



**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Three Months Ended March 31, 2022 and 2021  
(in thousands of Canadian dollars)



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**Interim Consolidated Statements of Financial Position**  
(Expressed in thousands of Canadian dollars)

As at	Note	March 31, 2022 \$	December 31, 2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		78,100	91,005
Trade and other receivables	4	7,267	5,673
Inventories	5	36,505	32,878
Prepaid expenses		1,826	2,321
Marketable securities	6	2,903	3,549
		<b>126,601</b>	135,426
<b>Non-current assets</b>			
Property, plant and equipment and mineral property interests	7	315,074	300,680
Deferred tax asset		204	207
Other non-current assets		20	20
<b>Total assets</b>		<b>441,899</b>	436,333
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	51,781	53,913
Current tax liability		282	254
Share incentive plan liabilities	14	10,716	7,522
Debt	9	3,040	3,010
Lease obligations	10	3,790	3,399
Derivative financial liabilities	11	3,186	2,881
		<b>72,795</b>	70,979
<b>Non-current liabilities</b>			
Debt	9	29,704	29,647
Lease obligations	10	5,390	5,580
Derivative financial liabilities	11	22,842	22,391
Asset retirement obligations	12	29,441	31,136
Deferred tax liability		27,124	25,135
Other non-current liabilities and provisions		186	100
<b>Total liabilities</b>		<b>187,482</b>	184,968
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	314,735	310,143
Contributed surplus		32,198	31,523
Accumulated other comprehensive income		3,503	2,009
Deficit		(96,019)	(92,310)
<b>Total shareholders' equity</b>		<b>254,417</b>	251,365
<b>Total liabilities and shareholders' equity</b>		<b>441,899</b>	436,333

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*



## Interim Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)

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

**For the three months ended March 31,**

	Note	2022 \$	2021 \$
Revenue		65,272	59,284
Cost of operations:			
Production and processing costs		42,436	29,301
Royalty expense		3,634	3,755
General and administrative: share-based compensation		5,964	1,290
General and administrative: other		6,803	4,870
Depreciation and amortization		8,754	7,283
Operating earnings (loss)		(2,319)	12,785
Other expenses (income)			
Finance expense, net	15	1,045	1,081
Loss (gain) on derivatives		1,115	(2,860)
Foreign exchange loss (gain)		(2,951)	4,573
Unrealized loss (gain) on revaluation of marketable securities		646	(360)
Other expense (income), net		(21)	15
<b>Earnings (loss) before income tax</b>		<b>(2,153)</b>	10,336
Income tax expense - current		(33)	(21)
Income tax expense - deferred		(1,523)	(4,691)
<b>Net earnings (loss)</b>		<b>(3,709)</b>	5,624
Currency translation adjustments		1,494	(1,389)
<b>Comprehensive earnings (loss)</b>		<b>(2,215)</b>	4,235
<b>Net earnings (loss) attributable to common shareholders per share</b>			
Basic		(0.02)	0.04
Diluted		(0.02)	0.04
<b>Weighted average number of shares</b>			
Basic	16	154,440,916	146,254,253
Diluted	16	154,440,916	151,018,838

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*



## Interim Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	2022 \$	2021 \$
<b>Cash flow provided by (used in)</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Net earnings (loss) for the period</b>	(3,709)	5,624
<b>Changes not affecting cash:</b>		
Depreciation and amortization	8,817	7,322
Income tax expense	1,556	4,712
Share incentive plans	5,768	1,142
Foreign exchange loss (gain)	(3,037)	4,391
Net change in fair value of derivative instruments	1,115	(2,860)
Finance charges, net	1,045	1,027
Unrealized loss (gain) on revaluation of marketable securities	646	(360)
<b>Changes in non-cash working capital</b>	12,201	20,998
Trade and other receivables	(1,476)	(666)
Inventories	(1,542)	(716)
Prepaid expenses	517	46
Accounts payable and accrued liabilities	2,797	(1,004)
<b>Asset retirement obligations</b>	12,497	18,658
	(347)	-
<b>Net cash provided by operating activities</b>	12,150	18,658
<b>INVESTING ACTIVITIES</b>		
Property, plant and equipment and mineral property interests	(24,784)	(18,193)
Investment in marketable securities	-	(119)
Interest received	45	36
<b>Net cash used in investing activities</b>	(24,739)	(18,276)
<b>FINANCING ACTIVITIES</b>		
Share repurchase and cancellation	-	(613)
Proceeds from exercise of options and warrants	1,428	417
Payments on leases	(1,070)	(492)
Settlements in respect of derivative instruments	(695)	(663)
Interest paid	(680)	(740)
<b>Net cash used in financing activities</b>	(1,017)	(2,091)
Effect of exchange rate changes on cash and cash equivalents	701	(1,239)
<b>Net decrease in cash and cash equivalents</b>	(12,905)	(2,948)
<b>Cash and cash equivalents, beginning of period</b>	91,005	79,695
<b>Cash and cash equivalents, end of period</b>	78,100	76,747
<b>Components of cash and cash equivalents:</b>		
Cash	72,883	76,627
Cash equivalents	5,217	120
	78,100	76,747

