AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019
(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	/s/ Barry Dahl
Paul Huet President and Chief Executive Officer	Barry Dahl Chief Financial Officer

Toronto, Canada

March 18, 2021

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, 2020 and 2019, 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, 2020 and 2019;
- the consolidated statements of earnings (loss) and comprehensive earnings (loss) 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.

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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, 2020. 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
Impairment reversal assessment of property, plant and equipment and mineral property interests (PP&E) for the Beta Hunt Gold Mine cash generating unit (CGU) *Refer to note 3 – Significant accounting policies and note 8 – Property, plant and equipment and mineral property interests to the consolidated financial statements.* As at December 31, 2020, the total net book value of PP&E amounted to $239 million, of which $107.7 million related to the Beta Hunt Gold Mine CGU. When impairment reversal indicators relating to previously impaired assets exist, an impairment reversal assessment is conducted at the level of the CGU (a group of assets that generate independent cash inflows). An impairment reversal is recognized if the recoverable amount of the CGU exceeds the carrying amount that would have been determined, net of depreciation, had no previous impairment charge been recognized. During the year, management identified an impairment reversal indicator due to the increase in the long-term consensus gold price. As a result, management performed an impairment reversal test on the Beta Hunt Gold Mine CGU as at September 30, 2020. The recoverable amount of the CGU was based on a fair value less cost of disposal method using a discounted cash flow model. The determination of the recoverable amount included the following significant assumptions: estimated reserves and resources, throughput and grade, operating and capital costs,	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of PP&E related to the Beta Hunt Gold Mine CGU, which included the following: – Assessed management's identification of CGUs to establish the level of aggregation at which the impairment reversal test is performed. – Tested the appropriateness of the fair value less cost of disposal method used by management to determine the recoverable amount of the CGU. – Tested underlying data used in the discounted cash flow model. – Evaluated the reasonableness of significant assumptions by (i) comparing future metal prices and the foreign exchange rate with external market and industry data; (ii) comparing operating and capital costs to recent actual expenditures incurred; and (iii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the estimates associated with the throughput and grade of estimated reserves and resources. As a basis for using this work,

Key audit matter	How our audit addressed the key audit matter
future metal prices, foreign exchange rate and discount rate. Management's estimates of the reserves and resources, throughput and grade are based on information compiled by qualified persons (management's experts). During the year ended December 31, 2020, management recorded a full impairment reversal of $36.1 million to PP&E related to the Beta Hunt Gold Mine CGU. We considered this a key audit matter due to the significant audit effort and subjectivity in applying audit procedures to test significant assumptions used by management in determining the recoverable amount, which involved significant judgment from management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	the management's experts competence, capability and objectivity were evaluated, their work was understood and the appropriateness of their work as audit evidence was evaluated by considering the relevance and reasonableness of the assumptions and methods and findings. The procedures performed also included tests of relevant data used by management's experts. – Professionals with specialized skill and knowledge in the field of valuation assisted us in assessing the reasonableness of the discount rate used within the model. • Tested the disclosures made in the consolidated financial statements with regard to the impairment reversal of PP&E for the Beta Hunt Gold Mine CGU.

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 Platt.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 18, 2021

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

As at	Note	December 31, 2020 $	December 31, 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		**79,695**	34,656
Trade and other receivables	6	**4,260**	7,002
Inventories	7	**20,752**	15,039
Prepaid expenses		**1,996**	1,843
Marketable securities	9	**3,154**	158
		109,857	58,698
Non-current assets			
Property, plant and equipment and mineral property interests	8	**239,044**	98,955
Investment in associates	9	**-**	19,696
Deferred tax asset	19	**-**	376
Other non-current assets	9	**1,198**	52
Total assets		**350,099**	177,777
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	10	**38,523**	25,320
Current tax liability	19	**41**	486
Share incentive plan liabilities	17	**6,765**	2,970
Debt	11	**3,031**	120
Lease obligations	12	**1,696**	479
Derivative financial liabilities	13	**2,966**	2,817
		53,022	32,192
Non-current liabilities			
Debt	11	**32,056**	30,777
Lease obligations	12	**2,167**	743
Derivative financial liabilities	13	**22,590**	-
Asset retirement obligations	14	**25,430**	21,119
Deferred tax liability	19	**7,534**	-
Other non-current liabilities and provisions		**96**	664
Total liabilities		**142,895**	85,495
SHAREHOLDERS' EQUITY			
Share capital	15	**289,483**	263,421
Contributed surplus		**31,413**	30,319
Accumulated other comprehensive income		**5,789**	6,051
Deficit		**(119,481)**	(207,509)
Total shareholders' equity		**207,204**	92,282
Total liabilities and shareholders' equity		**350,099**	177,777

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

Signed on behalf of the board of directors on March 18, 2021,

/s/ Wendy Kei
Wendy Kei, Director

/s/ Scott Hand
Scott Hand, Director

KARORA RESOURCES

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

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

For the years ended December 31,	Note	**2020** $	2019 $
Revenue		**239,136**	128,036
Cost of operations:			
Production and processing costs		**108,880**	78,836
Royalty expense		**16,807**	9,805
General and administrative: share-based compensation		**10,816**	2,463
General and administrative: other		**15,967**	14,781
Depreciation and amortization		**23,733**	9,287
Impairment reversal - property, plant and equipment	8	**(36,087)**	-
Operating earnings		**99,020**	12,864
Other expenses (income)			
Finance expense, net	18	**4,618**	2,896
Loss on derivatives	13	**6,254**	8,226
Foreign exchange loss (gain)		**(11,455)**	6,247
Net impairment charge - investment in associates	9	**6,006**	2,271
Share of loss of associates		**425**	729
Unrealized loss (gain) on revaluation of marketable securities		**(1,437)**	113
Other expense (income), net		**(524)**	98
Earnings (loss) before income tax		**95,133**	(7,716)
Income tax recovery - current		**464**	165
Income tax (expense) recovery - deferred		**(7,467)**	609
Net earnings (loss)		**88,130**	(6,942)
Currency translation adjustments		**(262)**	4,188
Comprehensive earnings (loss) for the year		**87,868**	(2,754)
Net earnings (loss) attributable to common shareholders per share			
Basic		**0.63**	(0.06)
Diluted		**0.61**	(0.06)
Weighted average number of shares			
Basic	20	**139,759,510**	119,244,912
Diluted	20	**143,375,607**	119,244,912

