AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020
(in thousands of Canadian dollars)

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Management's Responsibility for Financial Reporting

The accompanying audited consolidated financial statements for Karora Resources Inc. (the "**Corporation**") are the responsibility of its management. The audited consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The significant accounting policies are disclosed in the notes to the audited consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions that were complete at the audited consolidated statement of financial position date. In the opinion of management, the audited consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with IFRS as issued by the IASB.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as at the date of and for the periods presented by the consolidated financial statements, and (ii) the audited consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as at the date of and for the periods presented by the audited consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the audited consolidated financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the audited consolidated financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the audited consolidated financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Paul Huet

Paul Huet
President and Chief Executive Officer

/s/ Barry Dahl

Barry Dahl
Chief Financial Officer

Toronto, Canada

March 14, 2022

Independent auditor's report

To the Shareholders of Karora Resources Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Karora Resources Inc. and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of earnings and comprehensive earnings for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of property, plant and equipment and mineral property interests (PP&E) *Refer to note 3(l) – Significant accounting policies, note 4(ii) – Accounting policy judgments, estimates and assumptions and note 8 – Property, plant and equipment and mineral property interests to the consolidated financial statements.* The net book value of PP&E amounted to $254.1 million as at December 31, 2021. Management assesses at each reporting period-end whether there is an indication that the carrying value of PP&E may not be recoverable. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in quantity of the recoverable resources and reserves; (iii) changes in metal prices, capital and operating costs; (iv) changes in foreign exchange and interest rates, are evaluated by management in determining whether there are any indicators of impairment. We considered this a key audit matter due to (i) the significance of the PP&E balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the internal and external factors evaluated by management in its assessment of impairment indicators, which required significant management judgment.	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: – Assessed the completeness of external or internal factors that could be considered as indicators of impairment of the Company's PP&E, including consideration of evidence obtained in other areas of the audit. – Assessed significant declines in the market capitalization, which may indicate a decline in value of the Company's PP&E. – Assessed the changes in metal prices, quantity of the recoverable resources and reserves, capital and operating costs, foreign exchange and interest rates by considering external economic and market data, current and past performance of the Company and evidence obtained in other areas of the audit, as applicable.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Patterson.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 14, 2022

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

As at	Note	**December 31, 2021**	December 31, 2020
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		**91,005**	79,695
Trade and other receivables	5	**5,673**	4,260
Inventories	6	**32,878**	20,752
Prepaid expenses		**2,321**	1,996
Marketable securities	7	**3,549**	3,154
		135,426	109,857
Non-current assets			
Property, plant and equipment and mineral property interests	8	**300,680**	239,044
Deferred tax asset	18	**207**	-
Other non-current assets	7	**20**	1,198
Total assets		**436,333**	350,099
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	9	**53,913**	38,523
Current tax liability	18	**254**	41
Share incentive plan liabilities	16	**7,522**	6,765
Debt	10	**3,010**	3,031
Lease obligations	11	**3,399**	1,696
Derivative financial liabilities	12	**2,881**	2,966
		70,979	53,022
Non-current liabilities			
Debt	10	**29,647**	32,056
Lease obligations	11	**5,580**	2,167
Derivative financial liabilities	12	**22,391**	22,590
Asset retirement obligations	13	**31,136**	25,430
Deferred tax liability	18	**25,135**	7,534
Other non-current liabilities and provisions	16	**100**	96
Total liabilities		**184,968**	142,895
SHAREHOLDERS' EQUITY			
Share capital	14	**310,143**	289,483
Contributed surplus		**31,523**	31,413
Accumulated other comprehensive income		**2,009**	5,789
Deficit		**(92,310)**	(119,481)
Total shareholders' equity		**251,365**	207,204
Total liabilities and shareholders' equity		**436,333**	350,099

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

Consolidated Statements of Earnings and Comprehensive Earnings

(Expressed in thousands of Canadian dollars, except per share amounts)

For the years ended December 31,	Note	**2021** **$**	2020 $
Revenue		**264,186**	239,136
Cost of operations:			
Production and processing costs		**121,893**	108,880
Royalty expense		**16,418**	16,807
General and administrative: share-based compensation		**8,937**	10,816
General and administrative: other		**20,916**	15,967
Depreciation and amortization		**29,250**	23,733
Impairment reversal - property, plant and equipment	8	**-**	(36,087)
Sustainability initiatives		**613**	-
Operating earnings		**66,159**	99,020
Other expenses (income)			
Finance expense, net	17	**4,021**	4,618
Loss on derivatives		**3,921**	6,254
Foreign exchange loss (gain)		**11,028**	(11,455)
Net impairment loss	7	**-**	6,006
Share of loss of associates		**-**	425
Unrealized loss (gain) on revaluation of marketable securities		**902**	(1,437)
Other expense (income), net		**223**	(524)
Earnings before income tax		**46,064**	95,133
Income tax recovery (expense) - current	18	**(293)**	464
Income tax expense - deferred	18	**(18,304)**	(7,467)
Net earnings		**27,467**	88,130
Currency translation adjustments		**(3,780)**	(262)
Comprehensive earnings		**23,687**	87,868
Net earnings attributable to common shareholders per share			
Basic		**0.18**	0.63
Diluted		**0.18**	0.61
Weighted average number of shares			
Basic	19	**148,698,289**	139,759,510
Diluted	19	**153,697,019**	143,375,607

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

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	2021 $	2020 $
Cash flow provided by (used in)		
OPERATING ACTIVITIES		
Net earnings for the period	**27,467**	88,130
Changes not affecting cash:		
Depreciation and amortization	**29,750**	23,977
Income tax expense	**18,597**	7,003
Share incentive plans	**8,258**	9,374
Foreign exchange loss (gain)	**11,251**	(10,833)
Net change in fair value of derivative instruments	**3,921**	(2,668)
Share of loss in associates	**-**	425
Finance charges, net	**4,021**	4,618
Unrealized loss (gain) on revaluation of marketable securities	**902**	(1,437)
Net impairment reversal	**-**	(30,081)
Other non-cash adjustments	**125**	(16)
	104,292	88,492
Changes in non-cash working capital		
Trade and other receivables	**(1,708)**	2,751
Inventories	**(13,372)**	(1,994)
Prepaid expenses	**(408)**	(153)
Accounts payable and accrued liabilities	**17,738**	5,302
	106,542	94,398
Income taxes paid	**(82)**	-
Net cash provided by operating activities	**106,460**	94,398
INVESTING ACTIVITIES		
Property, plant and equipment and mineral property interests	**(92,016)**	(46,305)
Proceeds of sale of Dumont JV	**-**	10,700
Proceeds of sale of Orforrd shares	**-**	1,013
Royalty transaction	**-**	(20,420)
Spargos transaction	**-**	(5,672)
Investment in marketable securities	**(119)**	(1,015)
Interest received	**134**	175
Net cash used in investing activities	**(92,001)**	(61,524)
FINANCING ACTIVITIES		
Issuance of shares, net of costs	**-**	17,730
Share repurchase and cancellation	**(814)**	(260)
Repayments of debt	**(3,086)**	(3,972)
Debt issue costs	**(55)**	-
Proceeds from exercise of options and warrants	**13,789**	2,949
Payments on leases	**(3,134)**	(2,025)
Settlements in respect of derivative instruments	**(3,664)**	-
Interest paid	**(3,031)**	(3,244)
Net cash provided by (used in) financing activities	**5**	11,178
Effect of exchange rate changes on cash and cash equivalents	**(3,154)**	987
Net increase in cash and cash equivalents	**11,310**	45,039
Cash and cash equivalents, beginning of period	**79,695**	34,656
Cash and cash equivalents, end of period	**91,005**	79,695
Components of cash and cash equivalents:		
Cash	**90,788**	79,567
Cash equivalents	**217**	128
	91,005	79,695

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

Comparative figures (note 2(b))

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars, except share numbers)

	Note	Share capital (note 14) Number	Share capital (note 14) $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total equity $
Balance as at January 1, 2021		**146,129,181**	**289,483**	**31,413**	**5,789**	**(119,481)**	**207,204**
Exercise of restricted share units		874,191	3,287	(1,119)	-	-	2,168
Exercise of performance share units		428,351	1,177	(1,177)	-	-	-
Exercise of warrants		5,017,972	12,780	(1,502)	-	-	11,278
Exercise of stock options		1,887,547	3,934	(1,423)	-	-	2,511
Share-based payments		-	-	5,331	-	-	5,331
Share repurchase and cancellation	14	(261,000)	(518)	-	-	(296)	(814)
Comprehensive earnings (loss)		-	-	-	(3,780)	27,467	23,687
Balance as at December 31, 2021		**154,076,242**	**310,143**	**31,523**	**2,009**	**(92,310)**	**251,365**

	Note	Share capital (note 14) Number	Share capital (note 14) $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total equity $
Balance as at January 1, 2020		**135,059,766**	**263,421**	**30,319**	**6,051**	**(207,509)**	**92,282**
Shares issued for consulting services	14	18,782	38	-	-	-	38
Exercise of restricted share units		779,395	2,787	-	-	-	2,787
Exercise of warrants		351,819	1,156	(397)	-	-	759
Exercise of stock options		1,579,678	3,459	(1,269)	-	-	2,190
Shares issued - private placements	14	8,419,741	19,519	-	-	-	19,519
Share issue costs	14	-	(739)	-	-	-	(739)
Share-based payments		-	-	2,760	-	-	2,760
Share repurchase and cancellation	14	(80,000)	(158)	-	-	(102)	(260)
Comprehensive earnings (loss)		-	-	-	(262)	88,130	87,868
Balance as at December 31, 2020		**146,129,181**	**289,483**	**31,413**	**5,789**	**(119,481)**	**207,204**

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

Notes to Financial Statements

1. NATURE OF OPERATIONS

Karora Resources Inc. ("**Karora**" or "**Karora Resources**") is a company domiciled in Canada and was incorporated on December 13, 2006, under the Canada Business Corporations Act. The Corporation's shares are publicly traded on the Toronto Stock Exchange (TSX: KRR) and OTCQX markets (OTCQX: KRRGF). The Corporation's registered office is located at 141 Adelaide Street West, Suite 1608 in Toronto, Ontario, Canada.

