MAKO
MINING CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022

(Expressed in United States dollars)

(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in thousands of United States dollars
(Unaudited)

As at	Note		September 30, 2022		December 31, 2021
					(Restated Note 3 (a))
ASSETS					
Current					
Cash and cash equivalents		$	704	$	1,944
Receivables			2,083		38
Inventories	6		9,476		6,864
Gold stream derivative asset	7		408		284
Prepaid expenses, and other			1,239		801
Total current assets			13,910		9,931
Advances and other prepaid expenses			147		251
Gold stream derivative asset	7		18		263
Exploration and evaluation assets	8		765		765
Mineral property, plant and equipment	9		32,113		43,762
TOTAL ASSETS		**$**	**46,953**	**$**	**54,972**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	10	$	13,468	$	4,984
Term loans	11		3,761		3,981
Derivative liability	11		18		-
Provision for reclamation and rehabilitation	12		-		1,043
Total current liabilities			17,247		10,008
Accrued liabilities	10		1,144		368
Provision for reclamation and rehabilitation	12		2,339		1,245
Term loans	11		11,977		17,383
Total liabilities			32,707		29,004
Shareholders' equity					
Share capital	13		87,981		88,259
Contributed surplus	13		11,993		11,603
Accumulated other comprehensive income			1,315		1,763
Deficit			(87,043)		(75,657)
Total shareholders' equity			14,246		25,968
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**46,953**		**54,972**

Approved by the Audit Committee of the Board of Directors on November 28, 2022

"John Hick", Audit Committee Chair　　　　*"Akiba Leisman"*, Director

Events after the reporting period (Note 19)

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
Expressed in thousands of United States dollars, except per share amounts
(Unaudited)

	Note	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
			(Restated Note 3)		*(Restated Note 3)*
Revenue		$ 13,532	$ 14,153	$ 46,971	$ 18,716
Production services revenue	7 & 14(e)(ii)	105	134	317	134
		13,637	14,287	47,288	18,850
Cost of sales					
Production costs		(8,480)	(7,337)	(23,873)	(9,369)
Write-down of inventories		(769)	-	(769)	-
Depreciation, depletion and amortization		(5,359)	(2,413)	(17,205)	(4,004)
		(14,608)	(9,750)	(41,847)	(13,373)
Gross (loss) profit		(971)	4,537	5,441	5,477
Exploration and evaluation expenses		(3,878)	(1,538)	(8,463)	(4,021)
General and administrative expenses	18	(1,613)	(1,262)	(4,950)	(5,000)
Other income (expense)					
Accretion and interest expense		(178)	(765)	(1,372)	(908)
Reclamation and rehabilitation expenses	12	(37)	-	(37)	-
Change in provision for reclamation and rehabilitation	12	(23)	41	(19)	(309)
Change in fair value of derivative liability	11(c)	(16)	4	70	4
Gain on gold stream derivative asset	7	5	637	40	637
Gain on disposal of subsidiaries	5	-	(76)	-	12,007
Foreign exchange loss		332	319	152	(942)
Financing costs	11(c)	(120)	(63)	(398)	(63)
Interest income		1	-	1	2
(Loss) income before income taxes		(6,498)	1,834	(9,535)	6,884
Income tax expense		(492)	(15)	(1,644)	(104)
(Loss) income for the period		**$ (6,990)**	**$ 1,819**	**$ (11,179)**	**$ 6,780**
Other comprehensive (loss) income					
(Loss) income for the period		(6,990)	1,819	(11,179)	6,780
Items subject to reclassification into statement of loss:					
Reclassification of foreign currency translation upon disposal of subsidiaries	5	-	-	-	(2,013)
Foreign currency translation adjustment		(413)	(461)	(448)	192
Other comprehensive income (loss) for the period		(413)	(461)	(448)	(1,821)
Comprehensive (loss) income for the period		**$ (7,403)**	**$ 1,358**	**$ (11,627)**	**$ 4,959**
Basic and diluted (loss) income per common share		$ (0.01)	$ -	$ (0.02)	$ 0.01
Weighted average common shares outstanding (thousands)		657,438	658,983	658,229	657,635

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in thousands of United States dollars
(Unaudited)

	Number of shares (000s)	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit *(Restated Note 3 (a))*	Total
Balance at December 31, 2020	656,131	**$ 87,262**	**$ 11,634**	**$ 3,634**	**$ (85,620)**	**$ 16,910**
Shares issued on exercise of options	3,178	621	-	-	-	621
Transfer of option value	-	376	(376)	-	-	-
Share-based compensation	-	-	366	-	-	366
Net income	-	-	-	-	6,780	6,780
Other comprehensive loss	-	-	-	(1,372)	-	(1,372)
Balance at September 30, 2021	**659,309**	**$ 88,259**	**$ 11,624**	**$ 2,262**	**$ (78,840)**	**$ 23,305**
Share-based compensation	-	-	(21)	-	-	(21)
Net income *(Restated - Note 3 (a))*	-	-	-	-	3,183	3,183
Other comprehensive loss	-	-	-	(499)	-	(499)
Balance at December 31, 2021 *(Restated)*	**659,309**	**$ 88,259**	**$ 11,603**	**$ 1,763**	**$ (75,657)**	**$ 25,968**
Shares cancelled	(2,002)	(278)	-	-	(207)	(485)
Share-based compensation	-	-	390	-	-	390
Net loss	-	-	-	-	(11,179)	(11,179)
Other comprehensive loss	-	-	-	(448)	-	(448)
Balance at September 30, 2022	**657,307**	**$ 87,981**	**$ 11,993**	**$ 1,315**	**$ (87,043)**	**$ 14,246**

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in thousands of United States dollars
(Unaudited)