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

KARORA RESOURCES

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

For the years ended December 31,	Note	2020 $	2019 $
Cash flow provided by (used in)			
OPERATING ACTIVITIES			
Net earnings (loss) for the period		**88,130**	(6,942)
Changes not affecting cash:			
Net change in contract liabilities		**-**	(4,904)
Items not involving cash:			
Depreciation and amortization		**23,977**	9,513
Income tax expense (recovery)		**7,003**	(121)
Share incentive plans		**9,374**	(574)
Foreign exchange loss (gain)		**(10,833)**	5,541
Net change in fair value of derivative instruments		**(2,668)**	1,821
Net impairment (reversal) expense	8,9	**(30,081)**	2,271
Other non-cash adjustments	25	**324**	1,916
		85,226	8,521
Changes in non-cash working capital			
Trade and other receivables		**2,751**	(4,981)
Inventories		**(1,994)**	5,740
Prepaid expenses		**(153)**	(293)
Accounts payable, taxes and accrued liabilities		**5,302**	6,192
Net cash provided by operating activities		**91,132**	15,179
INVESTING ACTIVITIES			
Property, plant and equipment and mineral property interests		**(46,305)**	(25,391)
Proceeds of sale of Dumont JV	9	**10,700**	-
Proceeds of sale of Orford shares	9	**1,013**	(219)
Royalty transaction	8	**(20,420)**	-
Spargos acquisition	8	**(5,672)**	-
Investments in securities		**(1,015)**	-
Acquisition of HGO, net of cash acquired		**-**	(21,597)
Net cash used in investing activities		**(61,699)**	(47,207)
FINANCING ACTIVITIES			
Issuance of shares, net of costs	15	**17,730**	36,218
Share repurchase and cancellation	15	**(260)**	-
Issuance of debt, net of costs		**-**	36,343
Repayments of debt	11	**(3,972)**	(9,679)
Proceeds from exercise of options and warrants		**2,949**	2,886
Payments on leases		**(1,828)**	(419)
Net cash provided by financing activities		**14,619**	65,349
Effect of exchange rate changes on cash and cash equivalents		**987**	(5)
Net increase in cash and cash equivalents		**45,039**	33,316
Cash and cash equivalents, beginning of period		**34,656**	1,340
Cash and cash equivalents, end of period		**79,695**	34,656
Components of cash and cash equivalents:			
Cash		**79,567**	34,510
Cash equivalents		**128**	146
		79,695	34,656

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

Supplemental cash flow information (note 25)

Consolidated Statements of Changes in Equity

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

	Note	Share capital (note 15)		Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity
		Number	$	$	$	$	$
Balance as at January 1, 2020		**135,059,766**	**263,421**	**30,319**	**6,051**	**(207,509)**	**92,282**
Shares issued for consulting services	15	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	15	8,419,741	19,519	-	-	-	19,519
Share issue costs	15	-	(739)	-	-	-	(739)
Share-based payments		-	-	2,760	-	-	2,760
Share repurchase and cancellation	15	(80,000)	(158)	-	-	(102)	(260)
Comprehensive loss (earnings)		-	-	-	(262)	88,130	87,868
Balance as at December 31, 2020		**146,129,181**	**289,483**	**31,413**	**5,789**	**(119,481)**	**207,204**

	Share capital		Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity
	Number	$	$	$	$	$
Balance as at December 31, 2018 as reported	99,180,465	196,094	28,709	1,863	(200,545)	26,121
Adjustment for IFRS 16 adoption	-	-	-	-	(22)	(22)
Balance as at January 1, 2019 as adjusted	99,180,465	196,094	28,709	1,863	(200,567)	26,099
Shares issued for consulting services	165,450	336	-	-	-	336
Shares issued for debt issue costs	325,430	700	-	-	-	700
Bought deal and overallotment – January 2019	2,971,148	6,150	-	-	-	6,150
Private placement - January 2019	1,449,111	3,000	-	-	-	3,000
Private placement - April 2019	5,442,222	12,000	-	-	-	12,000
Private placement - July 2019	66,667	174	-	-	-	174
Bought deal and overallotment – September 2019	10,256,889	17,077	1,385	-	-	18,462
HGO acquisition - purchase option	1,578,812	3,815	-	-	-	3,815
HGO acquisition - share issue	11,069,192	23,038	-	-	-	23,038
Settlement of RSUs and DSUs	350,171	682	-	-	-	682
Exercise of warrants	148,284	516	(199)	-	-	317
Exercise of stock options	2,055,925	3,938	(1,369)	-	-	2,569
Share issue costs	-	(3,302)	(92)	-	-	(3,394)
Share issue costs - warrants	-	(797)	797	-	-	-
Share-based payments	-	-	1,088	-	-	1,088
Loss for the period	-	-	-	-	(6,942)	(6,942)
Other comprehensive income	-	-	-	4,188	-	4,188
Balance as at December 31, 2019	135,059,766	263,421	30,319	6,051	(207,509)	92,282

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

Notes to Financial Statements

1. NATURE OF OPERATIONS

Karora Resources Inc. (formerly Royal Nickel Corporation) ("**Karora**", "**Karora Resources**" or the "**Corporation**") 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). The Corporation's registered office is located at 141 Adelaide Street West, Suite 1608 in Toronto, Ontario, Canada.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2020 comprise Karora and its subsidiaries, Salt Lake Mining Pty Ltd. ("**SLM**"), subsidiaries collectively referred to as Higginsville Gold Operation ("**HGO**") and VMS Ventures Inc. ("**VMS**"). 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 (note 9). The Corporation accounted for its investment in the Magneto Investments Limited Partnership ("**Dumont JV**") using the equity method until its sale in July 2020 (note 9).

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**"); 2) its 100% interest in the HGO toll processing and gold mining operation; and 3) the Spargos Reward Gold Project ("**Spargos**"), all of which are located in Western Australia.

In response to the global COVID-19 pandemic, in conjunction with federal and state protocols, 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, 2020. 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) Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**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.

