



UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 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	June 30, 2021 \$	December 31, 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		82,160	79,695
Trade and other receivables	4	4,199	4,260
Inventories	5	23,119	20,752
Prepaid expenses		1,144	1,996
Marketable securities	6	3,954	3,154
		114,576	109,857
Non-current assets			
Property, plant and equipment and mineral property interests	7	249,643	239,044
Other non-current assets	6	20	1,198
Total assets		364,239	350,099
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	34,237	38,523
Current tax liability		34	41
Share incentive plan liabilities		7,377	6,765
Debt	9	2,818	3,031
Lease obligations	10	2,736	1,696
Derivative financial liabilities	11	2,624	2,966
		49,826	53,022
Non-current liabilities			
Debt	9	30,755	32,056
Lease obligations	10	3,721	2,167
Derivative financial liabilities	11	20,415	22,590
Asset retirement obligations	12	24,075	25,430
Deferred tax liability		16,282	7,534
Other non-current liabilities and provisions		97	96
Total liabilities		145,171	142,895
SHAREHOLDERS' EQUITY			
Share capital	13	292,244	289,483
Contributed surplus		32,828	31,413
Accumulated other comprehensive income		2,682	5,789
Deficit		(108,686)	(119,481)
Total shareholders' equity		219,068	207,204
Total liabilities and shareholders' equity		364,239	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 periods ended June 30,	Note	Three months ended,		Six months ended,	
		2021 \$	2020 \$	2021 \$	2020 \$
Revenue		69,570	56,100	128,854	110,382
Cost of operations:					
Production and processing costs		29,570	25,775	58,871	53,061
Royalty expense		4,356	5,114	8,111	9,451
General and administrative: share-based compensation		2,958	2,207	4,248	2,046
General and administrative: other		5,513	4,641	10,383	7,804
Depreciation and amortization		7,718	5,472	15,001	9,526
Operating earnings		19,455	12,891	32,240	28,494
Other expenses (income)					
Finance expense, net	16	965	769	2,046	1,750
Loss on derivatives		2,914	1,076	54	6,929
Foreign exchange loss (gain)		4,519	(12,222)	9,092	(4,507)
Net impairment loss	6	-	6,006	-	6,006
Share of loss of associates		-	8	-	425
Unrealized loss (gain) on revaluation of marketable securities		857	(22)	497	12
Other expense (income), net		-	34	15	(247)
Earnings before income tax		10,200	17,242	20,536	18,126
Income tax recovery - current		(24)	(1,875)	(45)	(1,875)
Income tax expense - deferred		(4,785)	(5,549)	(9,476)	(5,894)
Net earnings		5,391	9,818	11,015	10,357
Currency translation adjustments		(1,718)	(4,004)	(3,107)	(1,032)
Comprehensive earnings		3,673	5,814	7,908	9,325
Net earnings attributable to common shareholders per share					
Basic		0.04	0.07	0.08	0.08
Diluted		0.04	0.07	0.07	0.07
Weighted average number of shares					
Basic	17	146,801,153	135,605,419	146,529,214	135,362,683
Diluted	17	153,154,785	140,854,313	152,712,184	140,562,177