For the nine months ended	Note		September 30, 2022		September 30, 2021
					(Restated Note 3)
Operating activities					
Net (loss) income for the period		$	(11,179)	$	6,780
Non-cash items:					
Accretion expense			392		75
Depreciation, depletion and amortization			17,262		4,022
Change in provision for reclamation and rehabilitation			19		309
Writedown of inventory			769		-
Lease interest			2		-
Change in fair value of derivative liability			(70)		(4)
Gain on gold stream derivative asset			122		(637)
Gain on disposal of subsidiaries			-		(12,007)
Interest expense			1,376		544
Share-based payments			390		361
Unrealized foreign exchange loss (gain)			(546)		31
		$	8,537	$	(526)
Changes in non-cash working capital	17		4,824		(5,455)
Net cash provided by (used in) operating activities			13,361		(5,981)
Investing activities					
Cash proceeds received, net of cash given up on disposal of subsidiaries			-		27
Expenditures on mineral property, plant and equipment			(6,654)		(2,359)
Net cash used in investing activities		$	(6,654)	$	(2,332)
Financing activities					
Purchase of common shares - NCIB			(485)		-
Drawdown on term loans			-		14,001
Repayment of term loans			(7,391)		(8,405)
Proceeds on exercise of options			-		621
Net cash provided by financing activates		$	(7,876)	$	6,217
Effect of foreign exchange on cash and cash equivalents			(72)		250
Change in cash and cash equivalents			(1,240)		(1,846)
Cash and cash equivalents, beginning of period			1,944		2,633
Cash and cash equivalents, end of period		**$**	**704**	**$**	**787**

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

1. NATURE OF OPERATIONS

Mako Mining Corp. ("Mako" or the "Company") was incorporated on April 1, 2004, under the laws of the Yukon Territory and continued into British Columbia under the British Columbia Corporations Act. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol MKO. The address of the Company's corporate office and principal place of business is Suite 700 – 838 West Hastings Street, Vancouver, BC, V6C 0A6, Canada.

Mako is a gold mining and exploration company. The Company's primary asset is the San Albino mine, an open pit mine located in Nicaragua, which commenced commercial production on July 1, 2021. In addition to its mining operation, Mako continues to explore its other concessions in Nicaragua.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), as applicable to the preparation of interim financial statements including International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, they do not include all the information and notes to the consolidated financial statements required by IFRS for annual financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements for the year ended December 31, 2021.

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on November 28, 2022.

(b) Basis of presentation

The accounting policies and methods used in the preparation of these condensed interim consolidated financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the year ended December 31, 2021, except as disclosed in Note 3(a).

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value.

(c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions, balances, revenues and expenses have been eliminated upon consolidation.

Subsidiaries are included in the condensed interim consolidated financial statements from the date of acquisition or control until the date of disposition or until control ceases. Control exists when the Company has exposure or rights to variable returns from its involvement with an entity, and the ability to affect those returns through its power over the entity.

All tabular amounts are in thousands of United States dollars unless otherwise stated

The condensed interim consolidated financial statements of the Company include the following subsidiaries:

Subsidiary	Referred to as	Place of incorporation	Ownership interest	Principal activity
Gold Belt, S.A.	"Gold Belt"	Nicaragua	100%	Holds mineral interest in Nicaragua, exploration activities.
Marlin Gold Mining Ltd.	"Marlin"	Canada	100%	Parent of Marlin Trading, Oro Gold and Prestadora. Disposed on March 31, 2021
Marlin Gold Trading Inc.	"Marlin Trading"	Barbados	100%	Commodity streaming company. Disposed on March 31, 2021
Nicoz Resources, S.A.	"Nicoz"	Nicaragua	100%	Holds mineral interest in Nicaragua, San Albino mine and exploration activities.
Oro Gold de Mexico, S.A. de C.V.	"Oro Gold"	Mexico	100%	Holds mineral interest in Mexico, La Trinidad mine. Disposed on March 31, 2021
Prestadora de Servicos Zacatecas, S.A. de C.V.	"Prestadora"	Mexico	100%	Performs payroll functions in Mexico. Dissolved on August 2, 2022.
Mako US Corp.	"Mako US"	United States	100%	Incorporated on June 19, 2019, service company

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Adoption of new accounting policy

(i) Mineral property, plant and equipment - proceeds before intended use

On January 1, 2022, the Company adopted Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16). The amendments prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

These condensed interim consolidated financial statements now reflect the reversal of the pre-commercial revenue of $4,562,494 and related cost of sales of $3,622,640 which was previously recorded against mineral property, plant and equipment during the year ended December 31, 2021.

The adoption of this accounting policy is made retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

There was no impact on the consolidated statement of financial position as at January 1, 2021.

Impact on the consolidated statement of financial position as at December 31, 2021, is as follows:

	As previously reported	Adjustment	Restated
Mineral property, plant and equipment	42,912	850	43,762
Total assets	54,122	850	54,972
Accumulated other comprehensive income	1,751	12	1,763
Deficit	(76,495)	838	(75,657)
Total shareholder's equity	25,118	850	25,968
Total liabilities and shareholder's equity	54,122	850	54,972

All tabular amounts are in thousands of United States dollars unless otherwise stated

There was no impact on the condensed interim consolidated statement of loss and comprehensive loss for the three months ended September 30, 2021.

Impact on the condensed interim consolidated statement of loss and comprehensive loss and the condensed interim consolidated statement of cash flows for the nine months ended September 30, 2021, is as follows:

	As previously reported	**Adjustment**	**Restated**
Revenue	14,287	4,563	18,850
Cost of sales	(9,750)	(3,623)	(13,373)
Income for the period	5,942	838	6,780
Comprehensive income for the period	4,109	850	4,959

	As previously reported	**Adjustment**	**Restated**
Net income for the period	5,942	838	6,780
Changes in non-cash working capital	(4,263)	(1,192)	(5,455)
Net cash provided (used by) operating activities	(7,218)	1,237	(5,981)
Net cash used in (funded by) investing activities	(1,095)	(1,237)	(2,332)

(ii) Right-of-use asset and lease liabilities

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognizes a right-of-use asset ("ROU asset") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions:

- the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months or
- for leases of low value.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments and any variable lease payments where variability depends on an index or rate, less any lease incentives. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU assets and lease liabilities. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statements of loss and comprehensive loss.

