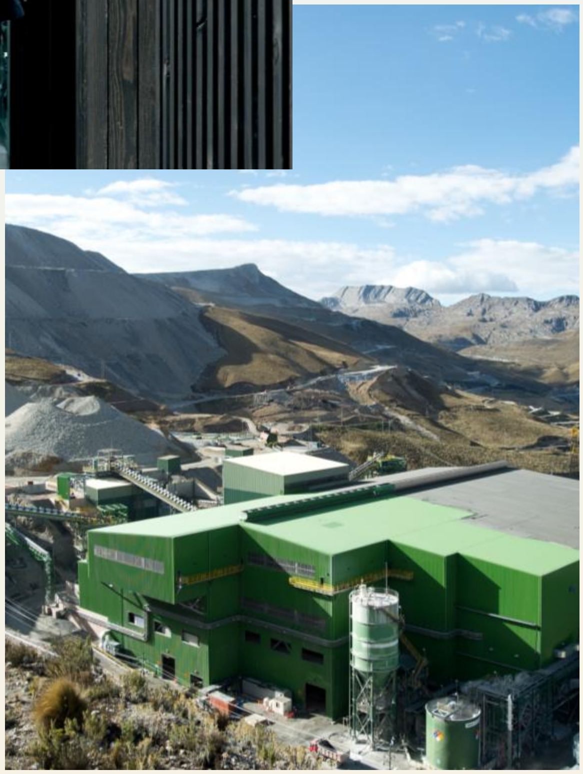
HORIZON
COPPER

Q4 2023

2023
Annual Report

The time to invest in copper is now. Supply is fragile and forecasts continue to show significant demand increases, particularly associated with the energy transformation towards electrification.

Erfan Kazemi,
President and CEO



Antamina Operations

As I reflect on 2023, numerous challenges impacted capital markets and the broader mining industry. Most notable were the sustained interest rate hikes across all major markets, threats of recession, political instability, and war. With extremely tight access to capital, many companies found themselves in a fight for survival.

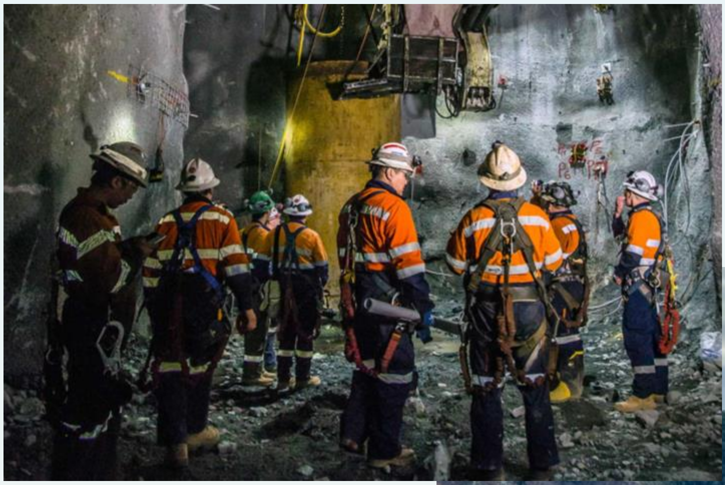
Despite this backdrop, Horizon Copper completed the transaction to acquire the last of our three foundational assets from Sandstorm Gold Royalties; a 1.66% net profits interest in the Antamina copper mine in Peru—the third largest copper mine in the world on a copper equivalent basis. The Company is now generating cash flow from this asset and will continue to do so for many years to come.

We also welcomed SSR Mining as a new joint venture partner and operator of Hod Maden following their acquisition of an interest of up to 40% in the project from Lidya.

Horizon is in an enviable position to be able to take full advantage of its leverage to rising copper prices, thanks to the following unique features of the Company:

Strong financial position with a capital structure featuring long-dated debt on favourable terms.

Interests in three world-class assets: a 30% non-operating interest in the Hod Maden copper-gold development project in Türkiye, a 25% equity stake in Entrée Resources which holds a unique 20% carried interest in future phases of the Oyu Tolgoi copper mine in Mongolia, and the 1.66% net profits interest in the Antamina copper mine.



Oyu-Tolgoi

For 2024 and beyond, the key areas of focus for Horizon include the continued advancement of our interests in development stage assets—Hod Maden and the Hugo North extension at Oyu Tolgoi—and the evaluation of opportunities to grow our portfolio of assets.

