

Management's Discussion and Analysis

For The Period Ended September 30, 2022

This management's discussion and analysis ("MD&A") for Horizon Copper Corp. (formerly Royalty North Partners Ltd. ("RNP")) and its subsidiary entities (collectively "Horizon", or the "Company") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Horizon for the three and nine months ended September 30, 2022 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), applicable to the preparation of interim financial statements including International Accounting Standard 34 – Interim Financial Reporting. Readers are encouraged to consult the Company's audited consolidated financial statements for the year ended December 31, 2021 and the corresponding notes to the financial statements which are available on SEDAR at www.sedar.com. The information contained within this MD&A is current to November 3, 2022 and all figures are stated in U.S. dollars unless otherwise noted.

Company Highlights

Transformative Acquisitions

On August 31, 2022, the Company completed part of its previously announced acquisition of certain copper-gold assets from Sandstorm Gold Ltd. ("Sandstorm"), to create a new growth-focused copper mining company (the "Transaction"). The assets acquired include a 30% equity interest in the Hod Maden copper-gold project in Turkey ("Hod Maden"), a 55% interest in the Peninsula gold project located in Michigan, \$10 million in cash, and a promissory note with a principal amount of C\$43.2 million pursuant to the Company's acquisition of an approximate 25% equity stake in Entrée Resources Ltd. ("Entrée") in May 2022.

Upon completion of the Transaction, RNP changed its name to Horizon Copper Corp.

In consideration for the assets acquired, the Company:

- entered into a \$200 million gold stream with Sandstorm on production from Hod Maden;
- issued approximately 25.5 million common shares to Sandstorm, corresponding to an approximate 34% equity interest in the Company; and
- issued Sandstorm a secured convertible promissory note with a principal amount of \$95 million.

On completion of the Transaction, 35,595,593 subscription receipts of the Company, which were issued in two tranches on March 8 and 18, 2022, for aggregate gross proceeds of approximately C\$20.9 million pursuant to a non-brokered private placement of the Company at a price of C\$0.60 per subscription receipt, were converted into 35,595,593 common shares of the Company and 35,595,593 common share purchase warrants (the "Warrants"), and the net subscription proceeds were released from escrow and delivered to the Company. Each Warrant entitles the holder to purchase one additional common share of Horizon at a price of C\$0.80 until August 31, 2027.

Under the final part of the transaction with Sandstorm (the "Antamina Transaction"), the Company will acquire a 1.66% net profits interest on the Antamina copper mine (the "Antamina NPI"). The consideration that Horizon will issue to Sandstorm to acquire the Antamina NPI includes:

- a residual royalty on Antamina with payments equal to approximately one-third (1/3) of the total Antamina NPI after deducting the Antamina Silver Stream (as defined below) servicing commitments (the "Residual Royalty");
- up to \$50 million in cash payable to Sandstorm (the "Cash Consideration"), funded by way of a concurrent financing by the Company (the "Concurrent Financing") which shall be a minimum of \$20 million and a maximum of \$50 million;
- a silver stream referenced to silver production from the Antamina mine (the "Antamina Silver Stream") whereby the Company will sell to Sandstorm silver ounces equal to 1.66% of all silver produced at the Antamina mine at a price equal to 2.5% of the silver spot price. The Antamina Silver Stream will be secured by the 1.66% Antamina NPI;
- common shares of the Company issued to Sandstorm that will result in Sandstorm owning 34% of the issued and outstanding shares of the Company at the closing of the Antamina Transaction (the "Consideration Shares"). The "Consideration Share Amount" shall be the product of the Consideration Shares multiplied by the price of the Concurrent Financing and converted into US dollars; and
- a convertible promissory note secured by the Antamina NPI with a principal amount equal to US\$361 million less the sum of (i) the Cash Consideration, (ii) the value of the Residual Royalty and (iii) Consideration Share Amount (the "Antamina Note"). Assuming the Concurrent Financing raises \$20 million, the principal amount of the Antamina Note is expected to be \$150 million.

The proposed Concurrent Financing will be for gross proceeds of between \$20 million and \$50 million. Further details regarding the Concurrent Financing will be released once known. The purchase price of the Antamina NPI and the promissory note will be reduced by offsetting amounts to reflect cash flows received under the Antamina NPI between July 12, 2022 (the date Sandstorm acquired the Antamina NPI) and the closing date of the Antamina Transaction.

Change in presentation currency

Effective September 30, 2022, the Company changed its presentation currency from CAD to USD due to the fact that the most significant assets and liabilities are denominated in USD and to be consistent with peer companies in the mining industry. The change in presentation currency requires retrospective restatement of all periods presented in the financial statements. To prepare the December 31, 2021 and January 1, 2021 statements of financial position, all assets and liabilities were restated in USD based on the closing exchange rate on December 31, 2021 and December 31, 2020. The accounting policy used to translate equity items prior to 2021, was to use the annual average exchange rate for each equity transaction that occurred in the year. For 2021, equity items were translated quarterly using the average exchange rate for each quarter. To prepare the statement of income / (loss) for the periods ended September 30, 2022 and September 30, 2021, all revenue and expenses were restated in USD based on the average exchange rate for each quarter.

Overview

Horizon's objective is to actively grow its existing portfolio of assets, with a focus on copper projects. The Transaction and the expected completion of the acquisition of Antamina NPI in Q4 2022 position Horizon as a competitive copper company with a portfolio of high-quality cash-flowing and development stage copper assets. Horizon now has the size and scale required to grow and diversify the Company while further strengthening the strategic partnership opportunities with Sandstorm.

Outlook

Following the completion of the Transaction to acquire an equity interest in Hod Maden in the third quarter of 2022, the Company will continue to fund its share of the ongoing development and construction of the project. Based on the current development schedule, Hod Maden is expected to deliver its first production in 2025.

Key Assets

Following the completion of the Transaction in Q3 2022, the Company's key assets are as follows:

Hod Maden

The Company has a 30% equity interest in Hod Maden, which is located in Artvin Province, northeastern Turkey. The project is operated and co-owned by a Turkish partner, Lidya Madencilik Sanayi ve Ticaret A.S. ("Lidya"), which owns the remaining interest in the project. Lidya is a strong local partner with experience exploring, developing, permitting, and operating projects in Turkey. Lidya is part of a large Turkish conglomerate called Çalik Holding and is currently involved in several projects in Turkey including a partnership with SSR Mining Inc. on the producing Çöpler mine.

In October 2021, the Hod Maden project received the final approval of the Environmental Impact Assessment ("EIA") for the project from the Ministry of Environment and Urbanization of Turkey.

In November 2021, a Feasibility Study was released. The results demonstrate a Proven and Probable Mineral Reserve of 2.5 million ounces of gold and 129,000 tonnes of copper being mined over a 13-year mine life (8.7 million tonnes at 8.8 grams per tonne gold and 1.5% copper or 11.1 grams per tonne gold equivalent using a breakeven cut-off value of \$82 per tonne and incremental cut-off values of \$63 per tonne for stopes and \$40 per tonne for development). The study projects a pre-tax net present value (5%

discount rate) of \$1.3 billion and an internal rate of return of 41%. It is estimated that copper will be produced at an all-in sustaining cost ("AISC")¹ on a co-product basis of \$1.12 per pound.

