

# Management's Discussion and Analysis

For The Period Ended June 30, 2023

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 six months ended June 30, 2023 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, 2022 and the corresponding notes to the financial statements which are available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca). The information contained within this MD&A is current to August 1, 2023 and all figures are stated in U.S. dollars unless otherwise noted.

## Company Highlights

### Completion of Transaction with Sandstorm

On June 15, 2023, the Company completed the previously announced transaction with Sandstorm Gold Ltd. ("Sandstorm") ("the Antamina Transaction"), whereby Horizon acquired a 1.66% net profits interest on the Antamina copper mine (the "Antamina NPI").

The purchase price for the Antamina NPI, including the NPI receivable related to the period ended June 30, 2023, was \$245.7 million and was comprised of the following components of consideration:

- \$20 million in cash;
- a silver stream with a fair value of \$101.5 million 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;
- 2,329,849 common shares of the Company with a fair value of \$1.4 million issued to Sandstorm such that Sandstorm maintained its 34% ownership of the issued and outstanding shares of the Company;
- a promissory note with a principal amount of \$149.1 million which may be settled in shares at the Company's option. The fair value of the promissory note was \$122.7 million; and
- \$0.1 million of related transaction costs.

In addition, Sandstorm retained 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 servicing commitments (the "Residual Royalty").

In order to partially fund the cash portion of the consideration, on April 19, 2023, the Company completed a non-brokered private placement (the "Private Placement") through the issuance of 8,378,500 subscription receipts at a price of CAD0.80 per subscription receipt (the "Subscription Receipts") for gross proceeds of \$5.1 million (CAD6.7 million). On completion of the Antamina Transaction on June 15, 2023, funds from the private placement were released from escrow and each Subscription Receipt was

converted into one common share of the Company and one half of one share purchase warrant with each full warrant having an exercise price of CAD1.10 over a four-year term.

### **Horizon Welcomes SSR Mining as Operating Partner for Hod Maden**

On May 8, 2023, SSR Mining Inc. ("SSR Mining") entered into an agreement with Lidya Madencilik ("Lidya") whereby SSR Mining will acquire up to a 40% operating interest in Hod Maden and assume operational control of the project (the "SSR Transaction"). Assuming the terms of the earn-in milestone payments of the SSR Transaction are fulfilled, SSR Mining will hold a 40% operating interest in Hod Maden, with the remaining passive ownership held by Lidya (30%) and Horizon (30%). SSR Mining has significant experience in Türkiye and its project development team, which successfully delivered the Çöpler sulfide expansion project on time and under budget, provides in-country synergies, and builds on a long-standing and strong joint venture partnership with Lidya in Türkiye.

### **Change in Functional Currency**

Determination of functional currency involves certain judgements 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. Following the acquisition of the Antamina NPI, management reassessed the Company's functional currency and determined that it had changed from Canadian dollars ("CAD") to U.S. dollars ("USD") due to the fact that all revenue is now generated in USD and the majority of the Company's financing arrangements are denominated in, or priced with reference to, the USD. The change in functional currency is applied prospectively.

### **Change in Presentation Currency**

Effective September 30, 2022, the Company changed its presentation currency from CAD to USD due to the change in its most significant assets and liabilities following the completion of the first part of the RTO transaction with Sandstorm in August 2022 (together with the Antamina Transaction, the "Transaction") and to be consistent with peer companies in the mining industry. The change in presentation currency requires retrospective restatement of the prior period presented in the financial statements. The amounts reported in the condensed consolidated interim financial statements for the three and six months ended June 30, 2022 have been restated in USD based on the average rate for the three and six months ended June 30, 2022. The accounting policy used to translate historical equity items was to use the annual average exchange rate for each equity transaction.

## Overview

Horizon's objective is to actively grow its existing portfolio of assets, with a focus on copper projects. The completion of the Antamina Transaction positions 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

The outlook for the Company for the remainder of 2023 and beyond includes the following:

## Antamina

Following completion of the Antamina Transaction, the Company will generate royalty revenue and cash flows from the Antamina NPI during the second half of 2023. The estimated average annual cash flow from the Antamina NPI net of amounts paid to Sandstorm under the Antamina Silver Stream and Residual Royalty is \$10 - \$15 million.

## Hod Maden

Following the closing of the SSR Transaction in the second quarter of 2023, SSR Mining is continuing to progress the early-works construction activities at Hod Maden with its development team. Early works activities for the remainder of 2023 are expected to focus on site access and earthworks at an estimated cost of approximately \$30 million (on a 100% basis). In July 2023, the Company advanced \$4.5 million relating to its share of the first \$15 million of these costs. This amount will be recovered from the Company's receivable from Sandstorm. SSR Mining has assumed the project finance process that is currently underway while working to advance Hod Maden to a full construction decision in 2024. SSR Mining anticipates commercial production to commence in 2027.

## Growth

During 2023, the Company will continue to evaluate new opportunities to grow its portfolio of assets with a focus on identifying interests in copper projects with precious metal by-products which could be partially funded by stream financing provided by Sandstorm.

# Key Assets

## 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 Antamina NPI has paid between \$7-\$42 million per year, with an average annual payment of \$19 million. The Antamina NPI payment was approximately \$42 million in 2021 and \$25 million in 2022; the amount attributable to Horizon net of the Antamina Silver Stream and Residual Royalty would have been \$23 million and \$13 million in each of these years. 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.

## Hod Maden

The Company has a 30% equity interest in Hod Maden, which is located in Artvin Province, northeastern Türkiye. Following the SSR Transaction, and assuming the terms of the earn-in milestone payments are fulfilled, SSR Mining will hold a 40% operating interest in Hod Maden, with the remaining passive ownership held by Lidya Madencilik Sanayi ve Ticaret A.S. ("Lidya") (30%) and Horizon (30%). SSR is now the project operator and will lead the development of the project to a formal construction decision and commercial production. SSR and Lidya are strong local partners with experience exploring, developing, permitting, and operating projects in Türkiye, including 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 Türkiye.

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")<sup>1</sup> 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. For the remainder of 2023 early-works construction activities are expected to continue at Hod Maden focused on site access and earthworks.

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.