Hod Maden

Hod Maden

In 2023, following SSR Mining assuming the operatorship of Hod Maden, significant early works projects continued while project financing discussions advanced with prospective lenders. Assuming the project financing is secured, SSR Mining anticipates that approximately 65% of the capital costs will be funded by debt in the entity that holds the project. The remaining capital expenditure is expected to be funded by equity contributions from Horizon Copper and SSR Mining as SSR Mining earns into its 40% interest. We are looking forward to working collaboratively with our joint venture partners as Hod Maden moves towards commercial production. Once in production, Hod Maden is estimated to generate an average of over US$20 million of annual cash flow to Horizon over an initial 13-year mine life.

Project Evaluation

At Horizon, our team is focused on evaluating several potential transactions to continue to build an exceptional portfolio of copper assets. In conjunction with our strategic partner, Sandstorm Gold Royalties, we continue to see a number of investment opportunities. Through careful due diligence, our goal is to complete further accretive acquisitions and grow our portfolio of copper assets.

Horizon is a unique copper company, unlike any other story active in the market today, providing shareholders with tremendous leverage to the anticipated growth in the copper market over the coming years. We thank you for your continued support and look forward to delivering exceptional value for shareholders in 2024 and beyond.

Erfan Kazemi,
President and CEO

Horizon Copper is led by a group of industry experts who collectively have completed billions of dollars in mining transactions over multiple decades.

Erfan Kazemi
President, CEO and Director

Craig McMillan
CFO

Tom Bruington
Technical Advisor

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Technical Advisor

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HORIZON
COPPER

Q4 2023

Management's Discussion and Analysis

For The Year Ended December 31, 2023

This management's discussion and analysis ("MD&A") for Horizon Copper Corp. and its subsidiary entities (collectively "Horizon", or the "Company") should be read in conjunction with the audited consolidated financial statements of Horizon for the year ended December 31, 2023 and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "IFRS") and are available on SEDAR+ at www.sedarplus.ca. The information contained within this MD&A is current to February 13, 2024 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 final part of 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 Antamina Transaction combined with the acquisition of the interest in Hod Maden and Entrée Resources Ltd ("Entrée") which was completed in 2022 is referred to as "the Transaction".

The purchase price for the Antamina NPI, including the receivable related to the three-month 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.

Commencement of Cash Flow from Antamina NPI

Following the acquisition of the Antamina NPI from Sandstorm on June 15, 2023, the Company receives quarterly payments 45 days after each calendar quarter end. The proceeds from the Antamina NPI payments are used to satisfy obligations under the Antamina Silver Stream and interest payments on the promissory note with Sandstorm. Any excess cash flow from the Antamina NPI, after satisfying the silver stream and interest payments on the promissory note, will be used to repay principal on the promissory note and reduce the Company’s debt.

SSR Mining Assumes Operator Role for Hod Maden

On May 8, 2023, SSR Mining Inc. (“SSR Mining”) entered into an agreement with Lidya Madencilik Sanayi ve Ticaret A.S. (“Lidya”) whereby SSR Mining acquired an initial 10% operating interest (increasing to 40% upon fulfilment of earn-in milestone payments) in Hod Maden and assumed 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%).

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.

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 and its key assets for 2024 includes the following:

Antamina

Following completion of the Antamina Transaction in June 2023, the Company now generates royalty revenue and cash flows from the Antamina NPI. 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

Since SSR Mining became the operator at Hod Maden in the second quarter of 2023, its development team has continued to progress the early-works construction activities while simultaneously performing a detailed review of the construction, engineering and design plans for the mine. Activities for the first half of 2024 are expected to be a continuation of the work which began in the second half of 2023 related to site access and earthworks, power supply construction and the land expropriation process at an estimated cost of approximately $40 million (on a 100% basis). In July and October 2023, the Company advanced $4.5 million and $1.9 million, respectively, via a shareholder loan relating to its share of the first $21.4 million of these costs. This amount was recovered from the Company’s receivable from Sandstorm in the fourth quarter of 2023. SSR Mining continues to advance the project finance required to fund the development of Hod Maden while finalizing an updated technical report and mine plan to support a full construction decision.

Oyu Tolgoi

Based on the current development schedule at Oyu Tolgoi being managed by Rio Tinto plc (“Rio Tinto”), underground production (including the Hugo North Extension) is expected in the first half of 2027. Under this timeline, Entrée (in which the Company has a 25% equity interest) expects its first share of attributable cash flow in 2029.

Growth

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. The asset operates in the first cost quartile of copper mines.