These consolidated financial statements of the Corporation as at and for the year ended December 31, 2021 are comprised of Karora, its subsidiaries including its Australian operating subsidiaries, Salt Lake Mining Pty Ltd. ("**SLM**") and the group of subsidiaries collectively referred to as Higginsville Gold Operation ("**HGO**"). Collectively, these entities are referred to as the "**Corporation**". The Corporation accounted for its investments in Orford Mining Corporation ("**Orford**") and Sudbury Platinum Corporation ("**SPC**") using the equity method at their respective ownership interests up to the point of the loss of significant influence during the third quarter of 2020 and now accounts for them as marketable securities. The Corporation accounted for its investment in the Magneto Investments Limited Partnership ("**Dumont JV**") using the equity method until its sale in July 2020.

Karora is a multi-asset mineral resource company. The Corporation's main assets are: 1) its 100% interest in the Beta Hunt Mine ("**Beta Hunt**") which is owned by SLM; 2) its 100% interest in the HGO toll processing and gold mining operation; and 3) its 100% interest in the Spargos Reward Gold Project ("**Spargos**") which is owned by HGO and included as a part of that business segment, all of which are located in Western Australia.

In response to the global COVID-19 pandemic, in conjunction with federal and state protocols in the countries where the Corporation operates, the Corporation established policies and practices which mitigated impacts of the pandemic on its operations. All of the Corporation's mines continued production throughout the year ended December 31, 2021. The Corporation's ongoing response to the COVID-19 pandemic is to continue to prioritize the safety of its workforce and host communities while mitigating operational impacts.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

These consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2022.

(b) Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is

appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Corporation's presentation currency is Canadian dollars ($).

During the year ended December 31, 2021, the Corporation made an accounting policy change related to the presentation of cash flows related to finance charges. The cash flows relating to finance charges and finance income are now presented as financing and investing activities, respectively, rather than operating activities. The Corporation adjusted the presentation in the comparative cash flow statement to conform to the current period presentation. As a result of the change in presentation, for the year ended December 31, 2020, cash provided by operating activities increased by $3.2 million, cash used in investing activities decreased by $0.2 million and cash provided by financing activities decreased by $3.4 million.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these consolidated financial statements are consistent with those of the previous year except as described in section 3(u).

Subsidiaries
The Corporation's consolidated financial statements consolidate the accounts of Karora and the following subsidiaries:

Name of Subsidiary	Place of Incorporation	Benefical Ownership	Principal Activity	Functional Currency
Salt Lake Mining Pty Ltd.	Australia	100%	Gold and nickel mining	AUD
Subsidiaries collectively referred to as HGO:				
Avoca Mining Pty Ltd.	Australia	100%	Gold mine and milling	AUD
Avoca Resources Pty Ltd.	Australia	100%	Exploration	AUD
Corona Minerals Pty Ltd.	Australia	100%	Exploration	AUD
Hill 51 Pty Ltd.	Australia	100%	Holding company	AUD
Karora Australia Pty Ltd.	Australia	100%	Corporate office	AUD
Karora Resources Pty Ltd.	Australia	100%	Holding company	AUD
Polar Metals Pty Ltd.	Australia	100%	Exploration	AUD
Red Hill Gold USA Corp.	United States	100%	Corporate office	USD
VMS Ventures Inc.	Canada	100%	Copper mining; now dormant	CAD

Subsidiaries are all entities, including structured entities, over which the Corporation has control. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date that control is transferred to the Corporation and are de-consolidated from the date control ceases. Accounting policies of subsidiaries are consistent with the policies adopted by the Corporation. All intercompany transactions, balances and unrealized gains or losses from intercompany transactions are eliminated on consolidation.

Associates
During parts of 2020, the Corporation accounted for its investments in Dumont JV, Orford and SPC as investments in associates using the equity method until the point that the Corporation lost significant influence.

An associate is an entity over which the investor has significant influence but not control and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is presumed to exist where the Corporation has between 20% and 50% of the voting rights but can also arise where the Corporation has less than 20% if it has the power to be actively involved and influential in policy decisions affecting the entity.

Under the equity method, the investment is initially recognized at cost, including transaction costs, and the carrying amount is increased or decreased to recognize the Corporation's share of profits or losses of associates after the date of acquisition. The Corporation's share of profits or losses of associates is recognized in the consolidated statement of comprehensive earnings. Adjustments are made to align inconsistencies between the Corporation's accounting policies and its associate's policies, if any, before applying the equity method. The Corporation assesses at each period-end whether there is any objective evidence that its investments in associates are impaired. If impaired, the carrying value of the Corporation's investment in associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the consolidated statement of comprehensive earnings.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency
Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The financial statements are presented in Canadian dollars.

Foreign Currency Translation of Transactions
In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. For translation to the Canadian dollar presentation currency, at each statement of financial position date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of comprehensive earnings within foreign exchange.

(c) Business Combinations

A business combination is defined as an acquisition of assets and liabilities that constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together

significantly contribute to the ability to create outputs. When acquiring a set of activities or assets in the exploration and development stage, which may not have outputs, the Corporation considers other factors to determine whether the set of activities or assets is a business.

Those factors include, but are not limited to, whether the set of activities or assets: (i) has begun planned principal activities; (ii) has employees, intellectual property and other inputs and processes that could be applied to those inputs; (iii) is pursuing a plan to produce outputs; and (iv) will be able to obtain access to customers that will purchase the outputs.

Not all of the above factors need to be present for a particular integrated set of activities or assets in the exploration and development stage to qualify as a business.

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recorded at their fair values at acquisition date. The acquisition date is the date at which the Corporation obtains control over the acquiree, which is generally the date that consideration is transferred and the Corporation acquires the assets and assumes the liabilities of the acquiree.

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who has been identified as the Chief Executive Officer, is responsible for allocating resources and assessing performance of the operating segments.

(e) Revenue recognition

Revenue from the sale of goods to customers is measured at the fair value which represents the amount of consideration which the Corporation expects to be entitled to in exchange for transferring the promised good. Sales revenue is recognized when control of the goods sold has been transferred to the buyer. Control is deemed to have passed to the customer at the point in time when the significant risks and rewards of the product have passed to the customer, the Corporation has a present right to payment and physical possession of the product has been transferred to the buyer.

Gold bullion and doré is sold primarily to bullion banks in the London spot market. The sales price is fixed on the date of sale based on the London Bullion Market Association's gold fix price or spot price. The Corporation records revenue from sales of gold at the time of physical delivery, which is also the date that title to the gold passes.

(f) Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is an unconditional and legally enforceable right to offset the

recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial assets
Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial assets in the following measurement categories:

- measured subsequently at amortized cost; or
- measured subsequently at fair value (either through other comprehensive earnings, or through net earnings.

The classification depends on the Corporation's business model for managing the financial assets and the contractual terms which give rise to the cash flows.

i) Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at fair value

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

For investments in debt instruments, the classification will depend on the business model in which the investment is held.

Investments in equity instruments that are held for trading are measured at FVTPL.

Financial liabilities
Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives, shall be subsequently measured at fair value.

Derivatives
Derivatives are initially recognized at fair value when the Corporation becomes a party to the derivative contract and are subsequently re-measured to fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated statement of comprehensive earnings immediately unless the derivative is designated and effective as a hedging instrument. Contracts to buy or sell items that meet the definition of a derivative but were entered into and are held in accordance with the Corporation's expected purchase, sale or usage requirements are not recognized as derivatives. Such contracts would be recorded as executory purchases and sales contracts.

For financial liabilities, the Corporation considers whether a contract contains an embedded derivative when it becomes a party to the contract. Derivatives embedded in a financial liability are treated as separate derivatives if their risks and characteristics are not closely related to those of the host contract and the host contract is not measured at FVTPL.

Fair value

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

Fair values of financial instruments traded in active markets are determined based on quoted market prices, where available. For financial instruments not traded in an active market, fair values are determined based on appropriate valuation techniques. Such techniques may include discounted cash flow analysis, using recent arm's-length market transactions, reference to the current fair value of another instrument that is substantially the same, and other valuation models. The Corporation applies a hierarchy to classify valuation methods used to measure financial instruments carried at fair value. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques use significant observable inputs, directly or indirectly, or valuations are based on quoted prices for similar instruments; and;

Level 3: Valuation techniques use significant inputs that are not based on observable market data (unobservable inputs).