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

## Oyu Tolgoi (Hugo North Extension & Heruga)

The Company has a 25% equity interest in Entrée Resources Ltd. ("Entrée") which holds a 20% interest in the Hugo North Extension and Heruga deposits of the Oyu Tolgoi copper mine 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 Rio Tinto plc ("Rio Tinto") and the Government of Mongolia.

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.

Rio Tinto has announced that underground production began at the Oyu Tolgoi copper mine in Mongolia. Over thirty drawbells have been blasted since January 2022 and first sustainable production from the underground mine was achieved in the first quarter of 2023. The Lift 1 mine plan incorporates the development of three panels, and in order to reach the full sustainable production rate of 95,000 tonnes per day from the underground operations all three panels need to be in production. The Hugo North Extension deposit on the Entrée/Oyu Tolgoi joint venture property is located at the northern portion of Panel 1.

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.

### **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 re-commenced pursuant to the terms of a joint venture agreement between a subsidiary of the Company and Minerals Processing Corporation. The joint venture has developed a work program for \$0.9 million expected to be incurred in 2023 (of which \$0.3 million will be incurred by the Company to complete the required earn-in payments for its 55% interest), 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.

# Summary of Quarterly Results

## Quarters Ended

In \$000s (except for per share amounts in \$)	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022
Net income (loss)	15,151	(3,708)	(5,366)	(9,775)
Basic income (loss) per share	0.20	(0.05)	(0.07)	(0.29)
Diluted income (loss) per share	0.19	(0.05)	(0.07)	(0.29)
Cash flows from (used in) operating activities	(95)	383	3	(413)
Total assets	530,278	300,026	300,706	300,134
Total long-term liabilities	489,923	276,431	273,382	266,043

In \$000s (except for per share amounts in \$)	Jun. 30, 2022 (restated)	Mar. 31, 2022 (restated)	Dec. 31, 2021 (restated)	Sep. 30, 2021 (restated)
Net income	(757)	76	192	1,621
Basic income (loss) per share	(0.05)	0.01	0.01	0.12
Diluted income (loss) per share	(0.05)	0.01	0.01	0.11
Cash flows from operating activities	154	84	209	223
Total assets	58,495	25,748	9,045	8,849
Total long-term liabilities	33,839	-	-	-

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 restated in USD following the Company's change in presentation currency in Q3 2022.

# Quarterly Commentary

## Three Months Ended June 30, 2023 Compared to the Three Months Ended June 30, 2022

For the three months ended June 30, 2023, net income was \$15.2 million and cash outflows from operating activities was \$0.1 million, compared with a net loss of \$0.8 million and operating cash flows of \$0.2 million for the comparable period in 2022. The increase in net income is primarily attributable to a number of non-cash items related to assets acquired and liabilities assumed in the Transaction, including:

- A \$6.9 million gain related to changes in the estimated timing of cash flows related to the Company's Hod Maden Promissory Note in the quarter.
- A fair value gain on the silver stream liability of \$3.6 million during the three months ended June 30, 2023, primarily driven by a decrease in forward silver prices.
- A fair value gain on the gold stream liability of \$6.0 million during the three months ended June 30, 2023, primarily driven by a decrease in forward gold prices and changes in foreign exchange rates.

Partially offset by:

- The share of loss in the Company's investments in associates of \$1.1 million.
- Accretion expense related to the Company's Promissory notes with Sandstorm of \$1.4 million during the three months ended June 30, 2023.

For the three months ended June 30, 2023, adjusted net income<sup>1</sup> was \$0.4 million compared to an adjusted net loss<sup>1</sup> of \$0.6 million in the comparable period in 2022.

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

## Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

For the six months ended June 30, 2023, net income was \$11.4 million and cash flows from operating activities was \$0.3 million, compared with net loss of \$0.7 million and cash flows from operating activities of \$0.2 million for the comparable period in 2022. The increase in net income is primarily attributable to a number of non-cash items related to assets acquired and liabilities assumed in the Transaction, including:

- A \$8.4 million gain related to changes in the estimated timing of cash flows related to the Company's Hod Maden Promissory Note during the six months ended June 30, 2023.
- A fair value gain on the silver stream liability of \$3.6 million during the six months ended June 30, 2023, primarily driven by a decrease in forward silver prices.
- A fair value gain on the gold stream liability of \$2.7 million during the six months ended June 30, 2023, primarily driven by a decrease in forward gold prices.



Partially offset by:

- The share of loss in the Company's investments in associates of \$2.0 million.
- Accretion expense related to the Company's Promissory notes with Sandstorm of \$2.6 million during the six months ended June 30, 2023.

For the six months ended June 30, 2023, adjusted net income<sup>1</sup> was \$0.5 million compared to an adjusted net loss<sup>1</sup> of \$0.6 million in the comparable period in 2022.

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

## Three Months Ended June 30, 2023 Compared to the Other Quarters Presented

When comparing net income of \$15.2 million and cash outflow from operating activities of \$0.1 million for the three months ended June 30, 2023 with net income (loss) and cash flows from operating activities for the other quarters presented, the following items impact comparability:

- 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 the Company's legacy royalty investments. Net income was also impacted by fair value adjustments on these investments each period. All of the Company'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 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 Hod Maden and Entrée assets from Sandstorm in August 2022.

There were no material changes in total assets from September 30, 2022 to March 31, 2023.

Total assets increased by \$230.3 million from March 31, 2023 to June 30, 2023 as a result of the acquisition of the Antamina NPI from Sandstorm in June 2023.

## Non-IFRS and Other Measures

The Company has included, throughout this document, adjusted net 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 finance expense and other adjustments on promissory notes, 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).

