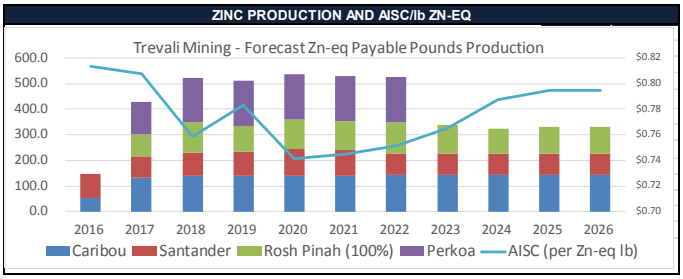
NET ASSET VALUE

Assets US$	NAV (MM)	/Share	% NAV
Caribou	$181.7	$0.22	17.7%
Santander	$172.8	$0.21	16.8%
Rosh Pinah	$226.2	$0.27	22.0%
Perkoa	$315.2	$0.38	30.7%
Other assets	$131.8	$0.16	12.8%
Subtotal - assets (US$)	**$1,027.6**	**$1.23**	**100.0%**
Working capital	$122.3	$0.15	
Long-term debt	-$186.3	-$0.22	
Subtotal - Balance Sheet items (US$)	**-$64.0**	**-$0.08**	
Net Asset Value - FD (US$)	**$963.7**	**$1.15**	
Net Asset Value - FD (C$)	**$1,284.9**	**$1.53**	

FINANCIAL RISK RATIOS 2018E

EBITDA (2018) ($MM)	$282	Total Debt / EBITDA (2018)	0.7x
Current Ratio (YE17)	0.8x	Net Debt/EBITDA (2018)	0.2x
EBITDA / Int. Exp. (2018)	31.3x	D/D+E	23%

ZINC PRODUCTION AND AISC/lb ZN-EQ



PRODUCTION FORECASTS (Zn-eq lbs, mm)

	2016A	2017E	2018E	2019E	2020E
Caribou	54.4	131.2	141.4	141.4	140.4
Santander	91.0	83.8	89.4	92.3	102.5
Rosh Pinah	0.0	87.5	117.3	100.4	117.9
Perkoa	0.0	126.3	175.9	176.4	176.4
Zinc-equivalent	145.4	428.8	524.0	510.6	537.3
AISC per Zn-eq lb.	$0.81	$0.81	$0.76	$0.78	$0.74

KEY MANAGEMENT PERSONNEL

President, CEO & Director:	Dr. Mark Cruise	**VP IR & Corp Comm:**	Steve Stakiw
CFO:	Anna Ladd	**Corporate Secretary:**	Marla Ritchie
COO:	Paul Keller	**VP Exploration:**	Daniel Marinov

Source: Eight Capital, Factset, Trevali Mining Corporation

EIGHT CAPITAL

Ascendant Resources Inc.

(ASND-V: C$0.69)

May 25, 2017

BUY

Target: C$1.30

Jacques P. Wortman / (647) 265-8271
jwortman@viiicapital.com

'Back To The Future' For This Opportunistic Acquisition

ASND-V	New	Last
Rating	BUY	--
Target Price (C$)	$1.30	--
Projected return	88.4%	--
NAV/share (C$)	$1.25	--
Target/NAV multiple	1.0x	--
Share Data		
Current price (C$)		$0.69
52-week high/low	H-$1.70	L-$0.07
Market Cap (C$M)		$53
EV ($M)		$35.85
Shares Outstanding - Basic		71.7 MM
Shares Outstanding - FD		76.6 MM
Avg. Trading Volume - One month		0.5 MM
Net Debt (net cash) ($M)		($3.8)
Dividend per share		$0.0
Dividend yield		--
Operations		
Locations		Honduras
Main Commodities		Zn, Pb, Ag
2018E Production (M Payable ZnEq lbs)		75.6
2018E Sustaining Capex ($ M)		$16.0
2018E AISC ($/lb ZnEq)		$1.12
NAV/share (C$)		$1.25
P/NAV		0.55x

