

 **PRIME MINING CORP.****CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and six months ended
June 30, 2022 and July 31, 2021
(Unaudited)

PRIME MINING CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(In Canadian dollars) - Unaudited

	Note	Three months ended		Six months ended	
		June 30, 2022	July 31, 2021	June 30, 2022	July 31, 2021
Operating expenses					
General and administrative	3	\$ 928,598	\$ 1,017,811	\$ 3,659,268	\$ 1,874,561
Exploration and evaluation	6	6,157,790	3,217,146	11,465,452	5,863,646
Depreciation	5	38,823	76,136	81,628	101,069
Financing		4,635	1,469	11,112	2,846
Foreign exchange gain		(28,000)	(215,830)	(57,226)	(149,415)
Loss from operations		(7,101,846)	(4,096,732)	(15,160,234)	(7,692,707)
Interest income		37,930	14,251	57,948	14,251
Gain on sale of Auramex	1	-	-	-	239,379
Rent recovery		-	35,857	-	67,714
Loss and comprehensive loss for the period		\$ (7,063,916)	\$ (4,046,624)	\$ (15,102,286)	\$ (7,371,363)
Weighted average shares outstanding - basic and diluted		112,693,205	102,793,783	112,681,161	95,139,061
Loss per share - basic and diluted		\$ (0.06)	\$ (0.04)	\$ (0.13)	\$ (0.08)

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

PRIME MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Canadian dollars) - Unaudited

Six months ended	June 30, 2022	July 31, 2021
OPERATING ACTIVITIES		
Loss for the period	\$ (15,102,286)	\$ (7,371,363)
Items not affecting cash:		
Depreciation	81,628	101,069
Interest income	(57,948)	(14,251)
Share-based compensation	2,428,719	963,327
Financing expense	11,112	2,846
Equipment disposal	31,606	-
Gain on sale of Auramex	-	(239,379)
Foreign exchange	12,908	68,345
Change in non-cash working capital items:		
Receivables	(30,021)	(5,773)
Prepaid expenses	69,253	119,883
Trade payables and accruals	(446,463)	46,662
Cash used in operating activities	(13,001,492)	(6,328,634)
FINANCING ACTIVITIES		
Shares issued for cash	132,000	33,651,110
Share issuance costs	-	(1,996,415)
Share subscriptions received	-	220,000
Lease liabilities	(31,063)	(41,286)
Cash provided by financing activities	100,937	31,833,409
INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(1,229,400)
Purchase of equipment	(129,816)	(185,400)
Interest received	57,948	14,251
Cash used in investing activities	(71,868)	(1,400,549)
(Decrease) increase in cash	(12,972,423)	24,104,226
Cash, beginning of period	27,413,707	5,840,853
Cash, end of period	\$ 14,441,284	\$ 29,945,079

Supplemental disclosure with respect to cash flows (note 11)

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

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2022 and July 31, 2021

(In Canadian dollars, except share numbers) - Unaudited

1. Nature and continuance of operations

Prime Mining Corp. (“Prime” or “the Company”) was incorporated on May 14, 1981, under the laws of the Province of British Columbia, Canada. The Company acquires, explores, and develops interests in mineral projects in Mexico.

The Company’s subsidiaries are as follows:

Subsidiary	Jurisdiction	Operating status
Minera Amari SA de CV (“Minera Amari”)	Mexico	Los Reyes Project
Exploracion Auramex SA de CV (“Auramex”) ⁽¹⁾	Mexico	Magenta Project
ePower Metals SA de CV	Mexico	Holding mineral claims
Argus Metals (BGI) Inc.	Barbados	Inactive
ePower Metalen	Suriname	Inactive

⁽¹⁾ On April 30, 2021, the Company divested Auramex for \$nil consideration resulting in a gain on sale of \$239,379.