Impairment of financial assets

The Corporation assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and through other comprehensive earnings. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Corporation assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Such assessment exists if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. An external rating of investment grade is considered to indicate that a financial instrument may be considered as having low credit risk.

The Corporation applies the simplified approach permitted by IFRS 9 for trade receivables and other receivables, which requires lifetime expected credit losses to be recognized from initial recognition of the receivables.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand as well as other highly liquid short-term investments with original maturities of three months or less or that can be redeemed at any time without penalties.

(h) Inventories

Ore stockpiles, in-process and finished metal inventory (gold and nickel) is measured and valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Production costs include the cost of raw materials, direct labor, other direct costs and related mine-site overhead expenses (based on normal operating capacity), including applicable depreciation on property, plant and equipment ("**PPE**").

Ore stockpile inventory represents mined ore on the surface or underground that is available for further processing. In-process inventory represents material in the mill circuit that is in the process of being converted into a saleable form. Finished metal inventory represents gold doré and nickel ore located at the mine, in transit to customers and at refineries.

Supplies and spare parts are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

Any write-downs of inventory to net realizable value are recorded within cost of sales in the statement of earnings. If there is a subsequent increase in the value of inventory, the previous write-downs to net realizable value are reversed up to cost to the extent that the related inventory has not been sold.

(i) Property, plant and equipment

PPE is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to the statement of comprehensive earnings during the period in which they are incurred unless they are extending the life of the asset as described below. Depreciation is recognized based on the cost of an item of PPE, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Years	Method
Land	Nil	none
Mining properties		Units of production
Mill facilities		Units of production
Building	5 to 20	Straight line
Vehicles	5 to 10	Straight line
Camp, furniture and equipment	5 to 10	Straight line
Computer equipment and software	3 to 5	Straight line

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive earnings.

Where an item of PPE consists of major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The mining properties and mill facilities are recorded at cost and depreciated, using the units of production method, over the expected operating life of the mine based on estimated recoverable ore. However, if the anticipated useful life of the asset is less than the life of the mine, depreciation is based on its anticipated useful life.

As described in the table above, depreciation is also provided for using the straight line method.

At underground mines, the Corporation incurs development costs to build new shafts, drifts and ramps that will enable physical access to ore underground. These underground development costs are capitalized as incurred.

Capitalized underground development costs are depreciated on a units of production basis, whereby the denominator is the estimated ounces/pounds of gold/nickel of economic extraction based on the current life of mine plan that benefit from the development.

The costs of removing waste and overburden (stripping costs) to access ore prior to the commencement of open pit mine operations are capitalized to mineral property interests. Stripping costs after the commencement of open pit operations are incurred both in relation to the production of inventory of that period and also for improved access to ore to be mined in the future. Stripping costs incurred relating to current ore production are included as part of inventory, while stripping costs incurred relating to improved access to reserves and future development are capitalized as a stripping activity asset. Stripping activity assets are amortized on a unit of production basis over the proven and probable reserves over the remaining life of each mining phase to which they relate.

(j) Exploration and evaluation costs

The Corporation capitalizes all costs relating to the acquisition, exploration, and evaluation of mineral claims. These costs include:

- gathering exploration data through topographical and geological studies;
- exploration and exploratory drilling, trenching and sampling;
- determining the volume and grade of the resource;
- test work on geology, metallurgy, mining, geotechnical and environmental; and
- conducting engineering, marketing and financial studies.

All proceeds received for farm-out arrangements, recovery of costs, and royalty sales against the cost of the related claims are offset against the capitalized costs. If proceeds exceed the capitalized costs of an exploration and evaluation asset, then a gain is recognized.

Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property has been determined, capitalized expenditures are reclassified to mineral property interests.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as:

- Results of studies;
- Status of permits and rights and other agreements to allow access rights; and
- Approval by management and/or Board of Directors to proceed to development.

Upon transfer into mineral property interests, exploration and evaluation costs are immediately tested for impairment. All subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within mineral property interests.

(k) Mineral property interests

Mineral properties are measured at cost less accumulated depletion and accumulated impairment losses. Mineral properties include the fair value attributable to mineral reserves and mineral resources acquired in a business combination or asset acquisition, mine development costs and previously capitalized exploration and evaluation costs. Upon commencement of production, a mineral property is depleted using the unit-of-production method.

The Corporation reviews the estimated total recoverable reserves annually and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable reserves are accounted for prospectively.

(l) Impairment of non-financial assets

PPE and mineral property interests are reviewed for impairment if there is any indication that the carrying amount may not be recoverable or if there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment charge is recognized in the statement of comprehensive earnings. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized in the statement of earnings and comprehensive earnings in the period it occurred.

The recoverability of amounts shown for mineral property interests is dependent upon several factors including, but not limited to, the discovery of economically recoverable reserves and resources, confirmation of the Corporation's interest in the underlying mineral claims, obtaining the necessary development permits,

and the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit.

(m) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially complete and ready for their intended use. All other borrowing costs are recognized as interest expense in the consolidated statement of comprehensive earnings in the period in which they are incurred.

(n) Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset and lease liability is recognized at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, including periods covered by an option to extend the lease if the Corporation is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments remaining to be paid at the commencement date. The lease payments are discounted using the implicit interest rate in the lease. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. If the rate cannot be readily determined, the Corporation's incremental rate of borrowing is used. The lease liability is increased by interest expense and decreased by lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

The Corporation presents right-of-use assets within property, plant and equipment and lease liabilities separately in the consolidated statement of financial position.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of twelve months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, evaluation, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of a plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks

specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The related liability is adjusted each period for the unwinding of the discount rate, and if required, for changes to the current market-based discount rate, and the amount and timing of the underlying cash flows needed to settle the obligation. The Corporation also records a corresponding asset amount which is amortized over the remaining service life of the asset.

(p) Provisions

A provision is recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) Share capital and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period that the transaction occurs.

(r) Share-based compensation

Share Options

The fair value of share options is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. The fair value of share options granted to employees, directors and consultants is recognized as an expense, or capitalized to mineral property interests, over the vesting period with a corresponding increase in contributed surplus.

Deferred Share Units, Restricted Share Units, Performance Share Units and Share Appreciation Rights

A liability for deferred share units, restricted share units, performance share units and share appreciation rights, which have a cash settlement feature at the option of the holder, is measured at fair value on the grant date and is subsequently adjusted at each financial position reporting date for changes in fair value. The liability is recognized over the vesting period with a corresponding charge as an expense or capitalized to mineral property interests. If a deferred share unit, restricted share unit, performance share unit or share appreciation right does not have a cash settlement feature, then it is measured and accounted for as described above for share options.

(s) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Mining taxes represent taxes levied on mining operations and are classified as income taxes since such taxes are based on a percentage of mining profits.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are not recognized where the temporary difference arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that does not affect either accounting or taxable profit or loss, other than where the initial recognition of such an asset or liability arises in a business combination. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as non-current. Assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities or deferred tax assets against deferred tax liabilities and the respective assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Earnings per share

The Corporation presents basic and diluted earnings per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, compensation warrants, options, deferred and restricted share units outstanding that may add to the total number of common shares.

(u) New accounting standards, amendments and interpretations

The following standards, amendments and interpretations have been adopted:

- The IASB issued an amendment to International Accounting Standard ("**IAS**") 16, Property, Plant and Equipment to prohibit deducting from mineral properties, plant and equipment amounts received from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendment requires sales proceeds and related costs to be recognized in the statement of earnings. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier application

permitted. The Corporation early adopted the amendment on January 1, 2021 and there was no material impact on the comparative figures presented for the year ended December 31, 2020.

- The IASB issued "Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)" with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual reporting periods beginning on or after January 1, 2021. This amendment did not have a material impact on the Corporation.

There are no other IFRS standards or IFRS Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have a material impact on the Corporation.

4. ACCOUNTING POLICY JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Many of the amounts included in the consolidated financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

Areas of significant accounting policy judgment affecting the amounts recognized in the consolidated financial statements include:

(i) Establishment of technical feasibility and commercial viability of a mineral property

Technical feasibility - the establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors. By its nature, this assessment requires significant judgment.

Commercial viability - the Corporation uses judgment in application of reserves and resources and other information to assess the basis for units to be applied in units-of-production which include the determination of value beyond proven and probable reserves. Changes in reserves and resources could impact depreciation and amortisation rates and asset carrying values.

(ii) Impairment of property, plant and equipment and mineral property interests

The recoverability of amounts shown for property, plant and equipment and mineral property interests is dependent upon several factors including, but not limited to, the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mineral claims, obtaining the necessary development permits, the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material impairment of the carrying values of property, plant and equipment and mineral property interests.

Management assesses at each reporting period-end whether there is an indication that the carrying value of PP&E may not be recoverable. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in quantity of the recoverable resources and reserves; (iii) changes in metal prices, capital and operating costs; (iv) changes in foreign exchange and interest rates, are evaluated by management in determining whether there are any indicators of impairment.

