Consolidated Financial Statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in US Dollars)

KRP | KINGSTON ROSS PASNAK LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Suite 1500, 9888 Jasper Avenue NW
Edmonton, Alberta T5J 5C6
T. 780.424.3000 | F. 780.429.4817 | W. krpgroup.com

March 30, 2022
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Steppe Gold Ltd.

Opinion

We have audited the consolidated financial statements of Steppe Gold Ltd. (the Company), which comprise the consolidated statements of financial position as at December 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021, and the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $22,675,000 during the year ended December 31, 2021 and, as of that date, the Company's current liabilities exceeded its total assets. As stated in Note 1, these events or conditions, along with other matters as set forth in the notes to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Comparative Information

We draw attention to Note 30 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2020 has been restated. Note 30 to the consolidated financial statements explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements for the year ended December 31, 2020, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on March 29, 2021.

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As part of our audit of the financial statements for the year ended December 31, 2021, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2020 and as at January 1, 2020. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended December 31, 2020. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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 of the current period. 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of inventories and cost of sales

We refer to financial statement summary of significant accounting policies on inventories, cost of sales and related disclosure in Note 5.

At the balance sheet date, the value of inventory amounted to $22,358,000, representing 15% of total assets and 319% of total equity. Inventories and cost of sales were considered as a key audit matter due to the size of the balance and because inventory valuation involves management judgment which directly impacts cost of sales. According to the financial statements’ accounting principles inventories are measured at the lower of production cost and net realizable value based on estimated metal content, with net realizable value approximated as the prevailing and long-term metal prices less estimated future production costs to convert inventories into saleable form and estimated costs to sell. The Company has specific procedures for identifying risk for obsolescence and measuring inventories at the lower of cost or net realizable value.

To address the risk for material misstatement on inventories, our audit procedures included, amongst other procedures:

- Assessing the compliance of Company’s accounting policies over inventory with applicable accounting standards.
- Assessing the inventory valuation processes and practices.
- Evaluating the analyses and calculations made by management with respect the remaining estimated costs to produce finished goods and evaluate the possibility of impairment.

We assessed the adequacy of the Company’s disclosures related to inventories and cost of sales.

Valuation of streaming arrangement

We refer to financial statement summary of significant accounting policies on streaming arrangement and related disclosure in Note 10.

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At the balance sheet date, the value of streaming arrangement amounted to $46,929,000, representing 34% of total liabilities and 669% of total equity. Streaming arrangement was considered as a key audit matter due to the size of the balance and because the related valuation involves management judgment. According to the financial statements' accounting principles streaming arrangement has been determined the obligation is a derivative liability to be carried at fair value through profit and loss. The fair value of the stream arrangement has been valued using a discounted cash flow approach with consideration for the contractual terms of the related agreement and using input assumptions including mine production plans, expected production taking into consideration technical feasibility reports, expected forward prices of gold and silver using the COMEX forward contract price and discount rate related to the risk of the forecasted cash flows. The income approach valuation was prepared by an independent valuation specialist and the life of mine production schedule and expectations including expansion plans are based on the information compiled by qualified persons.

To address the risk for material misstatement on the streaming arrangement, our audit procedures included, amongst other procedures:

- Developing an independent point estimate of the fair value of the streaming arrangement, which included assessment of the independently prepared valuation report, the input variables and assumptions utilized.
- Evaluation of the management's experts' competence, capabilities and objectivity in developing the valuation report.
- Evaluate the work of managements experts in assessing the life of the mine and reserve estimates which were utilized in developing the valuation report.

We assessed the adequacy of the Company's disclosures related to the streaming arrangement.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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.

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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.

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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.

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

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

STEPPE GOLD LTD.
Consolidated Statements of Financial Position
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	Notes	December 31, 2021	December 31, 2020 (Note 30)
ASSETS			
Current assets			
Cash		2,640	15,089
Short term investments	**3**	1,431	5,033
Receivables and other assets	**4**	5,498	3,372
Prepaid tax	**27**	323	-
Inventories	**5**	22,358	9,904
Total current assets		**32,250**	**33,398**
Long-term assets			
Restricted cash	**13**	69,177	12,483
Uudam Khundii Project	**6**	1,917	1,907
Property, plant and equipment	**7**	35,990	37,492
Deposits on property, plant and equipment	**7**	6,001	-
Deferred tax asset	**27**	941	398
Total long-term assets		**114,026**	**52,280**
Total assets		**146,276**	**85,678**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Amounts payable and other liabilities	**8**	6,570	3,910
Current portion of streaming arrangement	**10**	23,305	8,787
Current portion of lease liability	**11**	140	242
Convertible debentures – derivative	**12**	1,074	5,808
Convertible debentures – loan liability	**12**	2,930	-
Short term loan – TDB	**13**	10,566	-
Current portion of long term loan	**13**	28,360	3,558
Total current liabilities		**72,945**	**22,305**
Long-term liabilities			
Long term portion of streaming arrangement	**10**	23,624	24,790
Asset retirement obligation	**9**	3,185	1,060
Lease liability	**11**	513	48
Convertible debentures – loan liability	**12**	-	2,237
Long term loan	**13**	38,994	7,052
Total long-term liabilities		**66,316**	**35,187**
Total liabilities		**139,261**	**57,492**
Shareholders' equity			
Share capital	**14**	55,292	54,081
Shares to be issued	**14**	-	946
Warrants	**15**	11,165	11,165
Contributed surplus		11,749	10,063
Accumulated other comprehensive loss		(7,791)	(7,344)
Deficit		(63,146)	(40,526)
Total equity attributable to the owners of the Company		**7,269**	**28,385**
Non-controlling interest		(254)	(199)
Total shareholders' equity		**7,015**	**28,186**
Total liabilities and shareholders' equity		**146,276**	**85,678**

The accompanying notes are an integral part of these consolidated financial statements.
Nature of operations (Note 1)
Contingencies (Note 28)
Approved on behalf of the Board:

(Signed) "Matthew Wood" , Director (Signed) "Batjargal Zamba" ,Director

STEPPE GOLD LTD.
Consolidated Statements of Loss and Comprehensive loss
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	Notes	December 31, 2021	December 31, 2020 (Note 30)
Revenue	**16**	**24,050**	**58,106**
Cost of sales	**17**	(14,397)	(23,646)
Gross profit		**9,653**	**34,460**
Exploration and evaluation expenditures	**18**	(1,328)	(2,786)
Corporate administration	**19**	(9,149)	(9,167)
Operating (loss)/profit		**(824)**	**22,507**
Finance costs	**21**	(22,098)	(33,830)
Foreign exchange (loss)/gain		(26)	156
Net loss before tax		**(22,948)**	**(11,167)**
Income tax	**27**	273	400
Net loss after tax		**(22,675)**	**(10,767)**
Items that may be reclassified subsequently to profit or loss:			
Cumulative translation adjustment		(447)	(1,972)
Net loss and comprehensive loss		**(23,122)**	**(12,739)**
Net loss attributable to shareholders of the Company		(22,620)	(10,680)
Net loss attributable to non-controlling interest		(55)	(87)
		(22,675)	**(10,767)**
Net loss and comprehensive loss attributable to shareholders of the Company		(23,067)	(12,652)
Net loss and comprehensive loss attributable to non-controlling interest		(55)	(87)
		(23,122)	**(12,739)**
Basic and diluted net loss and comprehensive loss per common share	**22**	(0.330)	(0.191)
Weighted average number of common shares outstanding - basic and diluted	**22**	68,751,111	56,011,148

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

STEPPE GOLD LTD.
Consolidated Statements of Cash Flows
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	Notes	December 31, 2021	December 31, 2020 (Note 30)
Operating activities			
Net loss for the year		(22,675)	(10,767)
Adjustments for non-cash items:			
Change in the fair value of converted debenture	**12**	(5,081)	17,953
Change in the fair value of TDB loan	**13**	5,460	-
Accretion and financing costs		3,265	2,339
Depreciation	**7**	2,782	4,100
Stock based compensation	**20**	1,623	1,015
Unrealized foreign exchange loss		(500)	(302)
Change in the fair value of stream liability	**10**	18,359	13,637
Deferred tax	**27**	(536)	(401)
Operating cash flows before changes in non-cash working capital items		**2,697**	**27,574**
Changes in working capital items:			
Inventories		(10,498)	(208)
Receivables and other assets		(2,448)	(1,768)
Amounts payable and other liabilities		3,210	(1,912)
Net cash (used in)/generated by operations		**(7,039)**	**23,686**
Investing activities			
Acquisition of property, plant and equipment		(2,914)	(2,174)
Deposits on property, plant and equipment		(6,001)	-
Short term investment		5,033	(5,033)
Net cash used in investing activities		**(3,882)**	**(7,207)**
Financing activities			
Proceeds from the issuance of convertible debentures	**12**	-	3,000
Proceeds from TDB and Capitron loan	**13**	63,115	10,510
Proceeds from TDB gold loan		5,000	-
Proceeds from interest income		3,412	-
Interest paid on convertible debentures	**12**	(360)	(618)
Interest paid on long term loan TDB	**13**	(3,481)	(292)
Convertible debenture issuance costs	**12**	-	(180)
Proceeds from equity financing	**14**	-	11,103
Payment of purchase price payable	**6**	-	(350)
Repayment of stream financing		(5,007)	(12,273)
Repayment of loan TDB and Capitron		(6,395)	-
Convertible debenture – Aranjin Resources	**23**	(1,431)	-
Lease obligation payments	**11**	(311)	(415)
Restricted cash		(56,627)	(12,483)
Issue of common shares	**14**	612	-
Net cash used in financing activities		**(1,473)**	**(1,998)**
Effect of exchange rate changes on cash held in foreign currency		(55)	(63)
Net (decrease)/increase in cash		**(12,449)**	**14,418**
Cash at the beginning of the year		15,089	671
Cash at the end of the year		**2,640**	**15,089**

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

STEPPE GOLD LTD.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2021 and December 31, 2020
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)
(Audited)