Forecast		
Year	2017E	2018E
Zinc Price ($/lb)	$1.25	$1.25
Payable ZnEq Prod (Mlbs)	57.0	75.6
Revenue ($M)	$59.3	$78.9
EPS ($)	($0.09)	$0.05
P/E	NM	9.7x
EBITDA ($ M)	$2.4	$19.5
EV/EBITDA	35.9x	1.8x
CF ($M)	$2.2	$16.1
CF/share ($)	$0.03	$0.21
Capex ($M)	$16.0	$16.0
FCF ($M)	($13.8)	$0.1

All figures are in US$ unless otherwise stated
Source: Eight Capital, Factset, Company Documents

ASND: Price/Volume Chart

Source: Factset

Company Description

Ascendant Resources is engaged in evaluating resource opportunities and is focused on El Mochito, its operating asset in Honduras. The property consists of an underground zinc-lead-silver mine and a nominal 2,200 tpd concentrator producing zinc and lead concentrates.

Optimization and Exploration - best game-plan to restore asset

- Ascendant acquired El Mochito for a very low price with the understanding that focused capital allocation and exploration would be required to restore operations and production levels and extend mine life
- Between two equity financings, ASND raised C$40 mm in H2/16 and Q1/17, and is deploying this capital in optimization programs over the balance of 2017
- Steady progress is being made with the addition of Neil Ringdahl as COO
- April average tonnes mined and hoisted was 1,960 tpd, up over 13% from the 1,733 tpd average in March

Exploration: extend mine life; add higher-grade 'chimney' ore

- Limited recent exploration focused on near-term production, not extending the mine life
- Going forward, exploration will be aimed at both extending mine life and identifying new 'chimney' zones, which are typically higher grade
- Historically, mantos:chimney blend has been 70/30; goal will be to return to this ratio

New CBA also important - workforce aligned and incentivized

- New 3-year CBA ratified in May 2017
- Bonus system aligned with the new mine plan; workforce witnessing new investment

Target Price Valuation Methodology

Our net asset value (NAV) based on an 8% discount rate and the commodity price assumptions indicated in our supply-demand analysis section is C$1.25 per share. Based on an equal weighting between our NAV (8% discount) and a 4.0x multiple to our 2018 EBITDA estimate, we are initiating research coverage on Ascendant Resources with a BUY recommendation and a 12-month target price of C$1.30 per share. Our 4.0x target multiple reflects both the discount that zinc stocks typically trade at relative to copper stocks (6.0x - 7.0x target multiples) and the current early stage of the optimization programs and ramp-up phase at the El Mochito mine.

COMPANY SUMMARY

Ascendant produces zinc, lead and silver from the El Mochito mine in Honduras. The company acquired the asset in late 2016 and has been optimizing the asset in 2017 through significant and focused deployment of capital towards mine development, equipment and exploration.

INVESTMENT THESIS

In our view, the acquisition of the El Mochito mine was quite opportunistic given the relative timing of the 2017 optimization programs and associated investment. The zinc market has tightened considerably in the last 5 years and this tightening, as measured by declining levels of global zinc inventories, has escalated in the first 5 months of 2017. LME and SHFE inventories have fallen from 45 days of consumption at the end of 2012 to under 15 days at the end of 2016 and 11 days currently. We forecast that 'critical' inventory levels of ~7 days could be reached in August and should result in a strengthening of the zinc price in H2/17. Further, we expect that strong global zinc consumption and a lack of significant new mine supply in the coming years will be supportive of an average price of $1.25/lb from 2017 - 2020, enabling Ascendant to generate FCF over this period. Additionally, if higher-grade chimney ore is discovered and brought into the mine plan in a timely fashion, grades, recoveries, production and FCF will exceed our modelled assumptions.

VALUATION AND RECOMMENDATION

Based on a combination of company guidance, historical production assumptions, and our own assumptions, we estimate the following gross free cash flow:

Ascendant Resources: Free Cash Flow Analysis

FCF Analysis (US$ millions)	2017	2018	2019	2020
Ascendant Resources				
Operating cash flow	$2.2	$16.1	$18.4	$21.9
Sustaining capex	$16.0	$16.0	$12.0	$12.0
Free cash flow	-$13.8	$0.1	$6.4	$9.9

Source: Eight Capital estimates

While the two equity raises completed in the last 9 months have secured the capital required to complete the ongoing optimization programs, we believe that securing a small, perhaps $10 mm revolving line of credit may be prudent in the event of any unforeseen commodity price corrections or other event.