<b>Figure 1.1 In \$000s</b>	<b>3 Months Ended June 30, 2023</b>	<b>3 Months Ended June 30, 2022</b>	<b>6 Months Ended June 30, 2023</b>	<b>6 Months Ended June 30, 2022</b>
Net income (loss)	\$ 15,151	\$ (757)	\$ 11,443	\$ (681)
<b>Add (Deduct):</b>				
Share of loss in associates	1,063	124	2,025	124
Gain on revaluation of stream obligations	(9,602)	-	(6,339)	-
Finance expense and other adjustments on promissory notes	(5,485)	-	(5,861)	-
Unrealized foreign exchange gain	(698)	-	(756)	-
<b>Equals:</b>				
<b>Adjusted net income (loss)</b>	<b>\$ 429</b>	<b>\$ (633)</b>	<b>\$ 512</b>	<b>\$ (557)</b>

- 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 pounds and per pound 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		13
<b>All-in sustaining costs</b>	<b>\$</b>	<b>285</b>
<b>Divided by:</b>		
Payable Copper Pounds (Mlbs)		255
<b>Equals:</b>		
<b>All-in sustaining cost per copper pound</b>	<b>\$</b>	<b>1.12</b>
<b>Historical all-in sustaining cost per copper pound</b>	<b>\$</b>	<b>-</b>

## Liquidity and Capital Resources

As of June 30, 2023, the Company had cash and cash equivalents of \$17.8 million (December 31, 2022 – \$32.7 million) and working capital (current assets less current liabilities) of \$29.7 million (December 31, 2022 – \$41.2 million). In addition, the Company has access to up to \$150 million, in certain circumstances, under a revolving credit facility with Sandstorm. No amounts have been drawn under this facility as of the date of the MD&A.

During the six months ended June 30, 2023, the Company generated cash flows from operating activities of \$0.3 million compared with cash flows generated from operating activities of \$0.2 million during the comparable period in 2022. The cash inflows during the six months ended June 30, 2023 were a result of \$0.8 million generated from interest income offset by general and administrative and financing expenses, compared to cash inflows in the comparable period in 2022 being generated from RNP's legacy royalty investments of \$0.4 million offset by general and administrative expenses.

During the six months ended June 30, 2023, the Company had cash outflows from investing activities of \$20 million related to the Antamina Transaction. During the six months ended June 30, 2022, the Company had net cash outflows from investing activities of \$16.7 million which related to escrowed funds received as part of the 2022 subscription receipt financing.

During the six months ended June 30, 2023, the Company had cash inflows from financing activities of \$4.9 million primarily from the Private Placement in April 2023. During the six months ended June 30,

2022, the Company had net cash inflows from financing activities of \$16.5 million related to the net proceeds from the subscription receipt financing completed in March 2022.

### **Equity Financing**

On April 19, 2023, the Company completed a Private Placement through the issuance of 8,378,500 Subscription Receipts at a price of CAD0.80 per subscription receipt for gross proceeds of \$5.1 million (CAD6.7 million). Cash finders' fees were paid in association with the Private Placement in the aggregate of \$0.16 million (CAD0.2 million) (the "Finders' Fees").

Funds from the Private Placement were held in escrow by the Company until the closing of the Antamina Transaction and the satisfaction of certain escrow release conditions (collectively, the "Release Conditions").

The proceeds from the Private Placement were used to satisfy part of the \$20 million cash component payable to Sandstorm for the acquisition of the Antamina NPI.

Each Subscription Receipt, upon satisfaction of the Release Conditions on June 15, 2023, automatically converted into one unit (a "Unit"), comprised of one (1) common share of the Company and one half (1/2) of one (1) non-transferable share purchase warrant (each full warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of CAD1.10 per share until June 15, 2027.

As Horizon's largest shareholder and in connection with the Antamina Transaction, Sandstorm maintained its existing 34% shareholding in Horizon. On completion of the Antamina Transaction, Sandstorm's common share holdings increased from 25.5 million shares to 29.3 million shares, including 1,468,750 Units issued pursuant to the Private Placement.

All securities issued pursuant to the Private Placement are subject to a four month and one day hold period in accordance with applicable Canadian securities laws, expiring on August 20, 2023.

## Commitments and Contingencies

The following table shows the Company's contractual obligations as they fall due as at June 30, 2023 and December 31, 2022:

US\$000	Within 1 year		2-5 years		Over 5 years		Total June 30, 2023	Total December 31, 2022		
Accounts payable	\$	165	\$	-	\$	-	\$	165	\$	141
Promissory notes		-		-		244,100	244,100			95,000
	\$	165	\$	-	\$	244,100	\$	244,265	\$	95,141

In the fourth quarter of 2022, a lawsuit was filed by a former employee of the predecessor company to Artmin Madencilik Sanayi ve Ticaret A.S ("Artmin"), the Turkish entity which holds the Hod Maden project. The former employee claims that he is entitled to 1% of the value of the project as a finder fee. The Company, in conjunction with Artmin, has evaluated the claim with the assistance of Turkish legal counsel and considers it to be without merit. Artmin will defend itself vigorously against this claim.

## Share Capital

As of August 1, 2023, the Company had 86,100,252 common shares outstanding.

A summary of the Company's stock options as of August 1, 2023 is as follows:

Year of expiry	Number outstanding	Vested	Exercise price per share (CAD)
2024	167,261	167,261	0.14
2025	167,260	167,260	0.25
2028	3,850,000	-	0.80
	<b>4,184,521</b>	<b>334,521</b>	<b>0.19<sup>1</sup></b>

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

A summary of the Company's warrants as of August 1, 2023 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
2027	4,189,250	4,189,250	1.10
	<b>40,929,413</b>	<b>40,929,413</b>	<b>0.82<sup>1</sup></b>

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 acquisition of the Antamina NPI as described above was a related party transaction.

The Company has entered into a services agreement with Sandstorm for CAD5,000 per month for general administrative services including rent and other shared office costs. The amount payable to Sandstorm related to this agreement as at June 30, 2023 was CAD15,000.

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 Jun. 30, 2023	3 Months Ended Jun. 30, 2022	6 Months Ended Jun. 30, 2023	6 Months Ended Jun. 30, 2022
Salaries and benefits	\$ 11	\$ 25	\$ 22	\$ 54
Share-based payments	32	-	32	1
<b>Total key management compensation expense</b>	<b>\$ 43</b>	<b>\$ 25</b>	<b>\$ 54</b>	<b>\$ 55</b>

# Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, trade and other payables, promissory notes, and stream obligations. The fair value of cash and cash equivalents, receivables, and trade and other payables, approximate their carrying values as at June 30, 2023 due to the short term nature of these instruments. The stream obligations are measured at fair value as at June 30, 2023 based on a model which utilized level 3 inputs. The fair value of the Hod Maden Promissory Note was \$66.8 million as at June 30, 2023 (\$70.3 million – December 31, 2022) based on a discounted cash flow model which utilized level 2 inputs. The fair value of the Antamina Promissory Note was \$123.6 million as at June 30, 2023 based on a discounted cash flow model which utilized level 2 inputs.

