STEPPE GOLD

Mongolia's Premier Precious Metals Company

Management Discussion and Analysis

First Quarter 2022 Results

Ending March 31, 2022

Management Discussion and Analysis

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Steppe Gold Ltd. ("Steppe Gold" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2022 and three months ended March 31, 2021. This discussion should be read in conjunction with the condensed interim consolidated financial statements as at March 31, 2022 and March 31, 2021 together with the notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. This MD&A is dated as of May 13, 2022 unless otherwise indicated.

All monetary amounts in this MD&A are expressed in thousands of United States dollars, unless otherwise noted. Unless otherwise noted or the context indicates otherwise "we", "us", "our", or the "Company" refer to Steppe Gold Ltd. and its direct and indirect subsidiaries.

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws. You should carefully read "Cautionary Statement Regarding Forward-Looking Information" in this MD&A and should not place undue reliance on any such forward- looking statements.

Further information about the Company and its operations is available on the Company's website at www.steppegold.com.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and statements which may not be based on fact, including without limitation, statements regarding the Company's expectations in respect of: future financial position; business strategy; future exploration and production; mineral resource potential; exploration drilling; permitting; access to capital; reagent supply chain operations; events or developments that the Company expects to take place in the future; the expected results of exploration activities; the estimation of mineral resources; the ability to identify new mineral resources and convert mineral resources into mineral reserves; ability to raise additional capital and complete future financings; capital expenditures and costs, including forecasted costs; use and repayment of loan proceeds; future loan agreements; Company pledge of certain licenses, movable properties and immovable properties; the ability of the Company to comply with environmental, safety and other regulatory requirements; future prices of precious metals; the production and construction schedule of, and the ability of the Company to obtain all necessary approvals and permits in connection, with the development of the Altan Tsagaan Ovoo Project (the "ATO Project").

All statements, other than statements of historical facts, are forward-looking information and statements. The words "believe", "expected", "anticipated", "continue", "goal", "future", "forecasted", "estimate", "opportunity", "may", "will", "could", "would" and similar expressions identify forward-looking information and statements.

Such forward-looking information and statements are based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such information and statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions relate to, among other things: the continuance of the Company and its subsidiaries as a going concern; general economic and market conditions; gold prices; the ability of the Company to maintain normal operations during the COVID-19 pandemic; the Company's ability to continue to successfully satisfy all covenants under the Stream Agreement (as defined below) and its ability to meet significant near-term liquidity and operation requirements; the accuracy of mineral resources and mineral reserve statements and the other estimates and assumptions contained in the Feasibility Study (as defined below).

Readers are cautioned that forward-looking information and statements are not guarantees of future performance. There can be no assurance that such information and statements will prove to be accurate and actual results and future events could differ materially from those presented in such information and statements. Forward-looking information and statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information and statements. Such risks include, but are not limited to: the volatility of the price of gold; uncertainty of mineral resources; exploration potential; mineral grades and mineral recovery estimates; delays in exploration and development plans; insufficient capital to complete development and exploration plans; risks inherent with mineral acquisitions; delays in obtaining government approvals or permits; financing of additional capital requirements; commercial viability of mineral deposits; cost of exploration and development programs; risks associated with competition in the mining industry; risks associated with the ability to retain key executives and personnel; the impact of COVID-19; title disputes and other claims; the risk that insurance may not be available to Steppe Gold on reasonable terms or at all; changes in governmental and environmental regulation that results in increased costs; the Company's failure to adhere to representations, warranties, affirmative and negative covenants under the Stream agreement, which could give rise to an event of default under the Stream agreement; risk of increases in the anticipated total capital and operating costs relating to development and operation of the ATO Project and the Company's ability to meet such costs; cost of environmental expenditures and potential environmental liabilities; and accidents and labour disputes. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information and statements.

Restatement of Previously Issued Consolidated 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 the Company's principal securities regulator in relation to the accounting for the Stream Agreement, the Company reassessed the application of IFRS on the accounting for its Stream Agreement and identified that the arrangement should be accounted for in its entirety as a derivative measured at fair value through profit and losses ("FVTPL") instead of the previous accounting as a debt instrument (carried at amortized cost) with embedded derivatives linked to gold and silver commodity prices. As a result of the restatement: (i) the property, plant and equipment amount reduced by $336 to $37,567; (ii) the current portion of stream arrangement increased by $5,760 to $12,528; (iii) the long term portion of the Stream Agreement increased by $5,426 to $19,406; and (iv) the deficit increased by $11,522 to $39,546 as at March 31, 2021. For more details, please refer to note 23 of the condensed interim consolidated financial statements of the Company for the three months ended March 31, 2022.

The change in accounting for the Stream Agreement, is considered the correction of an error for accounting purposes and, as such, required a restatement of the financial statements for the three months ended March 31, 2021. Due to the accounting error, the Company's management has concluded there was a material weakness in its internal controls over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A further description and remediation efforts are included below under the heading "Corporate Governance".

