



**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Three Months Ended March 31, 2021 and 2020  
(in thousands of Canadian dollars)



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

As at	Note	March 31, 2021 \$	December 31, 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		76,747	79,695
Trade and other receivables	4	4,926	4,260
Inventories	5	21,350	20,752
Prepaid expenses		1,950	1,996
Marketable securities	6	4,811	3,154
		<b>109,784</b>	109,857
<b>Non-current assets</b>			
Property, plant and equipment and mineral property interests	7	237,808	239,044
Other non-current assets		20	1,198
<b>Total assets</b>		<b>347,612</b>	350,099
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	33,187	38,523
Current tax liability		62	41
Share incentive plan liabilities		6,342	6,765
Debt	9	2,936	3,031
Lease obligations	10	1,679	1,696
Derivative financial liabilities	11	2,363	2,966
		<b>46,569</b>	53,022
<b>Non-current liabilities</b>			
Debt	9	32,075	32,056
Lease obligations	10	2,030	2,167
Derivative financial liabilities	11	19,060	22,590
Asset retirement obligations	12	23,050	25,430
Deferred tax liability		11,924	7,534
Other non-current liabilities and provisions		78	96
<b>Total liabilities</b>		<b>134,786</b>	142,895
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	290,092	289,483
Contributed surplus		32,411	31,413
Accumulated other comprehensive income		4,400	5,789
Deficit		(114,077)	(119,481)
<b>Total shareholders' equity</b>		<b>212,826</b>	207,204
<b>Total liabilities and shareholders' equity</b>		<b>347,612</b>	350,099

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



## Interim Consolidated Statements of Earnings and Comprehensive Earnings

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

For the three months ended March 31,	Note	2021 \$	2020 \$
Revenue		59,284	54,282
Cost of operations:			
Production and processing costs		29,301	27,286
Royalty expense		3,755	4,337
General and administrative: share-based compensation		1,290	(161)
General and administrative: other		4,870	3,163
Depreciation and amortization		7,283	4,054
Operating earnings		12,785	15,603
Other expenses (income)			
Finance expense, net	14	1,081	981
Loss (gain) on derivatives		(2,860)	5,853
Foreign exchange loss		4,573	7,715
Share of loss of associates		-	417
Unrealized loss (gain) on revaluation of marketable securities		(360)	34
Other expense (income), net		15	(281)
<b>Earnings before income tax</b>		<b>10,336</b>	<b>884</b>
Income tax recovery - current		(21)	-
Income tax expense - deferred		(4,691)	(345)
<b>Net earnings</b>		<b>5,624</b>	<b>539</b>
Currency translation adjustments		(1,389)	2,972
<b>Comprehensive earnings</b>		<b>4,235</b>	<b>3,511</b>
<b>Net earnings attributable to common shareholders per share</b>			
Basic		0.04	0.00
Diluted		0.04	0.00
<b>Weighted average number of shares</b>			
Basic	15	146,254,253	135,119,947
Diluted	15	151,018,838	137,473,037