## Credit Risk

The Company's credit risk is limited to cash and cash equivalents, the receivable from Sandstorm and the receivable from the Antamina NPI which is paid by a subsidiary of Teck Resources. 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

Following the change of the Company's functional currency to the US dollar on June 30, 2023, the Company does not have any financial instruments denominated in currencies other than the US dollar that materially impact its net income (loss).

## 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 June 30, 2023, the Company had cash and cash equivalents of \$17.8 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 to be spent in 2023.

Under the terms of the Hod Maden promissory note with Sandstorm, the Company has access to up to \$150 million, in certain circumstances, under a revolving credit facility. Interest is payable quarterly at a rate of the greater of (a) SOFR + 2.0%; or (b) the cost of funds of Sandstorm under its revolving credit facility, commencing the earlier of (a) January 1, 2029; or (b) when Horizon receives dividends from its investment in Hod Maden. No amounts had been drawn under this facility as at June 30, 2023.

## 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, 2029 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 Company's stream obligations.

## Other Risks to Horizon

The primary risk factors affecting Horizon are set forth in the Company's Annual Information Form dated August 1, 2023, which is available on [www.sedarplus.ca](http://www.sedarplus.ca).

## 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 six months ended June 30, 2023 are the same as the key sources of estimation uncertainty disclosed in Notes 2 and 3 of the Company's 2022 annual consolidated financial statements and Note 3 of the unaudited condensed consolidated interim financial statements for the period ended June 30, 2023. In addition, during the three months ended June 30, 2023, the determination of the fair value of the promissory note issued in connection with the Antamina Transaction involved the use of critical accounting estimates as disclosed in Note 7 of the unaudited condensed consolidated interim financial statements for the period ended June 30, 2023.

### **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 three-month period ended June 30, 2023 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.sedarplus.ca](http://www.sedarplus.ca).

# 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 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 be fully able to implement its business strategies; the ability of the Hod Maden Project to obtain project level financing or on terms that are acceptable and the residual amount of equity financing to be provided by the Company; the projected capital costs and development timelines for the Hod Maden project; the expected production at Antamina and amount of the Antamina NPI, the future price and demand of gold, copper, and other metals, the estimation of mineral reserves and resources, realization of mineral reserve estimates, business prospects and strategy; anticipated trends and challenges in Horizon's business and the markets in which it operates; Horizon's financial position; the expectation that the terms of the earn-in milestone payments of SSR Mining's recently announced agreement to acquire a 40% operating interest in the Hod Maden Project will be fulfilled, including the related expectation of benefits to the overall development of the project in the event of the SSR Mining acquisition 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 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 be fully able to implement its business strategies; the ability of the Hod Maden Project to obtain project level financing or on terms that are acceptable and the residual amount of equity financing to be provided by the Company; the projected capital costs and development timelines for the Hod Maden project; the expected production at Antamina and amount of the Antamina NPI, the future price and demand of gold, copper, and other metals, the estimation of mineral reserves and resources, realization of mineral reserve estimates, ; the expectation that the terms of the earn-in milestone payments of SSR Mining's recently announced agreement to acquire a 40% operating interest in the Hod Maden Project will be fulfilled, including the related expectation of benefits to the overall development of the project in the event of the SSR Mining acquisition 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 June 30, 2023

**Condensed Consolidated Interim Statements of  
Financial Position**

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

	Note	June 30, 2023	December 31, 2022
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	\$	17,769	\$ 32,695
Receivables and other current assets		12,078	8,665
	\$	29,847	\$ 41,360
<b>Non-Current</b>			
Hod Maden and Entrée investments in associates	6	257,462	258,934
Mineral interests	5	242,859	412
Other		110	-
<b>Total assets</b>	<b>\$</b>	<b>530,278</b>	<b>\$ 300,706</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	\$	165	\$ 141
<b>Non-Current</b>			
Promissory notes	7	187,956	71,163
Stream obligations	8	301,967	202,219
	\$	490,088	\$ 273,523
<b>Equity</b>			
Share capital	9	37,102	31,269
Reserves		7,055	6,518
Retained deficit		(6,356)	(17,799)
Accumulated other comprehensive income		2,389	7,195
	\$	40,190	\$ 27,183
<b>Total liabilities and equity</b>	<b>\$</b>	<b>530,278</b>	<b>\$ 300,706</b>

On Behalf of the Board: "Clark Hollands", 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 June 30, 2023	3 Months Ended June 30, 2022 <i>(Restated: Note 2d)</i>	6 Months Ended June 30, 2023	6 Months Ended June 30, 2022 <i>(Restated: Note 2d)</i>
<b>Revenue</b>					
Royalty revenue		\$ 592	\$ -	\$ 592	\$ -
Investment revenue		-	(556)	-	(355)
Depletion		340	-	340	-
<b>Gross profit (loss)</b>		<b>\$ 252</b>	<b>\$ (556)</b>	<b>\$ 252</b>	<b>\$ (355)</b>
<b>Operating expenses</b>					
Administration expenses		\$ 280	\$ 57	\$ 401	\$ 138
Financing expenses		-	-	152	-
Exploration expenses		11	-	32	-
<b>Operating loss</b>		<b>\$ (39)</b>	<b>\$ (613)</b>	<b>\$ (333)</b>	<b>\$ (493)</b>
<b>Other expenses (income)</b>					
Gain on revaluation of stream obligations	8	\$ (9,602)	\$ -	\$ (6,339)	\$ -
Share of loss in associates	6	1,063	124	2,025	124
Finance expense and other adjustments on promissory notes	7	(5,485)	-	(5,861)	-
Finance income		(468)	-	(845)	-
Foreign exchange and other		(698)	20	(756)	64
<b>Net income (loss) for the period</b>		<b>\$ 15,151</b>	<b>\$ (757)</b>	<b>\$ 11,443</b>	<b>\$ (681)</b>
Basic earnings (loss) per share	9(f)	\$ 0.20	\$ (0.05)	\$ 0.15	\$ (0.05)
Diluted earnings (loss) per share	9(f)	\$ 0.19	\$ (0.05)	\$ 0.15	\$ (0.05)
Weighted average number of common shares outstanding					
Basic		77,075,832	13,856,823	76,007,801	13,851,710
Diluted		78,161,154	13,856,823	77,145,791	13,851,710