The Company is listed for trading on the TSX Venture Exchange (“TSX-V” or the “Exchange”) under the symbol PRYM. The Company’s head office and principal place of business is located at Suite 710, 1030 West Georgia Street, Vancouver, BC, V6E 2Y3. The Company’s registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The Company has not generated revenue from operations. The Company recorded a loss of \$15,102,286 during the six months ended June 30, 2022 and, as of that date, the Company’s deficit was \$89,367,716. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company had cash of \$14,441,284 at June 30, 2022 that the Company estimates will be sufficient to maintain operations for at least the next twelve months.

During March 2020, the World Health Organization declared covid-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

PRIME MINING CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2022 and July 31, 2021

(In Canadian dollars, except share numbers) - Unaudited

2. Basis of preparation

a) Change of year end

During the eight months ended December 31, 2021, the Company changed its fiscal year end from April 30 to December 31. The comparative period is the three and six months ended July 31, 2021. The new financial year will align the Company with its Mexican subsidiaries. Further, there will be better alignment with the Company's peers in the mineral resources sector to facilitate assessment of the Company's business performance.

b) Statement of Compliance

These condensed interim consolidated financial statements ("interim financial statements") were approved by the Board of Directors and authorized for issue on August 12, 2022.

These interim financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). As such, these interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the eight months ended December 31, 2021 and the year ended April 30, 2021 ("annual consolidated financial statements").

c) Significant accounting policies

Basis of measurement

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied and disclosed in note 3 to the annual consolidated financial statements.

Basis of consolidation

These interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Auramex until sold, Minera Amari, Argus Metals (BGI) Inc., ePower Metalen, and ePower Metals SA de CV. All significant intercompany transactions and balances have been eliminated upon consolidation.

Foreign currency transactions

Foreign currency amounts are translated into each entity's functional currency as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the entity's functional currency by the use of the exchange rate in effect at that date. At the period-end date, unsettled monetary assets and liabilities are translated into the functional currency by using the exchange rate in effect at the period-end date and the related translation differences are recognized in net income.

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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Non-monetary assets and liabilities that are measured at historical cost are translated into the functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into the functional currency by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in profit or loss or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

The functional currency of the Company and its subsidiaries is the Canadian dollar and these financial statements are presented in Canadian dollars.

d) Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in total comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The critical judgements and estimates applied in the preparation of these interim financial statements are consistent with those applied and disclosed in note 4 to the annual consolidated financial statements.

e) New accounting standards issued and not yet effective

IASB or the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting years beginning on or after January 1, 2022. None of these impacted or are expected to be relevant to the Company's financial statements.

3. General and administrative expense

	Note	Three months ended		Six months ended	
		June 30, 2022	July 31, 2021	June 30, 2022	July 31, 2021
Salaries, directors fees and personnel	9	\$ 315,261	\$ 279,041	\$ 630,766	\$ 623,340
Consulting and professional fees	9	82,020	54,379	205,200	121,020
Investor relations		54,530	23,173	117,980	61,442
Office and other		110,054	69,169	276,603	105,432
Share-based compensation	8d), 9	366,733	592,049	2,428,719	963,327
		\$ 928,598	\$ 1,017,811	\$ 3,659,268	\$ 1,874,561

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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4. Value added tax receivable

Value added tax (“VAT”) receivable represents a tax payment paid by the Company in Mexico which are refundable from the Mexican government.

The Company recorded the VAT paid on the purchase of Los Reyes Project resulting in a VAT receivable of US\$827,586. During the six months ended June 30, 2022, the Company received VAT of US\$206,897. At June 30, 2022, there remained a VAT receivable balance of \$799,821 (US\$620,690). Upon receipt of the VAT receivable the Company is required to settle the long-term payable (note 7).

During the six months ended June 30, 2022, the Company recorded VAT of \$1,478,549 paid on additional Los Reyes Project expenditures to exploration and evaluation expense (note 6b).