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



**Interim Consolidated Statements of Cash Flows**  
(Expressed in thousands of Canadian dollars)  
(Unaudited)

For the three months ended March 31,	2021 \$	2020 \$
<b>Cash flow provided by (used in)</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Net earnings for the period</b>	5,624	539
<b>Changes not affecting cash:</b>		
Depreciation and amortization	7,322	4,135
Income tax expense	4,712	345
Share incentive plans	1,142	(223)
Foreign exchange loss	4,391	6,495
Net change in fair value of derivative instruments	(2,860)	498
Share of loss in associates	-	417
Finance charges, net	1,027	950
Unrealized loss (gain) on revaluation of marketable securities	(360)	34
Other non-cash adjustments	-	136
	<b>20,998</b>	<b>13,326</b>
Changes in non-cash working capital		
Trade and other receivables	(666)	238
Inventories	(716)	2,072
Prepaid expenses	46	471
Accounts payable, taxes and accrued liabilities	(1,004)	(3,903)
<b>Net cash provided by operating activities</b>	<b>18,658</b>	<b>12,204</b>
<b>INVESTING ACTIVITIES</b>		
Property, plant and equipment and mineral property interests	(18,193)	(7,702)
Investment in marketable securities	(119)	-
Interest received	36	73
<b>Net cash used in investing activities</b>	<b>(18,276)</b>	<b>(7,629)</b>
<b>FINANCING ACTIVITIES</b>		
Share repurchase and cancellation	(613)	-
Repayments of debt	-	(20)
Proceeds from exercise of options and warrants	417	120
Payments on leases	(492)	(239)
Settlements in respect of derivative instruments	(663)	-
Interest paid	(740)	(801)
<b>Net cash used by financing activities</b>	<b>(2,091)</b>	<b>(940)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,239)</b>	<b>116</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,948)</b>	<b>3,751</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>79,695</b>	<b>34,656</b>
<b>Cash and cash equivalents, end of period</b>	<b>76,747</b>	<b>38,407</b>
Components of cash and cash equivalents:		
Cash	76,627	38,279
Cash equivalents	120	128
	<b>76,747</b>	<b>38,407</b>

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

*Comparative figures (note 2)*



**Interim Consolidated Statements of Changes in Equity**  
(Expressed in thousands of Canadian dollars, except share numbers)  
(Unaudited)

	Note	Share capital (note 13)		Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
		Number	\$				
<b>Balance as at January 1, 2021</b>		<b>146,129,181</b>	<b>289,483</b>	<b>31,413</b>	<b>5,789</b>	<b>(119,481)</b>	<b>207,204</b>
Exercise of restricted share units		100,867	330	-	-	-	330
Exercise of warrants		85,558	297	(114)	-	-	183
Exercise of stock options		169,347	375	(141)	-	-	234
Share-based payments		-	-	1,253	-	-	1,253
Share repurchase and cancellation	13	(198,000)	(393)	-	-	(220)	(613)
Comprehensive loss (earnings)		-	-	-	(1,389)	5,624	4,235
<b>Balance as at March 31, 2021</b>		<b>146,286,953</b>	<b>290,092</b>	<b>32,411</b>	<b>4,400</b>	<b>(114,077)</b>	<b>212,826</b>

	Share capital		Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
	Number	\$				
<b>Balance as at January 1, 2020</b>	<b>135,059,766</b>	<b>263,421</b>	<b>30,319</b>	<b>6,051</b>	<b>(207,509)</b>	<b>92,282</b>
Shares issued for consulting services	18,782	38	-	-	-	38
Exercise of stock options	100,000	183	(63)	-	-	120
Exercise of warrants	111	-	-	-	-	-
Share-based payments	-	-	460	-	-	460
Comprehensive earnings	-	-	-	2,972	539	3,511
<b>Balance as at March 31, 2020</b>	<b>135,178,659</b>	<b>263,642</b>	<b>30,716</b>	<b>9,023</b>	<b>(206,970)</b>	<b>96,411</b>

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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2021 and 2020  
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

## Notes to Financial Statements

### 1. NATURE OF OPERATIONS

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Karora Resources Inc. ("**Karora**", "**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 unaudited condensed interim consolidated financial statements of the Corporation as at and for the three months ended March 31, 2021 comprise Karora and its Australian operating subsidiaries, Salt Lake Mining Pty Ltd. ("**SLM**") and the group of subsidiaries collectively referred to as Higginsville Gold Operation ("**HGO**") as well as VMS Ventures Inc. ("**VMS**") which has ceased operations. 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. The Corporation accounted for its investment in the Magneto Investments Limited Partnership ("**Dumont JV**") using the equity method until its sale in July 2020.