Property, plant and equipment and mineral property interests are reviewed for impairment if there are indicators that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine whether impairment exists and the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash generating unit ("**CGU**") to which the asset belongs. The recoverable amount of an asset or CGU is determined as the higher of its fair value less cost of disposal ("**FVLCD**") and its value in use ("**VIU**"). If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction is recognized immediately as an impairment loss in the consolidated statement of earnings.

In assessing fair value less cost of disposal, the estimated future cash flows are discounted to their present value, using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

When impairment reversal indicators relating to previously impaired assets exist, an impairment reversal assessment is conducted at the level of the asset or CGU. An impairment reversal is recognized if the recoverable amount of the asset or CGU exceeds the carrying amount that would have been determined, net of depreciation, had no previous impairment charge been recognized. The impairment reversal is recognized immediately in the consolidated statement of earnings. Refer to note 8 for further details regarding the impairment reversal assessment for the Beta Hunt Gold Mine cash generating unit.

The estimate of recoverable amounts with respect to non-financial assets is based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The recoverable amount estimates may differ from actual recoverable amounts, and these differences may be significant and could have a material impact on the Corporation's financial position and results of operations.

(iii) Impairment of exploration & evaluation assets

Exploration and evaluation assets are reviewed for an indication of impairment at each statement of financial position date or when a triggering event is identified. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or in the near future, and which is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area are

neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale; significant negative industry or economic trends; interruptions in exploration and evaluation activities; and a significant drop in current or forecasted metal prices.

Areas of significant estimation and uncertainty affecting the amounts recognized in the consolidated financial statements include:

(i) Derivative financial instruments

Derivatives are measured at fair value through profit and loss and their fair value must be measured at each reporting period, with subsequent changes in fair value recorded in the consolidated statement of comprehensive earnings. To estimate the fair value of the derivatives at the inception date and again at the statement of financial position date, derivative valuation models are used.

(ii) Provision for restoration, rehabilitation and environmental obligations

The Corporation's exploration activities are subject to various laws and regulations governing the protection of the environment. The Corporation recognizes management's best estimate for restoration, rehabilitation and environmental obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, timing of estimated cash flows and discount rates could affect the carrying amount of this provision.

(iii) Income taxes

The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Periodically, judgment is required in determining whether deferred tax assets are recognized on the consolidated statements of financial position. Deferred tax assets, including those arising from unused tax losses, require management to assess the probability that the Corporation will generate taxable profits in future periods, in order to utilize deferred tax assets. Once the evaluation is completed, if the Corporation believes that it is probable that some portion of deferred tax assets will fail to be realized, the deferred tax asset is derecognized. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the reporting date

could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Corporation operates could limit its ability to obtain tax deductions in future periods.

Management judgment is required in determining whether a deferred tax liability is recognized on temporary differences arising on investments in subsidiaries. Judgment is necessary in asserting management's intentions about the reinvestment of undistributed profit in the foreseeable future. Estimates on reinvestments are based on forecasts and on estimates of financial requirements of both the Corporation and its subsidiaries. To the extent that future results and financial requirements differ significantly from estimates, the deferred tax liability provided on temporary differences arising from investments in subsidiaries recorded at the reporting date could be impacted.

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

As at	**December 31, 2021**	December 31, 2020
Trade accounts receivable	**$2,185**	$1,708
Sales taxes and rebates	**3,488**	2,552
	$5,673	$4,260

6. INVENTORIES

Inventories consist of the following:

As at	**December 31, 2021**	December 31, 2020
Gold ore	**$24,066**	$10,205
Gold in process	**4,626**	5,836
Gold - finished goods	**-**	735
Nickel ore	**285**	207
Stores, spares and fuel	**3,901**	3,769
	$32,878	$20,752

As at December 31, 2021, $5.6 million (December 31, 2020 – $7.0 million) of depreciation was included in inventory.

7. MARKETABLE SECURITIES

The following table reflects the continuity of the Corporation’s marketable securities:

For the years ended December 31,	**2021**	**2020**
Opening balance	$3,154	$158
Additions	119	715
Reclassification from other non-current assets	1,178	844
Unrealized loss on revaluation of marketable securities	(902)	1,437
Closing balance	**$3,549**	**$3,154**

The Corporation's marketable securities are traded in an active market on stock exchanges and are therefore considered Level 1 assets under the Corporation's fair value hierarchy. The marketable securities are recorded at fair values which are derived using quoted market prices.

During the year ended December 31, 2021, the investment in SPC was reclassified from other non-current assets to marketable securities upon its listing on the TSX Venture exchange. At the time of the listing, the SPC shares had a fair value of $1.2 million. The SPC investment is now classified as a Level 1 financial asset, consistent with all of the Corporation's other marketable securities.

During the year ended December 31, 2020, the Corporation reached an agreement to sell 11.3 million common shares of Orford at a price of $0.09 per share for aggregate consideration of $1.0 million, resulting in a gain of $0.2 million. Prior to the sale, the Corporation owned or controlled 22.5 million common shares and warrants to purchase up to an additional 1.1 million common shares of Orford representing at the time an approximate 23.6% interest in Orford on an undiluted basis and 24.5% on a partially diluted basis. On September 30, 2020, the Corporation owned or controlled 11.3 million common shares and warrants to purchase up to 1.1 million common shares, representing a 12% interest in Orford on an undiluted basis and a 13% interest on a partially diluted basis. As a consequence of the sale, the Corporation no longer had significant influence over Orford and its remaining investment of $0.8 million was reclassified to marketable securities on the statement of financial position.

Prior to 2021 up to the point of the loss of significant influence during the third quarter of 2020, the Corporation accounted for Orford and the Dumont JV using the equity method. During 2020, the Corporation divested a portion of its interest in Orford and recorded an impairment charge of $7.1 million. The Dumont JV was fully divested in 2020 which resulted in a $1.1 million partial reversal of an impairment charge recorded prior to 2020. On a combined basis, the impairment of Orford and the impairment reversal for the Dumont JV resulted in a net impairment of charge of $6.0 million recorded in 2020.

8. PROPERTY, PLANT AND EQUIPMENT AND MINERAL PROPERTY INTERESTS

The following tables reflect the continuity of the Corporation's property, plant and equipment and mineral property interests. The presentation of the tables has changed from a previously reported format to segregate the asssets to be more consistent with how management oversees the operations. With the new presentation, the HGO mill facility is presented with equipment and mine properties are aggregated.

	Plant and Equipment	Mineral Property Interests	Exploration and Evaluation	Total
As at December 31, 2020	**$66,153**	**$139,720**	**$33,171**	**$239,044**
Additions	27,664	46,708	26,228	100,600
Adjustment in respect of rehabilitation obligations (note 13)	-	6,979	-	6,979
Transfers	-	10,813	(10,813)	-
Disposals	(126)	-	-	(126)
Change due to foreign exchange translation	(4,586)	(9,656)	(1,971)	(16,213)
Depreciation	(7,309)	(22,295)	-	(29,604)
As at December 31, 2021	**$81,796**	**$172,269**	**$46,615**	**$300,680**
As at December 31, 2021				
Cost	$101,240	$231,797	$46,615	$379,652
Accumulated depreciation	(19,444)	(59,528)	-	(78,972)
Net book value	**$81,796**	**$172,269**	**$46,615**	**$300,680**

	Plant and Equipment	Mineral Property Interests	Exploration and Evaluation	Total
As at December 31, 2019	**$53,350**	**$35,406**	**$10,199**	**$98,955**
Additions	13,839	20,532	11,188	45,559
Adjustment in respect of rehabilitation obligations (note 13)	-	2,186	-	2,186
Impairment reversal - Beta Hunt Mine (i)	-	36,087	-	36,087
Addition - Morgan Stanley (ii)	-	36,468	-	36,468
Addition - Spargos (iii)	-	-	7,636	7,636
Addition - Maverix (iv)	-	23,706	-	23,706
Addition - Ramelius (v)	-	-	2,857	2,857
Transfers	-	413	(413)	-
Disposals	(304)	-	-	(304)
Change due to foreign exchange translation	4,373	7,513	1,704	13,590
Depreciation	(5,105)	(22,591)	-	(27,696)
As at December 31, 2020	**$66,153**	**$139,720**	**$33,171**	**$239,044**
As at December 31, 2020				
Cost	$79,275	$179,676	$33,171	$292,122
Accumulated depreciation	(13,122)	(39,956)	-	(53,078)
Net book value	**$66,153**	**$139,720**	**$33,171**	**$239,044**

The tables below summarize the balances in respect of right-of-use assets which are included in the tables above:

	Plant and Equipment
As at December 31, 2020	**$4,571**
Additions	8,256
Depreciation	(1,234)
Change due to foreign exchange translation	(370)
As at December 31, 2021	**$11,223**

	Plant and Equipment
As at December 31, 2019	**$1,050**
Additions	4,453
Disposals	(243)
Change due to foreign exchange translation	276
Depreciation	(1,048)
Revisions	83
As at December 31, 2020	**$4,571**

(i) Impairment reversal - Beta Hunt Gold Mine cash generating unit

On December 31, 2017, the Corporation recorded an impairment charge of AUD$59.9 million ($58.7 million) on the Beta Hunt Gold Mine cash generating unit ("**CGU**"). During the year ended December 31, 2020, the increase in the long-term consensus gold price was considered to be an impairment reversal indicator. The Corporation performed an impairment reversal test at September 30, 2020 whereby the carrying value of the Beta Hunt Gold Mine CGU was compared to the mine's recoverable amount which was determined to be its fair value less cost of disposal ("**FVLCD**"). To estimate the recoverable amount for impairment reversal, the Corporation utilized a discounted cash flow model incorporating significant assumptions that included estimated reserves and resources, throughput and grade, operating and capital costs, future metal prices, foreign exchange rate and discount rate. Management's estimate of the FVLCD of its Beta Hunt Mine CGU is classified as level 3 in the fair value hierarchy. The Corporation's estimate of future cash flows is subject to risks and uncertainties and therefore could change in the future if the underlying assumptions change. The level 3 significant assumptions used in the impairment reversal test were:

- Long-term gold price of USD$1,600;
- Long term nickel price of USD$12,000 per tonne;
- AUD/USD foreign exchange rate of AUD1.00 : USD0.72; and
- Discount rate of 7%.