In our current modelling, we assume that long-term commodity prices (including zinc at $1.05/lb) start in 2022. Based on our initial, conservative production and cost profiles, we estimate annual operating cash flow at the mine level of $17.7 mm at long-term prices and steady state sustaining capex of $12 mm, implying free cash flow of $5.7 mm.

However, it is important to note that there is very good exploration upside potential that could result in identifying more higher-grade chimney ore. Once this higher-grade ore is brought into the mine sequencing, it will replace a proportion of the lower-grade mantos ore, with the goal of returning to the historical 70/30 mantos:chimney ratio, which would raise the average head grade to the mill. If we assume that the last year that the mine operated on this basis was 2010 - the last full year that Breakwater operated the mine before it was acquired by Nyrstar (Not Rated) - we can conceptually compare Ascendant management's planned optimized production profile with 2010.

Interestingly, throughput, recoveries, concentrate grades and unit operating costs are reasonably in-line between 2010 statistics and Ascendant management's targets. The more significant differences have to do with grade, where grades are materially lower now than the mine head grades that Breakwater achieved in 2010. This is directly attributable

to the lower proportion of chimney ore in the current mine plan. But as we have noted above, exploration success would be expected to raise the overall grade profile of both reserves and resources and mine head grades.

In this sense, Ascendant is unique in that it is a producer with above average torque to near-mine exploration results, to the extent that new chimney ore can be brought into the mine plan in a timely fashion. To illustrate the effect on operating cash flow of bringing in higher-grade chimney ore, we can model the 2010 Breakwater average head grades, holding other assumptions the same, and note the increase in operating cash flow:

Ascendant Resources: El Mochito Grade Sensitivity on Operating Cash Flow

FCF Analysis (US$ millions) 2022E vs. BWR 2010 results	2022E - model	2010A - BWR	2022E - BWR grades
Milled tonnes	792,000	714,168	792,000
Grades:			
Zn	4.36%	5.60%	5.60%
Pb	1.39%	2.90%	2.90%
Ag	35.8	96.0	96.0
Recoveries:			
Zn	88.0%	85.0%	88.0%
Pb	77.0%	82.6%	77.0%
Ag	87.5%	84.8%	87.5%
Site cash costs (US$/t milled)	$60.00	$60.00	$60.00
Operating cash flow (US$ mm)	$17.7		$54.3
Sustaining capex (US$ mm)	$12.0		$12.0
Free cash flow (US$ mm)	$5.7		$42.3

Source: Eight Capital estimates

The figure above is only being used for illustrative purposes to demonstrate the material impact on cash flow and valuation that could result from bringing higher-grade chimney ore into the mine plan. Note that grades and recoveries in 2009 were similar to 2010 levels as well at El Mochito. The above figure assumes that the lead grade more than doubles and silver grades nearly triple from our current steady state assumptions, which may not be reasonable to assume at this time. It's also worth noting that lead recoveries would also likely be higher than the 77% level we use above if the lead grade were to increase to the degree shown, which would result in higher operating cash flow.

Initial exploration efforts will be focused on developing extensions of known chimney zones, with near-term targets including Victoria Chimney, 2100 Chimney and Port Royal Chimney areas. Our modelling does not reflect any increase in grade profile from this upside potential at this time.

We estimate that Ascendant Resources will generate 2017 EBITDA of $2.4 mm and 2018 EBITDA of $19.5 mm. In addition, we estimate that for each $0.05/lb change in the zinc price, EBITDA will have a like change of $1.7 mm in 2017 and $2.3 mm in 2018.

Our net asset value (NAV) based on an 8% discount rate and the commodity price assumptions indicated in our supply-demand analysis section is C$1.25 per share. Based on an equal weighting between our NAV (8% discount) and a 4.0x multiple to our 2018 EBITDA estimate, we are initiating research coverage on Ascendant Resources with a BUY recommendation and a 12-month target price of C$1.30 per share.