Karora is a multi-asset mineral resource company. The Corporation's main assets are: 1) its 100% interest in the Beta Hunt Mine ("**Beta Hunt**"); 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 three months ended March 31, 2021. The Corporation's ongoing response to the COVID-19 pandemic is to continue to prioritize the safety of its workforce and host communities while mitigating operational impacts.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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#### (a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2020.

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

The unaudited condensed interim consolidated financial statements were authorized for publication by the Board of Directors on May 6, 2021.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2021 and 2020  
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

## (b) Basis of preparation

The accounting policies followed in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2020.

During the three months ended March 31, 2021, the Corporation has made an accounting policy change related to the presentation of cash flows related to finance charges. The cash flows relating to finance charges and finance income are now presented as investing or financing activities rather than operating activities. The Corporation has adjusted the presentation in the comparative cash flow statement to conform with the current period presentation. As a result of the change in presentation, for the three months ended March 31, 2020, cash provided by operating activities increased by \$0.9 million, cash used in investing activities decreased by \$0.1 million and cash used by financing activities increased by \$0.8 million.

## 3. CRITICAL JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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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 for the three months ended March 31, 2021 are consistent with those applied and disclosed in note 3 to the Corporation's audited consolidated financial statements for the year ended December 31, 2020.

## 4. TRADE AND OTHER RECEIVABLES

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Trade and other receivables consist of the following:

As at	March 31, 2021	December 31, 2020
Trade accounts receivable	\$2,577	\$1,708
Sales taxes and rebates	2,349	2,552
	<b>\$4,926</b>	<b>\$4,260</b>





Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2021 and 2020  
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## 5. INVENTORIES

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Inventories consist of the following:

As at	March 31, 2020	December 31, 2020
Gold ore	\$10,688	\$10,205
Gold in process	6,465	5,836
Gold - finished goods	-	735
Nickel ore	149	207
Stores, spares and fuel	4,048	3,769
	<b>\$21,350</b>	<b>\$20,752</b>

As at March 31, 2021, \$6.0 million (December 31, 2020 – \$7.0 million) of depreciation and was included in inventory.

## 6. MARKETABLE SECURITIES

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

For the three months ended March 31,	2021
Opening balance	\$3,154
Additions	119
Reclassification from other non-current assets	1,178
Unrealized gain on revaluation of marketable securities	360
<b>Closing balance</b>	<b>\$4,811</b>

During the three months ended March 31, 2021, the investment in SPC was reclassified from other non-current assets to marketable securities upon its listing on the TSX Venture exchange. The SPC investment is now classified as a level 1 financial asset, consistent with all of the Corporation's other marketable securities.

## 7. PROPERTY, PLANT AND EQUIPMENT AND MINERAL PROPERTY INTERESTS

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The following table reflects the continuity of the Corporation's property, plant and equipment and mineral property interests:



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2021 and 2020  
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

	Land & Buildings	Vehicles & Equipment	Mine and Mill Facilities	Mineral Property Interests	Exploration and Evaluation	Total
<b>As at December 31, 2020</b>	<b>\$9,834</b>	<b>\$23,914</b>	<b>\$35,953</b>	<b>\$136,172</b>	<b>\$33,171</b>	<b>\$239,044</b>
Additions	2	4,619	1,448	2,747	5,473	14,289
Adjustment in respect of rehabilitation obligations (note 12)	-	-	-	-	(1,793)	(1,793)
Transfers	-	631	-	(631)	-	-
Change due to foreign exchange translation	(281)	(738)	(935)	(3,608)	(966)	(6,528)
Depreciation	(169)	(849)	(2,653)	(3,533)	-	(7,204)
<b>As at March 31, 2021</b>	<b>\$9,386</b>	<b>\$27,577</b>	<b>\$33,813</b>	<b>\$131,147</b>	<b>\$35,885</b>	<b>\$237,808</b>
<b>As at March 31, 2021</b>						
Cost	\$10,859	\$36,247	\$54,027	\$131,147	\$35,885	\$268,165
Accumulated depreciation	(1,473)	(8,670)	(20,214)	-	-	(30,357)
<b>Net book value</b>	<b>\$9,386</b>	<b>\$27,577</b>	<b>\$33,813</b>	<b>\$131,147</b>	<b>\$35,885</b>	<b>\$237,808</b>
<b>As at December 31, 2020</b>						
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)
<b>Net book value</b>	<b>\$9,834</b>	<b>\$23,914</b>	<b>\$35,953</b>	<b>\$136,172</b>	<b>\$33,171</b>	<b>\$239,044</b>