	Notes	Number of shares	Share capital	Shares to be issued	Contributed surplus	Warrants	Accumulated other comprehensive loss	Deficit	Sub-total	Non-controlling interest Corundum	Total equity
			$	$	$	$	$	$	$	$	$
Balance as at December 31, 2019		**45,198,411**	**22,539**	**-**	**3,780**	**13,655**	**(5,372)**	**(23,419)**	**11,183**	**(112)**	**11,071**
Shares issued from exercise of RSUs		198,419	340	-	(317)	-	-	-	23	-	23
Equity financing		7,371,944	8,231	-	-	2,872	-	-	11,103	-	11,103
Convertible debt converted into shares		15,653,833	22,971	-	-	-	-	-	22,971	-	22,971
Convertible debt shares to be issued		-	-	946	-	-	-	-	946	-	946
Stock based compensation		-	-	-	1,238	-	-	-	1,238	-	1,238
Comprehensive loss for the year		-	-	-	-	-	(1,972)	(17,107)	(19,079)	(87)	(19,166)
Expiry of warrants		-	-	-	5,362	(5,362)	-	-	-	-	-
Balance as at December 31, 2020		**68,422,607**	**54,081**	**946**	**10,063**	**11,165**	**(7,344)**	**(40,526)**	**28,385**	**(199)**	**28,186**
Stock based compensation	**20**	-	-	-	1,686	-	-	-	1,686	-	1,686
Shares issued from exercise of RSUs	**14**	549,127	612	-	-	-	-	-	612	-	612
Convertible debt shares issued	**14**	576,923	599	(946)	-	-	-	-	(347)	-	(347)
Comprehensive loss for the year		-	-	-	-	-	(447)	(22,620)	(23,067)	(55)	(23,122)
Balance as at December 31, 2021		**69,548,657**	**55,292**	**-**	**11,749**	**11,165**	**(7,791)**	**(63,146)**	**7,269**	**(254)**	**7,015**

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

1. Nature of operations

Steppe Gold Ltd. (the "Company" or "Steppe") was incorporated under the laws of the Ontario Business Corporations Act by Articles of Incorporation dated October 5, 2016. The Company is domiciled in Canada and its registered office is located at 55 Metcalfe St Suite 1300, Ottawa, ON K1P 6L5, Canada. The Company is focused on operating, developing, exploring and acquiring precious metal projects in Mongolia.

On September 15, 2017, the Company completed the acquisition of the Altan Tsagaan Ovoo Property (the "ATO Project" or "ATO Mine"), located in Eastern Mongolia, from Centerra Gold Mongolia LLC, for aggregate consideration of $19,800 plus $1,980 in value added tax (the "ATO Acquisition"). The transaction has been accounted for as an asset acquisition.

In the second quarter of 2020, the Company achieved commercial production at the ATO Mine.

The global COVID-19 pandemic continues to impact Steppe Gold's operations. The COVID-19 pandemic has caused major disruption to conduct business in Mongolia, notably with supply chain logistics, and this hampered operations in 2021. This has caused major disruptions across the mining industry in Mongolia as most mining companies are heavily reliant on Chinese suppliers. Notably, Chinese suppliers have been heavily restricted on transport of goods into Mongolia and this has been most pronounced in the transport of chemicals for mine production.

Specifically, the ongoing supply chain delays in China and related border issues have meant that supply of key reagents was severely disrupted throughput 2021 and this limited production.

On March 1, 2022, the Company announced the resumption of gold and silver production as it has received a new shipment of key reagents. While the China/Mongolia border remains closed to certain key reagents, the Company has established alternate supply arrangements which it believes will support continued production in 2022.

Going Concern

These consolidated financial statements have been prepared on a going concern basis which assumes the realization of assets and satisfaction of liabilities in the normal course of business for the foreseeable future. For the year ended December 31, 2021, the Company incurred a net loss of $22,675 (December 31, 2020 – loss of $10,767) and an accumulated deficit and other comprehensive losses of $70,937 (December 31, 2020 - $47,870).

In 2021, the Company's operations have been financed using a combination of funds generated through gold sales and advanced from the TDB Gold Sales Loan As at December 31, 2021, $5,000 had been advanced under the TDB Gold Sales Loan. The Company was in compliance with all of its financial covenants with its lender as at December 31, 2021.

The Company has experienced significant disruption to supplies of key reagents due to the ongoing worldwide pandemic of COVID-19. While the supplies of these reagents resumed after the 2021 year end, the Company continues to monitor these uncertainties and take prudent actions where appropriate to manage financial risks.

In late July 2021, the Company secured a MNT 170 billion ($59,433) loan commitment from the BOM Gold 2 Program, which was funded by TDB. Registration and closing of this commitment was delayed due to TDB concerns with priority ranking and these were resolved in February 2022, when the first tranche of MNT 60 billion (approximately $20,000) was released. The Company announced a Feasibility Study ("FS") for the Phase 2 expansion of the ATO Gold mine. Incorporating the February 2021 resource update and a detailed new metallurgical work, the FS shows very robust economics.

Management is of the opinion that the production and resource outlook supports the position that Steppe will maintain its liquidity from ongoing operations through 2022 and currently has sufficient financing arrangements in place to support further expansion. This is supported by the recent debt finance of $59,433 provided by BOM/ TDB and the unsecured gold sales loan from TDB of $5,000. Management applied significant judgement in preparing forecasts to support the going concern assumption. Forecasted revenues are based on the expected gold sales in 2022. Forecasted operating and general administrative expenses are based on forecasted revenues and historical gross margins.

2. Significant accounting policies (continued)

Going concern (continued)

As described above, a number of uncertainties raise significant doubt about whether the Company will continue to operate as a going concern, and therefore, whether it will realize its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial statements. Should the Company be unable to meet its obligations as they become due or repay the Gold Sales Loan or the Gold 2 Loan, the preparation of these consolidated financial statements on a going concern basis may not be appropriate.

The Company's ability to continue as a going concern is dependent on its ability to access its lending facilities, generate future net profit, and realize cash from operating activities. These financial statements do not reflect the adjustments and classifications to assets, liabilities, revenues, and expenses that would be necessary if the Company were unable to continue as a going concern. Such adjustments could be material.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 30, 2022.

The same accounting policies and methods of computation are followed in these audited consolidated financial statements as compared with the most recent audited annual consolidated financial statements as at and for the year ended December 31, 2020 other than as noted below.

Restatement for error and change in accounting policy

Due to an error in the interpretation of the nature of the streaming arrangement, revenue was understated by $6,009 and the long and short term portions of the stream liability was understated by $10,708 and $2,098 respectively for the year ended December 31, 2020.

The error has been corrected by restating each of the affected line items for the prior year, as described above. Further information on the error is set out in note 30.

Commercial Production

During the second quarter ended June 30, 2020, the Company determined commercial production was achieved for the ATO Mine. Prior to the commencement of commercial production, production costs were capitalized within construction in progress.

Accounting policies

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in critical accounting estimate and judgments note below.

2. Significant accounting policies (continued)

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries, Steppe Gold LLC ("Steppe Mongolia"), a company incorporated in accordance with Company Law of Mongolia and Implementation Law to the Company Law adopted on October 6, 2011 by the State Great Hural of Mongolia and Steppe West LLC ("Steppe West"), Mongolian entity, which owns 80% of Corundum Geo LLC ("Corundum"). In addition, the Company includes Steppe Investments Limited ("Steppe BVI"), a company incorporated under the Business Corporations Act, 2004 of the British Virgin Islands on June 19, 2017.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns. The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statements of loss and comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Functional and presentation currency

These consolidated financial statements have been prepared in US dollars ("USD"), which is the Company's presentation currency. As of December 31, 2021, the functional currency was determined to be the Mongolian Tughrik for its Mongolian wholly-owned subsidiaries and to be the Canadian dollar ("CAD") for Steppe Gold Limited and Steppe BVI.

The consolidated financial statements for all periods presented are in USD. The historical financial statements have been translated into USD in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", as follows:

- Assets and liabilities presented have been translated into USD using period end exchange rates of 1.2678 (December 31, 2021) and 1. 2732 (December 31, 2020);
- Consolidated statements of loss and comprehensive loss have been translated using average foreign exchange rates prevailing during the reporting periods of 1.2537 (January 1, 2021 to December 31, 2021) and 1.3412 (January 1, 2020 to December 31, 2020);
- Shareholder's equity balances have been translated using historical foreign exchange rates in effect on the date that transactions occurred;
- Resulting exchange differences have been recorded within the accumulated other comprehensive loss accounts.

Accumulated other comprehensive losses as at December 31, 2021 and 2020 relate to cumulative translation adjustments which are not reclassified to net loss on the statement of loss and comprehensive loss.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL").

2. Significant accounting policies (continued)

Financial instruments (continued)

Below is a summary showing the classification and measurement bases of financial instruments:

Classification	IFRS 9
Cash	FVTPL
Short term investments	Amortized cost
Restricted cash	FVTPL
Amounts payable and other liabilities	Amortized cost
Convertible debentures – loan liability	Amortized cost
Convertible debentures – derivative	FVTPL
Promissory notes	Amortized cost
Streaming arrangement	FVTPL
Lease liability	Amortized cost
Short term loan - TDB	FVTPL
Long term debt	Amortized cost

Financial assets

Financial assets are classified as either financial assets at FVTPL, at amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL
Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

ii. Amortized cost
Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

iii. Fair Value through other comprehensive income
On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVTOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

2. Significant accounting policies (continued)

Financial liabilities (continued)

Derivative instruments, including embedded derivatives in financial liabilities or non-financial contracts are recorded at FVTPL and, accordingly, are recorded on the consolidated statement of financial position at fair value. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative. The Company's streaming arrangement and other embedded derivatives are classified as derivative liabilities.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains or losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Cash

Cash is comprised of cash on hand and deposits held with banks that are readily convertible into known amounts of cash. Cash deposits held as security for loans is disclosed as restricted cash and is measured at fair value.

Inventory

Due to the commencement of commercial production the Company revised the accounting policy on inventory to include gold in circuit and finished gold.

Inventories include ore stockpiles, gold in circuit, finished goods (doré bars including gold and silver) and supplies inventory. Ore stockpiles, heap leach ore or finished goods inventory are valued at the lower of production costs or net realizable value based on estimated metal content.

2. Significant accounting policies (continued)

Inventory (continued)

The Company allocates direct and indirect production costs to gold on a systematic and rational basis. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and applicable depreciation and depletion of mineral properties, plant and equipment. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert inventories into saleable form and estimated costs to sell.

Gold in circuit inventory represents ore on the surface that has been extracted from the mine and is available for further processing. When ore is placed on the heap leach pad, an estimate of recoverable ounces is made based on tonnage, ore grade and estimated recoveries of ore that was placed on the heap leach pad. The estimated recoverable ounces on the heap leach pad are used to determine inventory cost. The estimated recoverable ounces carried on the heap leach pad are adjusted based on recoveries estimated in the feasibility study.