(b) Statement of compliance

These consolidated financial statements were authorized for issue by the Board of Directors on March 18, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these consolidated financial statements are consistent with those of the previous year.

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:				
Karora Resources Pty Ltd.	Australia	100%	Holding company	AUD
Avoca Mining Pty Ltd.	Australia	100%	Gold mine and milling	AUD
Hill 51 Pty Ltd.	Australia	100%	Holding company	AUD
Avoca Resources Pty Ltd.	Australia	100%	Exploration	AUD
Polar Metals Pty Ltd.	Australia	100%	Exploration	AUD
Corona Resources Limited	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
The Corporation accounts for its investments in Dumont JV, Orford and SPC as investments in associates using the equity method until the point that the Corporation loses 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 (loss). 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 (loss).

(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. 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 (loss) 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 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.

The Corporation recognizes a contract liability in the event it receives payments from customers before a sale meets criteria for revenue recognition. There may be a significant financing component associated with certain revenue arrangements if funds were received in advance of the delivery. As deliveries are made, the Corporation records a portion of the contract liabilities as sales, using the standalone selling price of future deliveries, as determined based on estimated selling prices prevailing at contract inception. The difference between the standalone selling price of future deliveries and the amount of the consideration being provided is treated as a significant financing component accounted for separately from the revenue component. A market-based discount rate would be utilized at the inception of each of the respective revenue agreements to determine a discount rate for computing the interest charges for the significant financing component of the contract liability balance.

(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 income (loss), or through net income (loss).

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, this will depend on the business model in which the investment is held.

Investments in equity instruments that are held for trading are measured at fair value through profit and loss ("**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 (loss) 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 (loss). 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 that 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 bank 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, spare parts and ore in stockpiles 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 (loss). 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 (loss) during the period in which they are incurred unless 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	15 to 20	Straight line
Vehicles	5 to 20	Straight line
Camp, furniture and equipment	5 to 20	Straight line
Computer equipment	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 (loss).

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 in proven and probable reserves and the portion of resources considered probable of economic extraction based on the current life of mine plan that benefit from the development and are considered probable of economic extraction.

The costs of removing waste and overburden (stripping costs) to access ore prior to the commencement of mine operations are capitalized to mineral property interests. Stripping costs after the commencement of 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;
- 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. Unit-of-production depletion rates are determined using ounces mined over the estimated proven and probable mineral reserves of the mine.

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 to sell 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 (loss). 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 (loss) and comprehensive earnings (loss) 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, 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) Commercial production

Prior to reaching pre-determined levels of operating capacity established by management, costs incurred are capitalized as part of property, plant and equipment, and proceeds from sales are offset against capitalized costs. Depletion of capitalized costs for mining properties begins when pre-determined levels of operating

capacity targeted by management have been reached. Management considers several factors in determining when a mining property has reached levels of operating capacity targeted by management, including:

- whether the mine is substantially complete and ready for its intended use;
- whether the mine has the ability to sustain ongoing production at a steady or increasing level;
- whether the mine has reached a level of pre-determined percentage of design capacity; and,
- whether mineral recoveries are at or near the expected production level,

Commercial production will be considered to commence on the first day of the calendar month following achievement of the above milestones. Subsequent costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements or mineable reserve development are assessed to determine whether capitalization is appropriate.

(n) 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 (loss) in the period in which they are incurred.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) New accounting standards, amendments and interpretations not yet adopted

The following standards, amendments and interpretations have been issued but are not yet effective:

- The IASB issued an amendment to 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 will require sales proceeds and related costs to be recognized in the statement of earnings (loss). The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. This amendment is not expected to have a material impact on the Corporation.

- 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 is not expected to 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. CRITICAL 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 judgment and estimates affecting the amounts recognized in the consolidated financial statements include:

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

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.

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, completion of the acquisition of the mineral property interests, 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.

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 (loss).

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 (loss). 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.

(iv) 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 (loss). 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.

(v) 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.

(vi) 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. HGO ACQUISITION

On June 10, 2019, the Corporation acquired 100% of the shares of HGO from Westgold Resources Limited ("**Westgold**"). Since the date of acquisition of control, the results from operations are consolidated in the statement of comprehensive earnings (loss).

In the opinion of management, the acquisition of HGO met the definition of a business combination and as such was accounted for in accordance with IFRS 3, Business Combinations.

The net purchase price was $48.9 million. Prior to the acquisition date, the Corporation had entered into a non-refundable purchase option upon the issuance of 7.1 million shares which was initially valued at $3.8 million (AUD $4.0 million) on March 26, 2019. The option provided the Corporation with an exclusive period of time to perform due diligence. Upon completion of due diligence, the Corporation exercised the purchase option at which time the option was valued at $3.7 million (AUD $4.0 million). Upon closing, the Corporation issued an additional 49.8 million shares to Westgold valued at $23.0 million and paid cash of $22.2 million, net of certain employee obligations and a working capital adjustment. The Corporation discounted the share consideration by 7.5% due to a holding period restriction on the shares. The table below summarizes the net purchase price.

Purchase price		
Cash	$	23,098
Purchase option		3,695
Share issue costs		62
Common shares issued (note 15)		23,038
Employee obligations assumed		(850)
Working capital adjustments		(139)
Purchase consideration	$	48,904

The fair value of acquired assets and liabilities assumed was estimated at the closing date of the transaction. The fair value was primarily estimated for the property, plant and equipment, mineral property interests and ore processing facility based on the depreciated replacement cost and residual methods. Below is a summary of the acquired assets and liabilities at their respective fair values.

Fair value of net assets acquired		**Value**
Cash and cash equivalents	$	574
Amounts receivable		467
Inventories		13,959
Property, plant and equipment		46,377
Mineral property interests		13,647
Amounts payable		(6,327)
Asset retirement obligation		(19,556)
Deferred tax liability		(233)
Other non-current liablities and provisions		(4)
Purchase consideration	$	48,904

Acquisition costs of $2.8 million were incurred in connection with the acquisition of HGO and were included in general and administrative expenses. From the transaction date, June 10, 2019, to December 31, 2019, the Corporation's consolidated financial statements include revenues and net earnings of $33.4 million and $3.1 million, respectively, from HGO.

If the transaction had been completed on January 1, 2019, HGO would have contributed estimated additional revenues of $38.6 million and an additional net loss of $4.6 million from January 1, 2019 to June 9, 2019.