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 periods ended June 30,	Three months ended,		Six months ended,	
	2021 \$	2020 \$	2021 \$	2020 \$
Cash flow provided by (used in)				
OPERATING ACTIVITIES				
Net earnings for the period	5,391	9,818	11,015	10,357
Changes not affecting cash:				
Depreciation and amortization	7,770	5,335	15,092	9,470
Income tax expense	4,809	7,424	9,521	7,769
Share incentive plans	2,308	1,936	3,450	1,713
Foreign exchange loss (gain)	5,074	(9,930)	9,465	(3,435)
Net change in fair value of derivative instruments	2,914	(2,497)	54	(1,999)
Share of loss in associates	-	8	-	425
Finance charges, net	965	882	2,046	1,832
Unrealized loss (gain) on revaluation of marketable securities	857	(22)	497	12
Impairment loss	-	6,006	-	6,006
Other non-cash adjustments	-	(37)	-	99
	30,088	18,923	51,140	32,249
Changes in non-cash working capital				
Trade and other receivables	727	4,131	61	4,369
Inventories	(2,067)	(2,529)	(2,783)	(457)
Prepaid expenses	806	463	852	934
Accounts payable, taxes and accrued liabilities	(3,186)	1,340	(4,190)	(2,563)
	26,368	22,328	45,080	34,532
Income taxes paid	(51)	-	(51)	-
Net cash provided by operating activities	26,317	22,328	45,029	34,532
INVESTING ACTIVITIES				
Property, plant and equipment and mineral property interests	(16,982)	(10,523)	(35,175)	(18,225)
Investment in marketable securities	-	-	(119)	-
Interest received	33	32	69	105
Net cash used in investing activities	(16,949)	(10,491)	(35,225)	(18,120)
FINANCING ACTIVITIES				
Share repurchase and cancellation	-	-	(613)	-
Repayments of debt	(1,532)	-	(1,532)	(20)
Debt issue costs	(55)	-	(55)	-
Proceeds from exercise of options and warrants	1,315	1,110	1,732	1,230
Payments on leases	(865)	(450)	(1,411)	(689)
Settlements in respect of derivative instruments	(638)	-	(1,301)	-
Interest paid	(749)	(538)	(1,489)	(1,339)
Net cash provided by (used) by financing activities	(2,524)	122	(4,669)	(818)
Effect of exchange rate changes on cash and cash equivalents	(1,431)	(199)	(2,670)	(83)
Net increase in cash and cash equivalents	5,413	11,760	2,465	15,511
Cash and cash equivalents, beginning of period	76,747	38,407	79,695	34,656
Cash and cash equivalents, end of period	82,160	50,167	82,160	50,167
Components of cash and cash equivalents:				
Cash	82,040	50,001	82,040	50,001
Cash equivalents	120	166	120	166
	82,160	50,167	82,160	50,167

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

Comparative figures (note 2(b))



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	\$				
Balance as at January 1, 2021		146,129,181	289,483	31,413	5,789	(119,481)	207,204
Exercise of restricted share units		125,836	426	-	-	-	426
Exercise of warrants		269,937	929	(334)	-	-	595
Exercise of stock options		837,553	1,799	(662)	-	-	1,137
Share-based payments		-	-	2,411	-	-	2,411
Share repurchase and cancellation	13	(198,000)	(393)	-	-	(220)	(613)
Comprehensive loss (earnings)		-	-	-	(3,107)	11,015	7,908
Balance as at June 30, 2021		147,164,507	292,244	32,828	2,682	(108,686)	219,068

	Share capital		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	18,782	38	-	-	-	38
Exercise of stock options	825,185	1,926	(696)	-	-	1,230
Exercise of warrants	111	-	-	-	-	-
Exercise of restricted share units	26,476	59	-	-	-	59
Share-based payments	-	-	613	-	-	613
Comprehensive loss (earnings)	-	-	-	(1,032)	10,357	9,325
Balance as at June 30, 2020	135,930,320	265,444	30,236	5,019	(197,152)	103,547

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 and six months ended June 30, 2021 and 2020
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

Notes to Financial Statements

1. NATURE OF OPERATIONS

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

These unaudited condensed interim consolidated financial statements of the Corporation as at and for the three and six month periods ended June 30, 2021 are comprised of Karora its subsidiaries including its Australian operating subsidiaries, Salt Lake Mining Pty Ltd. ("**SLM**") and the group of subsidiaries collectively referred to as Higginsville Gold Operation ("**HGO**"). Collectively, these entities are referred to as the "**Corporation**". The Corporation accounted for its investments in Orford Mining Corporation ("**Orford**") and Sudbury Platinum Corporation ("**SPC**") using the equity method at their respective ownership interests up to the point of the loss of significant influence during the third quarter of 2020 and now accounts for them as marketable securities. The Corporation accounted for its investment in the Magneto Investments Limited Partnership ("**Dumont JV**") using the equity method until its sale in July 2020.

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

In response to the global COVID-19 pandemic, in conjunction with federal and state protocols, 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 six months ended June 30, 2021. The Corporation's ongoing response to the COVID-19 pandemic is to continue to prioritize the safety of its workforce and host communities while mitigating operational impacts.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

These 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 consolidated financial statements for the year ended December 31, 2020.