The substance of the Antamina NPI is that of a royalty on the Antamina mine. The Antamina NPI is paid 45 days after each calendar quarter end by a Canadian affiliate of Teck Resources Limited ("Teck") and is guaranteed by Teck. The Antamina NPI is calculated as 1.66% of the net proceeds (gross revenue less operating expenses) of the entity which owns the Antamina mine, Compañía Minera Antamina S.A. ("CMA"), adjusted for changes in working capital and movements in provisions such as asset retirement obligations.

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 obligation and Residual Royalty, would have been $23 million and $13 million in each of these years. The estimated Antamina NPI payment for 2023 is $17 million, with $8 million attributable to Horizon, net of the Antamina Silver Stream obligation and Residual Royalty.

Hod Maden

The Company has a 30% equity interest in Hod Maden, which is located in Artvin Province, northeastern Türkiye. 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 (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.

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")[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 key 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 first half of 2024 early-works construction activities are expected to continue at Hod Maden focused on site access and earthworks, power supply construction and the land expropriation process.

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, the Company will purchase and deliver to Sandstorm 20% of all gold produced from Hod Maden (on a 100% basis) for 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, the Company will deliver 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 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 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 were planned (subsequently completed in the second quarter of 2023) which have the potential to further improve Lift 1 economics for the Entrée/Oyu Tolgoi joint venture.

Rio Tinto has announced that underground production has commenced at Oyu Tolgoi. Over 70 drawbells have been blasted since January 2022 and the first sustainable production from the underground mine was achieved in the first quarter of 2023 on the area of the mine wholly owned by Oyu Tolgoi LLC. Technical studies for Panels 1 and 2 mine design and schedule optimization were completed by Oyu Tolgoi LLC during the second quarter of 2023. According to Rio Tinto, the technical studies have resulted in substantially de-risked, resilient mine designs that provide a pathway to ramp-up, flexibility to pursue value creating opportunities and react to future risks, and improved stability, constructability, and operability. The studies also provide a pathway to bring the panels into production faster and maximize the use of the ventilation system.

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, where the first underground production is expected in the first half of 2027 and attributable cash flow to Entrée commencing in 2029.

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.

Summary of Annual Results

Years Ended

In $000s (except for per share amounts in $)	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Total revenue	4,054	(355)	2,957
Net (loss) income	(23,682)	(15,822)	2,808
Adjusted net (loss) income[1]	(636)	(1,075)	2,774
Basic (loss) income per share	(0.29)	(0.46)	0.20
Diluted (loss) income per share	(0.29)	(0.46)	0.19
Cash flows from (used in) operating activities	3,962	(172)	882
Total assets	520,245	300,706	9,045
Total long-term liabilities	504,465	273,382	-

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

Summary of Quarterly Results

Quarters Ended

In $000s (except for per share amounts in $)	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023
Total revenue	503	2,959	592	-
Net (loss) income	(31,077)	(4,048)	15,151	(3,708)
Adjusted net (loss) income[1]	(1,983)	835	429	83
Basic (loss) income per share	(0.36)	(0.05)	0.20	(0.05)
Diluted (loss) income per share	(0.36)	(0.05)	0.19	(0.05)
Cash flows from (used in) operating activities	2,908	766	(95)	383
Total assets	520,245	525,398	530,278	300,026
Total long-term liabilities	504,465	478,816	478,989	276,431

In $000s (except for per share amounts in $)	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
Total revenue	-	-	(556)	201
Net (loss) income	(5,366)	(9,775)	(757)	76
Adjusted net (loss) income[1]	(179)	(403)	(633)	140
Basic (loss) income per share	(0.07)	(0.29)	(0.05)	0.01
Diluted (loss) income per share	(0.07)	(0.29)	(0.05)	0.01
Cash flows from (used in) operating activities	3	(413)	154	84
Total assets	300,706	300,134	58,495	25,748
Total long-term liabilities	273,382	266,043	33,839	-

Prior to August 31, 2022, the results of the Company reflect those prior to the Transaction when the Company was previously known as Royalty North Partners Ltd. ("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.

Three Months Ended December 31, 2023
Compared to the Three Months Ended December 31, 2022

For the three months ended December 31, 2023, net loss was $31.1 million, compared with $5.4 million for the comparable period in 2022. The increase in net loss is primarily attributable to the following:

- An increase in the non-cash fair value loss on the gold stream obligation whereby during the three months ended December 31, 2023 the Company recorded a fair value loss of $18.5 million, primarily due to an increase in forward gold prices used to value the liability, compared to a fair value loss on the gold stream obligation of $2.6 million in the comparable period. The corresponding asset associated with the gold stream obligation is not revalued based on increases in the forward gold price for accounting purposes.
- A non-cash fair value loss on the silver stream obligation, which was acquired in the second quarter of 2023, of $7.9 million during the three months ended December 31, 2023, primarily due to an increase in forward silver prices used to value the liability at the end of the period. The corresponding asset associated with the silver stream obligation is not revalued based on increases in the forward silver price for accounting purposes.
- Depletion expense of $2.3 million related to the Antamina NPI following the acquisition of the Antamina NPI in June 2023.