Finished goods inventory represents gold ounces located at the mine and bars still under assay at the Mongolian Agency for Standardization and Metrology ("MASM") and gold inventory extracted from silver bars. The Company concluded that silver inventory is the by product in addition to the primary product gold. Therefore, the finished goods inventory excludes the by product.

Materials and supplies inventories are valued at the lower of cost and net realizable value.
Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

Property, plant and equipment

Property, plant and equipment include property and equipment, Altan Tsagaan Ovoo property, equipment under construction and right of use assets.

Mining properties:

Producing mining interests are carried at cost less accumulated depletion and depreciation and accumulated impairment losses. Depreciation is based on units of production. The costs related to the mining interests are depleted and charged to operations on the unit of production method as a proportion of estimated recoverable mineral reserves.

Property, plant and equipment:

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Costs capitalized for plant and equipment include borrowing costs incurred that are attributable to qualifying plant and equipment. The carrying amounts of plant and equipment are depreciated using either the straight-line or unit-of production method over the shorter of the estimated useful life of the asset or the life of mine. The significant classes of depreciable plant and equipment and their estimated useful lives are as follows:

Crusher and its components	units of production
Heap leach	units of production
Other mining equipment	12.5 years
Lights vehicles	10 years
Computer equipment	2 years
Furniture and fixtures	10 years

Property, plant and equipment include Heap Leach which is depreciated using units of production basis when it is ready to use and completed.

Property, plant and equipment are depreciated when they are substantially complete and available for their intended use, over their estimated useful lives.

2. Significant accounting policies (continued)

Property, plant and equipment (continued)

Furniture and fixtures unrelated to production are depreciated using the straight-line method based on estimated useful lives and expensed to the consolidated statement of loss and comprehensive loss.

Management reviews the estimated useful lives, residual values and depreciation and depletion methods of the Company's plant and equipment at the end of each reporting period, and when events and circumstances indicate that such a review should be made. On October 27, 2021, the Company has announced updated Feasibility Study results and the management concluded that the effective date of changes in estimates is November 1, 2021. Changes to estimated useful lives, residual values or depreciation methods resulting from the review are accounted for prospectively. Stripping and other costs incurred in a pit expansion are capitalized and amortized using the units of production method from estimated proven and probable reserves contained in the pit expansion.

Derecognition:

Upon disposal or abandonment, the carrying amounts of property, plant and equipment under construction are derecognized and any associated gains or losses are recognized in profit or loss. The cost and accumulated depreciation and depletion and impairment of fully depleted mineral properties and fully depreciated plant and equipment are derecognized.

Revenue recognition

Revenue is generated from the sale of gold and silver. The Company produces dore bars which contain gold and silver. The dore bars are analysed by the Mongolian Agency for Standardization and Metrology ("MASM") which determines the gold and silver content to be sold to the customer, usually a commercial bank in Mongolia. The performance obligation for revenue is recognized when control over the metal is transferred to the customer. Control is achieved when the gold or silver bars are delivered to the customer's gold vault.

Investment in debentures

Investment in convertible debentures is initially recognized at its fair value and classified as fair value through profit or loss in accordance with the IFRS 9.

Exploration and evaluation and pre-development expenditure

Exploration and evaluation expenditures related to the acquisition of rights to explore and develop resource projects are capitalized. Mineral rights for exploration and evaluation are carried at cost less any accumulated impairment losses.

All exploration and evaluation expenditures of the Company within an area of interest are expensed until management and Board of Directors conclude that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and that future economic benefits are probable.

In making this determination, the extent of exploration, as well as the degree of confidence in the mineral resource is considered. Once a project has been established as commercially viable and technically feasible, and approval is received from the Board of Directors, an impairment test is performed and further expenditures are capitalized as development costs.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs not directly attributable to a qualifying asset are expensed in the consolidated statements of loss and comprehensive loss in the period in which they are incurred.

2. Significant accounting policies (continued)

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, options and restricted share units outstanding that may add to the total number of common shares.

Critical accounting estimates

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Warrant and stock option valuation

The fair value of the warrants and stock options are measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the warrants and stock options were issued. The model values the warrants and stock options by inputting the share price, exercise price, expected life, volatility rate, dividend rate and discount rate into a mathematical model.

Restricted share units valuation

The fair value of the restricted share units ("RSUs") is measured using the share price on the valuation date taking into account the terms and conditions upon which the restricted share units were issued. RSUs that have cash redeemable option is accounted under RSU liability and the RSUs that has only share redeemable condition is recorded under contributed surplus.

Recoverable reserves

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining interests. The Company estimates its recoverable reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data.

The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, production costs, future capital requirements, and foreign exchange rates, along with geological assumptions and judgments made in estimating the size and grade of the ore body, and metallurgical assumptions made in estimating the recovery of the ore body. Changes in the reserve or resource estimates may impact the carrying value of mineral properties, asset retirement obligations, inventories and depreciation expense.

Depreciation and depletion

Mining interests are depleted using the unit-of-production method over a period not to exceed the estimated life of the ore body based on estimated recoverable reserves. Certain property, plant and equipment are depreciated using the unit-of-production method. The calculation of the units of production rate, and therefore the annual depletion and depreciation expense, could be materially affected by changes in the underlying estimates.

2. Significant accounting policies (continued)

Depreciation and depletion (continued)

Changes in estimates can be the result of actual future production differing from current forecasts of future production and expansion of mineral reserves through exploration activities. Significant judgment is involved in the determination of useful life and residual values for the computation of depletion and depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Impairment of mining interests

The Company's management reviews the carrying values of its mining interests on transfer from an exploration and evaluation property to a development property and on a regular basis to determine whether any write-downs are necessary.

Property, plant and equipment is reviewed at each reporting period to determine whether any write-downs are necessary.

The recovery of amounts recorded for mining interests and property, plant and equipment under construction depends on the Company's interpretation of its interest in the underlying mineral claims based on existing regulations, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. Management relies on the life-of-mine plans in its assessments of economic recoverability and probability of future economic benefit.

Life-of-mine plans provide an economic model to support the economic extraction of reserves and resources. A long-term life-of-mine plan and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body. The life-of-mine plan requires the use of estimates and assumptions such as long term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, mineral reserves, and operating performance (which includes production and sales volume).

Asset retirement obligation

The Company assesses its provision for environmental rehabilitation at each reporting period or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations.

Accounting for environmental rehabilitation requires management to make estimates of the future costs the Company will incur to complete the rehabilitation work required to comply with existing laws and regulations at each mining operation. Also, future changes to environmental laws and regulations could increase the extent of rehabilitation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for environmental rehabilitation. The provision represents management's best estimate of the present value of the future provision for environmental rehabilitation. The actual future expenditures may differ from the amounts currently provided.

Convertible debentures - derivative

The derivative liability is revalued at each reporting period using the valuation model which utilizes management estimates for inputs as at the closing date of the reporting period. Any changes to the fair value measurement are recorded through the consolidated statements of loss and comprehensive loss.

Investment in debentures

Fair value of investment in convertible debentures is assessed using the observable inputs other than quoted active market prices under Level 2 of the Fair Value Hierarchy as the active market is not available for the convertible debentures. The Company concluded that fair value is measured at its transaction price as the investee's current performance, budgets and milestones are unchanged and there are no credit risks related to the debentures.

2. Significant accounting policies (continued)

Deferred taxes

The Company operates in a number of tax jurisdictions and is therefore required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. In calculating the income taxes, the Company considers factors such as tax rates in the different jurisdictions, non-deductible expenses, changes in tax law and management's expectations of future results. The Company estimates deferred income taxes based on temporary differences between the income and losses reported in its financial statements and its taxable income and losses as determined under the applicable tax laws.

The tax effects of these temporary differences are recorded as deferred tax assets or liabilities in the financial statements. The Company does not recognize deferred tax assets where management does not expect such assets to be realized based upon current forecasts. In the event that actual results differ from these estimates, adjustments are made in subsequent periods.

Valuation of stream liability

Fair value of the stream liability is determined using a discounted cash flow methodology which uses production estimates and the expected forward price of gold and silver with reference to the Commodity Exchange (COMEX) forward contract price.

Valuation of Inventory

In determining mine production costs recognized in the consolidated income statement, the Company makes estimates of quantities of ore stacked in stockpiles, placed on the heap leach pad and in process and the recoverable gold and silver in this material to determine the average costs of finished goods sold during the period. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories.

Critical judgments in applying accounting policies

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

Functional currency

The assessment of the Company's functional currency and the functional currency of its subsidiaries involves judgment regarding the primary economic environment the Company and its subsidiaries operate in.

Commercial production

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgment which impacts when the Company recognizes revenue, operating costs and depreciation and depletion. In making this determination, management considers specific facts and circumstances. These factors include, but are not limited to, whether the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed, completion of a reasonable period of commissioning and consistent operating results being achieved at pre-determined levels of design capacity for a reasonable period of time.

Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

2. Significant accounting policies (continued)

Leases (continued)

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term. The determination of the incremental borrowing rate utilized on commencement of the lease to present value the contractual payments requires significant judgment in its determination.

3. Short term investments

	December 31, 2021 $	December 31, 2020 $
Bank savings (i)	-	5,033
Convertible debenture – Aranjin (ii)	1,431	-
Total short term investments	**1,431**	**5,033**

(i) On December 31, 2020, the Company opened two savings accounts of Mongolian Tugriks ("MNT") 10 billion and $1,500 respectively at Capitron bank and closed a savings account in the amount of $1,500 on September 30, 2021 and MNT 10 billion on November 5, 2021 by transferring the balances to the current account at Capitron bank, respectively. The MNT Savings account had an annual interest rate of 12% and the US$ Savings account had an interest rate of 3% per annum, for a period of 12 months, respectively.

(ii) Effective August 10, 2021, the Company subscribed for C$1,814 (US$1,431) in convertible debentures of Aranjin Resources Ltd. The investment has a 12 months term and 15% interest rate per annum, with principal and interest payable on maturity date, August 10, 2022. The Company can convert the debentures into shares of Aranjin Resources Ltd. at C$0.055 per share. The Company has accrued C$106 in interest income as at December 31, 2021. The Company assessed the fair value of the investment using the observable inputs in accordance with Level 2 of the Fair Value Hierarchy given the lack of an active market available for the debentures. Conversion of the debentures will not result the Company in controlling position of the investee.