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

As at	**December 31, 2020**	December 31, 2019
Trade accounts receivable	**$1,708**	$1,089
Sales taxes and rebates	**2,552**	5,913
	$4,260	$7,002

7. INVENTORIES

Inventories consist of the following:

As at	**December 31, 2020**	December 31, 2019
Gold ore	**$10,205**	$6,059
Gold in process	**5,836**	5,790
Gold - finished goods	**735**	1
Nickel ore	**207**	-
Stores, spares and fuel	**3,769**	3,189
	$20,752	$15,039

As at December 31, 2020, $7.0 million (2019 – $1.5 million) of depreciation and was included in inventory.

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:

	Land & Buildings	Vehicles & Equipment	Mine and Mill Facilities	Mineral Property Interests	Exploration and Evaluation	Total
As at December 31, 2019	**$9,985**	**$13,759**	**$30,631**	**$34,381**	**$10,199**	**$98,955**
Additions	228	11,351	12,135	12,843	11,188	47,745
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	-	-	3,968	(3,555)	(413)	-
Disposals	(266)	(38)	-	-	-	(304)
Change due to foreign exchange translation	672	1,650	2,416	7,148	1,704	13,590
Depreciation	(785)	(2,808)	(13,197)	(10,906)	-	(27,696)
As at December 31, 2020	**$9,834**	**$23,914**	**$35,953**	**$136,172**	**$33,171**	**$239,044**
As at December 31, 2020						
Cost	$11,132	$31,890	$54,054	$161,875	33,171	$292,122
Accumulated depreciation	(1,298)	(7,976)	(18,101)	(25,703)	-	(53,078)
Net book value	**$9,834**	**$23,914**	**$35,953**	**$136,172**	**$33,171**	**$239,044**

	Land & Buildings	Vehicles & Equipment	Mine and Mill Facilities	Mineral Property Interests	Exploration and Evaluation	Total
As at December 31, 2018	**$10**	**$7,486**	**$297**	**$17,160**	**$-**	**$24,953**
Acquisition of HGO (note 5)	9,382	5,822	31,173	11,666	1,981	60,024
Additions	1,218	2,630	436	13,485	8,161	25,930
Transfers	-	-	3,090	(3,090)	-	-
Disposals	(9)	(204)	(97)	-	-	(310)
Change due to foreign exchange translation	(119)	(429)	(317)	(990)	57	(1,798)
Depreciation	(497)	(1,546)	(3,951)	(3,850)	-	(9,844)
As at December 31, 2019	**$9,985**	**$13,759**	**$30,631**	**$34,381**	**$10,199**	**$98,955**
As at December 31, 2019						
Cost	$10,501	$18,783	34,615	$47,225	$10,199	$121,323
Accumulated depreciation	(516)	(5,024)	(3,984)	(12,844)	-	(22,368)
Net book value	**$9,985**	**$13,759**	**$30,631**	**$34,381**	**$10,199**	**$98,955**

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

	Land & Buildings	Equipment	Total
As at December 31, 2019	**$1,001**	**$49**	**$1,050**
Additions	144	4,309	4,453
Disposals	(243)	-	(243)
Change due to foreign exchange translation	2	274	276
Depreciation	(386)	(662)	(1,048)
Revisions	83	-	83
As at December 31, 2020	**$601**	**$3,970**	**$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 AUD 0.72 : USD1.00; 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 (loss). 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 11 and 13).

(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 will be 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, 2020, $0.5 million of the minimum spending commitment was outstanding (note 10). 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 10), 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. The Corporation assumed a tax base upon the acquisition, however, 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) which was paid in January 2021 and was recognized as a financial liability in accounts payable and accrued liabilities on the statement of financial position (note 10). 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 15).

9. INVESTMENT IN ASSOCIATES

The following table reflects the continuity of the Corporation's investments in associates for the years ended December 31, 2020 and 2019:

	Dumont JV (i)	Orford (ii)	SPC (iii)	Total
As at December 31, 2018	$18,153	$3,329	$995	$22,477
Acquisition	-	219	-	219
Share of loss and comprehensive loss	(379)	(191)	(86)	(656)
Loss on dilution of associate	-	(73)	-	(73)
Impairment loss	-	(2,271)	-	(2,271)
As at December 31, 2019	17,774	1,013	909	19,696
Share of comprehensive earnings (loss)	57	(451)	(31)	(425)
Impairment loss	(7,131)	-	-	(7,131)
Impairment reversal	-	1,126	-	1,126
Disposal	(10,700)	(844)	-	(11,544)
Reclassified as marketable securities	-	(844)	-	(844)
Reclassified as other non-current asset	-	-	(878)	(878)
As at December 31, 2020	**$-**	**$-**	**$-**	**$-**

(i) Dumont JV

During 2020, the Corporation made the strategic decision to divest its interest in the Dumont JV and an agreement was reached with a buyer. As a result, the asset was impaired by $7.1 million before the consideration of transaction costs totalling $0.1 million. The transaction closed on July 27, 2020. In addition to the sale proceeds of $10.7 million received on closing, the Corporation has the right to receive a portion of proceeds of any future Dumont JV sale or other monetization event. On a sale or other monetization event, the Corporation will be entitled to receive 15% of the net proceeds from the transaction (net of certain agreed costs and deductions) up to a maximum of an additional $40.2 million. As at December 31, 2020, no value had been recorded for this contingent consideration.

(ii) Orford

Prior to 2020, an impairment charge of $7.1 million was recorded in respect of Orford due to a sustained decline in the fair value of the Corporation's ownership interest. Due to a subsequent increase in the fair value of the Corporation's interest, a partial recovery of the impairment of $1.1 million was recorded during the year ended December 31, 2020.

During the third quarter of 2020, the Corporation reached an agreement to sell 11.3 million common shares of Orford at a price of $0.09 per share for an 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.