Non-IFRS Measures

Certain non-IFRS measures are included in this MD&A, including earnings before interest, taxation, depreciation and amortization ("EBITDA") and all-in sustaining cost ("AISC"), which are non-IFRS performance measurements. C1 cash costs and AISC are included because these statistics are widely accepted as the standard of reporting cash costs of production in North America. These performance measurements do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measurements should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

Certain other key measures are included below:

1. Mineral resource estimate was estimated by the resources qualified person.
2. Altan Tsagaan Ovoo ("ATO") and Mungu mineral reserves are effective as of June 30, 2021.
3. Mineral reserves are included in mineral resources.
4. Mineral reserves are reported in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 – Standards of Dsiclosure of Mineral Projects ("NI 43-101") guidelines.
5. Ore dilution is 3% and ore loss is 2%.
6. Contained metal estimates have not been adjusted for metallurgical recoveries.
7. The open pit mineral reserves are estimated using a cut-off grade of 0.42 g/t AuEq for oxide material and 0.45 g/t AuEq for transition and fresh material.
8. Mineral reserves are contained within an optimised pit shell based on a gold price of $1,610 per ounce.
9. A conversion factor of 31.103477 grams per troy ounce and a conversion factor of 453.59237 grams per pound are used in the resource and reserves estimates.
10. AuEq has been calculated using the following metal prices: $1,610/oz gold, $21/oz silver, $1,970/t lead, $2,515/t zinc
11. Oxide AuEq calculation: $AUEQ_{(g/t)} = Au_{(g/t)} + \frac{Ag_{(g/t)} \times 21 \times 0.4}{1{,}610 \times 0.7}$
12. Transition and fresh AuEq calculation: $AuEq_{(g/t)} = Au_{(g/t)} + \frac{Ag_{(g/t)} \times 21 \times 0.858}{1{,}610 \times 0.8} + \frac{Pb_{(\%)} \times 1{,}970 \times 0.88}{1{,}610 \times 0.8} + \frac{Zn_{(g/t)} \times 2515 \times 0.88}{1{,}610 \times 0.8}$.
13. Totals may not match due to rounding.
14. The mineral reserves are stated as dry tonnes processed at the crusher.
15. The Qualified Person (as defined below) is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially impact the mineral reserves estimate.

Technical Information

The technical and geoscientific content of this MD&A and the Feasibility Study has been compiled, reviewed and approved by Enkhtuvshin Khishigsuren, Vice President of Exploration of the Company and a "Qualified Person" as defined by NI 43-101. Scientific and technical information relating to the mineral properties mentioned in this MD&A and the Feasibility Study that are considered to be material mineral properties of the Company are contained in Steppe Gold's annual information form for the year ended December 31, 2021, and the NI 43-101 technical report entitled "NI 43-101 Technical Report Feasibility Study for the Altan Tsagaan Ovoo (ATO) Phase 2 Expansion Project of Mongolia", dated November 30, 2021.

Tim Fletcher (P. Eng.), David Frost (FAusIMM), Daniel Gagnon (P. Eng.), and Ghislain Prevost, (P. Eng.) from DRA Global Ltd, Richard Jupp from Knight Piesold Pty Ltd, Ulziibayar Dagdandorj and Dan Michaelsen (FAusIMM (CP)) from Ulzii Environmental LLC, and Robin Rankin (MSc DIC MAusIMM (CP)) are all "Qualified Persons" as defined by NI 43-101, and have approved the scientific and technical information in the Feasibility Study. Mr. Robin Rankin was responsible for the mineral resource estimate of the Feasibility Study. Mr. Rankin confirmed that he has reviewed the information in this Feasibility Study as it relates to the mineral resource estimate. The effective date of the current mineral resource estimate is March 30, 2021.

Additional Information

Additional information regarding the Company, including the Company's annual information form for the year ended December 31, 2021, can be found on SEDAR at www.sedar.com and www.steppegold.com.

Company Overview

Steppe Gold was incorporated under the *Business Corporation Act* (Ontario) on October 5, 2016. The head office of the Company is located in Shangri-La office Suite 1201, Olympic Street 19A, Sukhbaatar District 1, Ulaanbaatar 14241, Mongolia. The registered office is at 55 Metcalfe St Suite 1300, Ottawa, ON K1P 6L5, Canada.

Steppe Gold is a precious metals exploration, development, and production company focused on opportunities in Mongolia. The Company has two principal assets – an operating open pit mine, ATO, located in Dornod province of Eastern Mongolia, and the Uudam Khundii exploration project in Bayankhongor Province.

First Quarter Highlights (all figures in US$000's unless stated otherwise)

- Revenue for the three months ended March 31, 2022, was $5,457 on sales of 2,893 gold ounces and 248 silver ounces with average realized prices per ounce of $1,850 and $24 respectively.
- Operating income from mine operations, before depreciation and depletion was $2,814.
- Consolidated group adjusted EBITDA for the quarter was $1,135.
- During the three months ended March 31, 2022, 69,613 tonnes of ore were mined and 192,680 tonnes of ore were stacked on the leach pad with an average gold grade of 1.83 g/t and an average silver grade of 18.33 g/t.
- On March 2, 2022, the Company met all the conditions set out in the conditional agreement with the 2021 Gold 2 Loan (as defined below) and the first tranche of $20,347 became available.
- As at March 31, 2022, cash and restricted cash amounted to $59,736; total bank and other debt (excluding convertible debentures) was $70,986 and net debt was $11,250.
- Progress has been made on the construction and installation of the new fixed crushing unit and it is expected to be operational by summer 2022. This is the first major equipment installation for the fresh rock phase, and it will also allow the Company to drive higher crushing rates in the remaining oxide phase with ample excess capacity in the plant.

Health and Safety

In the three months ended March 31, 2022, a total recordable injury frequency rate of zero per million hours worked was reported.