Partially offset by:

- $0.5 million of revenue earned during the three months ended December 31, 2023 following the acquisition of the Antamina NPI in June 2023. Revenue during the three months ended December 31, 2023 was reduced by $5.6 million as a result of a one-time adjustment to the asset retirement obligation at CMA to reflect updates related to a recently approved mine plan.

For the three months ended December 31, 2023, adjusted net loss[1] was $2.0 million compared to an adjusted net loss[1] of $0.2 million in the comparable period in 2022. The increase in adjusted net loss for the three months ended December 31, 2023 is primarily due to $2.3 million of depletion expense, partially offset by $0.5 million of revenue earned from the Antamina NPI.

Year Ended December 31, 2023
Compared to the Year Ended December 31, 2022

For the year ended December 31, 2023, net loss was $23.7 million, compared with $15.9 million for the comparable period in 2022. The increase in net loss is primarily attributable to:

- A non-cash fair value loss on the gold stream obligation of $19.1 million during the year ended December 31, 2023 primarily due to an increase in forward gold prices used to value the liability partially offset by a change in the estimated timing of cash flows based on SSR Mining's expected development timeline, compared to a fair value loss on the gold stream obligation of $8.7 million in the comparable period primarily driven by an increase to the gold forward price curve, partially offset by a change in assumption of the timing of production at Hod Maden to be nine months later than previously forecast. The corresponding asset associated with the gold stream obligation is not revalued based on increases in the forward gold price for accounting purposes.

- Non-cash accretion expense related to the Company's promissory notes with Sandstorm of $8.4 million during the year ended December 31, 2023, compared to accretion expense of $1.6 million during the comparable period which only related to the Hod Maden promissory note for the period from August 31 to December 31, 2022.
- Depletion expense of $4.5 million related to the Antamina NPI following the acquisition of the Antamina NPI in June 2023.
- A non-cash fair value loss on the silver stream obligation of $1.8 million during the year ended December 31, 2023, primarily driven by an increase in forward silver prices used to value the liability. The corresponding asset associated with the silver stream obligation is not revalued based on increases in the forward silver price for accounting purposes.

Partially offset by:

- A $9.3 million gain related to changes in the estimated timing of cash flows related to the Company's promissory notes during the year ended December 31, 2023, compared to a $1.2 million loss related to changes in the estimated timing of cash flows related to the Company's promissory notes in the comparable period.
- $4.1 million of revenue earned during the year ended December 31, 2023 due to the acquisition of the Antamina NPI. Revenue during the three months ended December 31, 2023 was reduced by $5.6 million as a result of a one-time adjustment to the asset retirement obligation at CMA to reflect updates related to recently approved mine plans.
- Unrealized foreign exchange gain of $0.7 million during the year ended December 31, 2023, compared to an unrealized foreign exchange loss of $1.4 million during the comparable period. Unrealized foreign exchange gains and losses in both periods were a result of remeasuring the Company's USD denominated liabilities into CAD at a time when the functional currency was the CAD.

For the year ended December 31, 2023, adjusted net loss[1] was $0.6 million compared to an adjusted net loss[1] of $1.1 million for the year ended December 31, 2022. The decrease in adjusted net loss for the year ended December 31, 2023 is primarily due to $4.5 million of depletion expense, partially offset by $4.1 million of revenue earned from the Antamina NPI.

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

Three Months Ended December 31, 2023 Compared to the Other Quarters Presented

When comparing net loss of $31.1 million for the three months ended December 31, 2023 with net income for the other quarters presented, the following items impact comparability:

- Revenue attributable to the Antamina NPI, which was acquired in June 2023.
- A $6.9 million gain related to changes in the estimated timing of cash flows related to the Company's Hod Maden promissory note during the three months ended June 30, 2023.

- The recognition of non-cash fair value gains and losses with respect to revaluation of the Company’s stream obligations as follows:
  - During the three months ended December 31, 2023, a loss of $26.4 million;
  - During the three months ended September 30, 2023, a loss of $0.9 million;
  - During the three months ended June 30, 2023, a gain of $9.6 million;
  - During the three months ended March 31, 2023, a loss of $3.3 million;
  - During the three months ended December 31, 2022, a loss of $2.6 million;
  - During the three months ended September 30, 2022, a loss of $6.2 million.
- 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

Total assets decreased by $5.2 million from September 30, 2023 to December 31, 2023 primarily as a result of depletion of the Antamina NPI and the Company’s share in net loss of associates.