Ascendant Resources: Net Asset Value

ASCENDANT RESOURCES INC.
NET ASSET VALUE
EIGHT CAPITAL

EIGHT CAPITAL MINING GROUP

24-May-17

Project	Country	Metals	Status	Mine Life (Years)	Ownership (%)	Value by DCF/Other US$MM	NAV (US$/Share)	Comment
El Mochito	Honduras	Zn, Pb, Ag	Producing	10	100%	$45.2	$0.59	DCF at 8% discount rate
Subtotal - Operations						**$45.2**	**$0.59**	
Working Capital						$28.7	$0.38	as at 31Mar17
Long-term debt						($2.4)	($0.03)	as at 31Mar17
Subtotal						**$26.4**	**$0.34**	
Net Asset Value (US$/share)						**$71.5**	**$0.934**	
Net Asset Value (C$/share)						**$95.4**	**$1.246**	
			No. Common Shrs (f.d., mm)		76.6			

Source: Eight Capital estimates, company guidance

ASCENDANT RESOURCES – "BACK TO THE FUTURE" FOR THIS OPPORTUNISTIC ACQUISITION

In September 2016, Ascendant Resources (then Morumbi Resources) announced the acquisition of a 100% interest in the operating El Mochito mine from Nyrstar NV. The consideration paid was $0.5 million and was subject to the completion of a C$19.5 million Subscription Receipt financing at a price of C$0.50 per Subscription Receipt. The use of proceeds for the financing was:

- To finance the $0.5 mm acquisition price, subject to working capital adjustments
- $5 million for mine optimization and development
- $4.5 million for rolling concentrate working capital
- $1.0 million for exploration drilling, and
- $4 million for transaction costs and general working capital

The Subscription Receipt financing closed in October 2016. In February 2017, Ascendant announced a second financing totaling just over C$20 million at C$0.85 per unit, with each unit consisting of a common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to acquire a common share at C$1.25 per share for a period of 5 years. Use of proceeds from the unit financing was to further advance the capital improvement programs and exploration activities at the El Mochito mine.

Based on discussions with management, the net proceeds from both equity raises were sufficient to optimize the El Mochito mine to achieve the recent production guidance provided and ultimately reach the target ore throughput rate of 2,200 tonnes per day on a sustained basis. This compares with the 1,409 tpd average ore throughput in 2016, which was negatively affected by three fatalities and two months of lost production.

The optimization programs are based on both new capital investments and mine optimization initiatives, including:

- Improving electricity stability via a new 69 kV connection (mid-2017)
- Improving mine ventilation and overall work environment
- Review fleet investment needs
- Finalize permitting and start development of the new Douglas tailings facility
- Increase exploration
- Increase productivity per shift by reducing non-productive time at shift change
- Safety initiatives - enhance worker training and improve conditions
- Improve mine planning and communications
- Increase mining rate to improve mill utilization and performance
- Enhance maintenance to improve fleet availability
- Improve truck loading to ensure full loads

In March 2017, it was announced that Neil Ringdahl was appointed as Chief Operating Officer and the timing of this announcement was significant given that the optimization programs were at an early and critical stage. Based on initial production guidance

provided by management in April and the subsequent announcement in early May that tonnes mined and hoisted in April averaged 1,960 tonnes per day, it appears that good progress has been made to date on optimization efforts. Ideally, we would also want to see that grades, recoveries and operating costs will also align with both throughput and management's 2017 guidance.

In addition to the optimization programs, management has focused in H1/17 on developing a new collective bargaining agreement with new union representatives. In early May, it was announced that the new CBA had been agreed upon by all parties and was ratified by the Minister of Labour of Honduras. Earlier this year, operations were interrupted temporarily, but resumed as negotiations continued.