The Corporation's impairment reversal test concluded that the carrying value of the Beta Hunt Gold Mine CGU at September 30, 2020 was lower than the FVLCD, to the extent that this resulted in a full impairment reversal of the original impairment loss recorded on December 31, 2017. After reflecting the amount of depreciation that would have been recorded had the assets not been impaired, the Corporation recorded a pre-tax impairment reversal of AUD$37.8 million ($36.1 million) in the consolidated statement of earnings. The impairment reversal resulted in a deferred income tax expense of AUD$11.3 million ($10.8 million) for

an after tax impairment reversal of AUD$26.5 million ($25.3 million).

(ii) Morgan Stanley

In May 2020, the Corporation reached an agreement with Morgan Stanley Capital Group Inc. ("**Morgan Stanley**") to terminate the remaining net smelter royalty (“**NSR”)** interests held by Morgan Stanley over a number of tenements at HGO for a purchase price of USD$9.0 million in cash which consists of USD$2.7 million at closing and USD$6.3 million comprised of 5 installments of USD$1.26 million each starting on November 18, 2020 payable each 6 months thereafter until the obligation is fully settled. This transaction eliminated all remaining NSR royalty obligations in respect of the specified tenements.

The Morgan Stanley agreement also contains a participation royalty in which the Corporation shall pay Morgan Stanley a payment for the first 2,500 troy ounces of gold sold in each quarter equal to 27.5% multiplied by the difference between the average London pm fix price for gold for that quarter and AUD$1,340 per ounce. The Corporation on or after the Sunset Date (January 1, 2035 unless extended under certain conditions) may immediately terminate its obligation to pay participation royalties by paying USD$0.7 million to Morgan Stanley. Together with the above noted USD$2.7 million payment ($3.8 million), the Corporation recorded the purchase of the NSR royalty and the participation royalty as the acquisition of mineral property interests as of the effective date of the agreement (see notes 10 and 12).

(iii) Spargos

On August 7, 2020, the Corporation completed the acquisition of Corona Resources Limited whose primary asset is the Spargos Reward Gold Project. The purchase price included AUD$4.0 million ($3.8 million) in cash paid upon closing. Karora was subject to a minimum spending commitment of AUD$2.5 million ($2.4 million) on exploration and development over a two-year period from the closing date. As at December 31, 2021, the minimum spending commitment was complete. The seller is entitled to an additional (i) AUD$1.5 million ($1.4 million) in Karora shares on commencement of gold production from Spargos which was recognized on the acquisition date (note 9), and (ii) AUD$1.0 million ($1.0 million) in Karora shares if a new gold resource of at least 165,000 ounces is delineated at the project which was not recognized at the date of acquisition. Although the tax basis of acquisition was higher than the purchase price, no deferred income tax asset has been recognized as this was considered an asset acquisition.

(iv) Maverix

The Corporation closed an agreement with Maverix Metals Inc. (“**Maverix**”) to reduce the NSR gold royalty at the Corporation’s Beta Hunt mine. Maverix agreed to reduce the royalty on Beta Hunt gold production from 7.5% to 4.75% effective July 1, 2020. In consideration for the royalty reduction, the Corporation agreed to pay Maverix USD$18.0 million ($23.7 million) in cash, USD$15.5 million ($20.4 million) of which was paid at closing and USD$2.5 million ($3.3 million) was recognized as a financial liability in accounts payable and accrued liabilities on the statement of financial position as at December 31, 2020 and was paid in January 2021. The consideration of $23.7 million was recorded as an addition to mine and mill facilities.

(v) Ramelius

The Corporation closed an agreement with Ramelius Resources Limited (“**Ramelius**”) on November 9, 2020 to re-purchase the 3% gross gold royalty held by Ramelius in respect of Spargos. Total consideration of

AUD$3.0 million ($2.8 million) consisted of cash of AUD$2.0 million ($1.9 million) and 264,187 common shares with a value of AUD$1.0 million ($0.9 million) (note 14).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	**December 31, 2021**	December 31, 2020
Trade accounts payable	**$18,683**	$6,056
Royalty accrual	**4,915**	6,015
Maverix accrual	**-**	3,183
Spargos accrual	**1,382**	1,964
Employee related accruals	**9,798**	6,083
Accrued liabilities	**19,135**	15,222
	$53,913	$38,523

Accounts payable and accrued liabilities includes $7.6 million (December 31, 2020 - $6.9 million) in respect of property, plant and equipment and mineral property interests.

10. DEBT

Long-term debts consist of the following:

For the year ended December 31, 2021	**Bridge (i)**	**Morgan Stanley Installments (ii)**	**Total**
As at December 31, 2020	$29,300	$5,787	$35,087
Extension fee	(55)	-	(55)
Repayments	-	(3,086)	(3,086)
Accretion expense	402	116	518
Change due to foreign exchange translation	-	193	193
As at December 31, 2021	**29,647**	**3,010**	**32,657**
Less current portion	-	3,010	3,010
Non-current portion	$29,647	$-	$29,647

For the year ended December 31, 2020	**Bridge (i)**	**Morgan Stanley Installments (ii)**	**IQ Loan (iii)**	**Total**
As at December 31, 2019	$30,573	$-	$324	$30,897
Additions	-	7,605	-	7,605
Repayments	(2,000)	(1,648)	(324)	(3,972)
Accretion expense	727	389	-	1,116
Change due to foreign exchange translation	-	(559)	-	(559)
As at December 31, 2020	**29,300**	**5,787**	**-**	**35,087**
Less current portion	-	3,031	-	3,031
Non-current portion	$29,300	$2,756	$-	$32,056

(i) Bridge

The Corporation has an outstanding bridge facility in the amount of $30 million ("**Bridge**"). The Bridge was initiated in June 2019. During the second and fourth quarters of 2021, the term was extended. The Bridge was amended at each time such that the Corporation has, at its option, the right to extend the term by additional periods of six months which would result in a maturity date during June 2023 and consequently the loan is classified as non-current on the statement of financial position. Furthermore, the Bridge terms were amended to change the interest rate from 10% to 9%. All other significant terms and conditions were not changed. The facility does not require repayment of principal until the maturity date and bears interest at a rate of 9% per annum paid monthly. Total issue costs of $1.9 million are included in the amortized cost of the loan and expensed on an effective interest rate basis over the term of the Bridge.

(ii) Morgan Stanley Installments

As part of a royalty buyback arrangement with Morgan Stanley, the Corporation agreed to pay USD$6.3 million comprising 5 installments of US$1.26 million each starting on November 18, 2020 and payable each six months thereafter until fully paid. The Corporation calculated the net present value of these payments using a 10% discount rate.

(iii) IQ Loan

In 2017, the Corporation borrowed $0.5 million from Investissement Quebec ("**IQ**") which was repayable by making 60 monthly principal repayments in the amount of $10 each starting in February 2018. The IQ Loan was settled early in October 2020.

11. LEASE OBLIGATIONS

The following table reflects the continuity of lease obligations for the years ended December 31, 2021 and 2020:

For the years ended December 31,	**2021**	**2020**
Opening balance	$3,863	$1,222
Additions	8,256	4,453
Disposals	-	(291)
Accretion	268	197
Cash payments	(3,134)	(2,025)
Revisions to critical terms	-	83
Change due to foreign exchange translation	(274)	224
Closing balance	**8,979**	**3,863**
Less current portion	3,399	1,696
Non-current portion	$5,580	$2,167

During the year ended December 31, 2021, $63.3 million (2020 - $44.6 million) was expended in respect of short-term leases not included above.

12. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative instruments not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included as a Level 2 measurement. As the discount rate is not an observable input, the Morgan Stanley participation royalty derivative liability is classified within Level 3 of the fair value hierarchy.

The participation royalty obligation was estimated using a forward contract valuation approach model. The key inputs used in the valuation include:

- the gold forward price curve based on the COMEX futures curve, extrapolated where necessary;
- USD/AUD foreign exchange rates based on forward curves;
- discount rates incorporating the Corporation's estimated credit spread of 3.8% as at December 31, 2021;
- a current risk-free rate based on the Australian dollar swaps curve; and
- the Corporation's estimated gold ounce delivery into the participation royalty.