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*



## Interim Consolidated Statements of Changes in Equity

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

	Note	Share capital (note 13)		Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
		Number	\$				
<b>Balance as at December 31, 2021</b>		<b>154,076,242</b>	<b>310,143</b>	<b>31,523</b>	<b>2,009</b>	<b>(92,310)</b>	<b>251,365</b>
Exercise of restricted share units		138,679	857	-	-	-	857
Exercise of stock options		711,146	2,385	(957)	-	-	1,428
Share-based payments		-	-	1,632	-	-	1,632
Shares issued to settle an obligation	13	297,718	1,350	-	-	-	1,350
Comprehensive earnings (loss)		-	-	-	1,494	(3,709)	(2,215)
<b>Balance as at March 31, 2022</b>		<b>155,223,785</b>	<b>314,735</b>	<b>32,198</b>	<b>3,503</b>	<b>(96,019)</b>	<b>254,417</b>

	Note	Share capital		Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
		Number	\$				
<b>Balance as at December 31, 2020</b>		<b>146,129,181</b>	<b>289,483</b>	<b>31,413</b>	<b>5,789</b>	<b>(119,481)</b>	<b>207,204</b>
Exercise of restricted share units		100,867	330	-	-	-	330
Exercise of warrants		85,558	297	(114)	-	-	183
Exercise of stock options		169,347	375	(141)	-	-	234
Share-based payments		-	-	1,253	-	-	1,253
Share repurchase and cancellation		(198,000)	(393)	-	-	(220)	(613)
Comprehensive earnings (loss)		-	-	-	(1,389)	5,624	4,235
<b>Balance as at March 31, 2021</b>		<b>146,286,953</b>	<b>290,092</b>	<b>32,411</b>	<b>4,400</b>	<b>(114,077)</b>	<b>212,826</b>

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2022 and 2021  
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

## Notes to Financial Statements

### **1. NATURE OF OPERATIONS**

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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) (OTCQX: KRRGF). The Corporation's registered office is located at 141 Adelaide Street West, Suite 1608 in Toronto, Ontario, Canada.

These unaudited condensed interim consolidated financial statements of the Corporation as at and for the three months ended March 31, 2022 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**".

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 three months ended March 31, 2022. 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**

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#### **(a) Statement of Compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2021.

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

The unaudited condensed interim consolidated financial statements were authorized for publication by the Board of Directors on May 11, 2022.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
 For the three months ended March 31, 2022 and 2021  
 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

**(b) Basis of preparation**

The accounting policies followed in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2021.

**3. ACCOUNTING POLICY JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

Many of the amounts included in the unaudited condensed interim consolidated financial statements require management to make accounting policy 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 and estimates affecting the amounts recognized in the interim consolidated financial statements for the three months ended March 31, 2022 are consistent with those applied and disclosed in note 3 to the Corporation's audited consolidated financial statements for the year ended December 31, 2021.