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

Note	3 Months Ended June 30, 2023	3 Months Ended June 30, 2022 <i>(Restated: Note 2d)</i>	6 Months Ended June, 2023	6 Months Ended June 30, 2022 <i>(Restated: Note 2d)</i>
Net income (loss) for the period	\$ 15,151	\$ (757)	\$ 11,443	\$ (681)
Other comprehensive loss for the period				
<b>Items that may subsequently be reclassified to net income:</b>				
Currency translation differences	(4,488)	(61)	(4,806)	(61)
<b>Total comprehensive income (loss) for the period</b>	<b>\$ 10,663</b>	<b>\$ (818)</b>	<b>\$ 6,637</b>	<b>\$ (742)</b>

## Condensed Consolidated Interim Statements of Cash Flow

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

	Note	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022 (Restated: Note 2d)
<b>Cash flow from (used in):</b>			
<b>Operating Activities</b>			
Net income (loss) for the period		\$ 11,443	\$ (681)
<b>Items not affecting cash:</b>			
Depletion expense		340	-
Share of loss in associate	6	2,025	124
Loss on revaluation of royalty investments		-	730
Gain on revaluation of stream obligations	8	(6,339)	-
Finance expense and other adjustments on promissory notes	7	(5,861)	-
Unrealized foreign exchange (gain) loss and other		(723)	65
Changes in non-cash working capital	10	(597)	(3)
		\$ 288	\$ 235
<b>Investing Activities</b>			
Acquisition of Antamina NPI	5	(20,040)	-
Restricted cash		-	(16,526)
Deferred acquisition costs		-	(185)
		\$ (20,040)	\$ (16,711)
<b>Financing Activities</b>			
Proceeds from subscription receipt financing		5,058	16,526
Share issuance costs		(161)	-
Deferred financing costs and other		(15)	(22)
		\$ 4,882	\$ 16,504
Effect of exchange rate changes on cash and cash equivalents		(56)	49
Net (decrease) increase in cash and cash equivalents		(14,926)	77
Cash and cash equivalents — beginning of the period		32,695	7,229
<b>Cash and cash equivalents — end of the period</b>		<b>\$ 17,769</b>	<b>\$ 7,306</b>

Supplemental cash flow information (note 10)

## 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
<b>At January 1, 2022</b>		13,840,588	\$ 8,976	\$ 2,189	\$ (1,977)	\$ (239)	\$ 8,949
Vesting of restricted share units		16,235	3	(3)	-	-	-
Share-based payments		-	-	1	-	-	1
Total comprehensive income (loss)		-	-	-	(681)	(61)	(742)
<b>At June 30, 2022</b> <i>(restated)</i>	2(b)	13,856,823	\$ 8,979	\$ 2,187	\$ (2,658)	\$ (300)	\$ 8,208
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
Total comprehensive income (loss)		-	-	-	(15,141)	7,495	(7,646)
<b>At December 31, 2022</b>		74,927,903	\$ 31,269	\$ 6,518	\$ (17,799)	\$ 7,195	\$ 27,183
Issuance of units from subscription receipts	9(b)	8,378,500	4,533	525	-	-	5,058
Share issuance costs		-	(161)	-	-	-	(161)
Issuance of shares as part of asset acquisition	5	2,329,849	1,406	-	-	-	1,406
Share-based payments		-	-	32	-	-	32
Options exercised	9(d)	464,000	55	(20)	-	-	35
Total comprehensive income (loss)		-	-	-	11,443	(4,806)	6,637
<b>At June 30, 2023</b>		86,100,252	\$ 37,102	\$ 7,055	\$ (6,356)	\$ 2,389	\$ 40,190



# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

June 30, 2023 | 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.

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

The Company’s assets include a net profits interest on the Antamina copper mine in Peru (“Antamina NPI”), a 30% equity interest in the entity which holds the Hod Maden copper-gold project in Türkiye (“Hod Maden”) and an approximate 25% equity stake in Entrée Resources Ltd. (“Entrée”).

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 August 1, 2023.

## 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, 2022.

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, 2022, with the exception of the following new accounting policies adopted during the period ended June 30, 2023 as a result of the acquisition of the Antamina NPI (the "Antamina Transaction") (Note 5) from Sandstorm Gold Ltd. ("Sandstorm"):

### **Mineral Interests**

Mineral interests are recorded at cost and capitalized as long-term tangible assets with finite lives. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. Project evaluation costs that are not related to a specific mineral interest are expensed in the period incurred.

Mineral interests related to producing mines are depleted using the units-of-production method over the life of the property, which is estimated using available information of proven and probable Reserves and the portion of Resources expected to be classified as Mineral Reserves at the mine corresponding to the specific interest.

On acquisition of a mineral interest, an allocation of its cost may be attributed to the exploration potential of the interest and is recorded as a non-depletable asset on the acquisition date. The value of the exploration potential is accounted for by reference to IFRS 6, Exploration and Evaluation of Mineral Resources, and is not depleted until such time as the technical feasibility and commercial viability have been established at which point the value of the asset is accounted for by reference to IAS 16, Property, Plant and Equipment.

### **Impairment of Mineral Interests**

Evaluation of the carrying values of mineral interest is undertaken when events or changes in circumstances indicate that the carrying values may not be recoverable and at each reporting period. If any indication of impairment exists, the recoverable amount is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of the fair value less costs of disposal and value in use.

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. Fair value less costs of disposal is usually estimated using a discounted cash flow approach. Estimated future cash flows are calculated using estimated production, sales prices, and a discount rate. Estimated production is determined using current Reserves and the portion of Resources expected to be classified as Mineral Reserves as well as exploration potential expected to be converted into Resources. Estimated sales prices are determined by reference to long-term metal price forecasts by analysts and management's expectations. The discount rate is estimated using a discount rate incorporating analyst views and management's assessment of the risk profile of the underlying cash flows. Value in use is determined as the present value of future cash flows expected to be derived from continuing use of an asset in its present form for those assets where value in use exceeds fair value less costs of disposal. If it is determined that the recoverable amount is less than the carrying value, then an impairment is recognized within net income (loss) immediately.

An assessment is made at each reporting period to determine whether there is any indication that a previous impairment loss may no longer exist or has decreased. If any indications are present, the carrying amount of the mineral interest is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount net of depletion that would have been determined had no impairment loss been recognized for the mineral interest in previous periods.