4. Receivables and other assets

	December 31, 2021 $	December 31, 2020 $
Prepaid expenses	3,209	2,682
Trade receivables	5	99
Interest receivable	1,488	442
Other receivables	796	149
Total receivables and other assets	**5,498**	**3,372**

5. Inventories

	December 31, 2021 $	December 31, 2020 $
Stockpiles of ore	12,726	4,340
Gold in circuit	7,857	3,507
Finished goods	751	1,025
Consumables and supplies	1,024	1,032
Total inventories	**22,358**	**9,904**

As at December 31, 2021, the balance of the run of mine or ROM pad and stacked ore is 552,762 (December 31, 2020: 463,328) tonnes with a carrying value of $12,726 and 33,681 (December 31, 2020: 18,385) ounces of gold is estimated to be generated. Gold in circuit included 13,148 ounces (December 31, 2020: 3,317) of gold with a carrying value of $7,857 and finished goods included 533 ounces (December 31, 2020: 1,421) of gold with a carrying value of $751.

Finished goods inventory represents gold ounces located at the mine and bars still under assay at the MASM and gold inventory extracted from silver bars. The Company concluded that silver inventory is a by-product in addition to the primary product gold. Therefore, the finished goods inventory excludes the by-product.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

6. Uudam Khundii Project

The Company, through its subsidiary Steppe West LLC, entered into a share sales agreement dated May 15, 2017, with an unrelated third party to acquire 80% of Corundum Geo LLC for cash consideration of $1,100 and share consideration of 1,400,000 common shares of the Company. The transaction was accounted for as an asset acquisition.

There was no material addition to the exploration and evaluation asset during the year ended December 31, 2021 (December 31, 2020: nil).

Uudam Khundii project acquisition:

	$
Balance at December 31, 2020	**1,907**
Foreign exchange adjustment	10
Balance at December 31, 2021	**1,917**

The accumulated other comprehensive gain related to foreign exchange for the year ended December 31, 2021 totaled $10 (year ended December 31, 2020: $85).

7. Property, plant and equipment under construction

	Property and Equipment	Altan Tsagaan Ovoo Property	Equipment under construction	Right-of-use asset	Total
	$	$	$	$	$
Cost					
Balance at January 1, 2020	9,447	24,884	7,102	1,370	42,803
Additions	650	289	1,235	88	2,262
Transfer of equipment completed	6,848	-	(6,848)	-	-
Transfer of right of use assets	31	-	-	(31)	-
Accretion costs	-	-	-	-	-
Asset retirement costs	-	500	-	-	500
Foreign exchange	(413)	(807)	(262)	(33)	(1,515)
Balance at December 31, 2020	16,563	24,866	1,227	1,394	44,050
Additions	1,425	62	841	586	2,914
Transfer of equipment completed	1,739	-	(1,739)	-	-
Accretion costs	-	-	-	-	-
Asset retirement costs	-	118	-	-	118
Foreign exchange	120	113	(3)	3	233
Balance at December 31, 2021	19,847	25,159	326	1,983	47,315
Accumulated depreciation					
Balance at January 1, 2020	835	541	-	151	1,527
Additions	2,442	2,421	-	222	5,085
Transfer of right of use assets	2	-	-	(2)	-
Foreign exchange	(52)	(10)	-	8	(54)
Balance at December 31, 2020	3,227	2,952	-	379	6,558
Additions	2,502	1,987	-	205	4,694
Foreign exchange	43	29	-	1	73
Balance at December 31, 2021	5,772	4,968	-	585	11,325
Net book value					
Balance at December 31, 2020	**13,336**	**21,914**	**1,227**	**1,015**	**37,492**
Balance at December 31, 2021	**14,075**	**20,191**	**326**	**1,398**	**35,990**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

7. Property, plant and equipment under construction (continued)

During the year ended December 31, 2021, the Company acquired items of property, plant and equipment with a cost of approximately $2,914 (year ended December 31, 2020: $2,262).

During the year ended December 31, 2021, $2,782 (year ended December 31, 2020: $4,100) of depreciation was expensed to the consolidated statements of loss and comprehensive loss and $1,912 (year ended December 31, 2020: $985) was capitalized to inventory.

On October 27, 2021, the Company announced the results of an updated Feasibility Study results and the management concluded that the effective date of associated changes in estimates is November 1, 2021. Amortisation of assets depreciated based on the life of mine were recalculated by amortising the net book value of the assets over the new estimated life of mine which is 12.5 years. Adjustments to the assets depreciated on the unit of production basis were calculated on the net book value as at November 1, 2021 amortised over the remaining tons of ore determined as of the date of the report, net off any tons that are mined between the period July 1, 2021 and October 31, 2021.

Heap leach cells and boiler house under construction as at December 31, 2020 have been completed and concluded to be ready for use during the year ended December 31, 2021. The capitalized amount of $1,739 has been transferred to Property, Plant and Equipment. The heap leach cells and boiler house were used for operation in the second, third and fourth quarter respectively.

During the year ended December 31, 2021, the lease agreement for the Toronto office was modified, reducing the leased space and extending the term for 5.4 years. In connection with the modification, the carrying value of the right-of-use asset was increased by $487 and a loss on modification of lease was recognized in the consolidated statement of loss and comprehensive loss totaling $18 (Note 21). In addition, there was an increase of $99 in the right-of-use asset related to a new light vehicle lease.

During the year ended December 31, 2021, the Company paid amounts totaling $6,001 (year ended December 31, 2020: nil) as an upfront deposit on a new crusher. The upfront deposit has been included in deposits on property, plant and equipment in the consolidated statement of financial position as at December 31, 2021.

(i) Non-depreciable assets
The non-depreciable assets mainly include the equipment under construction. Depreciation on these assets will commence once they are ready for their intended use.

(ii) Pledge on items of property, plant and equipment
As at December 31, 2021, all of the assets of Steppe Mongolia, including a pledge of the ATO Project mining license and the exploration licenses owned by Steppe Mongolia, all of the assets of Steppe BVI were pledged as security for the Stream Agreement granted to the Company (Note 10).

(iii) Right-of-use assets
The right-of-use assets relate to office, generator and light motor vehicles amounted to $1,398 as at December 31, 2021 (December 31, 2020: $1,015).

8. Amounts payable and other liabilities

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	December 31, 2021 $	December 31, 2020 $
Amounts payable	6,104	3,371
Accrued liabilities	384	242
Other payables	82	297
Total amounts payable and other liabilities	**6,570**	**3,910**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

9. Asset retirement obligation

The provision for environmental rehabilitation consists of land rehabilitation, demolition of buildings and mine facilities, and related costs. Although the ultimate amount of the environment rehabilitation provision is uncertain, the amount of these obligations is based on information currently available, including closure plans and the Company's interpretation of current regulatory requirements.

The provision for environmental rehabilitation relates to reclamation and closure costs of the Company's ATO Project. The undiscounted provision for environmental rehabilitation is estimated at $2,239 as at December 31, 2021 (December 31, 2020: $2,282). In connection with the updated Feasibility Study result, the remaining life of mine is changed to 12.5 years as of December 31, 2021 (December 31, 2020: 10.25 years), and discounted using a risk-free rate of 10.25% for the period (December 31, 2020: 10.25%).

A summary of the Company's asset retirement obligation as at December 31, 2021 and December 31, 2020 is presented below:

	December 31, 2021 $	December 31, 2020 $
Balance beginning of the year	**1,060**	**271**
Movements	(23)	659
Accretion	79	76
Change in estimate of asset retirement obligation	2,040	71
Foreign exchange	29	(17)
Balance end of the year	**3,185**	**1,060**

During the year ended December 31, 2021, movements in the asset retirement obligation due to an increase (decrease) in disturbance costs totaling $118 (year ended December 31, 2020: $500) was capitalized to property, plant and equipment and $(141) (year ended December 31, 2020: $159) was capitalized to inventory.

10. Streaming arrangement

In connection with the ATO Acquisition, the Company's subsidiaries, Steppe Gold LLC ("Steppe Mongolia") and Steppe Investments LLC ("Steppe BVI") entered into a metals purchase and sale agreement (the "Stream Agreement") dated August 11, 2017 with Triple Flag International to sell gold and silver produced from the ATO Project. Under the terms of the Stream Agreement, Triple Flag International advanced an upfront deposit of $23,000 to Steppe Gold and Steppe BVI is obligated to sell to Triple Flag international 25% of the gold and 50% of the silver produced from the ATO Project until such time as Steppe BVI has sold an aggregate of 46,000 ounces of gold and 375,000 ounces of silver, respectively.

Thereafter the annual amounts that Steppe BVI is obligated to sell to Triple Flag International is capped at 5,500 ounces for gold (plus 250 ounces of gold for each three month period in which the commercial production date follows September 30, 2018) and 45,000 ounces for silver (plus 2,045 ounces of silver for each three month period in which the commercial production date follows September 30, 2018). The variable gold and silver price payable by Triple Flag International on delivery of gold and silver is 30% of the relevant market price. The obligation of Steppe BVI to sell gold and silver to Triple Flag International continues for the life of mine and includes any gold or silver produced by Steppe Mongolia within the stream area, which is the area within 20km from the boundary of the original mineral licenses comprising the ATO Project.

On September 30, 2019, the Company entered into an agreement to amend the terms of its existing gold stream with Triple Flag International. Under the terms of the amendment, Triple Flag International advanced an additional deposit of $5,000 to Steppe Gold, bringing the total amount advanced to Steppe Gold by Triple Flag International under the gold stream to $28,000. The proceeds received from Triple Flag International were used to repay the final $5,000 promissory note issued as part of the purchase price for the acquisition by the Company of the ATO Project.

As consideration for the additional advance of $5,000 the parties agreed to reduce the variable gold and silver price payable by Triple Flag International on delivery of gold and silver from 30% to 17% of the relevant market price. As additional consideration, Steppe West granted a 3% net smelter returns royalty to a subsidiary of Triple Flag International on minerals derived from the Uudam Khundii property owned by Corundum.

10. Streaming arrangement (continued)

As long as the upfront deposit of $28,000 (the "Upfront Deposit") remains outstanding, the purchase price for the gold and silver required to be sold to Triple Flag International under the Stream Agreement is based on the product of 0.99 and spot prices as of delivery date. The purchase price is to be satisfied as to 83% against the uncredited balance of the Upfront Deposit and 17% is payable in cash by Triple Flag International. Once the uncredited balance of the Upfront Deposit has been reduced to nil the purchase price by Triple Flag International for the gold and silver shall be 17% of price determined with reference to the product of 0.99 and spot prices of the delivery date, payable in cash.