With the approval of the EIA, the release of the Feasibility Study and the receipt of all major permits (with the award of the final permit from the Ministry of Forestry in 2022), Hod Maden moved into the next stage of development including securing project debt financing and initiating long-lead construction items. Lidya has commenced two out of four planned early works projects at site. The access road and pad preparation for the electrical substation is almost complete and the road upgrades in the Salicor Valley to the north are well underway. Once installed, the electrical substation will tie to the existing overhead high-voltage lines. Other early works projects that are permitted and set to begin are the access road upgrade and tunnel to the North Valley.

The Company entered into a gold stream on Hod Maden as part of the consideration paid to acquire the asset. Under the terms of the stream, Sandstorm will receive 20% of all gold produced from Hod Maden (on a 100% basis) and will make ongoing payments of 50% of the gold spot price until 405,000 ounces of gold are delivered (the "Delivery Threshold"). Once the Delivery Threshold has been reached, Sandstorm will receive 12% of the gold produced for the life of the mine for ongoing payments of 60% of the gold spot price.

Oyu Tolgo (Hugo North Extension & Heruga)

The Company has a 25% equity interest in Entrée which holds a 20% interest in the Hugo North Extension and Heruga deposits located in Mongolia, (the "Hugo North Extension" and "Heruga", respectively).

The Hugo North Extension is a copper-gold porphyry deposit and Heruga is a copper-gold-molybdenum porphyry deposit. Both projects are located in the South Gobi Desert of Mongolia, approximately 570 kilometres south of the capital city of Ulaanbaatar and 80 kilometres north of the border with China. The Hugo North Extension and Heruga are part of the Oyu Tolgoi mining complex and are managed by Oyu Tolgoi LLC, a subsidiary of Turquoise Hill Resources Ltd. and the Government of Mongolia, and its project manager Rio Tinto plc.

In 2021, Entrée announced the completion of an updated Feasibility Study on its interest in the Entrée/Oyu Tolgoi joint venture property. The updated report aligns Entrée's disclosure with that of other Oyu Tolgoi project stakeholders on development of the first lift of the underground mine. Entrée further announced that optimization studies on Panel 1 are currently underway which have the potential to further improve Lift 1 economics for the Entrée/Oyu Tolgoi joint venture.

The Company is not required to contribute any further capital, exploration, or operating expenditures to Entrée and Entrée has a carried joint venture interest in the Hugo North Extension and Heruga.

¹ Refer to section on non-IFRS and other measures of this MD&A.

Other

The Company also has a 55% interest in the Peninsula gold project located in Michigan on the southern edge of the Superior Province in Archean aged rocks of the Ishpeming Greenstone Belt (IGB). The IGB covers an area of approximately 300 sq km and is an extension of the Wawa Sub province into the Upper Peninsula.

Exploration and development activities at the Peninsula Project have been limited since 2015. In 2022, exploration activities are expected to recommence pursuant to the terms of a joint venture agreement between a subsidiary of the Company and Minerals Processing Corporation. Over the next 18 months, the joint venture has developed a work program for \$0.9 million, which includes a budget for 2,500 metres of core drilling for resource delineation and exploration purposes. Additional work plans include geological mapping, soil sampling and geochemical analysis, together with additional metallurgical testing at the project.

Following the anticipated completion of the Antamina Transaction, the Company's key assets will also include:

Antamina

Antamina is an open-pit copper mine located in the Andes Mountain range of Peru, 270 kilometres north of Lima. It is the world's third-largest copper mine on a copper equivalent ("CuEq") basis, producing approximately 560,000 CuEq tonnes per annum. Antamina has been in consistent production since 2001, including a throughput expansion completed in 2012 to the mine's current operating capacity of 145,000 tonnes per day. Since 2006, the 1.66% net profits interest ("NPI") has paid between \$7–\$40 million per year, with an average annual payment of \$19 million; the 2021 NPI payment was \$40 million. The asset operates in the first cost quartile of copper mines. The NPI is paid by a Canadian affiliate of Teck Resources Limited ("Teck") and is guaranteed by Teck.

Summary of Quarterly Results

Quarters Ended

In \$000s (except for per share amounts in \$)	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021
		(restated)	(restated)	(restated)
Net income (loss)	(9,775)	(757)	76	192
Basic income / (loss) per share	(0.29)	(0.05)	0.01	0.01
Diluted income / (loss) per share	(0.29)	(0.05)	0.01	0.01
Cash flows from operating activities	(413)	154	84	209
Total assets	300,134	58,495	25,748	9,045
Total long-term liabilities	266,043	33,839	-	-

In \$000s (except for per share amounts in \$)	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020
	(restated)	(restated)	(restated)	(restated)
Net income	1,621	364	631	387
Basic income per share	0.12	0.03	0.05	0.03
Diluted income per share	0.11	0.02	0.04	0.03
Cash flows from operating activities	223	135	322	185
Total assets	8,849	7,538	7,001	6,467
Total long-term liabilities	-	47	46	45

Prior to August 31, 2022, the results of the Company reflect those of RNP and are therefore not indicative of expected results of Horizon in future periods. The results of each of the quarterly periods prior to Q3 2022 have been re-presented in US\$ following the Company's change in presentation currency in Q3 2022.

Quarterly Commentary

Three Months Ended September 30, 2022 Compared to the Three Months Ended September 30, 2021

For the three months ended September 30, 2022, net loss was \$9.8 million, compared with net income of \$1.6 million for the comparable period in 2021. The increase in net loss is primarily attributable to a number of non-cash items related to assets acquired and liabilities assumed in the Transaction where there were no such amounts for the comparable period in 2021, including:

- A \$1.9 million unrealized foreign exchange loss as a result of remeasuring the Company's US\$ denominated liabilities into C\$, the Company's functional currency. The US\$ strengthened by 4.5% with reference to the C\$ between the Transaction date (August 31, 2022) and the end of the period.
- The fair value movement on the gold stream liability of \$6.2 million between the Transaction date and the end of the period, primarily driven by the strengthening of the US\$ with reference to the C\$ during September 2022
- The share of loss in the Company's investments in associates of \$0.6 million.
- Accretion expense related to the Company's Promissory note with Sandstorm of \$0.4 million for the period from the Transaction date to the end of the period.

In addition, the increase in general and administrative expenses related to change of control payments to former RNP employees of \$0.2 million.

For the three months ended September 30, 2022, adjusted net loss² was \$0.4 million compared to adjusted net income of \$1.6 million in the comparable period in 2021. The decrease in adjusted net income to an adjusted net loss related to the reduction in revenue generated from RNPs royalty investments (including fair value adjustments thereon) and the increase in general and administrative expenses related to change in control payments on completion of the Transaction with Sandstorm.

Three Months Ended September 30, 2022 Compared to the Other Quarters Presented

When comparing net loss of \$9.8 million and cash flow used in operating activities of \$0.4 million for the three months ended September 30, 2022 with net income/(loss) and cash flows from operating activities for the other quarters presented, the following items impact comparability:

² Refer to section on non-IFRS and other measures of this MD&A.

- For periods prior to June 30, 2022, movements in net income/(loss) and cash flows from operating activities were primarily driven by changes in revenue from RNP's royalty investments. Net income was also impacted by fair value adjustments on these investments each period. All of RNP's legacy royalty investments have now been settled.
- The non-cash items related to the assets acquired and liabilities assumed in the Transaction which did not exist prior to August 31, 2022.