As noted above, in April management announced initial production guidance data for 2017. This data, combined with our model forecasts post the optimization programs, form the basis of our mine and company valuations. Note that we conservatively assume a 10-year mine life at El Mochito and steady state site unit operating costs of $60 per tonne once the 2,200 tonne per day ore throughput rate is achieved and sustained. The mine has operated since 1948 and we are confident that the potential to extend mine life is real. However, we will review our mine life assumption and other estimates once exploration results are made available.

El Mochito: Asset Checklist

Ascendant Resources
Asset Checklist

Asset:	**El Mochito**
Location:	Honduras
Risk profile (SNL*):	P, O = Medium; S = High; T = Low
Mine summary:	UG mine; standard milling, flotation
Mine life (modelled):	10 years
Geology:	Carbonate Replacement; Skarn
Mill throughput:	2,200 tpd
2018 payable production (metal in conc; mm lbs/ozs):	
Zinc	48.5
Lead	17.7
Silver	810,440
2018 payable Zn-eq production (mm lbs)	75.6
2018 estimated AISC per Zn-eq lb produced (US$):	$1.12

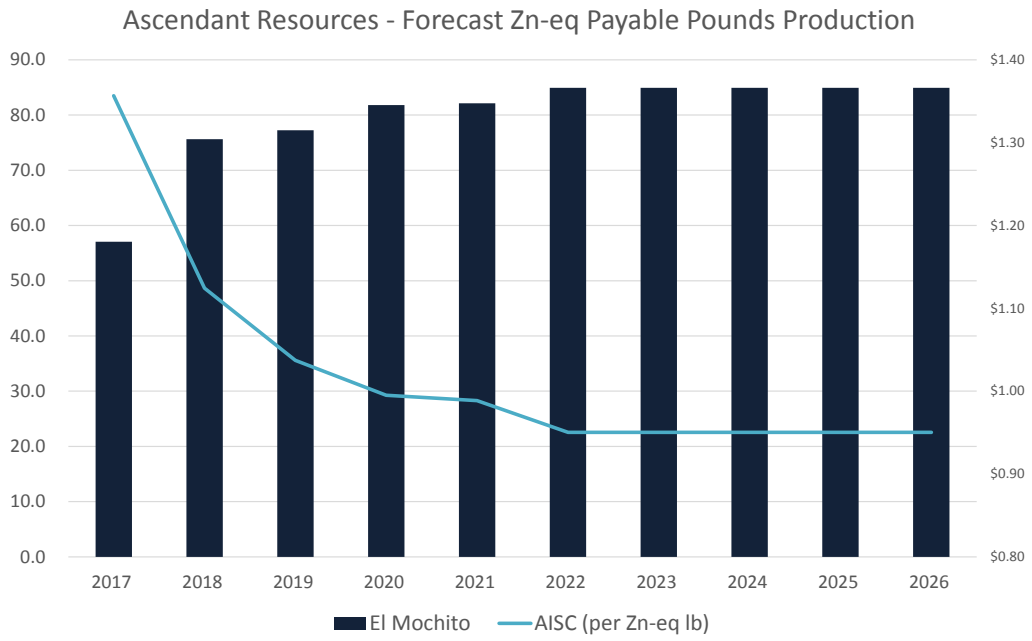
Exploration potential:

* geologic trends at El Mochito are well known along faulting
* long history of discovery and conversion to resources/reserves should continue
* historically ore has been sourced from lower-grade mantos (70%) where acid hydrothermal solutions deposit following the flat bedding of the host, and higher-grade chimney (30%) deposits, where solutions cut across the rocks vertically
* near and medium term exploration will focus on both extending and defining new chimney areas to improve head grade to the mill; projected to add up to 2.0 mm tonnes of new resources; also development on 1160 level to access upward extension of resources
* longer term regional exploration will target 5 fault structures

*P=Political, O=Operational, S=Security, T=Terrorism

Source: Eight Capital, Company Presentation

Ascendant Resources: El Mochito Zn-eq Production and AISC per lb of Zn-eq



Source: Eight Capital estimates

MANAGEMENT

Chris Buncic, MBA, CFA, P.ENG – President, CEO, and Director. Mr. Buncic played an instrumental role in the founding of Ascendant Resources Inc. and its acquisition of the operating El Mochito mine from Nyrstar NV in 2016. Prior to founding Ascendant, Mr. Buncic served in senior management roles at several Canadian corporations in the technology and resources sectors. His depth of experience also includes six years in Institutional Equity Research at leading Canadian independent full service brokerage firms Cormark Securities Inc. and Mackie Research Capital Corporation. Mr. Buncic is a CFA Charter holder, has a MBA from Schulich School of Business and B.A.Sc. from the University of Toronto. Mr. Buncic is a member of the Professional Engineers of Ontario and the CFA Society.