Triple Flag Bermuda has determined the Annual Cap Amounts upon the achievement of the Commercial Production Date as the Gold Cap Amount to be 7,125 ounces of Produced Gold annually and the Silver Cap Amount to be 59,315 of Produced Silver annually. Pursuant to the Stream Agreement, Steppe BVI has an option to buy gold and silver from open market and resell such gold and silver to Triple Flag International.

The obligations of Steppe BVI under the Stream Agreement were guaranteed by the Company and Steppe Mongolia and secured by all of the assets of Steppe Mongolia, including a pledge of the ATO Project mining license and the exploration licenses owned by Steppe Mongolia, all of the assets of Steppe BVI and through the pledge by the Company of all of shares of both Steppe BVI and Steppe Mongolia.

In addition, the Company granted 2,300,000 purchase warrants to Triple Flag International, with each warrant (a "Stream Warrant") entitling the holder to acquire one unit of the Company (a "Stream Unit") at a price of C$2.00 per Stream Unit on or before September 15, 2022. Each Stream Unit is comprised of one common share and one common share purchase warrant, which entitles the holder to acquire one additional common share at C$2.00 per common share on or before September 15, 2022.

The Stream Agreement is subject to various financial covenants in the form of ratios. These covenants include the indebtedness of the Company, excluding all amounts owing from time to time under the Company's promissory note on completion of the ATO Acquisition ("Centerra Deferred Purchase Price Amount") less any cash and liquid securities that is greater than the Centerra Deferred Purchase Price Amount ("Net Indebtedness") and earnings before interest, taxes, depreciation and amortization ("EBITDA"). The covenant is defined in the agreement as a leverage ratio, calculated as Net Indebtedness of the Company to EBITDA ("EBITDA Ratio") and a forward leverage ratio, calculated as Net Indebtedness to forecasted EBITDA ("Forcasted EBITDA Ratio"). Per the agreement, the EBITDA Ratio cannot exceed 2.0 and its Forecasted EBITDA Ratio cannot exceed 2.0 until the date of the later of the delivery of 46,000 ounces of gold or 375,000 ounces of silver. On or after the later of the delivery of 46,000 ounces of gold or 375,000 ounces of silver, the Company must ensure that its EBITDA Ratio does not exceed 2.5 and Forecasted EBITDA Ratio does not exceed 2.5. Prior to the commercial production date, the Company shall not declare or pay any dividend or any other distributions on any of its capital stock or other securities. The Company is in compliance with the covenants as noted in the the stream arrangement.

The Stream Agreement is recorded at fair value at each statement of financial position date as the Company has determined the obligation is a derivative liability to be carried at FVTPL. The fair value of the Stream Agreement was valued using a discounted cash flow approach with consideration for the contractual terms of the Stream Agreement and using input assumptions including mine production plans, expected production taking into consideration technical feasibility reports, expected forward prices of gold and silver using the COMEX forward contract price and discount rate related to the risk of the forecasted cash flows.

The fair value of the stream obligation was valued using an income approach. The significant assumptions developed by management used in the income approach included: the production plan of the Mine, the gold and silver forward price curve based on COMEX futures, forecast of the cash flows related to the liability, and market-yields for comparable mining pre-production and post-production operations.

The income approach valuation was prepared by an independent valuation specialist and the life of mine production schedule and expectations including expansion plans are based on the information compiled by qualified persons.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

10. Streaming arrangement (continued)

The continuity of the streaming liability is presented as follows:

	December 31, 2021 $	December 31, 2020 $
Balance beginning of the year	**33,577**	**25,789**
Stream valuation adjustment	-	6,424
Fair value movement for the period	18,359	13,637
Repayment	(5,007)	(12,273)
Balance end of the year	**46,929**	**33,577**
Current portion	**23,305**	**8,787**
Long term portion	**23,624**	**24,790**

11. Lease Liability

The Company has leases in place for its office in Toronto, Canada, a diesel generator and certain light motor vehicles. Each lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (Note 7).

The lease term for the office is expired to 2026 while the lease term for the light vehicles and the generators range from one to seven years. The leases have fixed payment terms.

The continuity of lease liability is presented as follows:

	December 31, 2021 $	December 31, 2020 $
Balance beginning of the year	**290**	**576**
Additions	586	88
Interest expense	92	60
Lease payments	(311)	(415)
Foreign exchange	(4)	(19)
Balance end of the year	**653**	**290**
Current portion	**140**	**242**
Long term portion	**513**	**48**

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at December 31, 2021 is as follows:

	Within 1 year $	1 – 2 years $	2 – 3 years $	3 – 4 years $	**Total** **$**
December 31, 2021					
Lease payments	(203)	(196)	(174)	(303)	**(876)**

12. Convertible Debentures

On July 2, 2019 and on August 27, 2019, the Company closed the private placements issuing $5,400 and $3,040 principal amount of two-year unsecured convertible debentures ("Debentures") respectively. $600 of the proceeds from the debentures was allocated from unsettled accounts payable.

The Debentures bore interest from the date of closing at 10% per annum and were convertible at the option of the holder into common shares of the Company at a conversion price of $0.52 per common share.

The conversion feature of the Debentures meets the definition of a derivative liability instrument as the conversion feature is denominated in a currency other than the Company's functional currency, and as such does not meet the fixed for fixed criteria.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

12. Convertible Debentures (continued)

Convertible debentures loan liability component has been subsequently measured at amortized cost using effective interest method. Effective interest rate of the loan liability (tranche 1 - 48% and tranche 2 - 93%) are based on the present value (principal, less conversion feature and issuance costs), future value and term.

During the year ended December 31, 2020, all convertible debentures noted above were converted into 15,653,833 common shares and shares to be issued. The loan liability portion of the convertible debentures was transferred to share capital and shares to be issued and totaled $5,187. The fair value of the derivative component of $18,730 was transferred to share capital to be issued.

Mongolian National Investment Fund Debentures ("MNIF Debentures")

On January 30, 2020, the Company received funding from the Mongolian National Investment Fund PIF SPV (the "Fund"). The Fund has subscribed for a 12% two-year secured convertible debenture of the Company in the principal amount of $3,000.

The MNIF Debentures will bear interest from the date of closing at 12% per annum, calculated and payable semi-annually in arrears on July 30 and January 30 in each year, commencing on July 30, 2020 and will mature on January 30, 2022.

The MNIF Debentures are secured obligations of the Company and rank pari passu in right of payment of principal and interest.

The MNIF Debentures will be convertible at the option of the holder into common shares of the Company at any time 4 months after the closing date and prior to the close of business on the maturity date at a conversion price of US$0.68 per common share.

The conversion feature of the MNIF Debentures meets the definition of a derivative liability instrument as the conversion feature is denominated in a currency other than the Company's functional currency, and as such does not meet the fixed for fixed criteria.

The following table discloses the components associated with the convertible debenture transactions at initial recognition:

The changes in the convertible debenture loan liability are as follows:

	$
Balance at January 1, 2020	**4,186**
Initial recognition - MNIF Debentures	1,923
Issuance costs	(115)
Accretion	2,198
Interest	(768)
Converted to common shares	(5,187)
Balance at December 31, 2020	**2,237**
Accretion	1,053
Interest (i)	(360)
Balance at December 31, 2021	**2,930**

(i) $360 of interest paid as at December 31, 2021.

The changes in the convertible debenture - derivative related to the conversion feature are as follows:

	$
Balance at January 1, 2020	**5,508**
Initial recognition - MNIF Debentures	1,077
Change in fair value of derivative liability	17,953
Converted to common shares	(18,730)
Balance at December 31, 2020	**5,808**
Change in fair value of derivative liability	(4,734)
Balance at December 31, 2021	**1,074**

12. Convertible Debentures (continued)

On January 27, 2022, Development Bank of Mongolia ("DBM") MNIF debentures holder and Bataa Tumur-Ochir entered into a form of transfer (the "Transfer Agreement"). Pursuant to the Transfer Agreement, DBM agreed to transfer to Mr. Tumur-Ochir the MNIF debentures of the Company held by DBM. Subsequently the maturity date of the MNIF debentures has been extended to January 27, 2024 and the interest payment terms have been changed to quarterly basis.

13. Long Term Loan

On September 18, 2020, the Company entered into a loan agreement with the Trade and Development Bank of Mongolia ("TDB") for 30 billion Mongolian Tugriks ($10,510) (the "2020 Gold 2 Loan"). The 2020 Gold 2 Loan is financed by the Central Bank of Mongol for a period of 24 months secured by a cash deposit held by TDB totaling 35.4 billion Mongolian Tugriks ($12,386 as at June 30, 2021). The cash deposit is disclosed as restricted cash. Under the terms of the 2020 Gold 2 Loan, the Company is required to sell all of gold produced throughout the financing period to TDB and maintain a 50% deposit of total budgeted environmental activities as security to fulfil its obligations of environment protection. The purpose of the 2020 Gold 2 Loan is to provide financing for further expansion at the ATO project. The 2020 Gold 2 Loan is subject to interest at a rate of 11% per annum, payable monthly. Repayment of the principal balance on the 2020 Gold 2 Loan is required to be made in three equal tranches on September 18, 2021, March 18, 2022 and September 18, 2022.

On September 23, 2021, the Company repaid the first tranche of $3,496 from the cash deposit in accordance with the schedule of 2020 Gold 2 Loan agreement.

On February 9, 2021, Steppe Mongolia entered into a loan agreement with Capitron (the "Capitron Loan") for $2,850. The Capitron Loan was secured with a cash deposit held by Capitron totaling $3,000 which was disclosed as restricted cash. The purpose of the Capitron loan was to provide financing for the purchase of a new crusher at the ATO project. The Capitron Loan was repaid on September 27, 2021.

In 2021, the Company entered into a loan agreement (the "2021 Gold 2 Loan"). The 2021 Gold 2 Loan is covenant light loan, 9% interest per annum for a term of 36 months facilitated under the Central Bank of Mongolia "Gold 2" program. The funds under this loan were advanced based on the conditional agreement between the Central Bank of Mongolia and TDB, which was completed on November 10, 2021 and then funds were advanced under tranche 1 in March 2022 after registration of pledges was completed. The 2021 Gold 2 Loan is available in 3 tranches: tranche 1 – MNT 60 billion; tranche 2 – MNT 60 billion; tranche 3 – MNT 50 billion.