5. Property and equipment

	Office equipment	Right of use assets	Project equipment	Total
Cost				
At January 1, 2022	\$ 66,905	\$ 424,228	\$ 514,992	\$ 1,006,125
Additions	9,557	-	120,259	129,816
At June 30, 2022	76,462	424,228	635,251	1,135,941
Accumulated depreciation				
At January 1, 2022	54,455	202,460	132,891	389,806
Depreciation	4,022	23,196	54,410	81,628
Disposal	-	-	31,606	31,606
At June 30, 2022	58,477	225,656	218,907	503,040
Carrying amount June 30, 2022	\$ 17,985	\$ 198,572	\$ 416,344	\$ 632,901
Cost				
At May 1, 2021	\$ 66,905	\$ 192,268	\$ 163,311	\$ 422,484
Additions	-	231,960	351,681	583,641
At December 31, 2021	66,905	424,228	514,992	1,006,125
Accumulated depreciation				
At May 1, 2021	40,417	139,824	37,894	218,135
Depreciation	14,038	45,148	94,997	154,183
Disposal	-	17,488	-	17,488
At December 31, 2021	54,455	202,460	132,891	389,806
Carrying amount December 31, 2021	\$ 12,450	\$ 221,768	\$ 382,101	\$ 616,319

PRIME MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(In Canadian dollars, except share numbers) - Unaudited

6. Exploration and evaluation expenditures**a) Acquisition of the Los Reyes Project**

During August 2019 and subsequently amended, the Company closed the Los Reyes Assignment Agreement with Minera Alamos Inc. ("MAI"), Vista Gold Corp. ("Vista Gold"), and the Mexican subsidiaries of each of MAI and the Company, pursuant to which MAI assigned the rights to an option to earn a 100% interest in the Los Reyes Project in Sinaloa State, Mexico.

During February 2020, the Company entered into a surface-rights agreement with local landowners. The Company has the right to extend the exploration period for up to two additional years by making an annual payment of US\$20,000 in 2024 and US\$30,000 in 2025. The Company may initiate construction of a mine at any time. If construction begins prior to February 2025, the annual payment will increase to US\$30,000. Once commercial production starts, the annual payment will increase to US\$200,000. The payments are subject to customary indexing for inflation.

During June 2021, the Company completed the final option payment cancelling all royalties and rights held by Vista Gold and completed the acquisition of the Los Reyes Project.

Acquisition costs capitalized as exploration assets are as follows:

	Los Reyes Project
At May 1, 2020	\$ 7,531,775
Additions	3,753,393
At April 30, 2021	11,285,168
Additions	1,229,400
At December 31, 2021 and June 30, 2022	\$ 12,514,568

b) Expenditures*i. Los Reyes Project period expenditures*

Project expenditures during the three and six months ended June 30, 2022, and July 31, 2021, are summarized as follows:

	Note	Three months ended		Six months ended	
		June 30, 2022	July 31, 2021	June 30, 2022	July 31, 2021
Drilling		\$ 3,127,646	\$ 1,580,107	\$ 5,642,212	\$ 2,853,237
Salaries and personnel	9	768,196	408,707	1,444,702	838,024
Resource estimation and technical services		819,660	402,601	1,683,171	958,071
Equipment and field supplies		608,797	207,174	983,823	270,989
Land payments and maintenance		63,700	69,862	137,302	78,207
General and administrative		(456)	135,589	95,693	156,940
Value added tax		770,247	413,106	1,478,549	708,178
		\$ 6,157,790	\$ 3,217,146	\$ 11,465,452	\$ 5,863,646

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ii. Los Reyes Projects cumulative expenditures

Project expenditures since acquisition, are summarized as follows:

	Total
Drilling	\$ 11,016,628
Salaries and personnel	4,609,593
Resource estimation and technical services	3,876,933
Equipment and field supplies	2,059,882
Land payments and maintenance	590,464
General and administrative	734,037
Value added tax	3,023,781
	\$ 25,911,318

7. Long-term payable

The Los Reyes Amended Option Agreement requires the Company to reimburse Vista Gold 90% of the VAT receivable totalling US\$744,828, associated with the Los Reyes Project purchase (notes 4 and 6) when the funds are received.