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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021 and 2020
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

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

(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 six months ended June 30, 2021, the Corporation made an accounting policy change related to the presentation of cash flows related to finance charges. The cash flows relating to finance charges and finance income are now presented as financing and investing activities, respectively, rather than operating activities. The Corporation 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 six months ended June 30, 2020, cash provided by operating activities increased by \$1.2 million, cash used in investing activities decreased by \$0.1 million and cash used by financing activities increased by \$1.3 million. As a result of the change in presentation, for the three months ended June 30, 2020, cash provided by operating activities increased by \$0.5 million and cash provided by financing activities decreased by \$0.5 million.

3. ACCOUNTING POLICY JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Areas of significant accounting policy judgment and estimates affecting the amounts recognized in the interim consolidated financial statements for the three and six months ended June 30, 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

Trade and other receivables consist of the following:

As at	June 30, 2021	December 31, 2020
Trade accounts receivable	\$1,596	\$1,708
Sales taxes and rebates	2,603	2,552
	\$4,199	\$4,260



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

5. INVENTORIES

Inventories consist of the following:

As at	June 30, 2021	December 31, 2020
Gold ore	\$15,021	\$10,205
Gold in process	3,995	5,836
Gold - finished goods	-	735
Nickel ore	165	207
Stores, spares and fuel	3,939	3,769
	\$23,120	\$20,752

As at June 30, 2021, \$5.8 million (December 31, 2020 – \$7.0 million) of depreciation and was included in inventory.

6. MARKETABLE SECURITIES

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

For the six months ended June 30,	2021
Opening balance	\$3,154
Additions	119
Reclassification from other non-current assets	1,178
Unrealized loss on revaluation of marketable securities	(497)
Closing balance	\$3,954

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

During the six months ended June 30, 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.

Prior to 2021, the Corporation accounted for Orford and the Dumont JV using the equity method. During 2020, the Corporation divested a portion of its interest in Orford and recorded an impairment charge of \$7.1 million. Orford is now accounted for as a marketable security. The Dumont JV was fully divested in 2020 which resulted in a \$1.1 million partial impairment reversal of an impairment charge recorded prior to 2020. On a net basis, there was a net impairment of charge of \$6.0 million recorded in 2020.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021 and 2020
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

7. PROPERTY, PLANT AND EQUIPMENT AND MINERAL PROPERTY INTERESTS

The following table reflects 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, 2020	\$9,834	\$23,914	\$35,953	\$136,172	\$33,171	\$239,044
Additions	2	13,487	1,256	17,162	7,292	39,199
Adjustment in respect of rehabilitation obligations (note 12)	-	-	-	-	(166)	(166)
Transfers	-	631	-	(631)	-	-
Change due to foreign exchange translation	(571)	(1,671)	(1,870)	(7,582)	(2,064)	(13,758)
Depreciation	(336)	(1,861)	(4,996)	(7,483)	-	(14,676)
As at June 30, 2021	\$8,929	\$34,500	\$30,343	\$137,638	\$38,233	\$249,643
As at June 30, 2021						
Cost	\$10,571	\$43,917	\$52,273	\$169,413	\$38,233	\$314,407
Accumulated depreciation	(1,642)	(9,417)	(21,930)	(31,775)	-	(64,764)
Net book value	\$8,929	\$34,500	\$30,343	\$137,638	\$38,233	\$249,643
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

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
As at December 31, 2020	\$601	\$4,231	\$4,832
Additions	-	4,120	4,120
Depreciation	(179)	(428)	(607)
Change due to foreign exchange translation	(6)	(304)	(310)
As at June 30, 2021	\$416	\$7,619	\$8,035



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	June 30, 2021	December 31, 2020
Trade accounts payable	\$8,583	\$6,056
Royalty accrual	5,191	6,015
Maverix accrual	-	3,183
Spargos accrual	1,394	1,964
Employee related accruals	6,742	6,083
Accrued liabilities	12,327	15,222
	\$34,237	\$38,523

Accounts payable and accrued liabilities includes \$7.3 million (December 31, 2020 - \$6.9 million) in respect of property, plant and equipment and mineral property interests.