The following tables summarize the quantitative information about significant unobservable inputs used in Level 3 fair value measurements:

As at December 31, 2021	**Fair value**	**Unobservable Inputs**	**Range of Inputs**	Relationship of unobservable inputs on fair value
Morgan Stanly Participation Royalty	25,272	Discount rate	3% - 5%	An increase or decrease in the discount rate of 1% would decrease or increase fair value by $1.2 million or $1.2 million respectively.

As at December 31, 2020	**Fair value**	**Unobservable Inputs**	**Range of Inputs**	Relationship of unobservable inputs on fair value
Morgan Stanly Participation Royalty	25,556	Discount rate	4% - 6%	An increase or decrease in the discount rate of 1% would decrease or increase fair value by $1.2 million or $1.2 million respectively.

The tables below summarize the movements in the derivative liability for the years ended December 31, 2021 and 2020:

For the year ended December 31, 2021	**Morgan Stanley Participation Royalty**
As at December 31, 2020	$25,556
Settlements	(2,714)
Net change in fair value	3,921
Change due to foreign exchange translation	(1,491)
As at December 31, 2021	**25,272**
Less current portion	2,881
Non-current portion	$22,391

For the year ended December 31, 2020	**Gold forward and option contracts**	**Morgan Stanley Participation Royalty**	**Total**
As at December 31, 2019	$2,817	$-	$2,817
Additions	-	25,064	25,064
Settlements	(8,922)	(1,647)	(10,569)
Net change in fair value	6,092	162	6,254
Change due to foreign exchange translation	13	1,977	1,990
As at December 31, 2020	**-**	**25,556**	**25,556**
Less current portion	-	2,966	2,966
Non-current portion	$-	$22,590	$22,590

13. RESTORATION, REHABILITATION AND ENVIRONMENTAL OBLIGATIONS

The asset rehabilitation and environmental obligations represent the legal and contractual obligations associated with the eventual closure and reclamation of the Corporation's mine and mill operations. The obligations consist of costs associated with reclamation, environmental monitoring and the removal of tangible assets. As at December 31, 2021, the carrying value of the obligations represents the net present value of the estimated undiscounted cash flows required to settle the obligations, which totalled $36.9 million (2020 - $27.6 million). As at December 31, 2021, the discount rate used was 1.6% (December 31, 2020 – 0.9%) and the inflation rate was 2.5% (December 31, 2020 – 1.5%).

The following table reflects the continuity of asset, rehabilitation and environmental obligations for the years ended December 31, 2021 and 2020:

For the years ended December 31,	**2021**	**2020**
Opening balance	$25,430	$21,119
Accretion expense	338	236
Additions	5,650	964
Change in discount and inflation rates	1,329	1,222
Change due to foreign exchange translation	(1,611)	1,889
Closing balance	**$31,136**	**$25,430**

14. SHARE CAPITAL

The Corporation is authorized to issue an unlimited amount of common shares.

Effective July 31, 2020, the Corporation completed a share consolidation of its common shares on the basis of one (1) post-consolidation share for every four and a half (4.5) pre-consolidation common shares. As a result of the share consolidation, the 607,768,949 common shares issued and outstanding as at the beginning of the period on January 1, 2020 were consolidated into 135,059,766 common shares. All references to the number of shares, options, warrants and per share amounts have been presented on a post-consolidation basis.

During the year ended December 31, 2021, 261,000 shares were repurchased and cancelled under the Corporation's normal course issuer bid. The shares were purchased at an average price of $3.10 per share for a total of $0.8 million. The book value of the cancelled shares was $0.5 million and the excess of $0.3 million was charged directly to deficit.

On July 17, 2020, the Corporation closed a subscription agreement and issued a total of 8,111,110 common shares at $2.28 per share for total proceeds of $18.5 million. The common shares issued were subject to a four-month hold period in accordance with applicable Canadian securities laws. The share issue costs totalled $0.7 million.

On April 15, 2020, the Corporation announced that it had received approval of the Toronto Stock Exchange ("**TSX**") for a normal course issuer bid to purchase up to no more that approximately 6,758,933 common shares (30,415,198 prior to consideration of the above noted share consolidation) representing 5% of its issued and outstanding common shares at the prevailing market price at the time of purchase. The bid expired on April 16, 2021. The price that the Corporation would pay for any common shares purchased under the bid was the prevailing market price at the time of purchase.

During the year ended December 31, 2020, 80,000 shares were repurchased and cancelled. The shares were purchased at an average price of $3.27 per share for a total of $0.3 million. The book value of the cancelled shares was $0.2 million and the excess of $0.1 million was charged directly to deficit.

During the year ended December 31, 2020, 18,782 shares were issued to consultants with a value of $0.04 million which were measured on the basis of the Corporation's share price on the date of issue. The Corporation also issued 44,444 common shares to Abitibiwinni First Nation in respect of an impact and benefit agreement for the Dumont JV for a value of $0.1 million based on the quoted share price on the date of the share issuance. In addition, 264,187 shares were issued in respect of a royalty repurchase transaction with a fair value of $0.9 million (note 8).

15. WARRANTS

The following tables reflect the continuity of share purchase warrants for the years ended December 31, 2021 and 2020:

	Number of warrants	Convertible into Common Shares	Weighted Average Exercise Price
As at December 31, 2019	25,073,589	5,571,909	$2.25
Exercised	(1,583,168)	(351,828)	2.16
As at December 31, 2020	23,490,421	5,220,081	2.25
Exercised	(22,580,930)	(5,017,972)	2.25
Expired	(909,491)	(202,109)	2.24
As at December 31, 2021	**-**	**-**	**$-**

Four and a half (4.5) warrants were exercisable for one common share. For warrants exercised during the year ended December 31, 2021, the related weighted average share price at the time of exercise was $3.62 per share (2020 – $3.51).

16. SHARE INCENTIVE PLANS

As noted above, effective July 31, 2020, the Corporation completed a share consolidation of its common shares on the basis of one (1) post-consolidation share for every four and a half (4.5) pre-consolidation common shares. All references to the number of shares, restricted share units, director share units, share appreciation rights and per share amounts presented have been presented on a post consolidated basis.

The Corporation's 2010 share incentive plan, as amended and restated on June 19, 2019 (the "**Plan**"), provides for the granting of equity-based compensation securities, including options and awards for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of key officers, directors, employees and consultants of the Corporation. The Plan provides for the issuance of share options and other equity-based awards including share appreciation rights, restricted shares, restricted share units, deferred share units, performance shares and performance share units. The Plan provides that the maximum number of common shares issuable upon the exercise of share options and made available as other equity-based awards, in aggregate, shall not exceed 15% of the issued and outstanding common shares from time to time.

Share Purchase Options

At the time of grant or thereafter, the Human Resources and Compensation Committee (the "**Committee**") of the Board of Directors may determine when a share option will vest and become exercisable and may determine that the share option shall be exercisable in instalments on such terms as to vesting or otherwise as the Committee deems advisable subject to the rules of the Toronto Stock Exchange. Unless otherwise determined by the Committee, share options will vest and become exercisable, as to one third of the share options granted, on each of the first, second and third anniversaries of the date of grant, provided that the participant is an eligible employee, eligible director, consultant or other participant at the time of vesting. Under the Plan, the expiry date of share options may not exceed ten years from the date of grant.

The following table reflects the continuity of share purchase options for the years ended December 31, 2021 and 2020:

	Number of options	Weighted Average Exercise Price
As at December 31, 2019	5,858,957	$1.59
Granted	269,221	2.31
Exercised	(1,579,678)	1.39
Forfeited	(114,664)	2.30
Expired	(4,443)	9.17
As at December 31, 2020	4,429,393	1.68
Exercised	(1,887,547)	1.33
Forfeited	(4,444)	2.14
Expired	(30,000)	5.13
As at December 31, 2021	**2,507,402**	**$1.89**

For options exercised during the year ended December 31, 2021, the related weighted average share price at the time of exercise was $4.10 per share (2020 – $2.90). There were no options granted during the year ended December 31, 2021. For the year ended December 31, 2020, the weighted-average fair value of options granted of $1.60 per option was calculated using the Black-Scholes option pricing model, using the following weighted average assumptions:

For the year ended December 31,	2020
Number of options granted	269,221
Share price	$2.31
Exercise price	$2.31
Risk free interest rate	0.7%
Expected life	3.7 years
Expected volatility	105%
Expected dividends	nil

As at December 31, 2021, the Corporation had the following share purchase options outstanding:

	Options Outstanding			Options Exercisable		
Exercise Price Range	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$0.40-$1.14	146,666	1.5	$0.44	146,666	1.5	$0.44
$1.15-$1.28	756,662	1.1	$1.06	756,662	1.1	$1.06
$1.29-$1.97	531,365	2.8	$1.62	353,221	2.7	$1.63
$1.98-$2.75	403,563	2.0	$2.38	369,129	1.9	$2.40
$2.76-$3.95	669,146	2.3	$3.08	394,486	2.3	$3.03
	2,507,402	**2.0**	**$1.89**	**2,020,164**	**1.8**	**$1.74**

During the year ended December 31, 2021, the Corporation recorded share-based payments expense related to share options of $0.5 million (December 31, 2020 - $1.0 million).