Preventative measures are in place to ensure the well-being of employees and contractors. Management continues to monitor the situation at the site and corporate offices to prevent or minimize any effects that the COVID-19 the pandemic may have on operational or financial reporting activities.

Impacts of the COVID-19 pandemic have continued to cause disruptions to business in Mongolia, notably there have been challenges in supply chain logistics, which have hampered operations in 2022. These supply chain challenges have 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 transport of goods into Mongolia and this has been most pronounced in the transport of chemicals that are critical for gold 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. However, with COVID issues now pronounced in China, there remains a risk of further disruption to supply in the future.

Financial Overview

The Company reported total cash balances as at March 31, 2022 of $59,736 compared to the year ended December 31, 2021 of $71,817. The total cash balance as of March 31, 2022, consists of restricted cash held as collateral for the Gold 2 Loans of $42,436 and free cash of $17,300. The total cash balance as at December 31, 2021, consisted of restricted cash balance of $69,177 and free cash of $2,640. The increase in free cash balance in 2022 was derived from the release of the first tranche of 2021 Gold 2 Loan, which became available from restricted cash in March, 2022. The decrease in restricted cash was due to the first tranche repayment of $3,391 in accordance with the schedule for 2020 Gold 2 Loan (as defined below).

As at March 31, 2022, the inventory balance increased to $24,515 compared to $22,358 as at the year ended December 31, 2021. The increase is mainly driven by ongoing mining and stacking activities which have increased ore stockpile levels as well as the key reagents received in March 2022, included in consumables and supplies.

Property, plant and equipment was $35,175 as at March 31, 2022, compared to $35,990 as at the year ended December 31, 2021. The decrease was driven by the acquisition of assets, netted off against the depreciation and amortization.

The Company reported a net decrease in total liabilities of $2,519 for the three months ended March 31, 2022. The major driver was 2020 Gold 2 Loan (as defined below) second tranche repayment of $3,391. 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 overall net cash inflow for the three months ended March 31, 2022 was $14,660, primarily resulting from financing activities that the first tranche of 2021 Gold 2 Loan became available for use and moved to free cash. This loan is restricted for use in Phase 2 Expansion activities only. This compares to overall net cash outflow of $6,588 for the same period of 2021 which resulted from the lower revenue.

Balance Sheet

(US$ 000's)	Three Months Ended Mar 31, 2022	Year Ended Dec 31, 2021 (restated)
Cash	17,300	2,640
Current portion of restricted cash	5,130	-
Inventories	24,515	22,358
Other Current Assets	7,762	7,252
Non-current restricted cash	37,306	69,177
Other non-Current Assets	44,731	44,849
Total Assets	**136,744**	**146,276**
Current Liabilities	62,970	72,945
Non-Current Liabilities	73,772	66,316
Total Liabilities	**136,742**	**139,261**
Total Shareholders Equity	**2**	**7,015**

Cash and Equivalents

As at March 31, 2022, the Company recorded a total cash and restricted cash balance of $59,736 compared to $71,817 as at the year ended December 31, 2021. The decrease was primarily related to the outflow of $3,391 first tranche repayment of the 2020 Gold 2 Loan.

Restricted cash is as follows:

(US$ 000's)	Three months ended Mar 31, 2022	Year ended Dec 31, 2021
Balance beginning of the period	**69,177**	**12,483**
Additional deposit	-	59,433
Repayment of 1st tranche of 2020 loan	(3,391)	(3,496)
Repayment of interest	-	(95)
Transferred to cash	(20,347)	-
Foreign exchange	(3,003)	852
Balance end of the period	**42,436**	**69,177**
Current portion	**5,130**	**-**
Long term portion	**37,306**	**69,177**

The continuity table of long-term loans is as follows:

(US$ 000's)	Three months ended Mar 31, 2022	Year ended Dec 31, 2021
Balance beginning of the period	**67,354**	**10,610**
2021 Gold 2 Loan – Tranche 1	-	59,433
Crusher loan advance	-	2,850
Repayment	(3,391)	(6,346)
Foreign exchange	(2,922)	807
Balance end of the period	**61,041**	**67,354**
Current portion	**23,738**	**28,360**
Long term portion	**37,303**	**38,994**

Inventories

As at March 31, 2022, the Company reported total inventory of $24,515 compared to $22,358 as at the year ended December 31, 2021. The increase was mainly driven by ongoing mining and stacking activities which have increased ore stockpile levels as well as key reagents received in March 2022 which have increased warehouse consumables. Inventory includes warehouse consumables, ore stockpiles, gold-in-circuit, and finished goods.

Revenue generating inventory as at March 31, 2022 included 429,695 tonnes of ore balances in the run of mine pad and stacked ore with a carrying value of $13,449 and 45,447 ounces of gold is estimated to be generated. Gold in circuit included 10,473 ounces of gold with a carrying value of $9,283 and finished goods included 25 ounces of gold with a carrying value of $27. The Company estimated that it also held 1,335 ounces of silver in silver bars. As silver is considered a by-product, no value is ascribed to these bars in the fourth quarter inventory.

As at March 31, 2022, the carrying balance of consumables was $1,756 compared to $1,024 for the year ended December 31, 2021.