**4. TRADE AND OTHER RECEIVABLES**

Trade and other receivables consist of the following:

As at	March 31, 2022	December 31, 2021
Trade accounts receivable	\$4,033	\$2,185
Sales taxes and rebates	3,234	3,488
	<b>\$7,267</b>	<b>\$5,673</b>

**5. INVENTORIES**

Inventories consist of the following:

As at	March 31, 2022	December 31, 2021
Gold ore	23,375	\$24,066
Gold in process	7,471	4,626
Nickel ore	-	285
Stores, spares and fuel	5,659	3,901
	<b>\$36,505</b>	<b>\$32,878</b>

As at March 31, 2022, \$7.2 million (December 31, 2021 – \$5.6 million) of depreciation was included in inventory.





Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2022 and 2021  
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

## 6. MARKETABLE SECURITIES

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

For the three months ended March 31,	<b>2022</b>
Opening balance	\$3,549
Unrealized loss on revaluation of marketable securities	(646)
<b>Closing balance</b>	<b>\$2,903</b>

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.

## 7. 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.

	Plant and Equipment	Mineral Property Interests	Exploration and Evaluation	Total
<b>As at December 31, 2021</b>	<b>\$81,796</b>	<b>\$172,269</b>	<b>\$46,615</b>	<b>\$300,680</b>
Additions	8,409	10,732	2,118	21,259
Adjustment in respect of rehabilitation obligations (note 12)	-	(1,967)	-	(1,967)
Change due to foreign exchange translation	1,497	2,989	849	5,335
Depreciation	(2,358)	(7,875)	-	(10,233)
<b>As at March 31, 2022</b>	<b>\$89,344</b>	<b>\$176,148</b>	<b>\$49,582</b>	<b>\$315,074</b>
<b>As at March 31, 2022</b>				
Cost	\$111,388	\$244,741	\$49,582	\$405,711
Accumulated depreciation	(22,044)	(68,593)	-	(90,637)
<b>Net book value</b>	<b>\$89,344</b>	<b>\$176,148</b>	<b>\$49,582</b>	<b>\$315,074</b>
<b>As at December 31, 2021</b>				
Cost	\$101,240	\$231,797	\$46,615	\$379,652
Accumulated depreciation	(19,444)	(59,528)	-	(78,972)
<b>Net book value</b>	<b>\$81,796</b>	<b>\$172,269</b>	<b>\$46,615</b>	<b>\$300,680</b>

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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2022 and 2021  
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	Plant and Equipment
<b>As at December 31, 2021</b>	<b>\$11,223</b>
Additions	973
Change due to foreign exchange translation	198
<b>As at March 31, 2022</b>	<b>\$11,807</b>

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2022	December 31, 2021
Trade accounts payable	<b>\$18,967</b>	\$18,683
Royalty accrual	<b>5,232</b>	4,915
Spargos accrual	-	1,382
Employee related accruals	<b>10,844</b>	9,798
Accrued liabilities	<b>16,738</b>	19,135
	<b>\$51,781</b>	\$53,913

Accounts payable and accrued liabilities includes \$1.7 million (December 31, 2021 - \$7.6 million) in respect of property, plant and equipment and mineral property interests.

## 9. DEBT

Long-term debts consist of the following:

For the three months ended March 31, 2022	Bridge (i)	Morgan Stanley Installments (ii)	Total
As at December 31, 2021	\$29,647	\$3,010	\$32,657
Accretion expense	57	79	136
Change due to foreign exchange translation	-	(49)	(49)
<b>As at March 31, 2022</b>	<b>29,704</b>	<b>3,040</b>	<b>32,744</b>
Less current portion	-	3,040	3,040
Non-current portion	\$29,704	\$-	\$29,704

### (i) Bridge

The Corporation has an outstanding bridge facility in the amount of \$30 million ("**Bridge**"). The Bridge was initiated in June 2019. 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. 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.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
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(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.

## 10. LEASE OBLIGATIONS

The following table reflects the continuity of lease obligations for the three months ended March 31, 2022:

For the three months ended March 31,	<b>2022</b>
Opening balance	\$8,979
Additions	973
Accretion	149
Cash payments	(1,070)
Change due to foreign exchange translation	149
<b>Closing balance</b>	<b>9,180</b>
Less current portion	3,790
Non-current portion	\$5,390

During the three months ended March 31, 2021, \$20.3 million (2021 - \$11.8 million) was expended in respect of short-term leases not included above.