Deferred Share Units

Under the Plan, a participant is only entitled to payment in respect of a deferred share unit when the participant ceases to be a director of the Corporation or any affiliate thereof for any reason. Upon redemption of a vested unit, the participant has the option to receive (i) one common share of the Corporation or (ii) an amount in cash equal to the fair market value of a common share of the Corporation on the date of redemption. The expense is recorded in the statement of comprehensive earnings in general and administrative expenses and credited to share-based incentive liabilities since the payment in cash or common shares is at the option of the participant.

The following table reflects the continuity of deferred share units for the years ended December 30, 2021 and 2020:

	Number of Deferred Share Units
As at December 31, 2019	174,292
Granted	158,815
Settled for cash	(43,109)
As at December 31, 2020	289,998
Granted	129,627
As at December 31, 2021	**419,625**

As at December 31, 2021, all 419,625 deferred share units were vested.

The Corporation has a liability of $1.8 million (December 31, 2020 - $1.1 million) to recognize the estimated fair value as at December 31, 2021 in share incentive plan obligations in the Consolidated Statement of Financial Position.

Restricted Share Units

Under the Plan, redemption of vested restricted share units shall take place no later than the third anniversary of the date of grant. The Corporation has granted the following three types of restricted share units: (i) cash settled units, (ii) units settled in cash and/or shares at the option of the participant and (iii) units settled for shares**.** Upon redemption of vested units, the participant will either receive cash equal to the multiple obtained if the number of vested restricted units is multiplied by the fair market value of a common share of the Corporation on the redemption date, or for restricted share units with an option, the participant may choose to receive (i) the number of underlying common shares of the Corporation or ii) a combination of common shares of the Corporation and/or cash. The expense for both of these types of restricted share units is recorded in the consolidated statement of earnings and comprehensive earnings in general and administrative expenses: share-based compensation and credited to liabilities under share incentive plan liabilities since some units will settle for cash only, while other units will settle for cash or common shares at the option of the participant. With respect to restricted share units which can only be settled for shares, the expense is also recorded in the statement of comprehensive earnings in general and administrative expenses: share-based compensation and the credit is to contributed surplus in the equity section of the statement of financial position.

The following table reflects the continuity of restricted share units for years ended December 31, 2021 and 2020:

	Number of Restricted Share Units
As at December 31, 2019	3,052,343
Granted	1,479,103
Settled for shares	(779,395)
Settled for cash	(408,763)
Forfeited	(43,519)
As at December 31, 2020	3,299,769
Granted	1,077,930
Settled for shares	(874,191)
Settled for cash	(178,412)
Forfeited	(96,320)
As at December 31, 2021	**3,228,776**

As at December 31, 2021, the weighted average remaining contractual life of the outstanding restricted share units was 1.6 years and 870,842 restricted share units were vested with a remaining contractual life of 0.9 years.

Included in the 3,228,776 restricted share units outstanding as at December 31, 2021, are 1,350,188 units that can be settled for cash or equity at the option of the holder. With respect to these restricted share units, the Corporation has a liability of $5.7 million (December 31, 2020 - $5.7 million) to recognize the estimated fair value as at December 31, 2021 of the restricted share units in share incentive plan obligations on the statement of financial position.

With respect to the restricted share units which can only be settled for shares, during the year ended December 31, 2021, the Corporation recorded share-based payments expense of $2.4 million (2020 - $0.9 million).

Performance Share Units

Under the plan, the redemption of vested performance share units (“**PSUs**”) shall take place no later than the third anniversary of the date of grant. PSUs vest based on certain performance criteria and, if vested, will be redeemed for fully paid common shares of the Corporation. The vesting criteria are based on the total shareholder return (“**TSR**”) of the common shares of the Corporation relative to the TSR of the Vaneck Vectors/Jr Gold Miners ETF (the “**Index**”) over a three-year period (the “**Performance Period**”). The value of the PSUs at the end of the Performance Period will be calculated based on the value of the Corporation’s common shares and the number of PSUs that ultimately vest. The expense for the PSUs is recorded in the statement of comprehensive earnings in general and administrative expenses and credited to contributed surplus in the Consolidated Statement of Financial Position.

The following table reflects the continuity of performance share units for years ended December 31, 2021:

	Number of Performance Share Units
As at December 31, 2019	-
Granted	900,338
As at December 31, 2020	900,338
Granted	981,125
Additional units due to performance	135,318
Settled for shares	(428,351)
Forfeited	(96,313)
As at December 31, 2021	**1,492,117**

The fair value of the PSU grants was determined using a Monte Carlo simulation approach. This approach uses random numbers, together with various market assumptions to generate potential future outcomes for share prices using Geomotric Brownian Motion which is an industry standard method for simulating the expected future path of share prices. The following assumptions were used:

	August 11, 2021	August 12, 2020
Share price	$3.45	$3.64
Risk free interest rate	1.1%	0.6%
Expected life	3 years	3 years
Expected volatility	92.0%	86.5%
Expected dividends	nil	nil
Index share price	$53.37	$55.19
Correlation coefficient	0.25	0.33
Expected volatility - market index	41.9%	57.2%

As at December 31, 2021, the weighted average remaining contractual life of the outstanding share appreciation rights is 2.2 years and no awards were vested.

With respect to the performance share units which can only be settled for shares, during the year ended December 31, 2021, the Corporation recorded share-based payments expense of $2.4 million (2020 - $0.9).

Share Appreciation Rights

Under the Plan, participants have the right to receive a cash payment on the redemption of a share appreciation right provided that such share appreciation right has vested. Such cash payment will be equal to the amount if any, by which the fair market value of a common share of the Corporation on the date of redemption exceeds the fair market value of a common share of the Corporation on the date of grant (the "**Base Price**"). The expense for share appreciation rights is recorded in the statement of comprehensive earnings in general and administrative expenses and credited to other non-current liabilities and provisions.

The share appreciation rights (the "**Service Condition SARs**") vest if the Committee passes a resolution approving the redemption of the Service Condition SARs having regard to the Corporation's financial condition, project status and overall market conditions provided that the number of Service Condition SARs to vest will be dependent upon the length of service of the participant.

As at December 31, 2021, there were 40,443 outstanding SARs. There was no activity during the years ended December 31, 2021 and 2020.

The weighted average remaining contractual life of the outstanding share appreciation rights is 1.1 years and all share appreciation rights are vested.

The weighted average fair value of the share appreciation rights outstanding at the end of the period, as estimated as at December 31, 2021, was $1.60 per unit (December 31, 2020 - $2.36 per unit). These calculations used the Black-Scholes option pricing model, using the following assumptions:

For the years ended December 31,	**2021**	2020
Share price	$4.25	$3.77
Base price	$1.80	$1.80
Risk free interest rate	1.0%	0.2%
Expected life	1.1 years	2.1 years
Expected volatility	44%	78%
Expected dividends	nil	nil

The Corporation has a liability of $0.1 million (December 31, 2020 - $0.1 million) to recognize the estimated fair value as at December 31, 2021 of the cash settled SARs in other non-current liabilities and provisions in the Consolidated Statement of Financial Position.

Summary

The total expense recognized from share-based compensation transactions is shown in the following table:

For the years ended December 31,	**2021**	2020
Share purchase options	**$516**	$1,023
Deferred share units	**690**	859
Restricted share units	**5,309**	8,046
Share appreciation rights	**4**	32
Performance share units	**2,418**	856
	$8,937	$10,816

17. FINANCE EXPENSE, NET

For the years ended December 31,	**2021**	2020
Interest expense	**$3,031**	$3,244
Accretion	**1,124**	1,549
Interest income	**(134)**	(175)
	$4,021	$4,618

18. INCOME TAX

The major components of income tax expense are as follows:

	2021	2020
Tax expense applicable to:		
Current taxes	**$293**	$(464)
Deferred taxes	**18,304**	7,467
Total tax expense	**$18,597**	$7,003

A reconciliation between tax expense and the product of accounting loss multiplied by the Corporation's domestic tax rate is as follows:

	2021	2020
Statutory tax rate	**25.0%**	25.07%
Tax expense at statutory rate	**$11,517**	$23,850
Expenses not deductible for income tax purposes	**1,189**	692
Tax rate differential	**3,212**	7,001
Tax effect of unrecognized temporary difference and tax losses	**3,726**	5,797
Australia group tax restructuring	**-**	(26,069)
Previous year tax return true-ups	**(1,038)**	(3,306)
Other	**(9)**	(962)
Total tax expense	**$18,597**	$7,003

The Corporation offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority.