Change in Total Assets

Changes in total assets during each of the quarterly periods from December 31, 2020 to December 31, 2021 were primarily as a result of changes in fair value of RNP's loan and royalty investments, all of which have now been settled or disposed of.

Total assets increased by \$16.7 million from December 31, 2021 to March 31, 2022 as a result of an increase of \$16.5 million in restricted cash held in escrow related to the subscription receipt financing completed in March 2022.

Total assets increased by \$32.7 million from March 31, 2022 to June 30, 2022 as a result of the acquisition of the investment in Entrée Resources for \$33.7 million in May 2022; partially offset by a reduction in the fair value of RNP's loan and royalty investment of \$0.7 million.

Total assets increased by \$241.6 million from June 30, 2022 to September 30, 2022 as a result of the acquisition of the assets in the Transaction with Sandstorm.

Non-IFRS and Other Measures

The Company has included, throughout this document, adjusted income / (loss) and all-in sustaining costs ("AISC") per copper pound as non-IFRS performance measures. The presentation of these non-IFRS measures is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and other companies may calculate these measures differently.

- i. Adjusted net income (loss) is a non-IFRS financial measure and is calculated by taking net income / (loss) and deducting interest, share of loss in associates, fair value changes on stream obligations and unrealized foreign exchange gains (losses). The Company presents Adjusted net income (loss) as it believes that certain investors use this information to evaluate the Company's performance in comparison to other companies. Figure 1.1 provides a reconciliation of Adjusted net income (loss).

Figure 1.1 In \$000s	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Net income (loss)	\$ (9,775)	\$ 1,621
Add (Deduct):		
Interest expense	632	-
Share of loss in associates	607	-
Fair value changes on stream obligations	6,157	-
Fair value changes on warrant liability	-	(46)
Unrealized foreign exchange loss	1,976	-
Equals:		
Adjusted net loss	\$ (403)	\$ 1,575

- ii. The Company has also used the non-IFRS measure of AISC per copper pound on a co-product basis. AISC per copper pound on a co-product basis is a non-IFRS financial ratio that uses AISC on a co-product basis, a non-IFRS financial measure, as a component. With respect to the Hod Maden project, AISC on a co-product basis is calculated by summing certain costs (operating costs, royalties, treatment, refining & transport costs, sustaining capital, G&A, and other costs) associated with the copper produced. The resulting figure is then divided by the payable copper ounces produced. The Company presents AISC per copper pound as it believes that certain investors use this information to evaluate the Company's investment in Hod Maden in comparison to other companies in the mining industry. Figure 1.2 provides a reconciliation of AISC per copper pound using information from the Hod Maden Project Feasibility Study with an effective date of February 28, 2021.

Figure 1.2 In \$ millions (except for ounces and per ounce amounts)	AISC on a co-product basis	
Operating Costs	\$	135
Royalties		53
Treatment, Refining and Transport Costs		42
Sustaining Capital		23
G&A		19
Other Costs		12
All-in sustaining costs	\$	284
Divided by:		
Payable Copper Pounds (Mlbs)		255
Equals:		
All-in sustaining cost per copper pound	\$	1.12
Historical all-in sustaining cost per copper pound	\$	-

Liquidity and Capital Resources

As of September 30, 2022, the Company had cash and cash equivalents of \$32.6 million (December 31, 2021 – \$3.6 million) and working capital of \$41.2 million (December 31, 2021 – \$3.6 million).

During the nine months ended September 30, 2022, the Company used cash flows in operating activities of \$0.2 million compared with cash flows generated from operating activities of \$0.7 million during the comparable period in 2021. When comparing the change, the primary drivers were:

- Cash inflows from RNP's legacy royalty investments of \$0.4 million in 2022 compared to \$0.8 million in 2021.
- An increase in general and administrative expenses of \$0.4 million in 2022 compared to 2021 as a result of costs incurred in connection with Transaction.

During the nine months ended September 30, 2022, the Company had net cash inflows from investing activities of \$14.0 million which were primarily the result of the settlement of RNP's Advance Wire Products Ltd. ("AWP") investment for \$4.4 million and net cash acquired through the acquisition from Sandstorm of \$9.7 million. There were no cash flows from investing activities during the comparable period in 2021.

During the nine months ended September 30, 2022, the Company had net cash inflows from financing activities of \$15.9 million related to the net proceeds from the private placement completed in March

2022. During the nine months ended September 30, 2021, the Company had net cash outflows from financing activities of \$0.2 million related to the repayment of convertible debentures previously held by RNP.

Equity financings

On completion of the Transaction, 35,393,593 subscription receipts of the Company, which were issued in two tranches on March 8 and 18, 2022, for aggregate gross proceeds of approximately C\$20.9 million pursuant to a non-brokered private placement of the Company at a price of C\$0.60 per subscription receipt, were converted into 35,393,593 common shares of the Company and 35,393,593 common share purchase warrants (the "Warrants"), and the net subscription proceeds were released from escrow and delivered to the Company. Each Warrant entitles the holder to purchase one additional common share of Horizon at a price of C\$0.80 for a period of five years following conversion of the subscription receipts.

Debt

On May 26, 2022, pursuant to the Transaction, the Company completed the purchase of 49,672,515 common shares in the capital of Entrée from Sandstorm, in consideration for a promissory note in the principal amount of C\$43.2 million (the "Entrée Promissory Note").

During the period from May 26, 2022 to August 31, 2022, the Company accrued C\$0.2 million of interest in accordance with the terms of the Entrée Promissory Note and as such, the Entrée Promissory Note had a carrying value of C\$43.4 million at August 31, 2022. On August 31, 2022, upon closing of the Transaction, the Entrée Promissory Note was assigned to the Company.

On August 31, 2022, the Company issued a promissory note in the principal amount of \$95 million to Sandstrom as part of the consideration for the assets acquired under the Transaction (the "Hod Maden Promissory Note"). Interest on the Hod Maden Promissory Note is to be paid quarterly at the Secured Overnight Financing Rate ("SOFR") + 2% commencing the earlier of (i) January 1, 2026; or (ii) when Horizon receives dividends from its investment in Hod Maden. The Hod Maden Promissory Note may be settled at any time in Horizon shares at the election of the holder based on a 20-day volume weighted average price ("VWAP") of the market price of the shares unless the holder would beneficially own in excess of 34% of the number of Common Shares outstanding immediately after giving effect to such conversion or issuance. Horizon also has the option to settle the Hod Maden Promissory Note by issuing common shares if the share price is above a floor of C\$0.55. The Hod Maden Promissory Note matures on August 31, 2032. The Hod Maden Promissory Note replaced the C\$43.4 million promissory note issued by the Company to Sandstorm in connection with the acquisition of the Entrée shares.

Stream obligation

As part of the consideration for the acquisition of the 30% interest in the Hod Maden project from Sandstorm, Horizon entered into a gold purchase agreement (gold stream) whereby it will be required to sell and deliver:

- 20% of the gold produced by the Hod Maden mine until 405,000 ounces have been sold and delivered;
- 12% of the gold produced by the Hod Maden mine thereafter.

Sandstorm will pay 50% of the London Bullion Market Association quoted price of gold for each ounce of gold delivered (for the first 405,000 ounces) and 60% of the London Bullion Market Association quoted price of gold for each ounce of gold delivered thereafter.