During the six months ended June 30, 2022, the Company received US\$206,897 of the VAT receivable. A payment of US\$186,207 was made to Vista Gold. The remaining payable amount of \$719,839 (US\$558,621) requires payment when the VAT receivable is collected.

Collection of the VAT receivable is not expected within twelve months and accordingly the payable is presented as a non-current liability.

8. Capital stock**a) Authorized share capital**

Unlimited number of common shares without par value.

b) Issued capital

At June 30, 2022, there were 112,693,205 issued and outstanding common shares (December 31, 2021 - 112,573,205).

The Company had the following common share transactions during the six months ended June 30, 2022:

- The Company issued 120,000 common shares for gross proceeds of \$132,000 upon exercise of warrants.

The Company had the following common share transactions during the eight months ended December 31, 2021:

- The Company issued 11,266,622 common shares for gross proceeds of \$6,113,311 upon exercise of warrants.
- The Company issued 265,000 common shares for gross proceeds of \$151,000 upon exercise of options.
- The Company issued 200,000 common shares to settle the exercise of warrants.

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c) Warrants

Warrant transactions and the number of warrants outstanding during the six months ended June 30, 2022 and eight months ended December 31, 2021, are summarized as follows:

	Number of warrants	Weighted average exercise price (\$)
Outstanding at April 30, 2021	35,995,699	1.45
Cancelled	(5,952)	0.50
Exercised	(11,466,622)	0.55
Outstanding at December 31, 2021	24,523,125	1.87
Exercised	(120,000)	1.10
Outstanding at June 30, 2022	24,403,125	1.88

Warrants outstanding at June 30, 2022 and December 31, 2021, are as follows:

Issuance date	Expiry date	Exercise price (\$)	Warrants outstanding at	
			June 30, 2022	December 31, 2021
June 12, 2020	June 12, 2025	1.10	19,530,000	19,650,000
April 27, 2021	April 27, 2024	5.00	4,873,125	4,873,125

During the six months ended June 30, 2022, the Company entered a consulting agreement pursuant to which it agreed to issue 1,000,000 warrants with a three-year term at an exercise price of \$3.00. The Company is awaiting approval of the TSX-V to issue the warrants. The consulting agreement includes a one percent financing fee connected to any financing where the consultants provide services to obtain funds.

d) Stock options

The Company has a stock option plan by which the directors may grant options to purchase common shares to directors, officers, employees and service providers of the Company on terms that the directors may determine within the limitations set forth in the stock option plan ("the plan"). The maximum number of common shares issuable upon the exercise of options granted pursuant to the plan is set at 10% of the total issued common shares. The board of directors may grant options with a life of up to ten years, however options granted to date have a maximum term of five years. Vesting terms may be set by the board of directors.

Stock option transactions and the number of stock options outstanding during the six months ended June 30, 2022 and the eight months ended December 31, 2021, are summarized as follows:

	Number of share options	Weighted average exercise price (\$)
Outstanding at April 30, 2021	7,565,000	0.87
Granted	2,910,000	4.01
Exercised	(265,000)	0.57
Outstanding at December 31, 2021	10,210,000	1.78
Granted	400,000	3.53
Forfeited	(725,000)	3.51
Outstanding at June 30, 2022	9,885,000	1.72
Exercisable at June 30, 2022	8,690,000	1.40

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Share options outstanding and exercisable at June 30, 2022, are as follows:

Outstanding				Exercisable		
Exercise price (\$)	Number of options	Weighted average exercise price (\$)	Weighted average remaining life of options (years)	Number of options exercisable	Weighted average exercise price (\$)	Remaining life of options (years)
0.40	2,400,000	0.40	2.27	2,400,000	0.40	2.27
0.42	250,000	0.42	2.61	250,000	0.42	2.61
0.95	3,100,000	0.95	2.96	3,100,000	0.95	2.96
1.30	700,000	1.30	3.00	700,000	1.30	3.00
1.65	300,000	1.65	3.26	300,000	1.65	3.26
1.75	125,000	1.75	3.46	125,000	1.75	3.46
1.92	425,000	1.92	3.09	425,000	1.92	3.09
4.18	2,185,000	4.18	4.24	1,256,667	4.18	4.24
3.53	400,000	3.53	4.75	133,333	3.53	4.75
	9,885,000	1.72	3.16	8,690,000	1.40	3.00

The fair value of stock options recognized during the six months ended June 30, 2022, as an expense was \$2,428,719 (six months ended July 31, 2021 - \$963,327).