## 11. 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 4.3% as at March 31, 2022;
- 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:



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2022 and 2021  
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

As at March 31, 2022	Fair value	Unobservable Inputs	Range of Inputs	Relationship of unobservable inputs on fair value
Morgan Stanley Participation Royalty	26,028	Discount rate	3% - 5%	An increase or decrease in the discount rate of 1% would decrease or increase fair value by \$1.1million or \$1.2 million, respectively.
Morgan Stanley Participation Royalty	26,028	Gold price		An increase or decrease in the gold price of 10% would decrease or increase fair value by \$5.2 million or \$5.2 million, respectively.

The table below summarizes the movements in the derivative liability for the three months ended March 31, 2022:

For the three months ended March 31, 2022	Morgan Stanley Participation Royalty
As at December 31, 2021	\$25,272
Settlements	(803)
Net change in fair value	1,115
Change due to foreign exchange translation	444
<b>As at March 31, 2022</b>	<b>26,028</b>
Less current portion	3,186
Non-current portion	\$22,842

## 12. 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 March 31, 2022, the discount rate used was 2.8% (December 31, 2021 – 1.6%) and the inflation rate was 2.6% (December 31, 2021 – 2.5%).

The following table reflects the continuity of asset, rehabilitation and environmental obligations for the three months ended March 31, 2022:

For the three months ended March 31,	2022
Opening balance	\$31,136
Accretion expense	125
Payments	(347)
Change in discount and inflation rates	(1,967)
Change due to foreign exchange translation	494
Closing balance	<b>\$29,441</b>

## 13. SHARE CAPITAL

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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2022 and 2021  
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

During the three months ended March 31, 2022, the Corporation issued 297,718 shares with a value of AUD\$1.5 million (\$1.4 million) in respect of the Spargos acquisition. The obligation for the payment was recognized as part of the Spargos acquisition in 2020 with the shares issuable upon the commencement of gold production (note 8).

#### 14. SHARE INCENTIVE PLANS

##### Share Purchase Options

The following table reflects the continuity of share purchase options for the three months ended March 31, 2022:

	Number of options	Weighted Average Exercise Price
As at December 31, 2021	2,507,402	1.89
Exercised	(711,146)	2.01
<b>As at March 31, 2022</b>	<b>1,796,256</b>	<b>\$1.85</b>

For options exercised during the three months ended March 31, 2022, the related weighted average share price at the time of exercise was \$5.89 per share. There were no options granted during the three months ended March 31, 2022.

As at March 31, 2022, the Corporation had the following share purchase options outstanding:

Exercise Price Range	Options Outstanding			Options Exercisable		
	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-\$0.75	126,666	1.3	\$0.44	126,666	1.3	\$0.44
\$0.76-\$1.20	509,441	0.9	\$1.06	509,441	0.9	\$1.06
\$1.21-\$1.76	382,960	2.7	\$1.58	207,408	2.7	\$1.55
\$1.77-\$2.75	385,412	1.7	\$2.36	348,386	1.7	\$2.39
\$2.76-\$3.95	391,777	2.1	\$3.10	341,777	1.9	\$2.97
	<b>1,796,256</b>	<b>1.7</b>	<b>\$1.85</b>	<b>1,533,678</b>	<b>1.6</b>	<b>\$1.80</b>

During the three months ended March 31, 2022, the Corporation recorded share-based payments expense related to share options of \$0.1 million (2021 - \$0.2 million).

##### Restricted Share Units

The following table reflects the continuity of restricted share units for three months ended March 31, 2022:



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
 For the three months ended March 31, 2022 and 2021  
 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

	Number of Restricted Share Units
As at December 31, 2021	3,228,776
Granted	11,762
Settled for shares	(138,679)
Settled for cash	(33,350)
Forfeited	(21,610)
<b>As at March 31, 2022</b>	<b>3,046,899</b>

As at March 31, 2022, the weighted average remaining contractual life of the outstanding restricted share units was 1.4 years and 789,969 restricted share units were vested with a remaining contractual life of 0.8 years.

Included in the 3,046,899 restricted share units outstanding as at March 31, 2022, are 1,255,743 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 \$8.0 million (December 31, 2021 - \$5.7 million) to recognize the estimated fair value as at March 31, 2022 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 three months ended March 31, 2022, the Corporation recorded share-based payments expense of \$0.7 million (2021 - \$0.6 million).