Commitments and Contingencies

The following table shows the Company's contractual obligations as they fall due as at September 30, 2022 and December 31, 2021:

US\$000	Within 1 year	2-5 years	Over 5 years	Total September 30, 2022	Total December 31, 2021
Accounts payable	57	-	-	57	97
Promissory note	-	-	95,000	95,000	-
	57	-	95,000	95,057	97

Share Capital

As of November 3, 2022, the Company had 74,927,903 common shares outstanding.

A summary of the Company's stock options as of November 3, 2022 is as follows:

Year of expiry	Number outstanding	Vested	Exercise price per share (CAD)
2023	464,000	464,000	0.10
2024	167,261	167,261	0.14
2025	167,260	167,260	0.25
	798,521	798,521	0.14¹

1) Weighted average exercise price of options that are exercisable.

A summary of the Company's warrants as of November 3, 2022 is as follows:

Year of expiry	Number outstanding	Vested	Exercise price per share (CAD)
2025	1,144,570	1,144,570	0.35
2027	35,595,593	35,595,593	0.80
	36,740,163	36,740,163	0.79¹

1) Weighted average exercise price of warrants that are exercisable.

Related Party Transactions

Sandstorm is a related party as a result of it having significant influence through its 34% equity interest in the Company. The transaction with Sandstorm during the period related to the acquisition of assets in the Transaction as described above.

Entrée is a related party as a result of the Company having significant influence through its approximate 25 % interest in Entrée. There were no transactions with Entrée during the period.

Key Management Compensation

The remuneration of directors and those persons having authority and responsibility for planning, directing, and controlling activities of the Company is as follows:

In \$000s	3 Months Ended Sep. 30, 2022	3 Months Ended Sep. 30, 2021	9 Months Ended Sep. 30, 2022	9 Months Ended Sep. 30, 2021
Salaries and benefits	\$ 17	\$ 27	\$ 71	\$ 78
Change of control payments	221	-	221	-
Share-based payments	-	1	-	5
Total key management compensation expense	\$ 238	\$ 28	\$ 292	\$ 83

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, trade and other payables, the Hod Maden Promissory Note and stream obligations. The fair value of cash and cash equivalents and trade and other payables, approximate their carrying values as at September 30, 2022 due to the short term nature of these instruments. The stream obligation is measured at fair value as at September 30, 2022. The fair value of the Hod Maden Promissory Note approximates its carrying value as at September 30, 2022 due to the short period of time since its initial recognition at fair value.

Credit Risk

The Company's credit risk is limited to cash and cash equivalents, the receivable from Sandstorm and the remaining receivable from AWP. In order to mitigate its exposure to credit risk, the Company closely monitors its financial assets and maintains its cash deposits in several high-quality financial institutions. The impact of expected credit losses on trade receivables and financial assets held at amortized cost is not material.

Currency Risk

Financial instruments that impact the Company's net income (loss) due to currency fluctuations include the US dollar denominated receivable from Sandstorm and the Hod Maden Promissory Note. Based on the Company's US dollar denominated monetary assets and monetary liabilities at September 30, 2022, a 5% increase (decrease) of the value of the Canadian dollar relative to the US dollar would have a \$2.2 million impact on net income.

Liquidity risk

The Company manages liquidity risk through a planning and budgeting process, which is reviewed and updated on a regular basis, to help determine future funding requirements. As at September 30, 2022, the Company had cash and cash equivalents of \$32.6 million available to settle its accounts payable and accrued liabilities, as well as its short term funding obligations related to its equity interest in Hod Maden. In addition, the Company has a receivable of \$8.3 million from Sandstorm to fund its share of the remaining 2022 budget for Hod Maden.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the Hod Maden Promissory note which bears interest at SOFR + 2%, commencing from the earlier of January 1, 2026 or when Horizon has started to receive dividends from its equity interest in Hod Maden. Changes in interest rates also have an impact on the discount rate used to determine the fair value of the gold stream obligation.

Other Risks to Horizon

The primary risk factors affecting Horizon are set forth in the Company's Management Information Circular dated July 29, 2022, which is available on www.sedar.com.

Other

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the periods presented. The critical accounting estimates used in the preparation of the condensed consolidated interim financial statements of Horizon for the three and nine months ended September 30, 2022 are the same as the key sources of estimation uncertainty disclosed in Note 3 to those interim financial statements.

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the nine-month period ended September 30, 2022 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company along with the unaudited condensed consolidated interim financial statements and MD&A on SEDAR at www.sedar.com.

Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking information under applicable Canadian securities laws. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may contain forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. The forward-looking information contained herein may include, but is not limited to, information with respect to: the ability of Horizon to complete the Antamina Transaction; the expected timing of the Antamina Transaction, the state of the financial markets for Horizon's securities; the state of the natural resources sector; recent market volatility and potentially negative capital raising conditions; Horizon's ability to raise the necessary capital to be able to complete the Antamina Transaction or to be fully able to implement its business strategies; business prospects and strategy; anticipated trends and challenges in Horizon's business and the markets in which it operates; Horizon's financial position and other risks and factors that Horizon is unaware of at this time. By identifying such information and statements in this manner, Horizon is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Horizon to be materially different from those expressed or implied by such information and statements.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in its forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. The Company does not intend, and does not assume any obligation, to update these forward-looking statements except as required by applicable law. These forward-looking statements involve risks and uncertainties relating to, among other things, the ability of the Company to complete the Antamina Transaction, the expected timing of the Antamina Transaction, the state of the financial markets for Horizon's securities; the state of the natural resources sector in the event the Antamina Transaction is completed; recent market volatility and potentially negative capital raising conditions; Horizon's ability to raise the necessary capital or to be fully able to implement its business strategies, the need for additional financing; the relative speculative and illiquid nature of an investment in Horizon; the volatility of Horizon's share price; Horizon's ability to generate sufficient revenues and cash flows from operations; dependence on the operations, assets and financial health of investee companies; limited ability to exercise control or direction over investee companies; potential defaults by investee companies; Horizon's ability to enforce on any default by an investee company; competition with other investment entities; tax matters; reliance on key personnel; dilution of shareholders' interest through future financings; and general economic and political conditions; as well as the risks discussed above under the heading "Other Risks to Horizon". Actual results may differ materially from those expressed or implied by such forward-looking statements or forward-looking information.

To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions.