Tranche 1 has now been made available and further tranches will be released based on the TDB's credit approval. In addition to the loan agreement, a savings agreement has been entered into between the Company and the TDB and the loan amount is held in a deposit account registered on the Company. The TDB shall pay 7% deposit interest on the deposit account and the cash deposit is disclosed as restricted cash.

In order to secure the obligations under the 2021 Gold 2 Loan, the Company provided a first pledge of its licenses, movable properties and immovable properties. An intercreditor agreement governs the priority and ranking of charges between the TDB and Triple Flag.

On November 11, 2021, the Company reached agreement for an additional $5,000 (the "TDB Gold Loan") for allocation to working capital funded directly from the TDB in the form of a prepaid TDB Gold Loan. The TDB Gold Loan will be repaid over a period of 9 months based on gold sales, with repayments in cash equivalent for a total of 5,800 ounces of gold at Central Bank of Mongolia's gold prices. The Company shall make monthly repayments commencing March 2022.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

13. Long Term Loan (continued)

The long term loans are as follows:

	December 31, 2021 $	December 31, 2020 $
Balance beginning of the period	**10,610**	**-**
Loan advanced – Gold II	-	10,510
Additional loan advance – Gold II	59,433	-
Crusher loan advance	2,850	-
Interest income	(3,481)	324
Interest expense	3,412	-
Interest payable	80	-
Repayment	(6,346)	(292)
Foreign exchange	796	68
Balance end of the period	**67,354**	**10,610**
Current portion	**28,360**	**3,558**
Long term portion	**38,994**	**7,052**

Restricted cash is as follows:

	December 31, 2021 $	December 31, 2020 $
Balance beginning of the period	**12,483**	**-**
Initial deposit for loan	-	12,436
Additional deposit	59,433	-
Repayment of 1st tranche of loan	(3,496)	-
Repayment of interest	(95)	-
Foreign exchange	852	47
Balance end of the period	**69,177**	**12,483**

On September 23, 2021, the Company repaid the first tranche of $3,496 in accordance with the schedule for the loan received on September 18, 2020.

The TDB Gold Loan is presented as follows:

	December 31, 2021 $
Balance beginning of the period	**-**
Loan advanced	5,000
Fair value	5,460
Foreign exchange	106
Balance end of the period	**10,566**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

14. Share Capital

Authorized share capital – the authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Common shares issued:

	Number of common shares	$
Balance at January 1, 2020	**45,198,411**	**22,539**
Equity financing (i) (ii)	7,371,944	8,231
Exercise of restricted share units (iii)	198,419	340
Convertible debentures converted into shares (iv)	15,653,833	22,971
Balance at December 31, 2020	**68,422,607**	**54,081**
Exercise of restricted share units (v)	549,127	612
Shares to be issued (iv)	576,923	599
Balance at December 31, 2021	**69,548,657**	**55,292**

(i) On January 27, 2020, and August 17, 2020 the Company issued 390,000 and 5,000 common shares respectively for C$351 and incurred share issue costs of C$21.

(ii) On August 5, 2020, the Company issued 6,976,944 units at a price of C$2.15 per unit for gross proceeds of C$15,000. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of C$3.00 per share for a period of 24 months from the closing date. The Company incurred finders fees of C$600 and legal fee of C$7 in relation to equity financing.

(iii) During the year ended December 31, 2020, the Company issued 198,419 common shares in relation to RSUs granted to its executive officers and employees.
The fair value of the RSUs exercised was $340, of which $317 was transferred from contributed surplus and $23 was transferred from amounts payable and other liabilities to share capital on exercise.

(iv) During the year ended December 31, 2020, convertible debentures with a principal balance of $8,140 and $300 were converted into 15,653,833 common shares of the Company and 576,923 shares to be issued at a price of $0.52 per share. On the date of conversion, the fair value of the derivative component and amortized cost of the loan liability on convertible debentures totaling $22,971 were transferred to share capital and $946 were transferred to shares to be issued.
On October 6, 2021, 576,923 shares to be issued at a price of $0.52 per share were issued and $599 were transferred to share capital and gain of $347 in changes in fair value of derivatives was recognized in the consolidated statements of loss and comprehensive loss.

(v) On August 26, 2021, 549,127 common shares were issued in relation to RSUs granted to its executive officers and employees in 2020. The fair value of the RSUs exercised of $612 was transferred from contributed surplus.

15. Warrants

	Number of warrants	Warrant (Equity) $
Balance at January 1, 2020	**20,243,385**	**13,655**
Expired on May 22, 2020	(13,134,135)	(5,362)
Issued on August 5, 2020	6,976,944	2,872
Balance at December 31, 2020	**14,086,194**	**11,165**
Balance at December 31, 2021	**14,086,194**	**11,165**

The following table reflects the actual warrants issued, outstanding and exercisable as of December 31, 2021:

Expiry date	Exercise price (CAD$)	Warrants outstanding	Fair Value ($)
May 22, 2023	2.00	4,809,250	5,642
September 15, 2022	2.00	2,300,000	2,651
August 5, 2022	3.00	6,976,944	2,872
	2.50	**14,086,194**	**11,165**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

16. Revenue

Revenue by metal for the year ended December 31, 2021 and December 31, 2020 was as follows:

	December 31, 2021 $	December 31, 2020 $
Gold revenue	22,787	57,826
Silver revenue	1,263	280
Total	**24,050**	**58,106**

The Company's revenue is mainly derived from the sale of gold and silver to banks in Mongolia at spot rate.

17. Cost of sales

	December 31, 2021 $	December 31, 2020 $
Contractors	10,564	7,239
Employee compensation	2,429	1,733
Materials and consumables	6,030	5,370
Other expenses	1,464	1,394
Change in inventory	(10,377)	(59)
Depletion and depreciation	2,782	4,100
Royalties	1,505	3,869
Total	**14,397**	**23,646**

18. Exploration and evaluation expenditures

For the year ended December 31, 2020

	ATO Project $	Uudam Khundii Project $	South Tsagaan Temeet Prospect $	Bayan Munkh West and East Prospect $	Total $
General exploration	16	11	2	3	**32**
Assays	47	92	-	-	**139**
Drilling	2,575	-	-	-	**2,575**
Sampling	-	10	-	-	**10**
Survey	-	30	-	-	**30**
Total exploration and evaluation expenditures	**2,638**	**143**	**2**	**3**	**2,786**

For the year ended December 31, 2021

	ATO project $	Uudam Khundii Project $	South Tsagaan Temeet Prospect $	Bayan Munkh West and East Prospect $	Total $
General exploration	95	48	2	3	**148**
Assays	144	-	-	-	**144**
Drilling	876	-	-	148	**1,024**
Sampling	-	-	-	12	**12**
Total exploration and evaluation expenditures	**1,115**	**48**	**2**	**163**	**1,328**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

19. Corporate administration

	December 31, 2021 $	December 31, 2020 $
Management compensation	1,402	2,431
Stock based compensation	1,623	1,015
Corporate social responsibility	415	842
Direct general administrative	5,709	4,879
Total	**9,149**	**9,167**

20. Stock based compensation

The following table reflects the continuity of options for the year ended December 31, 2021:

Expiry date	Exercise price (CAD$)	Number of options	Options exercisable	Fair Value of Options $
May 22, 2023	2.00	2,600,000	2,600,000	3,028
October 10, 2023	2.00	1,475,000	1,475,000	860
Balance at December 31, 2021		**4,075,000**	**4,075,000**	**3,888**

	Number of options	Exercisable price $
Balance at January 1, 2020	**4,155,000**	**2.00**
Expired options	(80,000)	2.00
Balance at December 31, 2020	**4,075,000**	**2.00**
Balance at December 31, 2021	**4,075,000**	**2.00**

During the year ended December 31, 2021, stock based compensation totaling $1,623 (year ended December 31, 2020: $108) related to restricted share units was expensed in the consolidated statements of loss and comprehensive loss.

The following table reflects the continuity of Restricted Share Units (RSUs) as at December 31, 2021 and December 31, 2020:

	Outstanding number of RSUs
Balance at January 1, 2020	**70,588**
Granted (i)	1,957,500
Exercised (ii) (iii) (v)	(198,419)
Forfeited (iv)	(35,294)
Balance at December 31, 2020	**1,794,375**
Exercised (v)	(549,127)
Balance at December 31, 2021	**1,245,248**

(i) On August 21, 2020, the Company granted 1,957,500 RSUs to its executive officers and employees. In accordance with the plan, for participants that are not identified as Management, 657,500 RSUs shall vest in four equal instalments on July 31 2020, July 31 2021, July 31 2022 and July 31 2023 and each RSU is exercisable into one common share of the Company at no additional cost. For participants identified as Management, 1,300,000 RSUs shall vest in three equal instalments on July 31 2021, July 31 2022 and July 31 2023 and each RSU is exercisable into one common share of the Company at no additional cost.

(ii) On February 11, 2020, 35,294 RSUs were exercised and $23 was transferred from liability to equity.

(iii) On October 5, 2020, 163,125 RSUs were exercised and $317 was transferred from contributed surplus to equity (Note 14).

(iv) On October 26, 2020, according to the resignation of an employee, 35,294 RSUs were forfeited.

(v) On August 26, 2021, 549,127 RSUs were exercised and $612 was transferred from contributed surplus to equity.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

20. Stock based compensation (continued)

Vesting of RSUs of $1,623 as at December 31, 2021 (December 31, 2020: $907) are included in corporate administration costs and $137 (December 31, 2020: $196) are included in production costs in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2021. As at December 31, 2021, there were 1,245,248 RSUs outstanding and nil RSUs exercisable.

21. Finance (income)/costs

	December 31, 2021 $	December 31, 2020 $
Accretion on convertible debentures	1,053	2,198
Accretion on lease liability	92	60
Accretion on asset retirement obligation	79	76
Interest on long term loan	3,481	324
Interest on convertible debenture	(84)	-
Interest on restricted cash	(3,412)	(456)
Change in fair value of derivative liability	(4,734)	65
Change in fair value of converted debenture	(347)	-
Changes in estimate of asset retirement obligation	2,040	17,953
Fair value of stream liability	18,359	13,539
Loss on stream liability	93	-
Fair value of TDB gold loan	5,460	-
Loss on modification of lease	18	71
Total	**22,098**	**33,830**

22. Net loss per common share

The calculation of basic and diluted loss per share for the year ended December 31, 2021 was based on the net loss attributable to common shareholders of $22,620 (year ended December 31, 2020: loss of $10,680) and the weighted average number of common shares outstanding of basic and diluted 68,751,111 (year ended December 31, 2020: 56,011,148).