(US$ 000's)	Three Months Ended Mar 31, 2022	Year Ended Dec 31, 2021
Ore Stockpiles	13,449	12,726
Gold-in-Circuit	9,283	7,857
Finished Goods	27	751
Warehouse Consumables & Supplies	1,756	1,024
Total Inventory	**24,515**	**22,358**

Current Assets

Other current assets include receivables, short-term investments, current portion of restricted cash and prepaid tax. As at March 31, 2022, the Company reported total short term investments of $1,452 in convertible debentures of Aranjin Resources Ltd. ("Aranjin"). The convertible debenture has a 12 month term and 15% interest per annum payable on the August 10, 2022 maturity date.

Non-Current Assets

As at March 31, 2022, non-current assets of $82,037 comprised of property plant and equipment, primarily related to the ATO operations, restricted cash and Steppe Gold's 80% interest in the Uudam Khundii Project through Corundum Geo LLC ("Corundum").

Property, plant and equipment was $35,175 as at March 31, 2022, compared to $35,990 as at the year ended December 31, 2021. The decrease is driven by depreciation, netted off against the acquisition of minor assets.

As at March 31, 2022, the Uudam Khundii project accounted for $1,834 of the total non-current assets after accounting for foreign exchange adjustments, compared to $1,917 as at the year ended December 31, 2021.

The long-term portion of restricted cash held as collateral for the loans from TDB of $37,306 is included in non-current assets.

Liabilities

As at March 31, 2022 there were total liabilities of $136,742 compared to $139,261 as at the year ended December 31, 2021.

In 2021, the Company entered into a loan agreement (the "2021 Gold 2 Loan") which is a covenant light loan of 9% interest per annum for a term of 36 months facilitated under the Central Bank of Mongolia "Gold 2" program. The funds under the 2021 Gold 2 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 released 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.

On March 02, 2022, tranche 1 has now been made available and further tranches will be released based on TDB's credit approval. In addition to the 2021 Gold 2 Loan agreement, a savings agreement has been entered into between the Company and TDB and the loan amount is held in a deposit account registered in the name of the Company. TDB shall pay 7% deposit interest on the deposit account and the cash deposit is disclosed as restricted cash. Interest income was not accrued for the tranche 1 as the bank made the full amount available in the current account.

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 TDB and Triple Flag (as defined below).

On November 11, 2021, the Company reached agreement with TDB for an additional $5,000 (the "TDB Gold Sales Loan") for allocation to working capital funded directly from TDB in the form of a prepaid TDB Gold Sales Loan. The TDB Gold Sales 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 began making monthly repayments in March 2022 and the first repayment of $1,230, equivalent to 644.44oz of gold was made on schedule.

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. During the three months ended March 31, 2022, the change in fair value of the Stream Agreement was $3,874.

There are currently material commitments and obligations for cash resources set out in the table below. Failure to meet these obligations could lead to termination of the Company's underlying interests.

(US$ 000's)	< 1 Year	1 - 3 Years	3 - 5 Years	> 5 Years	Total
Payables & Other Liabilities	7,204	-	-	-	7,204
Lease Liability	139	252	208	25	624
Stream Arrangement	19,196	30,979	-	-	50,175
Asset Retirement Obligation	-	-	-	3,899	3,899
Convertible Debenture	2,748	1,106	-	-	3,854
Short Term Loan – TDB Gold Sales Loan	9,945	-	-	-	9,945
Long Term Loan	23,738	37,303	-	-	61,041
Total	**62,970**	**69,640**	**208**	**3,924**	**136,742**

Shareholders' Equity

There was a decrease in shareholders' equity as at three months ended March 31, 2022, $2 compared to $7,015 as at the year ended December 31, 2021. The decrease is mainly driven by the loss on fair value of stream arrangement for the period and reported loss.

Common Shares Issued	Number of Shares Units	Share Capital US$ 000's
Balance as at January 1, 2021	**68,422,607**	**54,081**
Exercise of Restricted Share Units	549,127	612
Convertible Debentures Converted into Shares	576,923	599
Balance as at December 31, 2021	**69,548,657**	**55,292**
Balance as at March 31, 2022	**69,548,657**	**55,292**

Off Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements.

Income Statement

(US$ 000's)	Three Months Ended Mar 31, 2022	Three Months Ended Mar 31, 2021 (Restated)
Revenue	5,457	1,854
Cash Cost of Sales	(2,643)	(670)
Depletion and Depreciation	(483)	(251)
Profit from Mine Operations	**2,331**	**933**
Corporate Administration	(1,911)	(2,089)
Exploration & Evaluation	(37)	(161)
Operating Profit/(Loss)	**383**	**(1,317)**
Finance (Costs)/Income	(5,094)	2,401
Foreign Exchange (Loss)/Gain	(1,366)	19
(Loss)/Profit Before Tax	**(6,077)**	**1,103**
Income Tax	(3)	(146)
(Loss)/Profit After Tax	**(6,080)**	**957**
Basic and Diluted Net (loss)/earnings and Comprehensive Loss per Common Share	(0.087)	0.014

Revenue

The first quarter of 2022 included the sale of 2,893 ounces of gold and 248 ounces of silver at average prices of $1,850/oz and $24/oz respectively, for total revenue of $5,457. This compares to attributable revenue of $1,854 in the same period of 2021. The increase in the first quarter of 2022 was due to higher production as a result of the receipt of key reagents in March, 2022.

Depreciation and Amortization

Depreciation and depletion totalled $483 for the first quarter of 2022 compared to $251 for the same period in 2021. The increase was due to the higher production in 2022 as depletable mineral properties and most of the production assets included in plant and equipment are depleted on a units of production basis over the life of the mine.