9. DEBT

Long-term debts consist of the following:

For the six months ended June 30, 2021	Bridge	Morgan Stanley	Total
	(i)	Installments (ii)	
As at December 31, 2020	\$29,300	\$5,787	\$35,087
Extension fee	(55)	-	(55)
Repayments	-	(1,532)	(1,532)
Accretion expense	230	133	363
Change due to foreign exchange translation	-	(290)	(290)
As at June 30, 2021	29,475	4,098	33,573
Less current portion	-	2,818	2,818
Non-current portion	\$29,475	\$1,280	\$30,755

(i) Bridge

The Corporation has an outstanding bridge facility in the amount of \$30 million (“**Bridge**”). The Bridge was initiated in June 2019. During the second quarter of 2021, the term was extended. The Bridge was amended such that the Corporation has, at its option, the right to extend the term by two additional periods of six months which would result in a maturity date during December 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. 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. If the Bridge is repaid prior to the extension date there will be a 3% penalty.

(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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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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 six month period ended June 30, 2021:

For the six months ended June 30,	2021
As at December 31, 2020	\$3,863
Additions	4,120
Accretion	112
Cash payments	(1,411)
Change due to foreign exchange translation	(227)
As at June 30, 2021	6,457
Less current portion	2,736
Non-current portion	\$3,721

During the six months ended June 30, 2021, \$16.8 million (2020 - \$9.1 million) was expended in respect of short-term leases not included above.

11. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

- the gold forward price curve based on the COMEX futures curve, extrapolated where necessary;
- USD/AUD foreign exchange rates based on forward curves;
- discount rates incorporating the Corporation's estimated credit spread of 4.1% as at June 30, 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 June 30, 2021	Fair value	Unobservable Inputs	Range of Inputs	Relationship of unobservable inputs on fair value
Morgan Stanly Participation Royalty	23,039	Discount rate	3% - 5%	An increase or decrease in the discount rate of 1% would decrease or increase fair value by \$1.1 million or \$1.2 million respectively.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
 For the three and six months ended June 30, 2021 and 2020
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The table below summarizes the movements in the derivative liability for the six months ended June 30, 2021:

For the six months ended June 30, 2021	Morgan Stanley Participation Royalty
As at December 31, 2020	\$25,556
Settlements	(1,301)
Net change in fair value	54
Change due to foreign exchange translation	(1,270)
As at June 30, 2021	23,039
Less current portion	2,624
Non-current portion	\$20,415

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 June 30, 2021, the discount rate used was 1.5% (December 31, 2020 – 0.9%) and the inflation rate was 1.4% (December 31, 2020 – 1.5%).

The following table reflects the continuity of asset, rehabilitation and environmental obligations for the six months ended June 30, 2021:

For the six months ended June 30,	2021
As at December 31, 2020	\$25,430
Accretion expense	151
Additions	1,763
Change in discount and inflation rates	(1,929)
Change due to foreign exchange translation	(1,340)
As at June 30, 2021	\$24,075

13. SHARE CAPITAL

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

During the six months ended June 30, 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 and six months ended June 30, 2021 and 2020
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14. WARRANTS

Four and a half (4.5) warrants are exercisable for one common share.

The following table reflects the continuity of share purchase warrants for the six month period ended June 30, 2021:

	Number of warrants	Convertible into Common Shares	Weighted Average Exercise Price
As at December 31, 2020	23,490,421	5,220,081	\$2.25
Exercised	(1,214,775)	(269,937)	2.20
Expired	(115,596)	(25,688)	2.20
As at June 30, 2021	22,160,050	4,924,456	\$2.25

As at June 30, 2021, the weighted remaining contractual life of the warrants was 0.2 years.

15. SHARE INCENTIVE PLANS

Share Purchase Options

The following table reflects the continuity of share purchase options for the six months ended June 30, 2021:

	Number of options	Weighted Average Exercise Price
As at December 31, 2020	4,429,393	\$1.68
Exercised	(837,553)	1.36
Expired	(30,000)	5.13
As at June 30, 2021	3,561,840	\$1.72

As at June 30, 2021, the Corporation had the following share purchase options outstanding:

Exercise Price Range	Number of Options	Options Outstanding		Number of Options	Options Exercisable	
		Weighted Average Remaining Contractual Life	Weighted Average Exercise Price		Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$0.40-\$1.14	948,882	1.7	\$0.95	948,882	1.7	\$0.95
\$1.15-\$1.28	906,662	0.5	\$1.22	906,662	0.5	\$1.22
\$1.29-\$1.97	558,402	3.2	\$1.63	202,109	3.0	\$1.65
\$1.98-\$2.75	443,340	2.4	\$2.38	406,684	2.3	\$2.41
\$2.76-\$3.95	704,554	2.8	\$3.07	404,894	2.7	\$2.97
	3,561,840	1.9	\$1.72	2,869,231	1.6	\$1.57

During the six-month period ended June 30, 2021, the Corporation recorded share-based payments expense related to share options of \$0.3 million (2020 - \$0.6 million).