## **Revenue Recognition**

Revenue is comprised of revenue earned in the period from the Antamina NPI royalty. When the Company acquired the Antamina NPI, Sandstorm retained a portion of the royalty. Accordingly, the revenue recognized by the Company relates to only the portion of the Antamina NPI that was acquired. The Company has determined that each unit of a commodity that is delivered to a customer under the Antamina NPI royalty is a performance obligation for the delivery of a good that is separate from each other unit of the commodity to be delivered under the same arrangement. In accordance with IFRS 15, the Company recognizes revenue to depict the transfer of the relevant commodity to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those commodities.

For the Antamina NPI royalty, revenue recognition occurs when the relevant commodity is transferred to the end customer by the operator of the Antamina mine. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement. If the Company does not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

## **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.

## **c) Change in Functional Currency**

Determination of functional currency involves certain judgements 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. Following the acquisition of the Antamina NPI, management reassessed the Company's functional currency and determined that it had changed from Canadian dollars ("CAD") to U.S. dollars ("USD") due to the fact that all revenue is now generated in USD and the majority of the Company's financing arrangements are denominated in, or priced with reference to, the USD. The change in functional currency is applied prospectively.

#### d) Change in Presentation Currency

Effective September 30, 2022, the Company changed its presentation currency from CAD to USD due to the change in its most significant assets and liabilities following the completion of the first part of the RTO transaction with Sandstorm in August 2022 and to be consistent with peer companies in the mining industry. The change in presentation currency requires retrospective restatement of the prior period presented in the financial statements. The amounts reported in the condensed consolidated interim financial statements for the three and six months ended June 30, 2022 have been restated in USD based on the average rate for the three and six months ended June 30, 2022. The accounting policy used to translate historical equity items was to use the annual average exchange rate for each equity transaction.

### 3. Key Sources of Estimation Uncertainty

As a result of the Antamina Transaction, the additional key sources of estimation uncertainty from those disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2022 were identified:

#### a) Valuation of the Antamina Silver Stream Obligation

The Company's silver 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 obligation are the estimated number and timing of silver ounces to be delivered under the stream, long term silver prices and the discount rate. Changes in each of these key assumptions would have the following impact on the value of the Antamina silver stream obligation as at June 30, 2023:

Key assumption	Sensitivity applied to key assumption	Impact on value of stream obligation
Timing and amount of silver ounces	5% increase in estimated number of silver ounces	\$4.3 million
Long term silver price	\$1 / oz increase in long term silver price	\$3.7 million
Discount rate	0.25% increase to discount rate	(\$2.7 million)

## b) Attributable Reserves and Resource Estimates

Mineral interests are a significant class of assets of the Company, with a carrying value of \$242.9 million at June 30, 2023 (December 31, 2022 — \$0.4 million). This amount represents the capitalized expenditures related to the acquisition of the mineral interests net of accumulated depletion and any impairments. The Company estimates the Reserves and Resources relating to each interest. Management estimates Mineral Reserves and Resources based on information compiled by appropriately qualified persons. Reserves and Resources are estimates of the amount of minerals that can be economically and legally extracted from the mining properties at which the Company has mineral interests, adjusted where applicable to reflect the Company's percentage entitlement to minerals produced from such mines. The public disclosures of Reserves and Resources that are released by the operators of the interests involve assessments of geological and geophysical studies and economic data and the reliance on a number of assumptions, including commodity prices and production costs. The estimates of Reserves and Resources may change based on additional knowledge gained subsequent to the initial assessment. Changes in the estimates of Reserves or Resources may impact the carrying value of the Company's mineral interests and depletion charges.

The Company's mineral interests are depleted on a units-of-production basis, with estimated recoverable Reserves and Resources being used to determine the depletion rate for each of the Company's mineral interests. These calculations require determination of the amount of recoverable Resources to be converted into Reserves. Changes to depletion rates are accounted for prospectively.

# 4. Financial Instruments

## a) 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 June 30, 2023 and December 31, 2022.

As at June 30, 2023:

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 obligations	\$ 301,967	\$ -	\$ -	\$ 301,967
	<b>\$ 301,967</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 301,967</b>

As at December 31, 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 obligations	\$ 202,219	\$ -	\$ -	\$ 202,219
	<b>\$ 202,219</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 202,219</b>

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 June 30, 2023 and December 31, 2022 due to their short-term nature. The fair value of the Hod Maden Promissory Note was \$66.8 million as at June 30, 2023 (\$70.3 million – December 31, 2022) based on a discounted cash flow model which utilized level 2 inputs. The fair value of the Antamina Promissory Note was \$123.6 million as at June 30, 2023 based on a discounted cash flow model which utilized level 2 inputs.

There were no transfers between the levels of the fair value hierarchy during the period ended June 30, 2023 and the year ended December 31, 2022.

## b) Credit Risk

The Company's credit risk is limited to cash and cash equivalents, the receivable from Sandstorm, and the receivable from the Antamina NPI which is paid by a subsidiary of Teck Resources. 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.

**c) 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 June 30, 2023, the Company had cash and cash equivalents of \$17.8 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.

Under the terms of the Hod Maden promissory note with Sandstorm, the Company has access to up to \$150 million, in certain circumstances, under a revolving credit facility. Interest is payable quarterly at a rate of the greater of (a) SOFR + 2.0%; or (b) the cost of funds of Sandstorm under its revolving credit facility, commencing the earlier of (a) January 1, 2029; or (b) when Horizon receives dividends from its investment in Hod Maden. No amounts had been drawn under this facility as at June 30, 2023.

**d) Market Risk****CURRENCY RISK**

Following the change of the Company's functional currency to the US dollar on June 30, 2023, the Company does not have any financial instruments denominated in currencies other than the US dollar that materially impact its net income (loss).

**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, 2029 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 stream obligations.