Corporate Administration Costs

Corporate administration costs were $1,911 for the first quarter ended March 31, 2022, compared to $2,089 for the same period in 2021. The higher expenditure in 2021 was due to granting stock-based compensation to the employees and management.

Finance (Costs)/Income

Finance expenses of $5,094 were reported for the first quarter of 2022 compared to finance income of $2,401 for the same period in 2021. The finance income in 2021 was primarily related to gain on fair value movements on the Stream Agreement and change in convertible debenture derivatives component.

Foreign Exchange (Loss)/Gain

Foreign exchange loss of $1,366 for the first quarter ended March 31, 2022, compared to a gain of $19 for the same period in 2021. The increase was driven from the unrealized loss on revaluation of convertible debentures and other USD denominated payables. The USD to MNT exchange rate strengthened throughout the first quarter of 2022, whereas the USD and CAD exchange rate was relatively stable during the period.

Taxation

The Company's main operating subsidiary in Mongolia generated a loss for the period. There was a $986 deferred tax asset recorded as at March 31, 2022.

Cash Flow Statement

(US$ 000's)	**Three Months Ended Mar 31, 2022**	**Three Months Ended Mar 31, 2021** (Restated)
Cash Flows from Operating Activities	1,534	(4,537)
Cash Flows from Investing Activities	(1,313)	(1,448)
Cash Flows from Financing Activities	14,424	(603)
Effect of Exchange Rate Changes on Cash Held in Foreign Currency	15	-
Net Increase/(Decrease) in Cash	**14,660**	**(6,588)**

Cash generated by the operating activities for the three months ended March 31, 2022, amounted to $1,534 compared to cash used in operating activities in the same period in 2021 of $4,537. The increase in cash inflow from operating activities during the three months ended March 31, 2022, was due to increased revenue as a result of higher production driven by the receipt of reagents.

Cash used in investing activities during the three months ended March 31, 2022, was $1,313 compared to $1,448 for the three months ended March 31, 2021.

Cash generated by the financing activities was $14,424 for the three months ended March 31, 2022, compared to $603 cash consumed for the financing activities in the same period in 2021. The increase in the first quarter of 2022 was mainly due to the first tranche of the 2021 Gold 2 Loan of $20,347 becoming available to use from the restricted cash.

Financing Activities

Stream Agreement

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 ("Triple Flag") to sell gold and silver produced from the ATO Project. Under the terms of the Stream Agreement, Triple Flag advanced an upfront deposit of $23,000 to Steppe Gold and Steppe BVI is obligated to sell to Triple Flag 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 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 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 continues for the life of the 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. Under the terms of the amendment, Triple Flag advanced an additional deposit of $5,000 to Steppe Gold, bringing the total amount advanced to Steppe Gold by Triple Flag under the gold stream to $28,000. The proceeds received from Triple Flag 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 on delivery of gold and silver from 30% to 17% of the relevant market price. As additional consideration, Steppe West LLC (100% owned subsidiary of Steppe Gold) granted a 3% net smelter returns royalty to a subsidiary of Triple Flag on minerals derived from the Uudam Khundii property owned by Corundum.

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 under the Stream Agreement is based on the product of 0.99 and spot prices as of the 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. Once the uncredited balance of the Upfront Deposit has been reduced to nil the purchase price by Triple Flag for the gold and silver shall be 17% of the price determined with reference to the product of 0.99 and spot prices of the delivery date, payable in cash.

Triple Flag 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 ounces 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.

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, with each 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 EBITDA. The covenant is defined in the Stream 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 ("Forecasted EBITDA Ratio"). Per the Stream 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 compliant with the covenants as noted in the Stream Agreement.

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 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.

Debenture Agreements

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 (the "debentures") of the Company in the principal amount of $3,000.

The 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 with the maturity date on January 30, 2022. The debentures are secured obligations of the Company and rank pari passu in right of payment of principal and interest.

The debentures are 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 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.

On January 27, 2022, Development Bank of Mongolia ("DBM") 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 debentures of the Company held by DBM. Subsequently the maturity date of the debentures has been extended to January 27, 2024 and the interest payment term has been changed to quarterly basis.

Short and Long Term Loans

In the first quarter of 2021 Steppe Mongolia entered into a loan agreement with Capitron Bank for $2,850, dated February 9, 2021. The loan was repaid on September 27, 2021.

In the third quarter of 2021, the Company signed the 2021 Gold 2 Loan agreement with Central Bank of Mongolia and TDB for $59,433. The primary purpose of this loan is to finance the Phase 2 Expansion at the ATO gold mine.

In the fourth quarter of 2021, the Company reached an agreement for an additional $5,000 for the allocation to working capital, funded directly from TDB in the form of the prepaid TDB Gold Sales Loan. The TDB Gold Sales Loan will be repaid in 5,800 ounces of gold over a period of 9 months, with repayments in cash equivalent at Central Bank of Mongolia's gold prices. The TDB Gold Sales Loan has been valued at its fair value of $10,566 as at December 31, 2021 in the consolidated statement of financial position.

The continuity table of short and long-term loans is as follows:

(US$ 000's)	Three Months Ended Mar 31, 2022	Year Ended Dec 31, 2021
Balance Beginning of the Period	**67,354**	**10,610**
Additional Loan Advance – 2021 Gold 2 Loan	-	59,433
Crusher Loan Advance	-	2,850
Repayment of 2020 Gold 2 Loan	(3,391)	(6,346)
Foreign Exchange	(2,922)	807
Balance end of the Period	**61,041**	**67,354**
Current Portion	**23,738**	**28,360**
Long-Term Portion	**37,303**	**38,994**

Outstanding Common Shares

As of the date of this report, there were 69,548,657 common shares of the Company issued and outstanding.