(b) Accounting pronouncements not yet adopted

The following is a listing of amendments, revisions and new international financial reporting standards issued but not yet effective. The Company is currently assessing the impact of adopting the following standard on the consolidated financial statements, as described below:

- IAS 1 - *Presentation of financial statements ("IAS 1")*: On January the 23, 2020, the IASB issued an amendment to IAS 1 providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity, instruments, and other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1 2023 and are to be applied retrospectively, with early adoption permitted. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Outlined below are all of the areas which require management to make significant estimates and assumptions in determining carrying values.

(a) 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. In making this determination, management will consider several factors, including:

- when the mine is substantially complete and ready for its intended use;
- the mine has the ability to sustain ongoing production at a steady or increasing level;
- the mine has reached a level of predetermined percentage of design capacity;
- mineral recoveries are at or near the expected production level, and;
- a reasonable period of testing of the mine plant and equipment has been completed.

On July 1, 2021, these conditions were met at the San Albino mine and the Company declared commercial production.

(b) Estimated mineral resources

Mineral resources are estimates of the amount of metal that can be extracted from the Company's properties, considering both economic and legal factors. The Company estimates the quantity and/or grade of its mineral resources 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 judgments to interpret the complex geological data. Calculating mineral resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, metallurgical recoveries, and production costs along with geological assumptions and judgments made in estimating the size, and grade of the ore body. Changes in the mineral resources may affect the Company's financial position in a number of ways, including:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation charges in the Company's consolidated statement of comprehensive loss may change when such charges are determined by the unit-of-production basis, or when the useful lives of assets change; and
- provision for reclamation liabilities balances may be affected as the estimated timing of reclamation activities is adjusted for changes in the estimated mine life as determined by the available mineral resources.

(c) Deferred income taxes

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretation of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

(d) Impairment of non-current assets

Management applies significant judgment in its assessment and evaluation of asset or cash generating units at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties, plant and equipment. External sources of information considered are changes in the Company's economic, legal and regulatory environment, which it does not control, but affect the recoverability of its mining assets. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets. Calculating the fair value less costs of disposal of cash generating units for impairment tests requires management to make estimates and assumptions with respect to future production levels, operating, capital and closure costs, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

(e) Reclamation and remediation provisions

Reclamation and remediation provisions represent the present value of estimated future costs for the reclamation of the Company's mines and properties. These estimates include assumptions as to the cost of services, timing of the reclamation work to be performed, inflation rates, foreign exchange rates and interest rates. The reclamation and closure estimates are more uncertain the further into the future the activities are to be performed.

The actual cost to reclaim a mine may vary from the estimated amounts because there are uncertainties in factors used to estimate the cost and potential changes in regulations or laws governing the reclamation of a mine. Management periodically reviews the reclamation requirements as new information becomes available and will assess the impact of new regulations and laws as they are enacted. Any changes to assumptions will result in an adjustment to the provision which affects the Company's liabilities and either its mineral property, plant and equipment or statement of income.

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COVID-19 Estimation Uncertainty - Update

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far reaching. To date there has been volatility in stock, commodity and foreign exchange markets and the global movement of people and some goods has become restricted. While the Company continues to operate its business there is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on future production, future cash flows in 2022, estimates regarding deferred income taxes and valuation allowances and on global financial markets. The impact of COVID-19 on the global economic environment, and the local jurisdictions in which the Company operates, could result in changes to the way the Company runs its mine. These changes could result in revenues or costs being different from the Company's expectations. This impact could be material. The impact of COVID-19 on the Company continues to be the delay in delivery and shortage of supplies and spare parts and the enhancement of health and safety protocols.

The Company continues its enhanced COVID-19 health and safety protocols, including social distancing, mask wearing, and preventative communication campaigns, while working closely with local communities, the respective health authorities, employees and contractors to minimize the spread of COVID-19.

5. DISPOSAL OF SUBSIDIARIES

On March 31, 2021, Mako completed the transaction whereby GR Silver acquired 100% of the shares in the Company's wholly-owned subsidiary, Marlin ("GR Silver Transaction"). Marlin (incorporated in Canada) is the parent company of Oro Gold (incorporated in Mexico), which owns the La Trinidad mine in Sinaloa, Mexico; and Marlin Trading (incorporated in Barbados) (collectively, the "Marlin Group"). Mako will continue to be responsible for all necessary reclamation obligations until it receives an acknowledgement from SEMARNAT (the Mexican environmental authority) that Oro Gold's closure plan is complete (refer to note 12) and the final installment of the settlement agreement entered into in October 2019 with the Company's mining contractor in Mexico (refer to note 10; paid on September 29, 2021). In consideration for the sale of the common shares of Marlin to GR Silver, Mako received C$50,000 in cash, a 1% NSR on all concessions currently owned by Oro Gold and the assumption of liability by GR Silver of approximately US$9.5 million in unpaid concession taxes. GR Silver was also granted the right to purchase the NSR at any time upon making a one-time payment of US$2,000,000.

	$
Cash consideration (C$50,000), received	40
Carrying value of the Marlin Group net liabilities disposed on March 31, 2021:	10,022
	10,062
Out of pocket expenses	(75)
Reclassification of cumulative translation adjustment from AOCI upon disposal of subsidiaries	2,022
Gain on disposal of subsidiaries	12,009

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6. INVENTORIES

As at		September 30, 2022		December 31, 2021
				(Restated)
Stockpiled ore	$	5,818	$	4,190
Ore in-circuit		1,376		1,567
Finished metal		169		164
Supplies and spare parts		2,113		943
	$	9,476	$	6,864

As at September 30, 2022, ore in-circuit and finished metal were recorded at cost, and stockpiled ore was recorded at net realizable value. During September 30, 2022, stockpiled ore was written down by $769,124. As at December 31, 2021, stockpiled ore, ore in-circuit and finished metal were recorded at cost.

The comparative December 31, 2021, inventory classification has been restated from the classification in the December 31, 2021 annual financial statements, whereby stockpile ore increased by $2,622,735 and ore-in circuit decreased by $2,622,735.