## 5. Asset Acquisition

On June 15, 2023, the Company completed its previously announced acquisition of the Antamina NPI from Sandstorm. Sandstorm retained a residual royalty on Antamina with payments equal to one-third (1/3) of the total Antamina NPI, after deducting the cost associated with delivering silver ounces under the Antamina Silver Stream (the “Residual Royalty”). The purchase consideration for the portion of the Antamina NPI acquired by the Company was as follows:

In \$000s		
<b>Purchase consideration:</b>		
Cash	\$	20,000
Common shares issued <sup>1</sup>		1,406
Fair value of Antamina silver stream		101,449
Fair value of Antamina promissory note		122,745
Transaction costs		72
	<b>\$</b>	<b>245,672</b>

- 1) Sandstorm was issued 2,329,849 common shares in the Company which were valued at CAD0.80 (US\$0.60), being the price of the concurrent subscription receipt financing.

The following table reflects the fair value of the Antamina NPI asset acquired as at June 15, 2023:

In \$000s		
<b>Net Assets acquired:</b>		
Mineral interests – Antamina NPI	\$	242,788
Antamina NPI receivable		2,884
<b>Net assets acquired</b>	<b>\$</b>	<b>245,672</b>



## 6. Hod Maden and Entrée 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, 2022	\$ 227,067	\$ 31,867	\$ 258,934
Company's share of net loss of associate	(771)	(1,254)	(2,025)
Company's share of other comprehensive loss of associate	-	(156)	(156)
Currency translation adjustments	-	709	709
<b>At June 30, 2023</b>	<b>\$ 226,296</b>	<b>\$ 31,166</b>	<b>\$ 257,462</b>

In July 2023, the Company advanced \$4.5 million as a shareholder loan in connection with its share of a cash call to fund ongoing development costs at Hod Maden.

## 7. Promissory Notes

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

In \$000s	Antamina Promissory Note	Hod Maden Promissory Note	Total
At December 31, 2022	\$ -	\$ 71,163	\$ 71,163
Additions	122,745	-	122,745
Impact of change in estimated timing of cash flows	-	(8,427)	(8,427)
Accretion expense	288	2,278	2,566
Currency translation adjustments	-	(91)	(91)
<b>At June 30, 2023</b>	<b>\$ 123,033</b>	<b>\$ 64,923</b>	<b>\$ 187,956</b>

### Antamina Promissory Note

The Antamina Promissory Note has a principal amount of \$149.1 million. Interest on \$135 million of the Antamina Promissory Note is to be paid quarterly at 3% with the remaining \$14.1 million principal amount being interest-free. The Antamina 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 Antamina Promissory Note by issuing common shares if the share price is above a floor of CAD0.55. The Antamina Promissory Note matures on June 15, 2033.

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

Key assumption	
Timing of principal and interest payments	Based on the cash flows from the Antamina life of mine plan
Nominal before-tax discount rate	5.83%

### Hod Maden Promissory Note

The Hod Maden Promissory Note has a principal amount of \$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, 2029; or (ii) when Horizon receives dividends from its investment in Hod Maden. Prior to an amendment to the Hod Maden Promissory Note during the three months ended June 30, 2023, the commencement date for interest payments was 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 CAD0.55. The Hod Maden Promissory Note matures on August 31, 2032; however, if the Hod Maden Project does not enter into commercial production by December 31, 2026, the Company has the option to defer the maturity date by up to two years to August 31, 2034.

## 8. Stream Obligations

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

In \$000s	Antamina silver stream	Hod Maden gold stream	Total
At December 31, 2022	\$ -	\$ 202,219	\$ 202,219
Acquisition of Antamina	101,449	-	101,449
Change in fair value of stream obligations	(3,628)	(2,711)	(6,339)
Currency translation adjustments	30	4,608	4,638
<b>At June 30, 2023</b>	<b>\$ 97,851</b>	<b>\$ 204,116</b>	<b>\$ 301,967</b>

### Antamina Silver Stream

As part of the consideration for the acquisition of the Antamina NPI from Sandstorm (note 5), Horizon entered into a silver purchase agreement (silver stream) whereby it will be required to sell and deliver refined silver in the amount of 1.66% of the produced silver from the Antamina property. Sandstorm will pay 2.5% of the London Bullion Market Association quoted price of silver for each ounce of silver delivered. There are no obligations for Horizon to sell and deliver silver ounces under the silver stream should there be no production from the Antamina mine.

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

Key assumption	
Timing and amount of silver ounces	Based on the silver produced from the Antamina life of mine plan
Long term silver price	\$23 / oz
Real after-tax discount rate	2.75%

### Hod Maden Gold Stream

The key assumptions used to determine the fair value of the gold stream as at June 30, 2023 include the production profile based on the published Hod Maden feasibility study and current estimates of the timeline to production, gold prices using the forward curve and the discount rate.

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. 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.

## 9. Share Capital and Reserves

### a) Authorized Share Capital

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

### b) Equity Financings

On April 19, 2023, the Company completed a Private Placement through the issuance of 8,378,500 Subscription Receipts at a price of CAD0.80 per subscription receipt for gross proceeds of \$5.1 million (CAD6.7 million). Cash finders' fees were paid in association with the Private Placement in the aggregate of \$0.16 million (CAD0.2 million) (the "Finders' Fees").

Funds from the Private Placement were held in escrow by the Company until the closing of the Antamina Transaction and the satisfaction of certain escrow release conditions (collectively, the "Release Conditions").

The proceeds from the Private Placement were used to satisfy part of the \$20 million cash component payable to Sandstorm for the acquisition of the Antamina NPI.

Each Subscription Receipt, upon satisfaction of the Release Conditions on June 15, 2023, automatically converted into one unit (a "Unit"), comprised of one (1) common share of the Company and one half (1/2) of one (1) non-transferable share purchase warrant (each full warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of CAD1.10 per share until June 15, 2027.

All securities issued pursuant to the Private Placement are subject to a four month and one day hold period in accordance with applicable Canadian securities laws, expiring on August 20, 2023.

### c) Warrants

The Company issued warrants as part of units in private placement financings. 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, 2022	36,740,163	0.79
Issued in connection with private placement	4,189,250	1.10
<b>Warrants outstanding at June 30, 2023</b>	<b>40,929,413</b>	<b>0.82</b>

During the period ended June 30, 2023, the Company granted 4,189,250 warrants with a weighted average exercise price of CAD1.10 and a fair value of CAD0.7 million or CAD0.17 per warrant. The fair value of the warrants granted was determined using a Black-Scholes Model using the following weighted average assumptions: grant date share price of CAD0.80, expected volatility of 37.2%, risk-free interest rate of 3.71%, dividend yield of 0%, and an expected life of 4 years. Expected volatility was determined by considering the trailing 5 year historical average share price volatility of similar companies in the same industry and business model.