Condensed Consolidated Interim Financial Statements

(Unaudited)

For The Period Ended September 30, 2022

Condensed Consolidated Interim Statements of Financial Position

Expressed in U.S. Dollars (\$000s)

	Note	September 30, 2022	December 31, 2021 (Restated: Note 2b)	January 1, 2021 (Restated: Note 2b)
Assets				
Current				
Cash and cash equivalents		\$ 32,550	\$ 3,596	\$ 40
Receivables and other current assets	5	8,733	54	158
		<u>\$ 41,283</u>	<u>\$ 3,650</u>	<u>\$ 198</u>
Non-Current				
Hod Maden and Entrée investments in associates	5,6	258,439	-	-
Mineral interests		412	-	-
Loan and royalty investments	7	-	5,395	6,269
Total assets		\$ 300,134	\$ 9,045	\$ 6,467
Liabilities				
Current				
Trade and other payables		\$ 57	\$ 96	\$ 29
Convertible debentures		-	-	240
Non-Current				
Promissory note	8	68,742	-	-
Stream obligation	9	197,301	-	-
Warrant liability		-	-	45
		<u>\$ 266,100</u>	<u>\$ 96</u>	<u>\$ 314</u>
Equity				
Share capital	10	31,269	8,976	8,973
Reserves		6,518	2,189	2,186
Retained deficit		(12,433)	(1,977)	(4,785)
Accumulated other comprehensive income (loss)		8,680	(239)	(221)
		<u>\$ 34,034</u>	<u>\$ 8,949</u>	<u>\$ 6,153</u>
Total liabilities and equity		\$ 300,134	\$ 9,045	\$ 6,467

Subsequent events (note 14)

On Behalf of the Board: "Greg Smith", Director "Erfan Kazemi", Director

Condensed Consolidated Interim Statements of Income (Loss)

Expressed in U.S. Dollars (\$000s)
Except for per share amounts

Note	3 Months Ended Sep. 30, 2022	3 Months Ended Sep. 30, 2021 <i>(Restated: Note 2b)</i>	9 Months Ended Sep. 30, 2022	9 Months Ended Sep. 30, 2021 <i>(Restated: Note 2b)</i>
Investment revenue	\$ -	\$ 1,617	\$ (355)	\$ 2,707
Expenses and other (income)	\$	\$	\$	\$
Administration expenses	403	43	541	133
Loss (gain) on revaluation of stream obligation	6,157	-	6,157	-
Share of loss in associate	607	-	731	-
Finance expense (net)	632	-	746	-
Foreign exchange and other	1,976	(47)	1,926	(42)
Net income (loss) for the period	\$ (9,775)	\$ 1,621	\$ (10,456)	\$ 2,616
Basic earnings (loss) per share	\$ (0.29)	\$ 0.12	\$ (0.51)	\$ 0.19
Diluted earnings (loss) per share	\$ (0.29)	\$ 0.11	\$ (0.51)	\$ 0.18
Weighted average number of common shares outstanding				
Basic	33,990,146	13,840,589	20,566,386	13,837,021
Diluted	33,990,146	14,595,443	20,566,386	14,537,947

**Condensed Consolidated Interim Statements of
Comprehensive Income (Loss)**

Expressed in U.S. Dollars (\$000s)

Note	3 Months Ended Sep. 30, 2022	3 Months Ended Sep. 30, 2021 <i>(Restated: Note 2b)</i>	9 Months Ended Sep. 30, 2022	9 Months Ended Sep. 30, 2021 <i>(Restated: Note 2b)</i>
Net income/(loss) for the period	\$ (9,775)	\$ 1,621	\$ (10,456)	\$ 2,616
Other Comprehensive Income (Loss) for the period				
Items that may subsequently be reclassified to net income:				
Currency translation differences	9,230	(266)	8,919	68
Total comprehensive income (loss) for the period	\$ (545)	\$ 1,355	\$ (1,537)	\$ 2,684

Condensed Consolidated Interim Statements of Cash Flow

Expressed in U.S. Dollars (\$000s)

Cash flow from (used in):	Note	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021 <i>Restated: Note 2b</i>
Operating Activities			
Net income/(loss) for the period		\$ (10,456)	\$ 2,616
Items not affecting cash:			
Share of loss in associate		731	-
Loss (gain) on revaluation of royalty investments		728	(1,904)
Loss (gain) on revaluation of stream obligation	4	6,157	-
Unrealized foreign exchange loss		1,926	-
Interest accretion and other		750	(38)
Changes in non-cash working capital	11	(11)	6
		\$ (175)	\$ 680
Investing Activities			
Settlement of AWP investment	7	4,363	-
Cash acquired through acquisition of assets from Sandstorm (net of transaction costs)		9,679	-
		\$ 14,042	\$ -
Financing Activities			
Share issuance		16,289	-
Share issuance costs		(355)	-
Repayment of convertible debentures		-	(247)
		\$ 15,934	\$ (247)
Effect of exchange rate changes on cash and cash equivalents		(847)	(6)
Net increase in cash and cash equivalents		28,954	427
Cash and cash equivalents — beginning of the period		3,596	40
Cash and cash equivalents — end of the period		\$ 32,550	\$ 467

Supplemental cash flow information (note 11)

Condensed Consolidated Interim Statements of Changes in Equity

Expressed in U.S. Dollars (\$000s)

	Note	Number	Amount	Share Options, warrants and Restricted Share Units	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total
At January 1, 2021 <i>(restated)</i>	2b	13,824,353	\$ 8,973	\$ 2,186	\$ (4,785)	\$ (221)	\$ 6,153
Vesting of restricted share units		16,235	3	(3)	-	-	-
Share-based payments		-	-	5	-	-	5
Total comprehensive income (loss)		-	-	-	2,616	68	2,684
At September 30, 2021 <i>(restated)</i>	2b	13,840,588	\$ 8,976	\$ 2,188	\$ (2,169)	\$ (153)	\$ 8,842
Share-based payments		-	-	1	-	-	1
Total comprehensive income (loss)		-	-	-	192	(86)	106
At December 31, 2021 <i>(restated)</i>	2b	13,840,588	\$ 8,976	\$ 2,189	\$ (1,977)	\$ (239)	\$ 8,949
Issuance of units from subscription receipts		35,595,593	11,862	4,427	-	-	16,289
Share issuance costs		-	(259)	(96)	-	-	(355)
Issuance of shares as part of asset acquisition		25,475,487	10,687	-	-	-	10,687
Vesting of restricted share units		16,235	3	(3)	-	-	-
Share-based payments		-	-	1	-	-	1
Total comprehensive income (loss)		-	-	-	(10,456)	8,919	(1,537)
At September 30, 2022		74,927,903	\$ 31,269	\$ 6,518	\$ (12,433)	\$ 8,680	\$ 34,034

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

September 30, 2022 | Expressed in U.S. Dollars

1. Nature of Operations

Horizon Copper Corp. (formerly Royalty North Partners Ltd. (“RNP”)) was incorporated under the Business Corporations Act of British Columbia on March 17, 2011.

On August 31, 2022, the Company completed part of its previously announced acquisition (the “Transaction”) of certain copper-gold assets from Sandstorm Gold Ltd. (“Sandstorm”) (Note 5). The assets acquired include a 30% equity interest in the entity which holds the Hod Maden copper-gold project in Turkey (“Hod Maden”), a 55% interest in the Peninsula gold project located in Michigan, \$10 million in cash, and a C\$43.2 million promissory note pursuant to the Company’s acquisition of an approximate 25% equity stake in Entrée Resources Ltd. (“Entrée”) in May 2022. Upon completion of the Transaction, the Company changed its name to Horizon Copper Corp.

Horizon Copper Corp. and its subsidiary entities (collectively “Horizon” or the “Company”) is now a resource-based company that holds interests in mining assets with a focus on copper.

The head office, principal address and registered office of the Company are located at Suite 1400, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors of the Company on November 3, 2022.

2. Summary of Significant Accounting Policies

a) Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”), as applicable to the preparation of interim financial statements including International Accounting Standard 34 – Interim Financial Reporting. Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2021.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2021 with the exception of the following new accounting policies adopted during the nine month period ended September 30, 2022:

Investments in Associates

An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint arrangement. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies.