Related Party Transactions

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

For the three months ended March 31, 2022, and 2021, management fees paid to key management personnel (defined as officers and directors of the Company) are shown below:

(US$ 000's)	Three Months Ended Mar 31, 2022	Three Months Ended Mar 31, 2021
Management Fees Paid to Key Personnel	319	321
Stock Based Compensation	110	257
Total	**429**	**578**

As at March 31, 2022, key management personnel were owed $nil (March 31, 2021: $1).

During the three months ended March 31, 2021, Erdenyn Erel, a company for which the Vice President of Exploration is the CEO provided services to the Company totaling $5 (March 31, 2021 - $nil). As at March 31, 2022, $nil was owed to Erdenyn Erel (March 31, 2021 - $707).

During the year ended December 31, 2020, the Company entered into a non-binding term sheet with 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 license, the receivable was written off as at December 31, 2021.

In addition, effective August 10, 2021, the Company subscribed for C$1,814 in convertible debentures of Aranjin. The investment has a 12 month term and earns 15% interest per annum, all payable on the maturity date on August 10, 2022. The Company can convert the debentures into shares of Aranjin for C$0.055 per share. The Company has accrued C$174 in interest income as at March 31, 2022. Bataa Tumur-Ochir, Matthew Wood and Jeremy South are directors of Aranjin.

Operational Overview

Gold sales for the three months ended March 31, 2022 and 2021, were 2,893 ounces and 945 ounces, respectively.

The Company produced 2,385 ounces of gold and 209 ounces of silver during the first quarter of 2022. There was no gold production in the first quarter of 2021.

For the three months ended March 31, 2022, the Company mined 69,613 tonnes of ore and stacked 192,680 tonnes of ore compared to the same period in 2021, whereby the Company mined 170,130 tonnes of ore and stacked 189,283 tonnes of ore.

In the first quarter of 2022, capital expenditures were $578 compared to $1,025 for the same period in 2021. Lower capital expenditures in 2022 signify that the Company has not acquired significant assets during the period. The higher capital expenditure in 2021 was due to cell 4 and 5 work completed in that period and the Company also purchased gensets.

(US$ 000's)	**Three Months Ended Mar 31, 2022**	**Three Months Ended Mar 31, 2021**
General Sustaining	533	854
Growth and Expansion	45	171
Total	**578**	**1,025**

ATO Gold Mine Operational Summary

The ATO gold mine is the sole operating mining asset of the Company.

(US$ 000's)	unit	Three Months Ended Mar 31, 2022	Three Months Ended Mar 31, 2021
Waste Mined	bcm	10,608	99,910
Ore Mined	tonne	69,613	170,130
Stacked	tonne	192,680	189,283
Grade (1)	g/t	1.83	1.91
Gold Recovery(2)	%	70%	70%
Gold Produced	oz	2,385	-
Gold Sold	oz	2,893	945
Silver Produced	oz	209	-
Silver Sold	oz	248	861

(1) Grade is in respect of the gold grade of ore fed through the heap leach pad.
(2) Gold recovery of 70% is based on the technical reports and is used to calculate inventories and cost of sales. Actual recoveries may vary

ATO Gold Mine Feasibility Study Update

On October 27, 2021, the Company announced an updated feasibility study for its ATO Project (the "Feasibility Study"). The Feasibility Study highlights positive economic projects for the Phase 2 Expansion at the ATO gold mine. The Feasibility Study confirms an expanded life of the mine of12.5 years, producing gross revenues of $1.72 billion, EBITDA of $584 million with an initial capex of $128 million and site AISC of $853/oz of AuEq.

With conservative metal prices modelled, including $1,610 per gold ounce, the ATO Project is shown to deliver a solid set of results, featuring strong cash flows and a rapid payback of capital.

Importantly, Steppe Gold has already started construction work which will benefit the Phase 2 Expansion, with a new 2.5Mt per annum fixed crusher now being installed and expanded infrastructure underway. The Phase 2 Expansion project has all major permits in hand and Steppe Gold anticipates first concentrates in Q4 2023.

Feasibility Study Highlights

- Pre-tax net present value ("NPV") (5%) of $320 million with an internal rate of return ("IRR") of 109% and a post-tax NPV (5%) of $232 million with an IRR of 67%, driven by rapid payback of three years from initial capital outlay.
- Total gross revenue of $1.72 billion and EBITDA of $584 million over 12.5 years, with first concentrate production anticipated in Q4 2023.
- 106k oz of annual gold equivalent ounce production in years 1-5 of the Phase 2 Expansion, following depletion of the oxide zone.
- Average site AISC of $853/gold equivalent ounces, with solid plans to optimize, notably with grid power.
- Initial capital expenditure, prior to optimizations, is expected to be $128 million (including a $12 million contingency).

- Phase 2 Expansion assumes processing $2.2 million tonnes per annum incorporating crushing, grinding and flotation of concentrates.
- Gold recovery is forecasted to be 79% with further recoveries of up to estimated 10% through further processing in later years.

ATO Gold Mine Mineral Resources and Reserves Update

In October 2021 Steppe Gold completed a Feasibility Study on the ATO Project. The Feasibility Study and related mineral resources and reserves report has been filed separately on www.sedar.com.