(iii) SPC

During the third quarter of 2020, due to a change in circumstances regarding the composition of the board of directors of SPC, the Corporation no longer was considered to have significant influence over SPC. Therefore, the investment was reclassified to other non-current assets on the statement of financial position and the Corporation no longer applied the equity method to its investment. As a consequence of the change in accounting treatment, the Corporation accounted for the investment at fair value through profit and loss commencing with the third quarter of 2020.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	**December 31, 2020**	December 31, 2019
Trade accounts payable	**$6,056**	$7,264
Royalty accrual	**6,015**	4,312
Maverix accrual (note 8)	**3,183**	-
Spargos accrual (note 8)	**1,964**	-
Employee related accruals	**6,083**	2,814
Accrued liabilities	**15,222**	10,930
	$38,523	$25,320

11. DEBT

Long-term debt comprises the following:

For the year ended December 31, 2020	**IQ Loan (i)**	**Bridge (ii)**	**Morgan Stanley Installments (iii)**	**Total**
As at December 31, 2019	$324	$30,573	$-	$30,897
Additions	-	-	7,605	7,605
Repayments	(324)	(2,000)	(1,648)	(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

Year ended December 31, 2019	IQ Loan	Bridge	Revolver	Secured Facilities		Total
	(i)	(ii)	(ii)	(iv)	(iv)	
Balance as at January 1, 2019	$444	$-	$-	$4,046	$-	$4,490
Additions	-	25,000	10,000	-	2,382	37,382
Issue costs	-	(1,948)	-	-	-	(1,948)
Repayment in cash	(120)	-	(3,000)	(4,111)	(2,448)	(9,679)
Reassignment between Revolver and Bridge	-	7,000	(7,000)	-	-	-
Accretion expense	-	521	-	188	69	778
Change due to foreign exchange translation	-	-	-	(123)	(3)	(126)
Balance as at December 31, 2019	**324**	**30,573**	**-**	**-**	**-**	**30,897**
Less current portion	120	-	-	-	-	120
Non-current portion	$204	$30,573	$-	$-	$-	$30,777

(i) 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.

(ii) Bridge

Concurrent with the acquisition of HGO during June 2019, the Corporation secured two facilities with a corporate lender being a bridge facility in the amount of $25 million ("**Bridge**") and a revolving facility in the amount of $10 million ("**Revolver**"). The Bridge had an initial term of up to 18 months which was repayable without penalty at 12 months. The term was subsequently extended by 6 months to June 2021. The facility does not require repayment of principal until the maturity date and bears interest at a rate of 10% 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. A portion of the total issue costs included the issuance of 1.5 million shares at a value of $0.7 million.

The Revolver had an initial term of 12 months, extendible for a further six months for no additional fee. The facility did not require repayment of principal until the maturity date and bore interest at a rate of 10% per annum paid monthly. Repayments could be made throughout the term of the facility with no penalty. During the year ended December 31, 2019, principal payments of $3.0 million were made against the Revolver. The remaining $7 million was restructured during 2019 to have terms and conditions identical to the Bridge. Issue costs of $0.6 million were incurred for the Revolver.

During 2020, the bridge loan was amended such that the Corporation has, at its option, the right to extend the term by an additional period of six months which would result in a maturity date during June 2022 and consequently the loan is classified as non-current on the statement of financial position. All other significant terms and conditions are not changed. Each extension is subject to payment of a term extension fee of 0.25% of the facility.

(iii) Morgan Stanley Installments

As part of the Morgan Stanley NSR royalty buyback, 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. See the Property, Plant and Equipment and Mineral Property Interests note 8.

(iv) SLM Secured Facilities

On December 14, 2018, SLM entered into an arrangement to borrow USD $2.9 million ($3.9 million) from Auramet International LLC ("Auramet"). The facility was repayable on April 15, 2019 with an option to extend the delivery date for 30 days and the facility costs were expensed on an effective interest rate basis over the four-month term to maturity. This facility was extended to May 15, 2019 with the same terms and conditions and then settled.

On Feb 28, 2019, SLM entered into an arrangement to borrow a further USD $1.9 million ($2.4 million) from Auramet. The facility was repayable on or before April 30, 2019 with an option to extend 30 days and the facility costs were accreted over the two-month term to maturity. This facility was extended to May 31, 2019 with the same terms and conditions and then settled.

12. LEASE OBLIGATIONS

The following table reflects the continuity of lease obligations for the year ended December 31, 2020 and 2019:

For the year ended December 31,	**2020**	**2019**
Opening balance	$1,222	$292
Adoption of IFRS 16	-	445
Additions	4,453	1,238
Disposal	(291)	(319)
Accretion	197	115
Cash payments	(2,025)	(534)
Revisions to critical terms	83	-
Change due to foreign exchange translation	224	(15)
Closing balance	**3,863**	1,222
Less current portion	1,696	479
Non-current portion	$2,167	$743

During the year ended December 31, 2020, $44.6 million (2019 - $20.6 million) was expended in respect of short-term leases not included above.

13. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative instruments not traded in an active market is determined by 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 in Level 2. The Corporation's gold forward and option derivative financial instruments were classified as Level 2 financial instruments according to the fair value hierarchy. As the discount rate is not an observable input, the Morgan Stanley participation royalty financial liability is classified within Level 3 of the fair value hierarchy.

The Corporation did not apply hedge accounting on its gold forward sales. Therefore, changes in fair value for these derivatives were recorded in the consolidated statement of comprehensive earnings (loss) on a mark to market basis. All gold forward sales outstanding as at December 31, 2019 were settled. There were no forward sales contracts outstanding as at December 31, 2020.

During the second quarter of 2020, the Corporation recognized a derivative for the Morgan Stanley participation royalty (note 8). 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 9.10% on recognition and 5.47% as at December 31, 2020;
- 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 table summarizes the quantitative information about significant unobservable inputs used in Level 3 fair value measurements:

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 table below summarizes the movements in derivative financial liabilities measured at fair value within the fair value hierarchy for the years ended December 31, 2020 and 2019:

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

For the year ended December 31, 2019	Gold forward and option contracts
As at December 31, 2018	$1,131
Settlements	(6,405)
Net change in fair value	8,226
Change due to foreign exchange translation	(135)
As at December 31, 2019	**2,817**
Less current portion	2,817
Non-current portion	$-

14. 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 Beta Hunt Mine and the HGO mine and mill operations. The obligation consists of costs associated with reclamation, environmental monitoring, and the removal of tangible assets. As at December 31, 2020, the carrying value of the obligations represents the net present value of the estimated undiscounted cash flows required to settle the obligations, which total $21.6 million (2019 - $21.1 million). As at December 31, 2020, the discount rate used was 0.9% (December 31, 2019 – 1.4%) and the inflation rate was 1.5% (December 31, 2019 – 1.8%). The settlements of these obligations are expected to be completed by 2041.