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

	Land & Buildings	Vehicles & Equipment	Total
<b>As at December 31, 2020</b>	<b>\$601</b>	<b>\$3,970</b>	<b>\$4,571</b>
Additions	-	428	428
Depreciation	(90)	(400)	(490)
Change due to foreign exchange translation	(3)	(105)	(108)
<b>As at March 31, 2021</b>	<b>\$508</b>	<b>\$3,893</b>	<b>\$4,401</b>

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2021	December 31, 2020
Trade accounts payable	<b>\$11,905</b>	\$6,056
Royalty accrual	<b>4,294</b>	6,015
Maverix accrual	-	3,183
Spargos accrual	<b>1,436</b>	1,964
Employee related accruals	<b>4,713</b>	6,083
Accrued liabilities	<b>10,839</b>	15,222
	<b>\$33,187</b>	\$38,523

Accounts payable and accrued liabilities includes \$2.6 million (December 31, 2020 - \$6.9 million) in respect of property, plant and equipment and mineral property interests.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
 For the three months ended March 31, 2021 and 2020  
 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

## 9. DEBT

Long-term debts consist of the following:

	Bridge (i)	Morgan Stanley Installments (ii)	Total
As at December 31, 2020	\$29,300	\$5,787	\$35,087
Accretion expense	106	161	267
Change due to foreign exchange translation	-	(343)	(343)
<b>As at March 31, 2021</b>	<b>29,406</b>	<b>5,605</b>	<b>35,011</b>
Less current portion	-	2,936	2,936
Non-current portion	\$29,406	\$2,669	\$32,075

### (i) Bridge

The Corporation has an outstanding bridge facility in the amount of \$30 million (“**Bridge**”). In June 2019, 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. During 2020, the Bridge 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.

### (ii) Morgan Stanley Installments

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

## 10. LEASE OBLIGATIONS

The following table reflects the continuity of lease obligations for the three month period ended March 31, 2021:



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
 For the three months ended March 31, 2021 and 2020  
 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

For the three months ended March 31,	<b>2021</b>
Opening balance	\$3,863
Additions	428
Accretion	54
Cash payments	(546)
Change due to foreign exchange translation	(90)
<b>Closing balance</b>	<b>3,709</b>
Less current portion	1,679
Non-current portion	\$2,030

During the three months ended March 31, 2021, \$11.8 million (2020 - \$8.4 million) was expended in respect of short-term leases not included above.

## 11. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

- the gold forward price curve based on the COMEX futures curve, extrapolated where necessary;
- USD/AUD foreign exchange rates based on forward curves;
- discount rates incorporating the Corporation's estimated credit spread of 4.34% as at March 31, 2021;
- a current risk-free rate based on the Australian dollar swaps curve; and
- the Corporation's estimated gold ounce delivery into the participation royalty.

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

As at March 31, 2021	Fair value	Unobservable Inputs	Range of Inputs	Relationship of unobservable inputs on fair value
Morgan Stanly Participation Royalty	21,423	Discount rate	3% - 5%	An increase or decrease in the discount rate of 1% would decrease or increase fair value by \$1.0 million or \$1.1 million respectively.