7. GOLD STREAM DERIVATIVE ASSET

Gold stream derivative asset arises from the amended gold stream agreement the Company entered into with Sailfish Royalty Corp ("Sailfish") (also refer to note 14 (e)) in November 2018 whereby the Company received $1,096,051 (the "Gold Stream Advance") which was recorded as a credit to the mineral property. At that time, it was determined to be a disposition of mineral interest. In return for the Gold Stream Advance, the Company is required to deliver 4% of gold production to Sailfish and is to receive a payment at 25% of the market price of the gold delivered. Effectively the Company sold 4% of the property and is being paid for services relating to the processes required to obtain the finished metal. As the price of gold is not closely related to the price of the services being provided, the contract to provide these services contains an embedded derivative that requires separation from the host contract.

The contract to deliver to Sailfish its 4% of gold production, in return for 25% of the market value of the gold delivered, contains an embedded derivative that was previously of minimal value. This derivative consists of a "swap" of the variable payment based on the price of gold for the fixed price implied by the contract. As at September 30, 2022, this derivative was determined to be an asset of $425,571 (December 31, 2021 - $547,468) based on current spot and future gold prices, and projected deliveries under the contract of which $407,538 (December 31, 2021 - $284,126) is disclosed as a current asset and $18,033 (December 31, 2021 - $263,342) as non-current asset in the statement of financial position.

For the three and nine months ended September 30, 2022, the Company delivered a total of 347 and 1,050 ounces of gold to Sailfish, respectively, pursuant to this agreement. In exchange the Company received $150,225 and $479,418 and resulting in a fair value movement on the derivative of $40,831 and $121,897 for the three and nine months ended September 30, 2022, respectively.

During 2021, the Company went into commercial production at the San Albino mine, delivering a total of 845 ounces of gold to Sailfish, pursuant to this agreement, in exchange for $378,439 and resulting in a fair value movement on the derivative of $670,106 for the year ended December 31, 2021.

All tabular amounts are in thousands of United States dollars unless otherwise stated

8. EXPLORATION AND EVALUATION ASSETS

The following exploration and evaluation assets (acquisition costs) are located in Nicaragua:

	Potrerillos	El Jicaro	Total
Balance, September 30, 2022 and December 31, 2021	$ 645	$ 120	$ 765

9. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Plant	Construction in progress	Land and Building	Equipment	Right-of-use asset	Total
Cost							
As at December 31, 2020	$ -	$ -	$ 43,009	$ 2,005	$ 1,187	$ -	$ 46,201
Additions	256	507	4,140	1,242	475	-	6,620
Asset retirement obligation	476	744	(733)	-	-	-	487
Foreign currency translation adjustment	105	33	(184)	-	-	-	(46)
Transfer to mineral property	9,077	-	(9,077)	-	-	-	-
Transfer to plant	-	37,155	(37,155)	-	-	-	-
As at December 31, 2021 *(Restated, note 3 (a))*	**$ 9,914**	**$ 38,439**	**$ -**	**$ 3,247**	**$ 1,662**	**$ -**	**$ 53,262**
Additions	1,082	(467)	-	2,088	1,605	353	4,661
Asset retirement obligation	1	1	-	-	-	-	2
Foreign currency translation adjustment	(305)	(97)	-	-	-	-	(402)
Deferred stripping	2,016	-	-	-	-	-	2,016
As at September 30, 2022	**$ 12,708**	**$ 37,876**	**$ -**	**$ 5,335**	**$ 3,267**	**$ 353**	**$ 59,539**
Accumulated depreciation							
As at December 31, 2020	$ -	$ -	$ -	$ 114	$ 789	$ -	$ 903
Depreciation	2,679	5,669	-	$ 10	312	-	8,670
Foreign currency translation adjustment	(36)	(37)	-	-	-	-	(73)
As at December 31, 2021 *(Restated, note 3 (a))*	**$ 2,643**	**$ 5,632**	**$ -**	**$ 124**	**$ 1,101**	**$ -**	**$ 9,500**
Depreciation	5,534	12,101	-	15	504	7	18,161
Foreign currency translation adjustment	(215)	(20)	-	-	-	-	(235)
As at September 30, 2022	**$ 7,962**	**$ 17,713**	**$ -**	**$ 139**	**$ 1,605**	**$ 7**	**$ 27,426**
Net book value as at December 31, 2020	$ -	$ -	$ 43,009	$ 1,891	$ 398	$ -	$ 45,298
Net book value as at December 31, 2021	$ 7,271	$ 32,807	$ -	$ 3,123	$ 561	$ -	$ 43,762
Net book value as at September 30, 2022	$ 4,746	$ 20,163	$ -	$ 5,196	$ 1,662	$ 346	$ 32,113

La Trinidad Mine, Mexico

On March 31, 2021, the Company completed the sale of Mako's wholly-owned subsidiary, Marlin to GR Silver. GR Silver acquired 100% of the common shares of Marlin from the Company. Marlin owns, amongst other assets, Oro Gold, a Mexican company that owns the La Trinidad mine.

All tabular amounts are in thousands of United States dollars unless otherwise stated

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	September 30, 2022	December 31, 2021
Accounts payable and accrued liabilities	$ 11,746	$ 4,399
Lease liability (a)	78	-
Other payables	166	-
Sailfish Loan payment accrual (Note 11 (c))	359	366
Surface rights acquisitions	1,050	-
Due to related parties (Note 14)	69	219
Total current liabilities	$ 13,468	$ 4,984
Non-current liability		
Surface rights acquisitions	200	-
Lease liability (a)	276	-
Accrued liabilities (b)	668	368
Total non-current liabilities	1,144	368
Total	$ 14,612	$ 5,352

(a) Lease liability

	$
As at December 31, 2021	-
Additions	354
Lease payments made	-
Finance charges	
	354
Less: current portion	(78)
As at September 30, 2022	276

The lease liability was discounted at a discount rate of 6%.