Cliff Hale-Sanders, MBA, CFA – Executive Vice President. Mr. Hale-Sanders' career has spanned approximately 20 years in the capital markets industry working as a leading Base Metals and Bulk Commodities research analyst in Canada working at RBC Capital Markets, TD Securities, CIBC World Markets and Cormark Securities. During this period, Mr. Hale-Sanders visited and reviewed numerous mining operations and corporate entities around the world. Mr. Hale-Sanders holds a B.Sc. in Geology and Chemistry, an MBA from McMaster University and is a CFA Charter holder.

Rohan Hazelton, CPA, CA – Chief Financial Officer. Mr. Hazelton is a Chartered Professional Accountant with over 20 years of international finance experience, including 15 years in the mining sector. He was formerly Vice President, Strategy at Goldcorp Inc. where he held a variety of roles, including Vice President Finance, Chief Financial Officer of Mexican Operations and Corporate Controller. He holds a B.A. in Applied Mathematics and Economics from Harvard University.

Neil Ringdahl – Chief Operating Officer. Mr. Ringdahl is a senior mining executive with over 23 years of international mining, development, and executive management experience. Previously, Mr. Ringdahl held the role of Chief Operating Officer at Orvana Minerals Corp., a multi-mine gold and copper producer where he oversaw operations, exploration initiatives and executive/corporate activities. He holds a bachelor's degree with Honors in mining engineering from the University of the Witwatersrand in South Africa.

Source: Company website

ASCENDANT RESOURCES INC.

BUY		**Basic Shares (MM)**	**71.7**	**Analyst:**
Share Price	**$0.69**	**Diluted Shares (MM)**	**76.6**	**Jacques Wortman**
Target Price	**$1.30**	**Basic Mkt Cap (C$MM)**	**$49.5**	**647-265-8271**
NAV	**$1.25**	**Enterprise Value (US$MM)**	**$35.9**	**jwortman@viiicapital.com**

COMPANY SUMMARY

Ascendant produces zinc, lead and silver from the El Mochito mine in Honduras. The company acquired the asset in late 2016 and has been optimizing the asset in 2017 through significant and focused deployment of capital towards mine development, equipment and exploration.

INVESTMENT THESIS

In our view, the acquisition of the El Mochito mine was quite opportunistic given the relative timing of the 2017 optimization programs and associated investment. The zinc market has tightened considerably in the last 5 years and this tightening, as measured by declining levels of global zinc inventories, has escalated in the first 5 months of 2017. LME and SHFE inventories have fallen from 45 days of consumption at the end of 2012 to under 15 days at the end of 2016 and 12 days currently. We forecast that 'critical' inventory levels of ~7 days could be reached in August and should result in a strengthening of the zinc price in H2/17. Further, we expect that strong global zinc consumption and a lack of significant new mine supply in the coming years will be supportive of an average price of $1.25/lb from 2017 - 2020, enabling Ascendant to generate FCF over this period. Additionally, if higher grade chimney ore is discovered and brought into the mine plan in a timely fashion, grades, recoveries, production and FCF will exceed our modelled assumptions.