23. Related party transactions

The Company's related parties include its subsidiaries and key management personnel.

During the year ended December 31, 2021 and 2020, management fees paid, or otherwise accrued, to key management personnel (defined as officers and directors of the Company) are shown below:

	December 31, 2021 $	December 31, 2020 $
Management fees paid to key personnel	1,402	2,168
Stock based compensation	766	551
Total	**2,168**	**2,719**

As at December 31, 2021, key management personnel were owed $nil (December 31, 2020: $9).

During the year ended December 31, 2021, Erdenyn Erel, a company for which the Vice President of Exploration is the CEO provided services to the Company totaling $964 (December 31, 2020 - $2,478). As at December 31, 2021, $579 was owed to Erdenyn Erel (December 31, 2020 - $906).

During the year ended December 31, 2020, the Company entered into a non-binding term sheet with Aranjin Resources Limited ("Aranjin") to acquire a 50% interest in all gold contained in a prospective exploration license. As part of the agreement, the Company advanced a non-refundable initial deposit of $50 to Aranjin that was held in receivables and other assets as at September 30, 2021. Due to continued uncertainty with respect to this licence, the receivable has been written off as at December 31, 2021.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

23. Related party transactions (continued)

In addition, effective August 10, 2021, the Company subscribed for C$1,814 in convertible debentures of Aranjin. The investment has a 12 months term and earns 15% interest per annum, all payable on maturity date, August 10, 2022. The Company can convert the debentures into shares of Aranjin Resources Ltd. for C$0.055 per share. The Company has accrued C$106 in interest income as at December 31, 2021. Bataa Tumur-Ochir, Matthew Wood and Jeremy South are directors of Aranjin.

24. Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short term investments, receivables and other assets and restricted cash. Cash and restricted cash are held with a Canadian chartered bank and a financial institution in Mongolia, from which management believes the risk of loss to be minimal. Short term investments are comprised of term deposits maturing over periods of less than twelve months that are held with a financial institution in Mongolia.

Receivables and other assets are comprised of trade receivables, interest receivable and other receivables that are subject to credit risk. The Company manages credit risks on receivables and other assets by tendering all sales of gold and silver with commercial banks in Mongolia.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet its obligations, it will consider securing additional equity or debt funding.

The Company's cash is currently invested in business accounts with high-credit quality financial institutions which are available on demand by the Company.

The Company's financial obligations consist of accounts payable and other liabilities, purchase price payable, lease liability, streaming arrangement, long term loan as well as the loan liability and derivative components of the convertible debentures.

The maturity analysis of financial liabilities as at December 31, 2021 is as follows:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Accounts payable and other liabilities	6,570	-	-	-	6,570
Lease liability	140	362	121	30	653
Streaming arrangement	23,305	23,624	-	-	46,929
Convertible debentures – derivative	1,074	-	-	-	1,074
Convertible debentures – loan liability	2,930	-	-	-	2,930
Short term loan - TDB	10,566				10,566
Long term loan	28,360	38,994	-	-	67,354
Total	**72,945**	**62,980**	**121**	**30**	**136,076**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

24. Financial risk management (continued)

The maturity analysis of financial liabilities as at December 31, 2020 is as follows:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Accounts payable and other liabilities	3,910	-	-	-	3,910
Lease liability	242	36	12	-	290
Streaming arrangement	8,787	24,790	-	-	33,577
Convertible debentures – loan liability	5,808	-	-	-	5,808
Convertible debentures – derivative	-	2,237	-	-	2,237
Long term loan	3,558	7,052	-	-	10,610
Total	**22,305**	**34,115**	**12**	**-**	**56,432**

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Company's interest rate risk includes potential decreases on the interest rate offered on cash held with chartered Canadian and Mongolian financial institutions. The Company considers the interest rate risk on cash held with chartered Canadian and Mongolian financial institutions to be immaterial. There is no interest rate risk on the short term investments, restricted cash, convertible debentures and long term loan as the rates are fixed.

(b) Foreign currency risk

The Company has significant balances in US dollars that are subject to foreign currency risk. The Company is exposed to foreign currency risk on fluctuations related to cash, streaming arrangement, purchase price payable and convertible debentures that are denominated in US dollars. Sensitivity to a plus or minus 5% change in the foreign exchange rate of the US dollars compared to the Canadian dollar would affect net loss by $2,844 (gain) and $3,144 (loss) with all other variables held constant.

(iv) Commodity price risk

The profitability of the Company's operations and mineral resource properties relates primarily to the market price and outlook of gold and silver. Adverse changes in the price of certain raw materials can also significantly affect the Company's cash flows.

Gold and silver prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial, residential and retail demand, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative or hedging activities, macro-economic variables, geopolitical events and certain other factors related specifically to gold (including central bank reserves management). To the extent that the price of gold and silver increase over time, the fair value of the Company's mineral assets increases and cash flows will improve; conversely, declines in the price of gold will reduce the fair value of mineral assets and cash flows. A protracted period of depressed prices could impair the Company's operations and development opportunities, and significantly erode shareholder value. To the extent there are adverse changes to the price of certain raw materials (e.g. diesel fuel), the Company's profitability and cash flows may be impacted. As the Company commenced its production, it is monitoring gold and silver prices to identify measures that may be required to mitigate commodity price risk. Diesel fuel purchases are currently at spot price and are not considered material enough to require hedging to mitigate the price risk.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

25. Capital risk management

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of debt instruments and equity attributable to common shareholders, comprising of issued share capital, shares to be issued, warrants, contributed surplus, accumulated other comprehensive loss and deficit. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets to facilitate the management of its capital requirements. The Company defines capital as total debt less cash and equivalents and it is managed by management subject to approved policies and limits by the Board of Directors. The Company is not subject to any externally imposed capital requirements except for the covenants detailed in note 10 and note 12.

26. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The levels are as follows:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, quoted prices or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following tables set forth the Company’s assets and liabilities measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy. As required by accounting guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair value at December 31, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash	2,640	2,640	-	-
Restricted cash	69,177	69,177	-	-
Short term investment	1,431	1,431	-	-
	73,248	**73,248**	**-**	**-**
Liabilities				
Convertible debenture derivative	1,074	-	1,074	-
Short term loan - TDB	10,566	-	10,566	-
Current portion of streaming arrangement	23,305	-	23,305	-
Long term portion of streaming arrangement	23,624	-	23,624	-
	58,569	**-**	**58,569**	**-**

	Fair value at December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash	15,089	15,089	-	-
Restricted cash	12,483	12,483	-	-
	27,572	**27,572**	**-**	**-**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

26. Fair value measurements (continued)

Liabilities

	Total	Level 1	Level 2	Level 3
Convertible debenture derivative	5,808	-	5,808	-
Current portion of streaming arrangement	8,787	-	8,787	-
Long term portion of streaming arrangement	24,790	-	24,790	-
	39,385	**-**	**39,385**	**-**

Embedded derivatives
The Company has issued convertible debentures which contain an embedded derivative component (Note 12). The following table is a sensitivity analysis of the impact on the consolidated statement of loss and comprehensive loss of an increase or a decrease in the assumptions that are used to value the derivative liability which is and classified as a level 2 in the fair value hierarchy:

Input	Sensitivity rate	Impact of increase $	Impact of Decrease $
Stock price	10%	407	(407)
Exercise price	10%	(300)	300
Volatility rate	10%	-	-
Discount rate	0.5%	0.1	(0.1)

Streaming arrangement
In connection with the ATO Acquisition, the Company's subsidiaries have entered into a metals purchase and sale agreement (the "Stream Agreement") with Triple Flag International to sell gold and silver produced from the ATO Project. The Stream Agreement is recorded at fair value at each statement of financial position date as the Company has determined the obligation is a derivative liability to be carried at FVTPL. The fair value of the Stream Agreement was valued using the income approach with consideration for the contractual terms of the Stream Agreement and use of various input assumptions.

Input	Sensitivity rate	Impact of increase $	Impact of Decrease $
Forward price	10%	4,693	(4,693)
Discount rate	10%	(3,721)	4,549

27. Income tax

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 – 26.5%) to the effective tax rate is as follows:

	December 31, 2021 $	December 31, 2020 $ (restated)
Net loss before income tax	(22,948)	(11,167)
Expected income tax (recovery) expense	(6,081)	(2,960)
Differences due to foreign tax rate	4,516	2,746
Tax effect of conversion of debt to shares	-	2,765
Tax rate changes and other adjustments	(215)	677
Non-deductible expenses	1,984	2,670
Income exempt from tax	(15)	(7,300)
Tax effect of convertible debenture	(1,346)	1,337
Change in tax benefits not recognized	884	(335)
Total tax (recovery) expense	**(273)**	**(400)**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

27. Income tax (continued)

The Company's income tax (recovery) is allocated as follows:

	December 31, 2021 $	December 31, 2020 $
Current tax (recovery) expense	263	1
Deferred tax (recovery) expense	(536)	(401)
Total tax (recovery) expense	(273)	(400)

Deferred tax assets

The following table summarizes the components of deferred tax:

	December 31, 2021 $	December 31, 2020 $ (restated)
Deferred tax assets		
Non-capital losses - Canada	-	312
Property, plant and equipment	-	184
Asset Retirement Obligation	480	-
Unrealized foreign exchange on intercompany balances	1,484	214
Deferred tax liabilities		
Property, plant, and equipment	(540)	(303)
Right of use assets and liabilities	(132)	(9)
Deferred income	(351)	-
Net deferred tax asset	**941**	**398**

Deferred tax assets and liabilities have been offset where they relate to income tax levies by the same taxation authority and the Company has the legal right and intent to offset. The following table summarized the movement in net deferred tax assets:

	December 31, 2021 $	December 31, 2020 $ (restated)
Balance beginning of year	**395**	**-**
Recognized in profit/loss	536	401
Recognized in OCI	10	(3)
Balance end of year	**941**	**398**

As of December 31, 2021, the Company has recognized $941 (December 31, 2020 - $395) of deferred tax assets in excess of profits arising from its existing taxable temporary differences as it expects to utilize these deductible temporary differences against future taxable profits from revenues from its mining operations.