	$
Total lease payments payable for the next twelve months	98
Total lease payments payable for the next 1-3 years	204
Total lease payments payable for the next 4-5 years	98

(b) Severance Obligation

Non-current accrued liabilities include severance obligation for employees at the Company's operations in Nicaragua of $ 336,680 (December 31, 2021 - $205,548). The severance is computed based on the years of service at the average salary of the last six months of employment. Employees that work less than ten years have a maximum benefit of five months salaries. In some cases, those with more than ten consecutive years of service can receive an additional severance benefit of ten to twenty months salary when leaving the Company. The calculation is in line with labor regulations in Nicaragua.

All tabular amounts are in thousands of United States dollars unless otherwise stated

11. TERM LOANS

As at		September 30, 2022		December 31, 2021
Wexford Loan (Note 11 (a))				
Accrued interest and cash bonus interest accrual	$	5,112	$	3,735
		5,112		3,735
Principal		15,150		15,150
Principal repayments made		(8,285)		(4,285)
		6,865		10,865
Total Wexford Loan	$	11,977	$	14,600
Sailfish Loan (Note 11 (c))		3,779		6,764
Total Term Loans	$	15,756	$	21,364
Disclosed as follows:				
Current liabilities	$	3,779	$	3,981
Non-current liabilities		11,977		17,383
	$	15,756	$	21,364

(a) Wexford Loan

On February 20, 2020, the Company entered into a $15,150,000 unsecured loan facility (the "Wexford Loan") from Wexford Catalyst Trading Limited, Wexford Spectrum Trading Limited and Debello Trading Limited (collectively, the "Lenders"), each private investment funds managed by the Company's controlling shareholder, Wexford Capital LP ("Wexford Loan Agreement"). The Wexford Loan may be prepaid at any time, in whole or in part, at par plus accrued but unpaid interest, without penalty or premium ("Obligations Termination Date"). The Wexford Loan bears interest at the rate of 10% per annum thereafter, which interest is payable semi-annually on June 30th and December 31st each year. The Company paid a non-refundable up-front fee of $150,000 to the Lenders on the closing of the Wexford Loan. On August 12, 2022, the Lenders extended the maturity date from February 21, 2023 to March 31, 2024.

As at September 30, 2022 and December 31, 2021, the Wexford Loan was fully drawn.

As at September 30, 2022, the accrued interest and cash bonus interest accrual, after the Company having received five waivers was as follows:

	$
Accrued interest until June 30, 2021	1,659
Cash Bonus Interest – cash equivalent of 500 ounces of gold	933
Cash Bonus Interest – cash equivalent of 178.75 ounces of gold	332
Further Deferred Payment Amount	2,924
Accrued interest from July 1 to December 31, 2021	811
Accrued interest and cash bonus interest accrual as at December 31, 2021	3,735
Accrued interest	836
Cash Bonus Interest – cash equivalent of 321.25 ounces of gold	541
Accrued interest and cash bonus interest accrual as at September 30, 2022	**5,112**

In accordance with the Wexford Loan Agreement, as the Wexford Loan was not repaid in full on the first anniversary of the closing date, then the Company must pay to the Lenders a cash bonus interest equal to the cash equivalent of 500 ounces of gold on each successive anniversary of the closing date ("Cash Bonus Interest"). This resulted in the initial accrual of $933,493 and a further accrual of $331,264 in 2021. During the nine months ended September 30, 2022, the Company accrued an additional $540,654. To date, the Company has accrued for the cash equivalent of 1,000 ounces of gold.

The applicable formula set out in the Wexford Loan Agreement is the principal amount less any principal repayments divided by the total loan facility multiplied by the price of gold based on the closing London Bullion Market monthly average.

During the three and nine months ended September 30, 2022, the Company recorded $207,604 and $1,375,987 of accrued interest and cash bonus interest, respectively, on the Wexford Loan all of which has been expensed.

During the year ended December 31, 2021, the Company recorded $2,829,850 (2020 – $1,718,335) of accrued interest on the Wexford Loan, of which $2,007,661 (2020 – 1,718,335) was capitalized to construction in progress and $822,189 of interest (2020 – $nil) has been expensed.

Fourth waiver
On September 30, 2021, the Company received a fourth waiver from the Lenders extending the maturity date from August 20, 2021 to February 21, 2023 when all amounts will be due and repayable in full.

Fifth waiver
On August 12, 2022, the Company received a fifth waiver from the Lenders extending the maturity date from February 21, 2023 to March 31, 2024 when all amounts will be due and repayable in full.

Repayments
During the nine months ended September 30, 2022, the Company made voluntary principal repayments of $3,999,970. During the year ended December 31, 2021, the Company made voluntary principal repayments of $4,284,746.

(b) Nebari Loan

On March 2, 2021, the Company completed a financing arrangement with Nebari Natural Resources Credit Fund I, LP ("Nebari"), whereby Nebari provided financing of $6,340,000 (the "Principal Amount") (the "Nebari Loan"). The interest rate on the Principal Amount is 8% with an original issue discount of 5.3% and a maturity date of March 31, 2022. There are no prepayment penalties. The interest rate increases to 20% on any unpaid amount owing in an event of default. The Company has paid Nebari a fee of $10,000 to provide the bridge loan. The Financing is secured by a pledge of shares in favour of Nebari of the Company's Nicaraguan subsidiaries, Gold Belt and Nicoz. The Nebari Loan further provides that if the Company makes any prepayment under the Wexford Loan (the "Wexford Repayment Amount"), the Company shall make a mandatory prepayment to Nebari (the "Lender Prepayment Amount") in at least the amount necessary such that to the quotient obtained by dividing the Lender Prepayment Amount by the Wexford Repayment Amount is greater to or equal to 0.418 and such prepayment shall be applied against the Principal Amount.

On July 29, 2021, the Company made a voluntary principal prepayment of $209,000 on the Nebari Loan and on August 30, 2021, the Nebari Loan was repaid in full. As at December 31, 2021, the Nebari Loan outstanding was $nil.

During the year ended December 31, 2021, the Company paid $537,202 interest.