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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 (Expressed in thousands of Canadian dollars, unless otherwise indicated)

16. FINANCE EXPENSE, NET

For the periods ended June 30,	Three months ended,		Six months ended,	
	2021	2020	2021	2020
Interest expense	\$749	\$536	\$1,489	\$1,337
Accretion	249	261	626	514
Interest income	(33)	(28)	(69)	(101)
	\$965	\$769	\$2,046	\$1,750

17. NET EARNINGS PER SHARE

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

For the periods ended June 30,	Three months ended,		Six months ended,	
	2021	2020	2021	2020
Weighted average common shares - basic	146,801,153	135,605,419	146,529,214	135,362,683
Adjustments for dilutive instruments:				
Share purchase options	2,120,318	4,022,330	2,133,417	4,185,808
Restricted share units	1,717,750	1,033,447	1,743,718	1,013,686
Deferred share units	305,104	-	290,798	-
Warrants	2,210,460	193,117	2,015,037	-
Weighted average common shares - diluted	153,154,785	140,854,313	152,712,184	140,562,177

18. 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 and six months ended June 30, 2021 and 2020
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

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	June 30, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Bridge loan (level 2)	\$29,475	\$30,000	\$29,300	\$30,000
Morgan Stanley Installments (level 3)	\$4,098	\$4,685	\$5,787	\$6,417

19. 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 June 30, 2021

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Revenues	\$52,807	\$23,053	\$(6,290)	\$-	\$69,570
Production and processing costs	19,677	16,183	(6,290)	-	29,570
Royalty expense	3,833	523	-	-	4,356
General and administrative: share-based payments	345	345	-	2,268	2,958
General and administrative: other	1,457	1,724	-	2,332	5,513
Depreciation and amortization	3,975	3,743	-	-	7,718
Operating earnings (loss)	\$23,520	\$535	-	(\$4,600)	\$19,455

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

For the six months ended June 30, 2021

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Revenues	\$96,874	\$45,046	\$(13,066)	\$-	\$128,854
Production and processing costs	40,147	31,790	(13,066)	-	58,871
Royalty expense	6,937	1,174	-	-	8,111
General and administrative: share-based payments	570	570	-	3,108	4,248
General and administrative: other	2,258	2,522	-	5,603	10,383
Depreciation and amortization	8,012	6,989	-	-	15,001
Operating earnings (loss)	\$38,950	\$2,001	-	(\$8,711)	\$32,240

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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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(Expressed in thousands of Canadian dollars, unless otherwise indicated)

As at June 30, 2021

Property, plant and equipment and mineral property interests	\$110,544	\$138,697	\$-	\$402	\$249,643
Total assets	123,363	206,126	-	34,750	364,239

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 three months ended June 30, 2020

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Revenues	\$39,200	\$23,335	\$(6,435)	\$-	\$56,100
Production and processing costs	18,604	13,606	(6,435)	-	25,775
Royalty expense	4,010	1,104	-	-	5,114
General and administrative: share-based payments	143	124	-	1,940	2,207
General and administrative: other	1,164	1,160	-	2,317	4,641
Depreciation and amortization	1,879	3,593	-	-	5,472
Operating earnings (loss)	\$13,400	\$3,748	-	\$(4,257)	\$12,891

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

For the six months ended June 30, 2020

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Revenues	\$77,182	\$45,883	\$(12,683)	\$-	\$110,382
Production and processing costs	36,832	28,912	(12,683)	-	53,061
Royalty expense	7,234	2,217	-	-	9,451
General and administrative: share-based payments	172	146	-	1,728	2,046
General and administrative: other	1,762	1,483	-	4,559	7,804
Depreciation and amortization	3,708	5,818	-	-	9,526
Operating earnings (loss)	\$27,474	\$7,307	-	\$(6,287)	\$28,494

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