Summary of Quarterly Results

(US$ 000's)	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2
Revenue (Metal Sales)	5,457	6,610	3,450	12,136	1,854	14,965	21,589	21,552
Net Earnings/(Loss) Attributable to Common Shareholders	(6,074)	(25,322)	(923)	2,645	980	3,547	(530)	(5,656)
Basic and Diluted Net (Loss)/Earnings and Comprehensive (Loss)/Earnings Per Common Share	(0.087)	(0.368)	(0.014)	0.038	0.014	0.051	(0.009)	(0.114)
Net Cash Generated/(Used in) From Operating Activities	1,534	(2,117)	(3,388)	3,003	(4,537)	3,072	11,353	10,820

In the first quarter of 2022, revenue increased to $5,457 on sales of 2,893 gold ounces and 248 silver ounces compared to the same period of 2021, having revenues of $1,854 on sales of 945 gold ounces and 861 silver ounces.

Production cost of sales in the first quarter of 2022 increased to $2,245 compared to $547 in the first quarter of 2021, and depreciation and depletion increased to $483 for the three months ended March 31, 2022 compared to $251 for the same period in 2021. These increases are due to higher production resulting from the key reagents that were received in March 2022.

During the first quarter of 2022, net cash generated from the operating activities increased to $1,534 compared to $4,537 cash consumed for the operating for the same period in 2021, primarily due to the lower production in 2021.

Management's Report On Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective "internal control over financial reporting" as such term is defined in the rules of the Canadian Securities Administrators and the Securities and Exchange Commission. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes:

- maintaining records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the Company;

- providing reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements in accordance with generally accepted accounting principles ("GAAP");
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on the Company's consolidated financial statements would be prevented or detected on a timely basis.

The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

Exploration and Development

ATO Gold Mine

The ATO gold mine is comprised of one mining license (MV-017111) over an area of 5,492.63 hectares. The ATO Project is located in the territory of Tsagaan Ovoo soum, Dornod province of Eastern Mongolia. It is 660 km east of Ulaanbaatar, the capital of Mongolia, 120 km northwest of Choibalsan, the provincial capital of Dornod Province and 38 km west of Tsagaan Ovoo soum.

During the first quarter of 2022, there was no exploration drilling work done at the ATO Project.

Uudam Khundii Property

The Uudam Khundii gold project is comprised of one exploration license covering 14,400 hectares in Bayankhongor province, Mongolia. The land package represents one of the largest exploration licenses in the Bayankhongor Gold Belt. The license is in a highly prospective location between and adjoining the Bayan Khundii gold deposit and Altan Nar gold deposit owned by Erdene Resource Development Corporation (ERD – TSX).

Outlook

With the resumption of supply of key reagents in March 2022, the focus for the balance of 2022 will be to maximize oxide production from the substantial inventories on hand. Production will ramp up gradually as the reagent supplies build up and more cells are under leach. Exploration efforts have identified high grade zinc and lead and further exploration and pit optimisation work in 2022 will be directed at expanding the resource at ATO.

With the 2021 Gold 2 Loan package now in place and production resumed, the Company also plans to move forward with securing the balance of the Phase 2 Expansion project finance.

Critical Accounting Policies, Estimates And Accounting Changes

Critical Accounting Policies and Estimates

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The critical estimates, assumptions and judgments applied in the preparation of the Company's financial statements are consistent with those applied and disclosed in note 2 of the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

Accounting Policies

The accounting policies applied in the preparation of the condensed interim financial statements as at March 31, 2022 are consistent with those used in the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

Financial Instruments and Other Instruments

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 commodity price risk).

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 and amounts receivable. Cash is held with a Canadian chartered bank and a financial institution in Mongolia, from which management believes the risk of loss to be minimal.

Amounts receivable mainly consists of interest receivable from saving deposit accounts in TDB at the maturity date, which are in good standing as of March 31, 2022. Management believes that the credit risk with respect to these amounts receivable is minimal.

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.

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.

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 debentures as the rate is fixed.

Foreign Currency Risk

The Company's functional currency is the Canadian dollar and presentation currency is the US dollar and major purchases and payables are transacted in US dollars. The Company has significant balances in US dollars and Mongolian Tughrik that are subject to foreign currency risk. The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, accounts payable and other liabilities and the Stream Agreement that are denominated in US dollars and Mongolian Tughrik. Sensitivity to a plus or minus 5% change in the foreign exchange rate of the US dollars and Mongolian Tughrik compared to the Canadian dollar would affect net loss by $3,035 (gain) and $3,354 (loss) with all other variables held constant.

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.

Embedded Derivatives

The Company has the debentures, which contain an embedded derivative component, issued at the beginning of 2020.

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:

Input	**Sensitivity Rate**	**Impact of Increase US$ 000's**	**Impact of Decrease US$ 000's**
Stock Price	10%	468	(454)
Exercise Price	10%	(180)	194
Volatility Rate	10%	84	(81)
Discount Rate	0.5%	4	(4)

Stream Agreement

In connection with the ATO acquisition, the Company's subsidiaries have entered into the Stream Agreement. 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%	5,017	(5,018)
Discount Rate	10%	(3,976)	4,859

Capital Risk Management

The Company's objectives in the managing of the 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 does not have sufficient funds to meet its current operating obligations. 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.