(c) Sailfish Loan and Derivative Liability

On August 27, 2021, the Company entered into a $8,000,000 unsecured gold-linked two-year term loan with Sailfish Royalty Corp. ("Sailfish"), a company related by common shareholders and director (the "Sailfish Loan"). The Sailfish Loan is to be repaid with 24 monthly payments, with each monthly payment equal to the cash equivalent of 205 ounces of gold at the average market gold price subject to a minimum price of $1,750 and a maximum price of $2,000 (the "Price Parameters").

Management determined that the Sailfish Loan is a debt contract with an embedded derivative. By fixing the number of ounces that would have to be repaid to satisfy the debt obligation, the Company is essentially entering into a commodity forward. As the price of gold is not closely related to the host debt contract, the forward is required to be separated from the host contract and accounted for at fair value, with any movements going through the statement of income.

The embedded derivative being the fact that the cash payment is variable as it is linked to the fluctuating price of gold with the Price Parameters of a cap at $2,000 and a floor at $1,750 acting as call and put options respectively.

As at September 30, 2022, the Company revalued the embedded derivative within the Sailfish Loan and determined a $18,281 (December 31, 2021 - $88,710) fair value. Assumptions associated with the revaluation includes expected future consensus gold price per ounce ranging from $1,738 - $1,797 (December 31, 2021 - $1,669 to $1,797), volatility of gold futures ranging from 14.8% to 18.9% (December 31, 2021 – 6.02% to 16.4%), risk free rate of 3.73% (December 31, 2021 – 0.91%), and the gold price at $1,827 (December 31, 2021 - $1,827) per ounce. As at September 30, 2022, the Company included in accounts payable an accrual of $358,750 for the Sailfish Loan payment that was made in cash on October 5, 2022 based on the minimum average gold price of $1,750 per ounce. As at December 31, 2021, the Company included in accounts payable an accrual of $366,263 for the Sailfish Loan payment that was made in cash on January 6, 2022, based on the December 2021 average gold price of $1,787 per ounce.

During the nine months ended September 30, 2022, the Company paid nine monthly instalment repayments totaling $3,390,542.

During the year ended December 31, 2021, the Company paid three monthly instalment repayments totaling $1,101,740.

During the three and nine months ended September 30, 2022, the Company recorded $120,282 and $398,005 of finance expense accretion on the Sailfish Loan, and $17,497 and $70,429 of fair value adjustment on the Sailfish Loan, respectively.

During the year ended December 31, 2021, the Company recorded $143,469 of finance expense accretion on the Sailfish Loan, and $88,710 of fair value adjustment on the Sailfish Loan.

All tabular amounts are in thousands of United States dollars unless otherwise stated

	Sailfish Loan $	Derivative Liability $	Total $
Fair value, at inception	8,000	-	8,000
Finance expense	143	-	143
Fair value adjustment	-	89	89
Loan repayments made	(1,102)	-	(1,102)
Accrual of loan payment (Note 11 (b))	(366)	-	(366)
As at December 31, 2021	6,675	89	6,764
Finance expense	469	-	469
Fair value adjustment	-	(71)	(71)
Loan repayments made	(3,390)	-	(3,390)
Change in accrual loan payment (Note 11 (b))	7	-	7
As at September 30, 2022	3,761	18	3,779
Disclosed as follows:			
Current liabilities	3,761	18	3,779
Non-current liabilities	-	-	-
	3,761	18	3,779

12. RECLAMATION AND REHABILITATION OBLIGATIONS

	San Albino Mine	La Trinidad Mine	Total
Balance, December 31, 2020	$ 744	$ 896	$ 1,640
Acquired through business combination	-	-	-
Cash outflows for reclamation and rehabilitation activities	-	(170)	(170)
Changes in estimate	488	311	799
Accretion expense	14	5	19
Balance, December 31, 2021	**$ 1,246**	**$ 1,042**	**$ 2,288**
Cash outflows for reclamation and rehabilitation activities	-	(37)	(37)
Changes in estimate	50	18	68
Accretion expense	15	4	19
Balance, September 30, 2022	$ 1,311	$ 1,027	$ 2,338

As at	**September 30 2022**	**December 31 2021**
Disclosed as follows:		
Current portion	$ -	$ 1,043
Long-term portion	2,338	1,245
	$ 2,338	$ 2,288

The Company has recognized liabilities relating to the La Trinidad mine and the San Albino Project and has determined that no significant closure and reclamation liabilities exist in connection with the activities on its other properties. The Company has calculated the present value of the closure and reclamation provision as at September 30, 2022, using the undiscounted estimate of cash outflows associated with reclamation activities as $2,568,427 (December 31, 2021 - $2,070,847), with $1,086,622 associated to the La Trinidad mine and $1,481,805 associated with the San Albino Project. The provision was determined using a discount rate of 2.63% -4.14% (December 31, 2021 – 0.39%-1.15%) and an inflation rate of 2.52% - 3.00% (December 31, 2021 – 2.26%). The Company intends to complete the reclamation activities on La Trinidad by the end of 2023.

13. SHARE CAPITAL

(a) Authorized – Unlimited number of common shares, without par value.

(b) Issued

(i) On October 19, 2021, the Company commenced a normal course issuer bid ("NCIB") whereby the Company intends to purchase up to a maximum of 32,965,449 common shares in the capital of the Company. All common shares acquired by the Company under the NCIB will be subsequently cancelled. Purchases under the NCIB will end no later than October 18, 2022.

During the nine months ended September 30, 2022, the Company purchased 2,001,500 common shares for $485,023 (C$620,000) and they were subsequently cancelled. Refer to Note 19 (b).

As at December 31, 2021, no common shares of the Company were purchased.

(ii) During the year ended December 31, 2021, the Company issued 3,177,500 common shares on the exercise of 3,177,500 stock options for gross proceeds of $621,599 (C$763,006). The carrying value associated with these options was $376,258 which was transferred from contributed surplus to share capital.

(c) Share purchase warrants

On January 16, 2022, 35,500,000 share purchase warrants, exercisable at C$0.60 per warrant and 1,500,000 Broker Warrants, exercisable at C$0.40 per warrant expired unexercised.

As at September 30, 2022, the Company had no share purchase warrants outstanding.