The Company accounts for its investments in associates using the equity method. Under the equity method, the Company's investments in associates are initially recognized at cost when acquired and subsequently increased or decreased to recognize the Company's share of net income and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the associate's reserves, and for impairment losses after the initial recognition date. The Company's share of income and losses of the associate is recognized in net income during the period. Dividends received from the associate are accounted for as a reduction in the carrying amount of the Company's investment.

Promissory notes

Promissory notes are classified as financial liabilities at amortized cost. These financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost, calculated using the effective interest rate method.

Stream obligations

The stream agreements with Sandstorm include embedded derivatives within the host contract related to the variability caused by changes in future commodity prices and production levels. These contracts are classified as at fair value through profit (loss) and accordingly, are recorded on the statement of financial position at fair value. Unrealized gains and losses on the stream obligations are recorded within the statement of income (loss).

Exploration Assets

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are expensed in the period incurred. Exploration and evaluation costs arising following the acquisition of an exploration license are capitalized on a project-by-project basis. Costs incurred include appropriate technical and administrative overheads. Exploration assets are carried at historical cost less any impairment losses recognized. Exploration and evaluation activity includes geological and geophysical studies, exploratory drilling and sampling and resource development.

Upon demonstration of the technical feasibility and commercial viability of a project, any past exploration and evaluation costs related to that project are subject to an impairment test and are reclassified in accordance with IAS 16, Property Plant and Equipment.

Management assesses exploration assets for impairment indicators at each reporting period or when facts and circumstances suggest that the carrying value of capitalized exploration costs may not be recoverable.

b) Basis of Presentation

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

The condensed consolidated interim financial statements are presented in United States dollars, and all values are rounded to the nearest thousand except as otherwise indicated.

Change in presentation currency

Effective September 30, 2022, the Company changed its presentation currency from CAD to USD due to the fact that the most significant assets and liabilities are denominated in USD and to be consistent with peer companies in the mining industry. The change in presentation currency requires retrospective restatement of all periods presented in the financial statements. The amounts reported in these condensed consolidated interim financial statements as at December 31, 2021 and for the three and nine months ended September 30, 2021 have been restated in USD based on the closing exchange rate on December 31, 2021 and the average rate for the three and nine months ended September 30, 2021, as listed below. The accounting policy used to translate equity items prior to 2021, was to use the historical rate and annual average exchange rate for each equity transaction that occurred in the year was used to recreate the historical amounts. For 2021, equity items were translated quarterly using the average exchange rate for each quarter.

The exchange rates used to reflect the change in presentation currency were as follows:

	2020				2021		2022	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Average rate	n/a	0.7896	0.8140	0.7941	0.7633	0.7895	0.7834	
Closing rate	0.7786	n/a	n/a	n/a	0.7816	n/a	n/a	

c) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries (all wholly owned). Subsidiaries are fully consolidated from the date the Company obtains control and continue to be consolidated until the date that control ceases. Control is achieved when the Company is

exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All intercompany balances, transactions, revenues and expenses have been eliminated on consolidation.

3. Key Sources of Estimation Uncertainty and Critical Accounting Judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Key sources of estimation uncertainty

a) Valuation of stream obligations

The Company's stream obligation with Sandstorm is a financial liability which is measured at fair value through profit and loss. The calculation of the fair value at each period end utilizes a model with a number of non observable inputs. The key assumptions which impact the fair value of the stream obligations are the estimated number and timing of gold ounces to be delivered under the stream, long term gold prices and the discount rate. Changes in each of these key assumptions would have the following impact on the value of the stream obligation as at September 30, 2022:

Key assumption	Sensitivity applied to key assumption	Impact on value of stream liability
Timing and amount of gold ounces	5% increase in estimated number of gold ounces	\$ 5,815
Long term gold price	\$100/oz increase in long term gold price	\$ 5,394
Discount rate	1% increase to discount rate	\$ (12,333)

Critical accounting judgments

a) Investments

In the normal course of operations, the Company invests in equity interests of other entities. In such circumstances, management considers whether the facts and circumstances pertaining to each such

investment result in the Company obtaining control, joint control or significant influence over the investee entity. In some cases, the determination of whether or not the Company controls, jointly controls or significantly influences the investee entities requires the application of significant management judgment to consider individually and collectively such factors as:

- The purpose and design of the investee entity.
- The ability to exercise power, through substantive rights, over the activities of the investee entity that significantly affect its returns.
- The size of the Company's equity ownership and voting rights, including potential voting rights.
- The size and dispersion of other voting interests, including the existence of voting blocks.
- Other investments in or relationships with the investee entity including, but not limited to, current or possible board representation and material transactions with the investee entity.
- Other relevant and pertinent factors.

b) Impairment of Assets

There is judgment required to determine whether any indication of impairment exists at the end of each reporting period for the Hod Maden and Entrée investments in associates, including assessing whether there is objective evidence of impairment as a result of loss events such as significant financial difficulty of the associate or breach of contract by the associate. For investments in associates where the shares are traded on an active market, management assesses whether there has been any significant or prolonged decline in the value of the shareholding at each period end.

c) Accounting for Acquisition of Assets

The determination of the acquirer in the Transaction is an area which involves significant management judgement. Management concluded that Horizon was the acquirer having considered various factors, including: (i) it is the entity which issued the consideration to complete the Transaction; and (ii) the carve-out entity from Sandstorm does not have control or the majority of voting rights over Horizon. The determination of whether the acquisition meets the definition of a business under IFRS is another area of management judgement. Management concluded that the Transaction should be accounted for as an asset acquisition as it did not meet the definition of a business under IFRS due to the fact that, based on the nature of the assets acquired, there were no strategic or operation processes or outputs at the date of acquisition.

d) Functional Currency

The functional currency for each of subsidiary and associate is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment. The determination of functional currency involves critical accounting judgments and is re-evaluated if there is a change in events and conditions which determine the primary economic environment in which the Company operates.

The functional currency of the associate which holds the Hod Maden interest was determined to be the U.S. Dollar (“USD”). The assessment was based the forecasted expenditures of the associate, the currency driving those expenditures and the underlying transactions, events, and conditions of the entity.

Following the completion of the Transaction, the functional currency of the parent Company was re-evaluated to determine whether it had changed from Canadian dollars (“CAD”) to USD. As part of this assessment, it was determined that the functional currency remains the CAD as at September 30, 2022 as the majority of expenses of the Company are denominated in CAD and it is only upon the expected closing of the acquisition of the Antamina NPI from Sandstorm in Q4 2022 that the Company will start to recognize revenue in USD (as well as having additional assets and liabilities denominated in USD).

4. Financial Instruments

Fair Value Estimation

The fair value hierarchy establishes three levels to classify the inputs of valuation techniques used to measure fair value. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

Level 1 | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Investments in common shares and warrants held that have direct listings on an exchange are classified as Level 1.

Level 2 | Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 | Inputs that are unobservable (supported by little or no market activity).

The following table sets forth the Company's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as at September 30, 2022 and December 31, 2021.

As at September 30, 2022:

In \$000s	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non-current liabilities				
Stream obligation	\$ 197,301	\$ -	\$ -	\$ 197,301
	\$ 197,301	\$ -	\$ -	\$ 197,301

As at December 31, 2021:

In \$000s	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments				
Loan and royalty investment	\$ 5,395	\$ -	\$ -	\$ 5,395
	\$ 5,395	\$ -	\$ -	\$ 5,395

The fair value of the Company's other financial instruments including cash and cash equivalents, receivables and trade and other payables, approximate their carrying values at September 30, 2022 and December 31, 2021 due to their short-term nature. The fair value of the Hod Maden Promissory Note approximates its carrying value as at September 30, 2022 due to the short period of time since its initial recognition at fair value.