The following table reflects the continuity of asset, rehabilitation and environmental obligations for the years ended December 31, 2020 and 2019:

For the years ended December 31,	**2020**	2019
Opening balance	$21,119	$937
Acquisition of HGO	-	19,556
Accretion expense	236	156
Additions	964	753
Change in discount and inflation rates	1,222	-
Change due to foreign exchange translation	1,889	(283)
Closing balance	**$25,430**	$21,119

15. 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 presented have been retroactively restated to reflect the Consolidation (post-consolidation basis).

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 will expire no later than April 16, 2021. The price that the Corporation will pay for any common shares purchased under the bid will be 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 which were assigned a fair value of $0.9 million (note 8).

On September 20, 2019, the Corporation closed a bought deal financing of 46,156,000 units at a price of $0.40 per unit for gross proceeds of $18.5 million. Each unit consists of one common share and one-half common share warrant for a total of 46,156,000 common shares and 23,078,000 warrants. The financing was underwritten on a bought deal basis by a syndicate of underwriters. In connection with the financing, the Corporation granted the underwriters an over-allotment option, exercisable at the issue price for a period of 30 days following the closing to purchase up to an additional 6,750,000 shares (representing 15% of the shares offered pursuant to the financing) to cover over-allotments, if any, or for market stabilization purposes. Each warrant is exercisable to acquire one common share at a price per warrant of $0.50 for a period of 24 months from the closing date of the financing. Total issue costs were $1.1 million. The financing raised $18.5 million of which $17.1 million was applied to the shares at fair value and the warrants were valued using the residual method which resulted in a value of $1.4 million.

On June 10, 2019, the Corporation closed the acquisition of the HGO from Westgold (note 5). As part of the consideration, upon closing, the Corporation issued 49,811,364 shares valued at $23.0 million, net of issue costs of $0.3 million.

On April 18, 2019, the Corporation closed a bought deal financing of 24,490,000 shares at a price of $0.49 per share for gross proceeds of $12.0 million. The financing was underwritten on a bought deal basis by a syndicate of underwriters. In connection with the financing, the Corporation granted the underwriters an over-allotment option, exercisable at the issue price for a period of 30 days following the closing to purchase up to an additional 3.7 million shares (representing 15% of the shares offered pursuant to the financing) to cover over-allotments, if any, or for market stabilization purposes. In addition, 1,469,400 warrants were granted at an exercise price of $0.49 for two years. The warrants had an aggregate fair value of $0.5 million which were included in total issue costs of $1.6 million. The warrants were valued using the Black-Scholes option pricing model and using the following assumptions:

Share price	**$0.49**
Exercise price	**$0.49**
Risk free interest rate	**1.61%**
Expected life	**2.0 years**
Expected volatility	**125%**
Expected dividends	**nil**

On March 26, 2019, the Corporation entered into a purchase option agreement ("**Purchase Option**") with Westgold for HGO (note 5). The Corporation made a non-refundable payment of 7,104,655 shares valued at AUD $4.0 million ($3.8 million) which was initially accounted for as a derivative asset on the Corporation's consolidated statement of financial position. The Purchase Option provided for an exclusive 40-day period to complete due diligence with closing to occur 30 days later if the Purchase Option is exercised. The option was exercised and the fair value formed part of the purchase consideration referenced in note 4.

On January 16, 2019, the Corporation closed a bought deal and concurrent private placement financing of a total of 19,565,000 common shares of the Corporation at a price of $0.46 per common share for aggregate gross proceeds of $9.0 million. The bought deal consisted of 13,044,000 common shares at a price of $0.46 for gross proceeds of $6.0 million. The private placement was completed on the basis of 6,521,000 additional common shares at a price of $0.46 per common share generating additional gross proceeds of $3.0 million. Issue costs totalling $1.4 million were incurred. On January 18, 2019, the underwriters of the January 16, 2019 bought deal exercised an over-allotment option for an additional 326,165 shares of the Corporation at $0.46 per common share for additional gross proceeds of $0.2 million. In addition, 1,193,468 warrants were granted at an exercise price of $0.46 for two years. The warrants had an aggregate fair value of $0.3 million which were included in total issue costs of $1.4 million. The warrants were valued using the Black-Scholes option pricing model and using the following assumptions:

Share price	**$0.46**
Exercise price	**$0.46**
Risk free interest rate	**1.89%**
Expected life	**2.0 years**
Expected volatility	**124%**
Expected dividends	**nil**

During the year ended December 31, 2019, 744,525 shares were issued to consultants with a value of $0.3 million which were measured on the basis of the Corporation's share price on the date of issue. Additionally, during July 2019, the Corporation issued 300,000 common shares to Abitibiwinni First Nation in respect of an Impact and Benefit Agreement for the Dumont Nickel-Cobalt Project for a value of $0.2 million determined based on the quoted share price on the date of share issuance.

16. WARRANTS

As a result of the above noted share consolidation, the terms of the Corporation's outstanding warrants were changed such that four and a half (4.5) warrants are convertible for one common share. Previously, each warrant was convertible for one common share. Consequently, the outstanding warrants of 23,490,421 as at December 31, 2020 are convertible for 5,220,094 common shares at an exercise price of $2.25 per common share. All other terms and conditions remain unchanged.

The following table reflects the continuity of share purchase warrants for the years ended December 31, 2020 and 2019:

	Number of warrants	Weighted Average Exercise Price
As at December 31, 2018	-	$-
Granted	25,740,868	0.50
Exercised	(667,279)	0.48
As at December 31, 2019	25,073,589	$0.50
Exercised	(1,583,168)	0.48
As at December 31, 2020	**23,490,421**	**$0.50**

As at December 31, 2020, the weighted remaining contractual life of the warrants was 0.7 years.

17. 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 retroactively restated to reflect the share consolidation.