The table below summarizes the movements in the derivative liability for the three months ended March 31, 2021:



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
 For the three months ended March 31, 2021 and 2020  
 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

**For the three months ended March 31, 2021**

	<b>Morgan Stanley Participation Royalty</b>
As at December 31, 2020	\$25,556
Settlements	(663)
Net change in fair value	(2,860)
Change due to foreign exchange translation	(610)
<b>As at March 31, 2021</b>	<b>21,423</b>
Less current portion	2,363
Non-current portion	\$19,060

**12. RESTORATION, REHABILITATION AND ENVIRONMENTAL OBLIGATIONS**

The asset rehabilitation and environmental obligations represent the legal and contractual obligations associated with the eventual closure and reclamation of the Corporation's Beta Hunt mine and HGO mine and mill operations. The obligations consist of costs associated with reclamation, environmental monitoring and the removal of tangible assets. As at March 31, 2021, the discount rate used was 1.7% (December 31, 2020 – 0.9%) and the inflation rate was 1.5% (December 31, 2020 – 1.5%).

The following table reflects the continuity of asset, rehabilitation and environmental obligations for the three months ended March 31, 2021:

For the three months ended March 31,	<b>2021</b>
As at December 31, 2020	\$25,430
Accretion expense	56
Additions	218
Change in discount and inflation rates	(2,011)
Change due to foreign exchange translation	(643)
<b>As at March 31, 2021</b>	<b>\$23,050</b>

**13. 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. 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).

During the three months ended March 31, 2021, 198,000 shares were repurchased and cancelled under the Corporation's normal course issuer bid. The shares were purchased at an average price of \$3.10 per share for a total of \$0.6 million. The book value of the cancelled shares was \$0.4 million and the excess of \$0.2 million was charged directly to deficit.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
 For the three months ended March 31, 2021 and 2020  
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#### 14. FINANCE EXPENSE, NET

For the three months ended March 31,	2021	2020
Interest expense <sup>(1)</sup>	\$740	\$801
Accretion	377	253
Interest income	(36)	(73)
	<b>\$1,081</b>	<b>\$981</b>

(1) Interest expense and income in the interim consolidated statement of cash flows are on a cash basis, for the three months ended March 31, 2020, interest paid and interest received were \$740 (2020 - \$801) and \$36 (2020 - \$73), respectively.

#### 15. NET EARNINGS PER SHARE

Basic and diluted net earnings attributable to common shareholders for the three months ended March 31, 2021 was \$5.6 million (2020 – \$0.5 million).

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

For the three months ended March 31,	2021	2020
Weighted average common shares - basic	146,254,253	135,119,947
Adjustments for dilutive instruments:		
Share purchase options	2,110,296	1,422,504
Restricted share units	1,912,093	753,896
Deferred share units	290,219	174,292
Warrants	451,977	2,398
Weighted average common shares - diluted	151,018,838	137,473,037

#### 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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).



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
 For the three months ended March 31, 2021 and 2020  
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The carrying values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to their relatively short periods to maturity. With respect to long-term debt balances (note 9), carrying values and fair values are as follows:

As at	March 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Bridge loan (level 2)	\$29,406	\$30,000	\$29,300	\$30,000
Morgan Stanley Participation Royalty (level 3)	\$5,605	\$6,338	\$5,787	\$6,417

## 17. SEGMENTED INFORMATION

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

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

For the three months ended March 31, 2021

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

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

As at March 31, 2021

Property, plant and equipment and mineral property interests	\$106,705	\$130,629	\$-	\$474	\$237,808
Total assets	118,723	191,357	-	37,532	347,612

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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
 For the three months ended March 31, 2021 and 2020  
 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

For the three months ended March 31, 2020

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Revenues	\$37,982	\$22,548	\$(6,248)	\$-	\$54,282
Production and processing costs	18,228	15,306	(6,248)	-	27,286
Royalty expense	3,224	1,113	-	-	4,337
General and administrative: share-based payments	29	22	-	(212)	(161)
General and administrative: other	598	323	-	2,242	3,163
Depreciation and amortization	1,829	2,225	-	-	4,054
Operating earnings (loss)	\$14,074	\$3,559	-	(\$2,030)	\$15,603

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