### Performance Share Units

The following table reflects the continuity of performance share units for three months ended March 31, 2022:

	Number of Performance Share Units
As at December 31, 2021	1,492,117
Forfeited	(22,353)
<b>As at March 31, 2022</b>	<b>1,469,764</b>

As at March 31, 2022, the weighted average remaining contractual life of the outstanding share appreciation rights is 2.0 years and no awards were vested.

With respect to the performance share units which can only be settled for shares, during the three months ended March 31, 2022, the Corporation recorded share-based payments expense of \$0.8 million (2021 - \$0.5).

### Deferred Share Units

The following table reflects the continuity of deferred share units for three months ended March 31, 2022:



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
 For the three months ended March 31, 2022 and 2021  
 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

	Number of Deferred Share Units
As at December 31, 2021	419,625
Granted	29,862
<b>As at March 31, 2022</b>	<b>449,487</b>

As at March 31, 2022, all 449,487 deferred share units were vested.

The Corporation has a liability of \$2.7 million (December 31, 2021 - \$1.8 million) to recognize the estimated fair value as at March 31, 2022 in share incentive plan obligations in the Consolidated Statement of Financial Position.

With respect to the deferred share units which can only be settled for shares, during the three months ended March 31, 2022, the Corporation recorded share-based payments expense of \$0.1 million (2021 - \$nil).

### Summary

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

For the three months ended March 31,	2022	2021
Share purchase options	\$71	\$167
Deferred share units	1,071	24
Restricted share units	3,984	575
Share appreciation rights	85	(18)
Performance share units	753	542
	<b>\$5,964</b>	<b>\$1,290</b>

### 15. FINANCE EXPENSE, NET

For the three months ended March 31,	2022	2021
Interest expense	\$680	\$740
Accretion	410	377
Interest income	(45)	(36)
	<b>\$1,045</b>	<b>\$1,081</b>

### 16. 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 periods:



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
 For the three months ended March 31, 2022 and 2021  
 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

For the three months ended March 31,	2022	2021
Weighted average common shares - basic	<b>154,440,916</b>	146,254,253
Adjustments for dilutive instruments:		
Share purchase options	-	2,110,296
Restricted share units	-	1,912,093
Performance share units	-	-
Deferred share units	-	290,219
Warrants	-	451,977
<b>Weighted average common shares - diluted</b>	<b>154,440,916</b>	151,018,838

## 17. FINANCIAL RISK FACTORS

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 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 9), carrying values and fair values are as follows:

As at	March 31, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Bridge loan (level 2)	<b>\$29,704</b>	<b>\$30,000</b>	\$29,647	\$30,000
Morgan Stanley Installments (level 3)	<b>\$3,040</b>	<b>\$3,153</b>	\$3,010	\$3,195

## 18. 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:





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(Expressed in thousands of Canadian dollars, unless otherwise indicated)

For the three months ended March 31, 2022

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Revenues	\$40,996	\$29,949	\$(5,673)	\$-	\$65,272
Production and processing costs	22,739	25,370	(5,673)	-	42,436
Royalty expense	2,899	735	-	-	3,634
General and administrative: share-based payments	841	842	-	4,281	5,964
General and administrative: other	1,638	1,646	-	3,519	6,803
Depreciation and amortization	3,351	5,403	-	-	8,754
Operating earnings (loss)	\$9,528	\$(4,047)	-	(\$7,800)	(\$2,319)

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

As at March 31, 2022

Property, plant and equipment and mineral property interests	\$127,725	\$187,156	\$-	\$193	\$315,074
Total assets	150,731	253,049	-	38,119	441,899

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 three months ended March 31, 2021

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Revenues	\$44,067	\$21,993	\$(6,776)	\$-	\$59,284
Production and processing costs	20,470	15,607	(6,776)	-	29,301
Royalty expense	3,104	651	-	-	3,755
General and administrative: share-based payments	225	225	-	840	1,290
General and administrative: other	801	798	-	3,271	4,870
Depreciation and amortization	4,037	3,246	-	-	7,283
Operating earnings (loss)	\$15,430	\$1,466	-	(\$4,111)	\$12,785

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