The weighted average remaining contractual life of the warrants as at June 30, 2023 was 4.09 years (year ended December 31, 2022 — 4.60 years).

#### d) 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.

During the period ended June 30, 2023, the Company granted 3,850,000 options with a weighted average exercise price of CAD0.80 and a fair value of CAD1.2 million or CAD0.31 per option. The fair value of the options granted was determined using a Black-Scholes Model using the following weighted average assumptions: grant date share price and exercise price of CAD0.80, expected volatility of 37.2%, risk-free interest rate of 3.71%, dividend yield of 0%, and an expected life of 5 years. Expected volatility was determined by considering the trailing 5 year historical average share price volatility of similar companies in the same industry and business model.

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, 2022	798,521	0.14
Exercised	(464,000)	0.10
Granted	3,850,000	0.80
<b>Options outstanding at June 30, 2023</b>	<b>4,184,521</b>	<b>0.75</b>

The weighted average remaining contractual life of the options as at June 30, 2023 was 4.67 years (year ended December 31, 2022 — 0.95 years). The weighted average share price, at the time of exercise, for those share options that were exercised during the six months ended June 30, 2023 was CAD0.55 per share (year ended December 31, 2022 – nil).

A summary of the Company's options as of June 30, 2023 is as follows:

Year of expiry	Number outstanding	Vested	Exercise price per share (CAD)
2024	167,261	167,261	0.14
2025	167,260	167,260	0.25
2028	3,850,000	-	0.80
	<b>4,184,521</b>	<b>334,521</b>	<b>0.19<sup>1</sup></b>

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

### e) Restricted Share Rights

The Company has a restricted share plan (the "Restricted Share Plan") whereby the Company may grant restricted share rights ("RSRs") 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 8,610,025 restricted share rights, of which 8,202,555 were available for grant as at June 30, 2023.

During the period ended June 30, 2023, the Company granted 350,000 RSRs with a grant date fair value of CAD0.3 million, a three year vesting term, and a weighted average grant date fair value of CAD0.80 per unit. As of June 30, 2023, the Company had 350,000 RSRs outstanding.

## f) 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 June 30, 2023	3 Months Ended June 30, 2022 (Restated: Note 2d)	6 Months Ended June 30, 2023	6 Months Ended June 30, 2022 (Restated: Note 2d)
Net income (loss) for the period	\$ 15,151	\$ (757)	\$ 11,443	\$ (681)
Basic weighted average number of shares	77,075,832	13,856,823	76,007,801	13,851,710
<b>Basic earnings (loss) per share</b>	<b>\$ 0.20</b>	<b>\$ (0.05)</b>	<b>\$ 0.15</b>	<b>\$ (0.05)</b>
Effect of dilutive securities				
Stock options	418,742	-	532,825	-
Warrants	605,042	-	605,042	-
Restricted share rights	61,538	-	123	-
Diluted weighted average number of common shares	78,161,154	13,856,823	77,145,791	13,851,710
<b>Diluted earnings (loss) per share</b>	<b>\$ 0.19</b>	<b>\$ (0.05)</b>	<b>\$ 0.15</b>	<b>\$ (0.05)</b>

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 six months ended June 30, 2023 and 2022:

	3 Months Ended June 30, 2023	3 Months Ended June 30, 2022	6 Months Ended June 30, 2023	6 Months Ended June 30, 2022
Stock options	676,923	828,521	340,331	828,521
Warrants	36,332,164	1,144,570	35,965,913	1,144,570

## 10. Supplemental Cash Flow Information

In \$000s	6 Months Ended June 30, 2023 <i>(Restated: Note 2b)</i>	6 Months Ended June 30, 2022 <i>(Restated: Note 2b)</i>
Change in non-cash working capital:		
Trade receivables and other	\$ (529)	\$ (30)
Trade and other payables	(68)	27
<b>Net decrease in cash</b>	<b>\$ (597)</b>	<b>\$ (3)</b>
Significant non-cash transactions:		
Common shares issued as part of the consideration for the asset acquisition	\$ 1,406	\$ -
Stream liability assumed as part of the consideration for the asset acquisition	101,449	-
Promissory note assumed as part of the consideration for the asset acquisition	122,745	-
Other:		
Interest received	845	-

## 11. 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, 7 and 8.

The Company has entered into a services agreement with Sandstorm for CAD5,000 per month for general administrative services including rent and other shared office costs. The amount payable to Sandstorm related to this agreement as at June 30, 2023 was CAD15,000.

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 June 30, 2023	3 Months Ended June 30, 2022 <i>(Restated: Note 2d)</i>	6 Months Ended June 30, 2023	6 Months Ended June 30, 2022 <i>(Restated: Note 2d)</i>
Salaries and benefits	\$ 11	\$ 25	\$ 22	\$ 54
Share-based payments	32	-	32	1
<b>Total key management compensation expense</b>	<b>\$ 43</b>	<b>\$ 25</b>	<b>\$ 54</b>	<b>\$ 55</b>

## 12. 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 Antamina NPI and the investments in Hod Maden and Entrée. All of the Company's revenue is generated from the Antamina NPI and details of the amounts related to the Antamina NPI and the investments in Hod Maden and Entrée are included in Notes 5 and 6 respectively.

## 13. Commitments and Contingencies

In the fourth quarter of 2022, a lawsuit was filed by a former employee of the predecessor company to Artmin Madencilik Sanayi ve Ticaret A.S (“Artmin”), the Turkish entity which holds the Hod Maden project. The former employee claims that he is entitled to 1% of the value of the project as a finder fee. The Company, in conjunction with Artmin, has evaluated the claim with the assistance of Turkish legal counsel and considers it to be without merit. Artmin will defend itself vigorously against this claim.

The following table shows the Company’s contractual obligations as they fall due as at June 30, 2023 and December 31, 2022:

In \$000s	Within 1 year		2-5 years		Over 5 years		Total June 30, 2023	Total December 31, 2022
Accounts payable	\$	165	\$	-	\$	-	\$ 165	\$ 141
Promissory notes		-		-		244,100	244,100	95,000
	\$	165	\$	-	\$	244,100	\$ 244,265	\$ 95,141