There were no transfers between the levels of the fair value hierarchy during the period ended September 30, 2022 and the year ended December 31, 2021.

a) Credit Risk

The Company's credit risk is limited to cash and cash equivalents, the receivable from Sandstorm (note 5) and the remaining receivable from AWP (note 7). In order to mitigate its exposure to credit risk, the Company closely monitors its financial assets and maintains its cash deposits in several high-quality financial institutions. The impact of expected credit losses on receivables and financial assets held at amortized cost is not material.

b) Liquidity Risk

The Company manages liquidity risk through a planning and budgeting process, which is reviewed and updated on a regular basis, to help determine future funding requirements. As at September 30, 2022, the Company had cash and cash equivalents of \$32.6 million available to settle its accounts payable and accrued liabilities, as well as its short term funding obligations related to its equity interest in Hod Maden. In addition, the Company has a receivable of \$8.3 million from Sandstorm to fund its share of the remaining 2022 budget for Hod Maden.

c) Market Risk

CURRENCY RISK

Financial instruments that impact the Company's net income (loss) due to currency fluctuations include the US dollar denominated cash balances, receivable from Sandstorm and Hod Maden Promissory Note. Based on the Company's US dollar denominated monetary assets and monetary liabilities at September

30, 2022, a 5% increase (decrease) of the value of the Canadian dollar relative to the US dollar would have a \$2.2 million impact on net income.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the Hod Maden Promissory note which bears interest at SOFR + 2%, commencing from the earlier of January 1, 2026 or when Horizon has started to receive dividends from its equity interest in Hod Maden. Changes in interest rates also have an impact on the discount rate used to determine the fair value of the gold stream obligation.

5. Asset acquisition

On August 31, 2022, the Company completed part of its previously announced acquisition of certain copper-gold assets from Sandstorm. The purchase consideration for the Transaction is as follows:

Purchase consideration:		
Shares issued in exchange for the acquired assets ¹	\$	10,687
Fair value of gold stream for Hod Maden		200,000
Fair value of Hod Maden promissory note		68,348
Transaction costs		321
	\$	279,356

- 1) Sandstorm was issued 25,475,487 common shares in the Company which were valued at C\$0.55 (US\$0.42), being the last traded share price of RNP.

The following table reflects the fair values of assets acquired and liabilities assumed as at August 31, 2022:

Net Assets acquired:		
Cash and cash equivalents	\$	10,000
Investment in associate - Hod Maden 30% interest		227,270
Investment in associate - Entrée Resources ¹		33,263
Receivable from Sandstorm ²		8,349
Royalty and other mineral interests		412
Other assets		62
Net assets acquired	\$	279,356

- 1) The acquisition of common shares in Entrée Resources was completed on May 26, 2022. The asset acquired from Sandstorm on August 31, 2022 was the promissory note issued in connection with the acquisition of the Entrée shares.
- 2) As part of the acquisition agreement, Sandstorm agreed to fund the Company's share of cash calls from Hod Maden based on the 2022 budget. These amounts will be received from Sandstorm when further cash calls are made for Hod Maden and capitalized to the investment in associate.

6. Hod Maden and Other Investments in Associates

The following table summarizes the changes in the carrying amount of the Company's investments in associates:

In \$000s	Hod Maden Interest	Entrée Resources Ltd.	Total Investments in Associates
At December 31, 2021	\$ -	\$ -	\$ -
Acquisition of investment in associate	227,270	33,781	261,051
Company's share of net loss of associate	(26)	(705)	(731)
Company's share of OCI of associate	-	353	353
Currency translation adjustments	-	(2,234)	(2,234)
At September 30, 2022	\$ 227,244	\$ 31,195	\$ 258,439

The key assumptions used to determine the fair value of the Hod Maden interest on acquisition were as follows:

Key assumption	
Timing and amount of gold ounces	Based on the published Feasibility Study for Hod Maden
Long term gold price	\$1700 / oz
Real after-tax discount rate	9.0%

7. Loan and Royalty Investments

As of and for the nine months ended September 30, 2022:

In \$000s	Jan. 1, 2022	Fair Value Adjustment ¹	Currency translation adjustment	Settlement	Sep. 30, 2022
Advance Wire Products Ltd.	\$ 5,395	\$ (728)	\$ (6)	\$ (4,661)	\$ -
Total loan and royalty investments	\$ 5,395	\$ (728)	\$ (6)	\$ (4,661)	\$ -

1) Fair value adjustment recorded within Net Income (loss) for the period.

a) Advance Wire Products Ltd (“AWP”)

On August 24, 2017, RNP entered into a loan agreement to loan C\$6.8 million to AWP (the “AWP Loan Agreement”), to be repaid by way of monthly payments equal to a fixed annual loan payment of C\$0.4 million plus 4.35% of the gross sales of AWP.

During 2017 and 2018, the Company entered into four loan modification agreements with AWP, whereby RNP allowed AWP to make four early repayments against the principal of the loan. Under the terms of the fourth, and most recent amendment, the monthly payments were modified to equal a fixed annual loan payment of C\$0.27 million plus 2.91% of the gross sales of AWP. The revised principal balance invested with AWP was C\$4.5 million (the “AWP Loan”).

AWP had the option to repurchase the remainder of the AWP Loan in its entirety for a pre-defined lump sum cash payment on or after the third anniversary of the entering into the AWP Loan Agreement, which was in August 2020.

On June 16, 2022, the Company and AWP entered into an agreement whereby AWP agreed to voluntarily repay the AWP Loan. Under the terms of the repayment agreement, AWP repaid C\$5.5 million on July 29, 2022 (the “Initial Payment”) and a further C\$0.45 million, recorded within receivables and other current assets, to be paid in 24 equal monthly installments which commenced on September 1,

2022. Upon completion of the Initial Payment, AWP has no further obligations under the AWP Loan Agreement and the Company has no further rights to payments pursuant to the AWP Loan Agreement.

8. Promissory note

The following table summarizes the changes in the carrying amount of the Company's promissory note:

In \$000s	
At December 31, 2021	\$ -
Promissory note issued – Entrée acquisition	32,909
Interest accrued on promissory note	358
Acquisition of Entrée promissory note	(33,263)
Hod Maden Promissory Note issued	68,348
Accretion expense	390
At September 30, 2022	\$ 68,742

The Hod Maden Promissory Note has a principal amount of US\$95 million. Interest on the Hod Maden Promissory Note is to be paid quarterly at the Secured Overnight Financing Rate ("SOFR") + 2% commencing the earlier of (i) January 1, 2026; or (ii) when Horizon receives dividends from its investment in Hod Maden. The Hod Maden Promissory Note may be settled at any time in Horizon shares at the election of the holder based on a 20-day volume weighted average price ("VWAP") of the market price of the shares unless the holder would beneficially own in excess of 34% of the number of common shares outstanding immediately after giving effect to such conversion or issuance. Horizon also has the option to settle the Hod Maden Promissory Note by issuing common shares if the share price is above a floor of C\$0.55. The Hod Maden Promissory Note matures on August 31, 2032.