Unrecognized deferred tax assets

Deferred taxes are provided as a result of the temporary differences that arise due to the differences between the income tax valued and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

27. Income tax (continued)

Unrecognized deferred tax assets (continued)

	December 31, 2021	December 31, 2020
	$	$
Share issuance costs	749	1,416
Non-capital losses carried forward - Canada	13,449	8,858
Non-capital losses carried forward - Mongolia	1,549	1,494
Unrealized FX	637	2,431

The Company's Canadian non-capital income tax losses expire as follows:

Year	
2036	177
2037	2,468
2038	406
2039	3,249
2040	4,725
2041	2,424
	13,449

The Company's Mongolian non-capital income tax losses expire as follows:

Year	
2026	360
2027	260
2028	877
2029	52
	1,549

28. Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with vendors. Management is of the position that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain and management's view of these matters may change in the future.

29. Events after reporting period

Convertible Debenture transfer

On February 16, 2022, the Company announced that Development Bank of Mongolia ("DBM") MNIF debentures holder and Bataa Tumur-Ochir entered into a form of transfer (the "Transfer Agreement") on January 27, 2022. Pursuant to the Transfer Agreement, DBM agreed to transfer to Mr. Tumur-Ochir the MNIF debentures of the Company held by DBM with a principal amount of $3,000 convertible into common shares of the Company ("Shares") at a price of US$0.68 per share, with a maturity date of January 27, 2022. Subsequently the maturity date of the MNIF debentures has been extended to January 27, 2024 and the interest payment terms have been changed to quarterly basis from semi-annual basis.

29. Events after reporting period (continued)

Prior to entering into the Transfer Agreement, Mr. Tumur-Ochir held 6,003,859 Shares, representing approximately 8.70% of the issued and outstanding Shares on a undiluted basis. Assuming full conversion of the Convertible Debenture, Mr. Tumur-Ochir would hold an aggregate of 10,415,624 additional Shares, representing approximately 14.08% of the issued and outstanding Shares on a diluted basis.

Long Term Loan repayment

On January 31, 2022, the Company repaid the second tranche of "2020 Gold 2 loan" amount of $3,509 from the its cash deposits.

Reciept of 2021 Gold 2 Loan funding

On March 2, 2022, the Company met all the conditions set out on the conditional agreement and the first tranche became available to the Company.

30. Restatement of financial statements

In conjunction with preparation of the Company's financial statements for the year ended December 31, 2021 and as part of a continuous disclosure review by the Staff of Company's principal securities regulator in relation to the accounting for the Streaming Agreement, Steppe identified an error in how the arrangement has been accounted for in the previously issued financial statements.

The Company previously determined that the stream obligation was in substance a debt instrument (carried at amortized cost) with embedded derivatives (recognized at $nil value) linked to gold and silver commodity prices. Upon further review of the arrangement the Company has determined that the arrangement should be accounted for in its entirety as a derivative measured at fair value through profit and losses (FVTPL).

Steppe Gold also identified an error in the revenue recognized in previously issued financial statements as a result of Steppe's practice of netting the impact of the stream obligation to revenue recognized. The Streaming Agreement is by nature a financing transaction and not a revenue contract with Triple Flag. The revenue contract is with the Central Bank of Mongolia. Accordingly, Steppe Gold determined that for accounting purposes an adjustment to revenue was also required.

The analysis resulted in changes to revenue, property, plant and equipment, the stream liability and the corresponding fair value gains/losses. The Company evaluated the significance of the corrections and determined the adjustments were material to the consolidated financial statements.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

30. Restatement of financial statements (continued)

Financial impact

The following tables summarise the effects of the restatement.

Selected line items restated in the Consolidated Statements of Financial Position:

	Dec 31, 2020 as originally reported	Adjustments	Dec 31, 2020 (restated)
ASSETS			
Current assets			
Cash	15,089	-	15,089
Short term investments	5,033	-	5,033
Receivables and other assets	3,372	-	3,372
Inventories	9,904	-	9,904
Total current assets	**33,398**	**-**	**33,398**
Long-term assets			
Restricted cash	12,483	-	12,483
Uudam Khundii Project	1,907	-	1,907
Property, plant and equipment	37,828	(336)	37,492
Deferred tax	398	-	398
Total long-term assets	**52,616**	**(336)**	**52,280**
Total assets	**86,014**	**(336)**	**85,678**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Amounts payable and other liabilities	3,910	-	3,910
Current portion of streaming arrangement	6,689	2,098	8,787
Current portion of lease liability	242	-	242
Purchase price payable	-	-	-
Convertible debentures – derivative	5,808	-	5,808
Current portion of long term loan	3,558	-	3,558
Total current liabilities	**20,207**	**2,098**	**22,305**
Long-term liabilities			
Long term portion of streaming arrangement	14,082	10,708	24,790
Asset retirement obligation	1,060	-	1,060
Lease liability	48	-	48
Convertible debentures – loan liability	2,237	-	2,237
Long term loan	7,052	-	7,052
Total long-term liabilities	**24,479**	**10,708**	**35,187**
Total liabilities	**44,686**	**12,806**	**57,492**
Shareholders' equity			
Share capital	54,081	-	54,081
Shares to be issued	946	-	946
Warrants	11,165	-	11,165
Contributed surplus	10,063	-	10,063
Non-controlling interest	(199)	-	(199)
Accumulated other comprehensive loss	(7,344)	-	(7,344)
Deficit	(27,384)	(13,142)	(40,526)
Total shareholders' equity	**41,328**	**(13,142)**	**28,186**
Total liabilities and shareholders' equity	**86,014**	**(336)**	**85,678**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

30. Restatement of financial statements (continued)

The above restatement did not impact the balance sheet as at December 31, 2019 other than increasing the streaming liability and the Deficit by $6,427. The streaming liability as at December 31, 2019 has increased from $25,786 to $32,213.

Selected line items restated in the Consolidated Statements of Loss and Comprehensive Loss:

	Dec 31, 2020 as originally reported	Adjustments	Dec 31, 2020 (restated)
Revenue	**52,097**	**6,009**	**58,106**
Cost of sales	(23,646)	-	(23,646)
Gross profit	**28,451**	**6,009**	**34,460**
Exploration and evaluation expenditures	(2,786)	-	(2,786)
Corporate administration	(9,167)	-	(9,167)
Operating profit	**16,498**	**6,009**	**22,507**
Finance costs	(21,106)	(12,724)	(33,830)
Foreign exchange gain	156	-	156
Net loss before tax	**(4,452)**	**(6,715)**	**(11,167)**
Income tax	400	-	400
Net loss after tax	**(4,052)**	**(6,715)**	**(10,767)**
Cumulative translation adjustment	(1,972)	-	(1,972)
Net loss and comprehensive loss	**(6,024)**	**(6,715)**	**(12,739)**
Net loss attributable to shareholders of the Company	(3,965)	(6,715)	(10,680)
Net loss attributable to non-controlling interest	(87)	-	(87)
	(4,052)	**(6,715)**	**(10,767)**
Net loss and comprehensive loss attributable to shareholders of the Company	(5,937)	(6,715)	(12,652)
Net loss and comprehensive loss attributable to non-controlling interest	(87)	-	(87)
	(6,024)	**(6,715)**	**(12,739)**
Basic and diluted net loss and comprehensive loss per common share	(0.071)	(0.120)	(0.191)
Weighted average number of common shares outstanding - basic and diluted	56,011,148	-	56,011,148

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

30. Restatement of financial statements (continued)

The above restatement reflects the impact of change in an accounting judgement whereby the customer of which revenue is recognised has been updated to reflect the total consideration received from a certain bank as the customer which was previously recorded net in finance costs.

Selected line items restated in the Consolidated Statements of Changes in Shareholder's Equity:

	Dec 31, 2020 as originally reported	Adjustments	Dec 31, 2020 (restated)
Deficit, beginning of the year	(23,419)	(6,427)	(29,846)
Loss for the year, attributable to shareholders	(3,965)	(6,715)	(10,680)
Deficit, end of the year	(27,384)	(13,142)	(40,526)
Total shareholder's deficit	**41,328**	**(13,142)**	**11,071**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

30. Restatement of financial statements (continued)

Selected line items restated in the Consolidated Statements of Cash Flows:

	Dec 31, 2020 as originally reported	Adjustments	Dec 31, 2020 (restated)
Operating activities			
Net loss for the year	(4,052)	(6,715)	(10,767)
Adjustments for non-cash items:			
Change in the fair value of derivative	17,953	-	17,953
Gain on modification of streaming arrangement	-	-	-
Accretion and financing costs	3,153	(814)	2,339
Depreciation	4,100	-	4,100
Stock based compensation	1,015	-	1,015
Unrealized foreign exchange gain	(302)	-	(302)
Drawdown of gold and silver stream	(6,165)	6,165	-
Change in the fair value of stream liability	-	13,637	13,637
Changes in working capital items:			
Inventories	(208)	-	(208)
Receivables and other assets	(1,768)	-	(1,768)
Amounts payable and other liabilities	(1,912)	-	(1,912)
Deferred tax	(401)	-	(401)
Net cash generated by operations	**11,413**	**12,273**	**23,686**
Investing activities			
Acquisition of property, plant and equipment	(2,174)	-	(2,174)
Short term investment	(5,033)	-	(5,033)
Net cash used in investing activities	**(7,207)**	**-**	**(7,207)**
Financing activities			
Proceeds from the issuance of convertible debentures	3,000	-	3,000
Proceed from long term loan	10,510	-	10,510
Interest paid on convertible debentures	(618)	-	(618)
Interest paid on long term loan TDB	(292)	-	(292)
Convertible debenture issuance costs	(180)	-	(180)
Proceeds from equity financing	11,103	-	11,103
Payment of purchase price payable	(350)		(350)
Repayment of stream financing	-	(12,273)	(12,273)
Lease obligation payments	(415)	-	(415)
Restricted cash	(12,483)	-	(12,483)
Net cash generated by (usied in) financing activities	**10,275**	**(12,273)**	**(1,998)**
Effect of exchange rate changes on cash held in foreign currency	(63)	-	(63)
Net increasein cash and restricted cash	**14,418**	**-**	**14,418**
Cash at the beginning of the year	671	-	671
Cash at the end of the year	**15,089**	-	**15,089**