INCOME STATEMENT

US$MM, Year-end Dec.	2016A	2017E	2018E	2019E	2020E
Net Revenue	NM	59.3	78.9	79.9	84.4
Growth y/y	--	NM	*33%*	*1%*	*6%*
Cost of Sales	NM	49.4	53.4	51.5	51.7
G&A	NM	7.5	6.0	6.0	6.0
EBITDA	**NM**	**2.4**	**19.5**	**22.4**	**26.7**
EBITDA Margin		*4%*	*25%*	*28%*	*32%*
Other items	NM	-	-	-	-
Depreciation	NM	9.1	12.1	12.4	13.6
EBIT	**NM**	**(6.7)**	**7.4**	**10.1**	**13.1**
Net Interest Expense	NM	-	-	-	-
Taxes	NM	0.2	3.4	4.0	4.8
Net Income	**NM**	**(6.9)**	**4.1**	**6.0**	**8.3**
Translation adjustment	NM	-	-	-	-
Non-controlling interest		-	-	-	-
Comprehensive income	**NM**	**(6.9)**	**4.1**	**6.0**	**8.3**
EPS (Reported) ($/sh)	NM	(0.09)	0.05	0.08	0.11
Fully Diluted Shares (MM)	8.9	76.6	76.6	76.6	76.6

CASH FLOW STATEMENT

US$MM	2016A	2017E	2018E	2019E	2020E
Net Income	NM	(6.9)	4.1	6.0	8.3
Depreciation	NM	9.1	12.1	12.4	13.6
Operating CF b4 WC chgs	**(0.9)**	**2.2**	**16.1**	**18.4**	**21.9**
Net CF from operations	**(0.9)**	**(7.4)**	**16.5**	**18.8**	**22.3**
Financing cash flow	**13.5**	**14.1**	**-**	**-**	**-**
Additions to PP&E	NM	(16.0)	(16.0)	(12.0)	(12.0)
Investing cash flow	**0.1**	**(16.0)**	**(16.0)**	**(12.0)**	**(12.0)**
FX effects	(0.0)	-	-	-	-
Net cash change	12.6	(9.4)	0.5	6.8	10.3
Cash - beginning of Period	0.0	12.6	3.2	3.7	10.5
Cash - End of Period	**12.6**	**3.2**	**3.7**	**10.5**	**20.7**

BALANCE SHEET

US$MM	2016A	2017E	2018E	2019E	2020E
Cash	12.6	3.2	3.7	10.4	20.7
LT Assets	7.9	14.8	18.7	18.3	16.8
Total Assets	**36.5**	**47.6**	**61.9**	**68.8**	**79.7**
Short Term Debt	3.0	3.5	3.5	3.5	3.5
Long term Debt	2.4	1.0	-	-	-
Total Liabilities	**25.3**	**27.2**	**26.8**	**26.4**	**26.4**
Shareholders' Equity	**11.2**	**20.5**	**35.0**	**42.4**	**53.3**

FCF ANALYSIS

FCF Analysis
(US$ millions)

	2017	2018	2019	2020
Ascendant Resources				
Operating cash flow	$2.2	$16.1	$18.4	$21.9
Sustaining capex	$16.0	$16.0	$12.0	$12.0
Free cash flow	-$13.8	$0.1	$6.4	$9.9

VALUATION DATA

	2016A	2017E	2018E	2019E	2020E
EV/EBITDA	NM	14.8x	1.8x	1.6x	0.1x
P/E	NM	NM	9.7x	7.0x	5.1x
P/CF	NM	17.9x	2.5x	2.3x	1.9x
P/S	NM	0.7x	0.5x	0.5x	0.5x
P/B	NM	1.8x	1.1x	0.9x	0.7x
FCF Yield	NM	NM	0.0x	0.2x	0.2x

HISTORIC RESERVES AND RESOURCES (Nyrstar, April 2016) - SUMMARY

Category	Tonnage (Mt)	Zn (%)	Pb (%)	Ag (g/t)
Historic Reserves				
El Mochito				
Proven	0.6	4.59%	2.63%	77.4
Probable	1.3	4.94%	2.27%	47.6
Proven & Probable	1.9	4.84%	2.38%	56.5
Historic Resources				
El Mochito				
Measured & Indicated	5.4	4.85%	1.72%	44.7
Inferred	3.9	5.11%	1.38%	35.0

note: resources are inclusive of reserves

INPUT PRICES

Key Commodities		2016A	2017E	2018E	2019E	2020E
Zinc	US$/lbs	0.95	1.25	1.25	1.25	1.25
Lead	US$/lbs	0.85	1.05	1.05	1.05	1.05
Silver	US$/oz	17.10	17.93	19.00	19.00	19.00
Gold	US$/oz	1,248	1,250	1,275	1,300	1,300
US$/Cdn$ exchange		0.76	0.75	0.75	0.80	0.80