The key assumptions used to determine the fair value of the Hod Maden Promissory Note on acquisition were as follows:

Key assumption	
Timing of principal and interest payments	Based on the cash flows from the published Feasibility Study for Hod Maden
Nominal before-tax discount rate	7.14%

9. Stream obligation

The following table summarizes the changes in the carrying amount of the Company's stream obligation:

In \$000s		
At December 31, 2021	\$	-
Hod Maden gold stream		200,000
Change in fair value of gold stream		6,157
Currency translation adjustments		(8,856)
At September 30, 2022	\$	197,301

As part of the consideration for the acquisition of the 30% interest in the Hod Maden project from Sandstorm (note 5), Horizon entered into a gold purchase agreement (gold stream) whereby it will be required to sell and deliver:

- 20% of the gold produced by the Hod Maden mine until 405,000 ounces have been sold and delivered;
- 12% of the gold produced by the Hod Maden mine thereafter.

Sandstorm will pay 50% of the London Bullion Market Association quoted price of gold for each ounce of gold delivered (for the first 405,000 ounces) and 60% of the London Bullion Market Association quoted price of gold for each ounce of gold delivered thereafter. There are no obligations for Horizon to sell and deliver gold ounces under the gold stream should there be no production from the Hod Maden mine.

The key assumptions used to determine the fair value of the gold stream on acquisition were as follows:

Key assumption	
Timing and amount of gold ounces	Based on the published Feasibility Study for Hod Maden
Long term gold price	\$1700 / oz
Real after-tax discount rate	5.48%

10. Share Capital and Reserves

a) Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

b) Warrants

The Company has issued warrants as part of units in private placement financings in 2021 and 2022. A summary of the Company's warrants and the change for the period is as follows:

	Number of warrants	Weighted average exercise price per warrant (CAD)
Warrants outstanding at December 31, 2021	1,144,570	0.35
Issued	35,595,593	0.80
Warrants outstanding at September 30, 2022	36,740,163	0.79

The weighted average remaining contractual life of the warrants as at September 30, 2022 was 4.8 years (year ended December 31, 2021 — 3.5 years).

c) Stock Options

The Company has an incentive stock option plan (the "Option Plan") whereby the Company may grant share options to eligible employees, officers, directors and consultants at an exercise price, expiry date, and vesting conditions to be determined by the Board of Directors. The maximum expiry date is ten years from the grant date. All options are equity settled. The Option Plan permits the issuance of options which, together with the Company's other share compensation arrangements, may not exceed 10% of the Company's issued common shares as at the date of the grant.

A summary of the Company's options and the change for the period is as follows:

	Number of options	Weighted average exercise price per share (CAD)
Options outstanding at December 31, 2020	936,021	0.22
Expired	(107,500)	0.50
Options outstanding at December 31, 2021 and September 30, 2022	828,521	0.19

The weighted average remaining contractual life of the options as at September 30, 2022 was 1.21 years (year ended December 31, 2021 — 1.96 years).

A summary of the Company's options as of September 30, 2022 is as follows:

Year of expiry	Number outstanding	Vested	Exercise price per share (CAD)
2022	30,000	30,000	1.47
2023	464,000	464,000	0.10
2024	167,261	167,261	0.14
2025	167,260	167,260	0.25
	828,521	828,521	0.19¹

1) Weighted average exercise price of options that are exercisable.

d) Restricted Share Units

The Company has a restricted share plan (the "Restricted Share Plan") whereby the Company may grant restricted share units ("RSUs") to eligible employees, officers, directors and consultants at an expiry date to be determined by the Board of Directors. Each restricted share right entitles the holder to receive a common share of the Company without any further consideration. The Restricted Share Plan permits the issuance of up to a maximum of 7,492,790 restricted share rights, of which 7,435,320 were available for grant as at September 30, 2022.

As of September 30, 2022, the Company had no RSUs outstanding.

e) Earnings Per Share

Basic and diluted earnings per share is calculated based on the following:

In \$000s (except for shares and per share amounts)	3 Months Ended Sep. 30, 2022	3 Months Ended Sep. 30, 2021 <small>(Restated: Note 2b)</small>	9 Months Ended Sep. 30, 2022	9 Months Ended Sep. 30, 2021 <small>(Restated: Note 2b)</small>
Net income (loss) for the period	\$ (9,775)	\$ 1,621	\$ (10,456)	\$ 2,616
Basic weighted average number of shares	33,990,146	13,840,589	20,566,386	13,837,021
Basic earnings (loss) per share	\$ (0.29)	\$ 0.12	\$ (0.51)	\$ 0.19
Effect of dilutive securities				
Stock options and warrants	n/a	754,854	n/a	700,926
Diluted weighted average number of common shares	33,990,146	14,595,443	20,566,386	14,537,947
Diluted earnings (loss) per share	\$ (0.29)	\$ 0.11	\$ (0.51)	\$ 0.18

The following table lists the number of potentially dilutive securities excluded from the computation of diluted earnings per share because either their effect is not dilutive or the exercise prices exceeded the average market value of the common shares during the three and nine months ended September 30, 2022 and 2021:

	3 Months Ended Sep. 30, 2022	3 Months Ended Sep. 30, 2021	9 Months Ended Sep. 30, 2022	9 Months Ended Sep. 30, 2021
Stock options	828,521	30,000	828,521	30,000
Warrants	36,740,163	-	36,740,163	-

11. Supplemental Cash Flow Information

In \$000s	9 Months Ended Sep. 30, 2022	9 Months Ended Sep. 30, 2021 <small>(Restated: Note 2b)</small>
Change in non-cash working capital:		
Trade receivables and other	\$ 28	\$ 29
Trade and other payables	(39)	(23)
Net increase (decrease) in cash	\$ (11)	\$ 6
Significant non-cash transactions:		
Common shares issued as part of the consideration for the asset acquisition	\$ 10,687	\$ -
Stream liability assumed as part of the consideration for the asset acquisition	200,000	-
Promissory note assumed as part of the consideration for the asset acquisition	78,815	-
Entrée promissory note issued for Entrée investment in associate acquisition	32,909	-
Acquisition of Entrée promissory note as part of the asset acquisition	33,263	-

12. Related Party Transactions

a) Related party transactions

Sandstorm is a related party as a result of it having significant influence through its 34% equity interest in the Company. The transactions with Sandstorm during the period are set out in notes 5, 6, 8 and 9.

Entrée is a related party as a result of the Company having significant influence through its approximate 25 % interest in Entrée. There were no transactions with Entrée during the period.

b) Compensation of key management personnel

The remuneration of directors and those persons having authority and responsibility for planning, directing and controlling activities of the Company are as follows:

In \$000s	3 Months Ended Sep. 30, 2022	3 Months Ended Sep. 30, 2021	9 Months Ended Sep. 30, 2022	9 Months Ended Sep. 30, 2021
Salaries and benefits	\$ 17	\$ 27	\$ 71	\$ 78
Change of control payments	221	-	221	-
Share-based payments	-	1	-	5
Total key management compensation expense	\$ 238	\$ 28	\$ 292	\$ 83

13. Segmented Information

The Company's reportable operating segments, which are components of the Company's business where separate financial information is available and which are evaluated on a regular basis by the Company's Chief Executive Officer, who is the Company's chief operating decision maker, for the purpose of assessing performance, are the investments in Hod Maden and Entrée. Details of the amounts related to these investments are included in Note 6.