The tax benefits of the following temporary differences have been recognized in the consolidated financial statements:

	Balance December 31, 2020	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Balance December 31, 2021
Deferred tax assets (liabilities):				
Loss carry-forward	$3,036	$2,032	$-	5,068
Property, plant and equipment and mineral property interests	(14,317)	(21,634)	-	(35,951)
Long-term debt	1,081	367	-	1,448
Other	2,666	931	910	4,507
Net deferred tax assets (liabilities)	**$(7,534)**	**$(18,304)**	**$910**	**$(24,928)**

	Balance December 31, 2019	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Balance December 31, 2020
Deferred tax assets (liabilities):				
Loss carry-forward	$6,664	$(3,628)	$-	$3,036
Property, plant and equipment and mineral property interests	(11,913)	(2,404)		(14,317)
Financing costs	1,866	(1,866)	-	-
Long-term debt	8,094	(7,013)	-	1,081
Rebates	169	(169)	-	-
Investment in Magneto JV	(4,504)	4,504	-	-
Other	-	3,109	(443)	2,666
Net deferred tax assets (liabilities)	**$376**	**$(7,467)**	**$(443)**	**$(7,534)**

The tax benefits of the following unused tax losses and deductible temporary differences have not been recognized in the consolidated financial statements:

	2021	2020
Tax loss carry-forwards		
Expire 2029–2040	**$102,023**	$84,856
Capital losses	**335**	3,163
Property, plant and equipment and mineral property interests	**6,149**	6,232
Financing costs	**3,129**	5,094
Unrealized foreign exchange	**(582)**	-
Other	**199**	185

The Corporation is subject to federal income taxes, provincial income taxes, and provincial mining taxes. Tax laws are complex and can be subject to different interpretations. Uncertainties exist with respect to the interpretation of tax regulations, including the determination of which mining exploration expenditures are eligible for refundable tax credits, and the amount and timing of collection. The Corporation has prepared its tax provision based on the interpretations of tax laws which it believes represent the probable outcome. The Corporation may be required to change its provision for income taxes if the tax authorities ultimately are not in agreement with the Corporation's interpretation.

19. NET EARNINGS PER SHARE

Basic net earnings per share has been calculated using the weighted average number of common shares and common share equivalents issued and outstanding during the period. Share purchase options are reflected in diluted earnings per share by application of the treasury stock method. The following table details the weighted average number of outstanding common shares for the purpose of computing basic and diluted earnings per common share for the following years:

For the years ended December 31,	**2021**	2020
Weighted average common shares - basic	**148,698,289**	139,759,510
Adjustments for dilutive instruments:		
Share purchase options	**1,942,934**	2,064,315
Restricted share units	**1,037,939**	490,612
Performance share units	**288,921**	-
Deferred share units	**295,743**	130,953
Warrants	**1,433,193**	930,217
Weighted average common shares - diluted	**153,697,019**	143,375,607

The following table details the weighted average number of shares which were excluded because they were anti-dilutive:

For the years ended December 31,	**2021**	2020
Share purchase options	**-**	21,992
Restricted share units	**2,678**	84,208
Performance share units	**5,475**	64,715
Weighted average common shares exclusions	**8,153**	170,915

20. RELATED PARTY TRANSACTIONS

The following table reflects remuneration of key management, which consists of the Corporation's directors and executive officers.

For the years ended December 31,	**2021**	2020
Cash compensation - salaries, short term incentives and other benefits	**$6,395**	$4,769
Long-term incentives - share based payments	**6,429**	8,647
Termination benefits	**-**	401
	$12,824	$13,817

The following table reflects transactions with equity accounted entities:

Recoveries of net general and administrative expenses

For the years ended December 31,	**2021**	**2020**
Dumont JV	**$-**	$394
Orford	**-**	148
	$-	$542

Dumont JV and Orford ceased being equity accounted entities during 2020 and consequently there was no activity during the year ended December 31, 2021 (note 7).

21. CAPITAL MANAGEMENT

The capital of the Corporation consists of items included in shareholders' equity of $251.4 million as at December 31, 2021 (2020 - $207.2 million). The Corporation's objectives are to manage the ability to continue as a going concern and to provide an adequate medium to long-term return to shareholders. The Corporation has working capital of $64.4 million on December 31, 2021 and expects to generate cash inflows from its mining operations in 2022 and beyond. The Corporation does not expect to require additional financing to sustain operations and believes that it would be able to maintain positive cash flows going forward. The Corporation intends to fund its growth plan through operations but may utilize financing to accelerate or otherwise fund its growth plan.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions and manages its capital with the following objectives of:

(i) minimizing discretionary disbursements;
(ii) limiting exploration and evaluation expenditures to those of strategic value; and
(iii) exploring alternate sources of liquidity with an objective to minimize cost of capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is appropriate.

The Corporation is not subject to externally imposed capital requirements. Changes in capital are described in the consolidated statement of changes in equity.

22. FINANCIAL RISK FACTORS

The Corporation is exposed to various financial risks in its financial instruments resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

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

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

The Corporation's main financial risks exposure and its financial policies are as follows:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Trade and other receivables mainly consist of trade accounts receivable from the Perth Mint and interest receivable from Canadian and Australian chartered banks. The Corporation reduces its credit risk on its cash and cash equivalents by deposits and investments with major Canadian and Australian banks rated "A" or higher.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations associated with financial liabilities as they come due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to capital markets or other alternative forms of financing is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation. Most of the Corporation's financial liabilities are subject to normal trade terms with the exception of long-term debt, share incentive plans, derivative financial liabilities and lease obligations. The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

As at December 31, 2021, the Corporation was in compliance with all of its debt covenants.

The following table summarizes the expected maturity of the Corporation's significant financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date.

As at December 31, 2021	Payments by period					
	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total	Carrying Value
Accounts payable and accrued liabilities	$53,913	$-	$-	$-	$53,913	$53,913
Long-term debt obligations	3,195	30,000	-	-	33,195	32,657
Lease obligation	3,931	4,349	1,597	-	9,877	8,979
Interest on long-term debt	2,700	1,265	-	-	3,965	-
Derivative liabilities	3,005	6,312	6,998	16,451	32,766	25,272
	$66,744	$41,926	$8,595	$16,451	$133,716	$120,821

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The Morgan Stanley Participation Royalty (note 12) is subject to commodity price fluctuation. As at December 31, 2021, a 10% increase or decrease in the gold price would have a corresponding increase or decrease in the liability of $5.0 million. The Corporation is also exposed to fluctuations in commodity prices from its sale of metals. From time to time, the Corporation may enter into commodity contracts to hedge the effects of the change in gold price on revenues. As at December 31, 2021, there were no outstanding derivative positions in respect of the future sales.

Currency Risk

The Corporation is subject to currency risk on its financial instruments which are denominated in a currency that is not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact profit or loss. The Corporation is also exposed to the impact of currency fluctuations on its monetary assets and liabilities which includes intercompany financing arrangements. At December 31, 2021,

with other variables unchanged, the effect of a one cent strengthening/weakening of the Australian dollar would result in a decrease/increase of $1.7 million in foreign exchange losses.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to their relatively short periods to maturity. With respect to long-term debt balances (note 10), carrying values and fair values are as follows:

As at	**December 31, 2021**		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Bridge loan (level 2)	**$29,647**	**$30,000**	$29,300	$30,000
Morgan Stanley Installments (level 3)	**$3,010**	**$3,195**	$5,787	$6,417

23. COMMITMENTS

Royalties

Existing royalty obligations at Beta Hunt are (i) Consolidated Minerals, 3.0% of payable nickel at a nickel price under AU$17,500/t or 5.0% at a nickel price of AU$17,500 or greater until total royalty payments reach AU$16.0 million; (ii) Western Australian state government, 2.5% of recovered gold and nickel; and (iii) Maverix Metals Inc., 1.5% of payable nickel less allowable deductions, 4.75% of recovered gold.

Existing royalty obligations at HGO are (i) traditional land owners have production payments of up to 1% of gross gold revenue over various tenements; (ii) state government royalty equal to 2.5% of recovered gold; and (iii) various royalties across the tenements to third parties on recovered gold less allowable deductions.

24. SEGMENTED INFORMATION

Each individual operating mine or asset group is considered to be a reportable operating segment for financial reporting purposes. Results of operating segments are reviewed by the Corporation’s chief operating decision maker to make decisions about resources to be allocated to the segments and to assess their performance.

The Corporation has production and exploration and evaluation activities from its two operating segments in Australia. The following is a summary of the reported amounts by segment:

For the year ended December 31, 2021

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Revenues	$185,379	$103,855	$(25,048)	$-	$264,186
Production and processing costs	76,660	70,281	(25,048)	-	121,893
Royalty expense	13,882	2,536	-	-	16,418
General and administrative: share-based payments	1,408	1,407	-	6,122	8,937
General and administrative: other	4,993	5,021	-	10,902	20,916
Depreciation and amortization	14,551	14,699	-	-	29,250
Sustainability initiatives	-	-	-	613	613
Operating earnings (loss)	$73,885	$9,911	-	($17,637)	$66,159

1) Eliminates the revenues of HGO in respect of toll processing services provided to Beta Hunt Gold Mine.

As at December 31, 2021					
Property, plant and equipment and mineral property interests	$118,271	$182,151	$-	$258	$300,680
Total assets	130,758	262,953	-	42,622	436,333

For the year ended December 31, 2020

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Revenues	$160,924	$104,392	$(26,180)	$-	$239,136
Production and processing costs	73,236	61,824	(26,180)	-	108,880
Royalty expense	13,458	3,349	-	-	16,807
General and administrative: share-based payments	913	908	-	8,995	10,816
General and administrative: other	3,761	3,203	-	9,003	15,967
Depreciation and amortization	9,520	14,213	-	-	23,733
Impairment reversal	(36,087)	-	-	-	(36,087)
Operating earnings (loss)	$96,123	$20,895	-	($17,998)	$99,020

1) Eliminates the revenues of HGO in respect of toll processing services provided to Beta Hunt Gold Mine.

As at December 31, 2020					
Property, plant and equipment and mineral property interests	$107,664	$130,837	$-	$543	$239,044
Total assets	117,280	189,966	-	42,853	350,099