Other Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled

"Risk Factors" in the Company's annual information form for the year ended December 31, 2021 (available on SEDAR at www.sedar.com).

Non-IFRS Performance Measures

Reconciliation of Non-GAAP Financial Measures

The Company has included certain non-GAAP financial measures in this document. These measures are not defined under IFRS and should not be considered in isolation. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The inclusion of these measures is meant to provide additional information and should not be used as a substitute for performance measures prepared in accordance with IFRS. These measures are not necessarily standard and therefore may not be comparable to other issuers.

EBITDA

EBITDA is earnings before interest, taxes, depreciation and amortization.

In the first quarter of 2022, the Company reported an adjusted EBITDA gain of $1,135 compared to EBITDA loss $386 in the same period of 2021. The EBITDA loss was primarily due to lower sales in first quarter of 2021. Adjusted EBITDA removes non-cash items, finance costs and exploration costs.

Adjusted EBITDA

(US$ 000's)	Three Months Ended Mar 31, 2022	Three Months Ended Mar 31, 2021 (Restated)
Net (Loss)/Profit Before Tax	(6,077)	1,103
Depreciation And Depletion	483	251
Share Based Compensation	232	519
Foreign Exchange	1,366	(19)
Finance Costs/(Income)	5,094	(2,401)
Exploration And Evaluation Expenditures	37	161
Adjusted EBITDA	**1,135**	**(386)**

Key Performance Indicators

Key performance indicators for the business are non IFRS metrics but provide the ability to evaluate the underlying performance of the Company. These include site unit cost per tonne, cash cost per ounce of gold sold, and AISC per ounce of gold sold.

Unit costs is a performance metric used at site to provide an efficiency view and trend of operating performance using total direct cost per tonne of relevant material mined ore.

AISC is calculated using cash costs in addition to general and administration, asset retirement costs, and sustaining capital, less certain non-recurring costs (notably exploration costs at the Mungu deposit) to provide an overall company outlook on the total cost required to sell an ounce of gold.

(US$ 000's)		Three Months Ended Mar 31, 2022	Three Months Ended Mar 31, 2021
Cash Cost of Sales:			
Mining Cost	000's	510	1,164
Processing Cost	000's	2,648	1,910
Site G&A Cost	000's	1,512	1,140
Change in Inventory – Cash	000's	(2,426)	(3,667)
Royalty	000's	398	123
Corporate Social Responsibility	000's	126	46
By-Product Credits	000's	26	(22)
Net Cash Costs	000's	2,794	694
Sustaining Capital Expenditure	000's	533	272
Corporate Administration	000's	1,552	1,422
Other	000's	62	26
All-in-Sustaining Costs	000's	4,941	2,414
Gold Sales	oz	2,893	945
Cash Cost	**US$/oz**	**966**	**NM**
All-in-Sustaining Cost	**US$/oz**	**1,708**	**NM**

(1) AISC excludes non-recurring exploration expenditures, share based compensation and certain non-recurring items

Cash cost per ounce is a measurement of the site cash cost required to sell an ounce of gold. This is an indication and trend of the cash operating margin of producing an ounce of gold. Cash costs for the first quarter of 2022 was $966 per ounce.

AISC for the three months ended March 31, 2022, was $1,708 per ounce on gold sales of 2,893 ounces.

AISC and cash cost in the first quarter of 2021 were not measured.

Corporate Governance

Disclosure Controls and Procedures

Disclosure controls and procedures are defined to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the President and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

The Company's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the President and Chief Executive Officer and Chief Financial Officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that the Company's receipts and expenditures are made only in accordance with authorizations of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

Identified Material Weaknesses

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 the Company's principal securities regulator in relation to the accounting for the Stream Agreement, the Company reassessed the application of IFRS on the accounting of the arrangement and identified that the Stream Agreement should be accounted for in its entirety as a derivative measured at FVTPL instead of the previous accounting as a debt instrument (carried at amortized cost) with embedded derivatives linked to gold and silver commodity prices. The change in measurement of the financial liability associated with the Stream Agreement and related impacts are considered corrections of errors for accounting purposes and, as such, required a restatement of the financial statements for the year ended December 31, 2020 and for the first three quarters of 2021. Due to the restatement, the Company's management has concluded that a material weakness in its internal controls over financial reporting existed at December 31, 2020 and through the year ended December 31, 2021.

In particular, management believes that the internal control weakness relates to accounting for complex transactions and the related review controls over those transactions failed to operate effectively. Given the weakness led to a restatement of previously issued financial statements, management considers these constitute a material weakness which requires remediation.

Due to an error in the interpretation of the nature of the Stream Agreement, revenue was understated by $220, finance cost understated by $1,400 and the short and long term components of the stream liability was understated by $5,760 and $5,426 respectively for the three months ended March 31, 2021.

Remediation of Material Weaknesses in Internal Control over Financial Reporting

Management is committed to the planning and implementation of remediation efforts to address the material weaknesses, as well as to continuously enhance the Company's internal controls. These remediation efforts to-date have included engaging and consulting with the external accounting and valuation advisors, considering authoritative and non-authoritative guidance available in the accounting literature, and conducting a detailed analysis of the Stream Agreement.

The management team, including the Chairman, Chief Executive Officer and Chief Financial Officer, have reaffirmed and re-emphasized the importance of internal control, control consciousness and a strong control environment.

Limitations of Controls and Procedures

The Company's management, including the President and Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting

Other than as described above, there were no changes in ICFR during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, ICFR.