All tabular amounts are in thousands of United States dollars unless otherwise stated

(d) Share options

	For the nine months ended September 30, 2022		For the year ended December 31, 2021	
	Number of options	WAEP	Number of options	WAEP
Opening balance	33,645,000	C$0.26	48,282,500	C$0.26
Granted	700,000	0.37	2,000,000	0.35
Forfeited	-	-	(4,457,500)	0.29
Exercised[(1)]	-	-	(3,177,500)	0.24
Expired	(445,000)	0.32	(9,002,500)	0.26
Ending balance	**33,900,000**	**C$0.27**	**33,645,000**	**C$0.27**
Options exercisable	32,300,000	C$0.26	24,878,750	C$0.26

WAEP = Weighted average exercise price

(1) The weighted average share price at the date of exercise for the year ended December 31, 2021 C$0.38.

On February 1, June 13, and August 21, 2022, 250,000, 20,000 and 175,000 options, exercisable at C$0.37, C$0.195 and C$0.26 per option, respectively, expired unexercised.

On March 9, 2022, the Company granted 700,000 stock options of the Company exercisable to acquire one common share of the Company at an exercise price of C$0.37 per share for a term of five years, expiring on March 9, 2027. The options vest as to 25% on the date of grant, and as to 25% on each of the first, second and third anniversary of the date of grant. The fair value of these options was calculated as $101,856 (C$130,800) using the Black-Scholes model.

During the year ended December 31, 2021, 4,457,500 unvested options, with a weighted average exercise price of C$0.29 per option, were forfeited, 497,500 vested options, with a weighted average exercise price of C$0.30 per option, expired unexercised and 8,505,000 vested options with an exercise price of C$0.29 were cancelled.

On July 26, 2021, the Company granted 1,000,000 stock options of the Company exercisable to acquire one common share of the Company at an exercise price of C$0.37 per share for a term of five years, expiring on July 26, 2026. The stock options vest as to 25% on the date of grant, and as to 25% on each of the first, second and third anniversary of the date of grant. The fair value of these options was calculated as $151,120 (C$189,784) using the Black-Scholes model.

On August 17, 2021, 612,500 stock options were exercised at a weighted average exercise price of C$0.30 for gross proceeds to the Company of $145,695 (C$183,750). The weighted average share price at the date of exercise was C$0.33.

In June 2021, 988,000 stock options were exercised at a weighted average exercise price of C$0.25 for gross proceeds to the Company of $200,857 (C$242,500). The weighted average share price at the date of exercise was C$0.41.

In May 2021, 952,000 stock options were exercised at a weighted average exercise price of C$0.25 for gross proceeds to the Company of $198,132 (C$239,100). The weighted average share price at the date of exercise was C$0.39.

On February 18, 2021, 250,000 stock options were exercised at C$0.10 for gross proceeds to the Company of $19,679 (C$25,000). The weighted average share price at the date of exercise was C$0.35.

On February 11, 2021, 187,500 and 187,500 stock options were exercised at C$0.1625 and C$0.225 for gross proceeds to the Company of $57,236 (C$72,656). The weighted average share price at the date of exercise was C$0.36.

On February 4, 2021, the Company granted 1,000,000 stock options to an officer of the Company exercisable to acquire one common share of the Company at an exercise price of C$0.345 per share for a term of five years, expiring on February 4, 2026. The stock options vest as to 25% on the date of grant, and as to 25% on each of the first, second and third anniversary of the date of grant. The fair value of these options was calculated as $149,139 (C$190,628) using the Black-Scholes model.

During the three and nine months ended September 30, 2022, the Company recorded share-based payments expense of $111,028 and $389,691 (September 30, 2021 - $121,857 and $360,668) of which $111,028 and $389,691 (September 30, 2021 - $121,857 and $355,503) is included in general and administrative expenses and $nil and $nil (September 30, 2021 - $ nil and $5,165) is included in construction in progress, respectively.

(e) Restricted share units (“RSU”)

On January 31, 2022, the Company granted 1,503,800 restricted share units (“RSU”) to senior executives. Each RSU will vest 50% on the first anniversary of the grant date (being January 31, 2023), 25% on the second anniversary of the grant date (being January 31, 2024) and 25% on December 1, 2024. Once vested, each RSU is exercisable into one common share entitling the holder to receive the common share for no additional consideration. The fair value was C$0.32 per RSU with a total fair value of $370,925 (C$473,697) based on the market value of the underlying shares at the date of issuance.

For the three and nine months ended September 30, 2022, total share-based compensation relating to RSUs was $66,525 ($84,956) and $175,712 (C$224,396), respectively, of which all is included in general and administrative expenses.

At September 30, 2022, there were 1,503,800 RSUs outstanding.

(f) Deferred share units (“DSU”)

On January 31, 2022, the Company granted 1,318,400 deferred share units (“DSU”) to the Company’s directors. Each DSU will vest on the director’s termination of service and is exercisable into one common share entitling the holder to receive the common share for no additional consideration or receive the cash equivalent or a combination thereof.

The fair value was C$0.32 per DSU with a total fair value of $325,196 (C$415,296) based on the market value of the underlying shares at the date of issuance.

For the three and nine months ended September 30, 2022, total share-based compensation relating to DSUs was $20,907 (C$26,700) and $55,223 (C$70,522), respectively, of which all is included in general and administrative expenses.

At September 30, 2022, there were 1,318,400 RSUs outstanding.

All tabular amounts are in thousands of United States dollars unless otherwise stated

(g) The fair value of stock options and warrants are estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the nine months ended September 30, 2022		For the year ended December 31, 2021	
	Options	**Warrants**	**Options**	**Warrants**
Risk-free interest rate	1.65%	N/A	0.64%	N/A
Expected dividend yield	-	N/A	-	N/A
Expected stock price volatility	58.06%	N/A	63.95%	N/A
Expected life in years	5 years	N/A	5 years	N/A
Forfeiture rate	0.00%	N/A	0.00%	N/A
Weighted average fair value	C$0.19	N/A	C$0.19	N/A

14. RELATED PARTY TRANSACTIONS

(a) Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprise the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Directors.