The following are the weighted average assumptions used for the Black-Scholes option pricing model valuation of share options granted during the six months ended June 30, 2022 and July 31, 2021:

	Six months ended	
	June 30, 2022	July 31, 2021
Risk-free interest rate	2.45%	0.94%
Expected life of options	5 years	5 years
Annualized volatility	86.0%	82.0%
Forfeiture rate	-	-
Dividend rate	-	-
Weighted average grant-date fair value per option	\$2.41	\$2.26

The risk-free rate of periods within the expected life of the share option is based on the Canadian government bond rate. The annualized volatility and forfeiture rate assumptions are based on historical results.

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9. Related party transactions and balances

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, officers, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Key management compensation includes:

	Six months ended	
	June 30, 2022	July 31, 2021
Salaries, personnel and benefits ⁽¹⁾	\$ 586,758	\$ 576,900
Directors fees	127,888	97,500
Consulting fees	31,933	-
Share-based compensation	1,601,585	624,101
	\$ 2,348,164	\$ 1,298,501

⁽¹⁾ Salaries, personnel and benefits includes salaries of \$120,000 (July 31, 2021 - \$90,000) included in exploration and evaluation expenditures (note 6b).

Trade payables and accruals include \$nil (December 31, 2021 - \$593,070) owed to directors and officers of the Company.

10. Segmented information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At June 30, 2022 and December 31, 2021, all exploration and evaluation assets and property and equipment were located in Canada and Mexico.

	June 30, 2022	December 31, 2021
Canada	\$ 216,557	\$ 234,218
Mexico	12,930,912	12,896,669
	\$ 13,147,469	\$ 13,130,887

11. Supplemental disclosure with respect to cash flow

	Six months ended	
	June 30, 2022	July 31, 2021
Grant date fair value of warrants exercised	\$ -	\$ 168,936
Grant date fair value of stock options exercised	-	232,818
Shares issued for exploration and evaluation assets	-	465,000
Financing fee included in trade payable and accruals	\$ -	\$ 143,701

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12. Financial instruments and risk management**a) Interest rate risk**

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At June 30, 2022, the Company was not subject to significant interest rate risk.

b) Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to money market investments.

The Company manages its credit risk by investing only in high quality financial institutions.

The recovery of VAT receivable involves a complex application process, and the timing of collection is uncertain. The Company has not recognized a loss allowance for expected credit losses as the VAT receivable is not a contract asset and therefore outside the scope of IFRS 9.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and receivables.

c) Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. At June 30, 2022, the Company has activities in other countries which exposes the Company to foreign exchange risk.

With other variables unchanged, a 10% (increase) decrease in the Canadian dollar would have the following effect on loss for the period:

	June 30, 2022	December 31, 2021
US dollar	\$ (118,168)	\$ 245,308
Mexican peso	\$ 70,158	\$ 95,710

The Company's financial assets and liabilities denominated in foreign currencies are as follows:

	June 30, 2022	December 31, 2021
Cash	\$ 257,142	\$ 3,927,517
VAT receivable	799,821	1,049,214
Payables and accruals	707,067	574,604
Long-term payable	\$ 719,839	\$ 944,292

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d) Liquidity risk

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company attempts to ensure that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows and matching the maturity profile of financial assets to development, capital and operating needs.

e) Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is measured at fair value using Level 1. The carrying value of receivables, trade payables and accruals, long-term payable and lease liabilities approximates their fair value due to the relatively current nature of those financial instruments.