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, 2020:

	Number of options	Weighted Average Exercise Price
As at December 31, 2018	7,357,042	$1.51
Granted	1,507,764	2.45
Exercised	(2,055,925)	1.25
Forfeited	(255,258)	2.24
Expired	(694,666)	3.42
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**

For the year ended December 31, 2020, the weighted-average fair value of options granted of $1.60 per option (2019 - $1.71) was calculated using the Black-Scholes option pricing model, using the following weighted average assumptions:

For the years ended December 31,	**2020**	2019
Number of options granted	**269,221**	1,507,764
Share price	**$2.31**	$2.45
Exercise price	**$2.31**	$2.45
Risk free interest rate	**0.7%**	1.7%
Expected life	**3.7 years**	3.7 years
Expected volatility	**105%**	106%
Expected dividends	**nil**	nil

As at December 31, 2020, 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	1,204,215	2.2	$0.97	1,204,215	2.2	$0.97
$1.15-$1.24	1,276,661	1.0	$1.22	1,276,661	1.0	$1.22
$1.25-$1.96	639,883	3.4	$1.59	283,590	2.8	$1.56
$1.97-$2.75	529,636	3.0	$2.34	456,312	2.9	$2.38
$2.76-$5.13	778,998	3.2	$3.15	254,669	2.8	$3.22
	4,429,393	**2.3**	**$1.68**	**3,475,447**	**1.9**	**$1.46**

During the year ended December 31, 2020, the Corporation recorded share-based payments expense related to share options of $1.0 million (December 31, 2019 - $1.1 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 (loss) 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 31, 2020 and 2019:

	Number of Deferred Share Units
As at December 31, 2018	213,180
Settled for shares	(38,888)
As at December 31, 2019	174,292
Granted	158,815
Settled for cash	(43,109)
As at December 31, 2020	**289,998**

As at December 31, 2020, all 289,998 deferred share units were vested.

The Corporation has a liability of $1.1 million (December 31, 2019 - $0.4 million) to recognize the estimated fair value as at December 31, 2020 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 statement of comprehensive earnings (loss) in general and administrative expenses and credited to liabilities under share-based incentive 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 (loss) in general and administrative expenses 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, 2020 and 2019:

	Number of Restricted Share Units
As at December 31, 2018	2,196,940
Granted	2,331,258
Settled for shares	(311,283)
Settled for cash	(1,164,572)
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**

Included in the 3,299,769 restricted share units outstanding as at December 31, 2020, are 1,513,854 units that can only be settled for cash.

As at December 31, 2020, the weighted average remaining contractual life of the outstanding restricted share units was 2.0 years and 891,195 restricted share units were vested with a remaining contractual life of 1.4 years.

With respect to the RSUs which can be settled in cash or for cash or shares at the option of the holder, the Corporation has a liability of $5.7 million (December 31, 2019 - $2.6 million) to recognize the estimated fair value as at December 31, 2020 of the RSUs in share incentive plan obligations on the statement of financial position.

With respect to the RSUs which can only be settled for shares, during the year ended December 31, 2020, the Corporation recorded share-based payments expense of $0.9 million (December 31, 2019 - nil).

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 (loss) 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.

The following table reflects the continuity of share appreciation rights for the years ended December 31, 2020 and 2019:

	Number of Share Appreciation Rights
As at December 31, 2018	155,996
Settled	(115,553)
As at December 31, 2019 and December 31, 2020	**40,443**

The weighted average remaining contractual life of the outstanding share appreciation rights is 2.1 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, 2020, was $2.36 per unit (December 31, 2019 - $1.58 per unit). These calculations used the Black-Scholes option pricing model, using the following assumptions:

For the years ended December 31,	**2020**	2019
Share price	$3.77	$2.25
Base price	$1.80	$1.80
Risk free interest rate	0.2%	1.8%
Expected life	2.1 years	3.0 years
Expected volatility	78%	111%
Expected dividends	nil	nil

The Corporation has a liability of $0.1 million (December 31, 2019 - $0.1 million) to recognize the estimated fair value as at December 31, 2020 of the cash settled SARs in other non-current liabilities and provisions in the Consolidated Statement of Financial Position.

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 S&P/TSX Global Gold Index (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 (loss) in general and administrative expenses and credited to contributed surplus in the Consolidated Statement of Financial Position.

The fair value of the PSUs 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 12, 2020
Share price	$3.64
Risk free interest rate	0.6%
Expected life	3 years
Expected volatility	86.7%
Expected dividends	nil

During the year ended December 31, 2020, the Corporation issued 900,338 performance share units. The weighted average remaining contractual life of the outstanding share appreciation rights is 2.6 years and no awards were vested.

During the year ended December 31, 2020, the Corporation recorded share-based payments expense of $0.9 million (2019 - nil) related to equity-settled PSUs.

In summary, the expense recognized from share-based compensation transactions is shown in the following table:

For the years ended December 31,	**2020**	2019
Share purchase options	**$1,023**	$1,089
Deferred share units	**859**	33
Restricted share units	**8,046**	1,268
Share appreciation rights	**32**	73
Performance share units	**856**	-
	$10,816	$2,463

18. FINANCE EXPENSE, NET

For the years ended December 31,	**2020**	2019
Interest expense	**$3,244**	$2,003
Accretion	**1,549**	893
Interest income	**(175)**	-
	$4,618	$2,896

19. INCOME TAX

The major components of income tax expense are as follows:

	2020	2019
Tax expense applicable to:		
Current taxes	**$(464)**	$(165)
Deferred taxes		
Income taxes - origination and reversal of temporary differences	**7,467**	160
Relating to differences between tax jurisdictions	**-**	229
Relating to unrecognized temporary differences	**-**	(998)
Total tax expense (recovery)	**$7,003**	$(774)

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

	2020	2019
Statutory tax rate	**25.07%**	25.36%
Tax expense (recovery) at statutory rate	**23,850**	$(1,957)
Expenses not deductible for income tax purposes	**692**	2,478
Tax rate differential	**7,001**	(1,358)
Quebec mining duties, net of tax	**-**	(653)
Tax effect of unrecognized temporary difference and tax losses	**5,797**	(998)
Australia group tax restructuring	**(26,069)**	-
Previous year tax return true-ups	**(3,306)**	1,714
Other	**(962)**	-
Total tax expense (recovery)	**$7,003**	$(774)