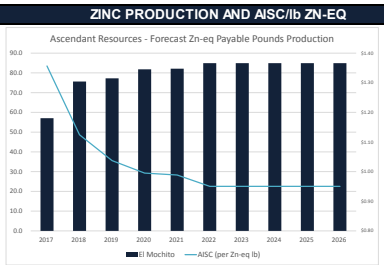
NET ASSET VALUE

Assets US$	NAV (MM)	/Share	% NAV
El Mochito	$45.2	$0.59	100.0%
Subtotal - assets (US$)	**$45.2**	**$0.59**	**100.0%**
Working capital	$28.7	$0.38	
Long-term debt	-$2.4	-$0.03	
Subtotal - Balance Sheet items (US$)	**$26.4**	**$0.34**	
Net Asset Value - FD (US$)	**$71.5**	**$0.93**	
Net Asset Value - FD (C$)	**$95.4**	**$1.25**	

FINANCIAL RISK RATIOS 2018E

EBITDA (2018) ($MM)	$19	Total Debt / EBITDA (2018)	NM
Current Ratio (YE17)	2.4x	Net Debt/EBITDA (2018)	NM
EBITDA / Int. Exp. (2018)	NM	D/D+E	NM

ZINC PRODUCTION AND AISC/lb ZN-EQ



PAYABLE PRODUCTION FORECASTS

	2016A	2017E	2018E	2019E	2020E
Zinc (mm lbs)	NM	36.8	48.5	51.9	56.6
Lead (mm lbs)	NM	13.9	17.7	18.5	17.7
Silver (mm ozs)	NM	0.6	0.8	0.6	0.7
Zinc-equivalent	NM	57.0	75.6	77.2	81.8
AISC per Zn-eq lb.	NM	$1.36	$1.12	$1.04	$1.00

KEY MANAGEMENT PERSONNEL

President, CEO & Director:	Chris Buncic	**COO:**	Neil Ringdahl
Executive VP:	Cliff Hale-Sanders	**Executive Chairman:**	Mark Brennan
CFO:	Rohan Hazelton		

Sources: Eight Capital, Factset, Ascendant Resources Inc.

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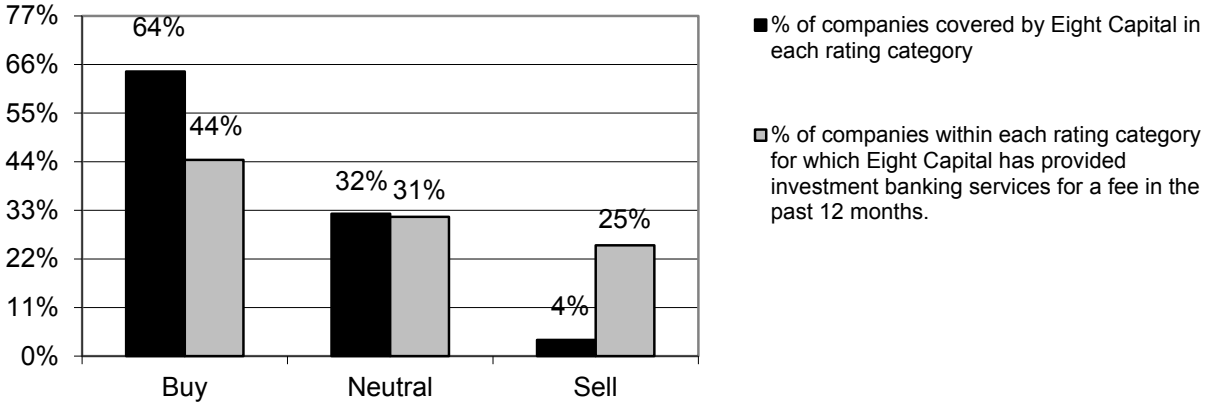

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