	Three months ended		Nine months ended	
	September 30 2022	**September 30 2021**	**September 30 2022**	**September 30 2021**
Director fees	$ 51	$ 92	$ 102	$ 187
Salaries, consulting and management fees	221	208	818	1,523
Share-based compensation	112	79	233	212
Total	$ 384	$ 379	$ 1,153	$ 1,922

As at	**September 30, 2022**	**December 31, 2021**
Amount included in accounts payable	$ 69	$ 216

During the three and nine months ended September 30, 2022, the Company granted bonuses of $nil and $365,000, respectively, to three senior members of management and is disclosed in general and administrative expenses.

During the three and nine months ended September 30, 2021, the Company granted bonuses of $ nil and $650,000, respectively, to three senior members of management and paid severance of $154,625 to the former Chief Financial Officer.

(b) Tes-Oro Mining Group, LLC ("Tes-Oro")

Tes-Oro is a private company controlled by the Company's Chief Operating Officer. Tes-Oro is a full-service engineering, procurement and construction management firm working with the Company. During the three and nine months ended September 30, 2022, the Company expensed fees relating to consulting services of $684 and $5,457 (September 30, 2021 - $12,554 and $82,501), reclamation and rehabilitation expenses of $37,202 and $37,202 and $23,311 and $77,221 (September 30, 2021 - $28,507 and $91,639) in general office expenses. Amounts payable to Tes-Oro as at September 30, 2022 were $16,260 (December 31, 2021 - $nil).

(c) Sonoran Resources, LLC ("Sonoran")

Sonoran is a private company controlled by the Company's Chief Operating Officer. Sonoran is a management, scientific, and technical consulting services industry firm which leases office equipment to the Company. During the three and nine months ended September 30, 2022, the Company expensed fees relating to general office expenses of $nil and $2,581 (September 30, 2021 - $nil and $nil). Amounts payable to Sonoran as at September 30, 2022 were $nil (December 31, 2021 - $nil).

(d) Wexford LP("Wexford")

Wexford is the Company's controlling shareholder. Except as noted elsewhere in the financial statements, during the three and nine months ended September 30, 2022, the Company expensed fees of $238 and $3,308 related to transaction costs (September 30, 2021 - $1,273 and $16,757). Amounts payable to Wexford as at September 30, 2022 were $238 (December 31, 2021 - $2,874).

(e) Sailfish Royalty Corp. ("Sailfish")

Sailfish is a publicly traded company related by common shareholders, officers (till December 17, 2021) and a director. In addition to the Sailfish Loan (Note 11(c)), during the three and nine months ended September 30, 2022, the Company's subsidiary Nicoz:

i. received advances of $140,291 and $563,779 for the purchase of gold ounces, respectively;
ii. sold 347 and 1,050 ounces of gold to Sailfish for $150,225 and $479,418 of which $104,513 and $317,424 is recorded as production services revenue and $40,831 and $121,897 is included in the gain on gold stream derivative asset disclosed in the statement of income and comprehensive income, respectively.

As at September 30, 2022, $78,818 is payable to Sailfish (December 31, 2021 – receivable of $5,543).

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Carrying value versus fair value

Financial instruments measured at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).
The Company's financial instruments include cash and cash equivalents, receivables, accounts payable and the Term Loans. The carrying values of cash and cash equivalent, receivables and accounts payables and the term loans approximate fair value because of the short-term nature of these instruments or capacity of prompt liquidation.

The Company does not have any financial instruments that are measured using level 3 inputs.

All tabular amounts are in thousands of United States dollars unless otherwise stated

During the nine months ended September 30, 2022 there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

16. SEGMENTED INFORMATION

For the three and nine months ended September 30, 2022, the Company's principal product was gold sold to the refinery at spot market rates by the Company's subsidiary, Nicoz. The gold was produced at the San Albino mine in Nicaragua. During the nine months ended September 30, 2022, the Company also sold carbon fines.

For the year ended December 31, 2021, the Company's principal product was gold sold to the refinery at spot market rates by the Company's subsidiary, Nicoz. The gold was produced at the San Albino mine in Nicaragua.

For the nine months ended September 30, 2022 and for the year ended December 31, 2021, all of the Company's significant non-current assets and revenues were in Nicaragua.

17. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in non-cash working capital comprise the following:

For the nine month period ended	September 30, 2022	September 30, 2021
		(Restated Note 3)
Change in receivables	$ (2,114)	$ (37)
Change in inventories	6,256	(6,016)
Change in prepaid expenses, and other	(285)	(170)
Change in accounts payable and accrued liabilities	909	900
Change in due to related parties	58	38
Change in provision for reclamation and rehabilitation - current liability	-	(170)
	$ 4,824	$ (5,455)

All tabular amounts are in thousands of United States dollars unless otherwise stated

18. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Nine months ended	
	September 30 2022	September 30 2021	September 30 2022	September 30 2021
Accounting and legal	$ 202	$ (112)	$ 436	$ 1,035
Consulting fees	19	63	174	161
Directors' fees	51	92	153	187
Depreciation	21	17	26	17
General office expenses	64	14	196	109
Insurance	97	90	312	241
Investor relations and communications	80	31	208	117
Rent	(1)	16	26	44
Salaries and benefits	898	782	2,771	2,316
Stock-based compensation	111	127	390	361
Telephone and IT services	41	57	103	140
Transfer agent fees and regulatory fees	-	43	55	122
Travel	30	42	100	150
	$ 1,613	$ 1,262	$ 4,950	$ 5,000

19. EVENTS AFTER THE REPORTING PERIOD

Except as disclosed in the notes above, the following events took place subsequent to September 30, 2022:

(a) Options
On October 2, 2022, 150,000 stock options with an exercise price of C$0.35 expired unexercised.

(b) Normal Course Issuer Bid ("NCIB")
On October 7, 2022, the Company purchased an additional 79,500 common shares of the Company for C$13,515 and will be subsequently cancelled.

(c) Sailfish Loan
Two monthly repayment installments totaling $717,500 were made on the Sailfish Loan.