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, 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)**

	Balance December 31, 2018	Recognized in Profit and Loss	Recognized on Acquisition of HGO	Balance December 31, 2019
Deferred tax assets (liabilities):				
Loss carry-forward	$2,046	$4,618	$-	$6,664
Property, plant and equipment and mineral property interests	(2,038)	(9,875)	-	(11,913)
Financing costs	639	1,227	-	1,866
Long-term debt	874	7,220	-	8,094
Rebates	-	169	-	169
Investment in Magneto JV	(4,632)	128	-	(4,504)
Other	3,111	(2,878)	(233)	-
Net deferred tax assets (liabilities)	**$-**	**$609**	**$(233)**	**$376**

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

	2020	2019
Tax loss carry-forwards		
Expire 2029–2040	**$84,856**	**$77,452**
Capital losses	**3,163**	**-**
Property, plant and equipment and mineral property interests	**6,232**	**1,078**
Financing costs	**5,094**	**-**
Other	**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.

20. NET EARNINGS PER SHARE

Basic and diluted net earnings (loss) attributable to common shareholders for the year ended December 31, 2020 was $88.1 million (2019 – loss of $6.9 million).

Net earnings (loss) 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 method. The following table details the weighted average number of outstanding common shares for the purpose of computing basic and diluted loss per common share for the following years:

For the years ended December 31,	**2020**	2019
Weighted average common shares - basic	139,759,510	117,022,690
Share purchase options	2,064,315	-
Restricted share units	490,612	-
Deferred share units	130,953	-
Warrants	930,217	-
Weighted average common shares - diluted	143,375,607	117,022,690

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

For the years ended December 31,	**2020**	2019
Share purchase options	21,992	-
Restricted share units	84,208	-
Performance share units	64,715	-
Weighted average common share exclusions	170,915	-

21. RELATED PARTY TRANSACTIONS

The following table reflects remuneration of key management, which consists of the Corporation's directors and executive officers. Certain figures for the year ended December 31, 2019 were revised to conform the reporting to a new format.

For the years ended December 31,	**2020**	2019
Cash compensation - salaries, short term incentives and other benefits	**$3,091**	$2,792
Long-term incentives - share based payments	**8,647**	2,200
Termination benefits	**401**	275
	$12,139	$5,267

The following table reflects transactions with equity accounted entities:

Recoveries of net general and administrative expenses		
For the years ended December 31,	**2020**	2019
Dumont JV	**$394**	$700
Orford	**148**	643
	$542	$1,343

On December 31, 2020, the Corporation had accounts receivable from Dumont JV and Orford of $nil (December 31, 2019 – $0.2 million) and $nil (December 31, 2019 - $0.1 million), respectively.

22. CAPITAL MANAGEMENT

The capital of the Corporation consists of items included in shareholders' equity of $207.2 million as at December 31, 2020 (2019 - $92.3 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 $56.8 million on December 31, 2020 and expects to generate cash inflows from its mining operations in 2021 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.

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.

23. 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'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, 2020, the Corporation was in compliance with all of its debt covenants. In order to comply with these covenants in future periods, the Corporation will need to execute on its cash flow estimates and on management's plans for future actions. Management believes that the assumptions used by the Corporation in preparing its estimates are reasonable and plans for future actions are feasible. Failure to comply with these covenants in the future may result in an event of default. If such event of default is not cured or waived, the Corporation may suffer adverse effects on its operations, business or financial condition, including termination of the debt facilities and acceleration of debts. In such situation, the assets of the Corporation might not be sufficient to repay such indebtedness in full, and such default could result in secured creditors' realization of collateral.

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, 2020	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	$38,523	$-	$-	$-	$38,523	$38,523
Long-term debt obligations	3,208	33,208	-	-	36,416	35,087
Lease obligation	1,856	2,254	-	-	4,110	3,863
Interest on long-term debt	3,000	1,405	-	-	4,405	-
Derivative liabilities	3,067	6,308	6,589	18,680	34,644	25,556
	$49,654	$43,175	$6,589	$18,680	$118,098	$103,029

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 Corporation is 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, 2020, 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, 2020, with other variables unchanged, the effect of a one cent strengthening/weakening of the Australian dollar would result in a decrease/increase of $1.6 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 11), carrying values and fair values are as follows:

As at	**December 31, 2020**		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
IQ Loan (level 2)	**$-**	**$-**	$324	$324
Bridge loan (level 2)	**$29,300**	**$30,000**	$30,573	$32,000
Morgan Stanley Participation Royalty (level 3)	**$5,787**	**$6,417**	$-	$-

24. 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.

25. SUPPLEMENTAL CASH FLOW INFORMATION

Other non-cash adjustments

For the years ended December 31,	**2020**	2019
Share of loss in associates	**$425**	$729
Accretion - asset retirement obligations	**236**	156
Accretion - long-term debt	**1,116**	778
Loss (gain) on sale of property, plant and equipment and mineral property interest	**11**	(270)
Gain on sale of investment	**(169)**	-
Unrealized loss (gain) on revaluation of marketable securities	**(1,437)**	113
Shares issued for consulting services	**38**	336
Other	**104**	74
	$324	$1,916

Other supplemental information

For the years ended December 31,	**2020**	2019
Interest received	**$182**	$89
Interest paid	**$3,206**	$1,837
Increase (decrease) of property, plant and equipment and mineral property interests in accounts payable and accrued liabilities	**$5,654**	$(505)

26. SEGMENTED INFORMATION

The Corporation has production and exploration and evaluation activities in Australia.

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

For the year ended December 31, 2019

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Revenues	$94,631	$46,142	$(12,764)	$27	$128,036
Production and processing costs	54,920	36,680	(12,764)	-	78,836
Royalty expense	8,952	853	-	-	9,805
General and administrative: share-based payments	59	55	-	2,349	2,463
General and administrative: other	1,446	1,190	-	12,145	14,781
Depreciation and amortization	4,833	4,454	-	-	9,287
Operating earnings (loss)	$24,421	$2,910	-	($14,467)	$12,864

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

As at December 31, 2019

Property, plant and equipment and mineral property interests	$33,956	$64,854	$-	$145	$98,955
Total assets	58,930	80,946	-	37,901	177,777