Total assets decreased by $4.9 million from June 30, 2023 to September 30, 2023 primarily as a result of depletion of the Antamina NPI and the Company’s share in net loss of associates.

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.

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

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.

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 $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.

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 performance 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).

Figure 1.1 **In $000s**	**Three Months Ended December 31, 2023**	**Three Months Ended December 31, 2022**	**Year Ended December 31, 2023**	**Year Ended December 31, 2022**
Net loss	$ (31,077)	$ (5,366)	$ (23,682)	$ (15,822)
Add (Deduct):				
Share of loss in associates	1,105	736	3,730	1,467
Loss (gain) on revaluation of stream obligations	26,356	2,559	20,920	8,716
Finance expense and other adjustments on promissory notes	1,641	2,448	(861)	3,194
Unrealized foreign exchange (gain) loss	(8)	(556)	(743)	1,370
Equals:				
Adjusted net loss	**$ (1,983)**	**$ (179)**	**$ (636)**	**$ (1,075)**

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 pounds 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		13
All-in sustaining costs	**$**	**285**
Divided by:		
Payable Copper Pounds (Mlbs)		255
Equals:		
All-in sustaining cost per copper pound	**$**	**1.12**
Historical all-in sustaining cost per copper pound	**$**	**-**

Liquidity and Capital Resources

As of December 31, 2023, the Company had cash and cash equivalents of $18.3 million (December 31, 2022 – $32.7 million) and working capital (current assets less current liabilities) of $10.3 million (December 31, 2021 – $41.2 million). Excluding the expected settlement of promissory notes and stream obligations (which are funded through proceeds from the Antamina NPI), the Company had net current assets of $20.7 million as at December 31, 2023. 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 year ended December 31, 2023, the Company generated cash flows from operating activities of $4.0 million compared with cash outflows from operating activities of $0.2 million during the comparable period in 2022. The cash inflows during the year ended December 31, 2023 were primarily a result of $4.1 million of royalty revenue received from the Antamina NPI and $1.6 million of 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 year ended December 31, 2023, the Company had cash outflows from investing activities of $15.9 million related to i) $18.7 million related to the cash component of the consideration to acquire the Antamina NPI, including related transaction costs and an adjustment related to the actual amount received in excess of the estimated Antamina NPI receivable at acquisition, and; ii) a $6.4 million shareholder loan to fund the Company's share of a cash call for ongoing development costs at Hod Maden, partially offset by i) receipt of $6.4 million from the Company's receivable from Sandstorm acquired in 2022 and; ii) receipt of $2.9 million from the Antamina NPI receivable at acquisition. During the year ended December 31, 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 $4.3 million and net cash acquired through the acquisition from Sandstorm of $9.7 million.

During the year ended December 31, 2023, the Company had net cash outflows from financing activities of $2.5 million primarily from $7.4 million of interest and principal repayments on the Antamina Promissory Note and Antamina Silver Stream servicing payments, partially offset by $4.9 million of proceeds from the private placement completed in April 2023. During the year ended December 31, 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.

Equity Financings

2023

On April 19, 2023, the Company completed the 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").

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.

2022

On completion of the acquisition of the Hod Maden and Entrée interests, 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 $16.3 million (CAD21.4 million) pursuant to a non-brokered private placement of the Company at a price of CAD0.60 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 CAD0.80 for a period of five years following conversion of the subscription receipts.

Promissory Notes

2023

On June 15, 2023, the Company issued a promissory note with a principal amount of $149.1 million to Sandstorm as part of the consideration for the Antamina NPI (the "Antamina Promissory Note"). 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 fair value of the Antamina Promissory Note was $122.7 million at the time of issuance. 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 based on the VWAP if it is above a floor of CAD0.60. The Antamina Promissory Note matures on June 15, 2033.

2022

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 CAD43.2 million (the "Entrée Promissory Note").

During the period from May 26, 2022 to August 31, 2022, the Company accrued CAD0.2 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 CAD43.4 million at August 31, 2022. On August 31, 2022, upon closing of the Transaction, the Entrée Promissory Note was assigned to the Company and is eliminated on consolidation.

On August 31, 2022, the Company issued a promissory note with a principal amount of $95 million to Sandstorm 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 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 based on the VWAP if it is above a floor of CAD0.60. The Hod Maden Promissory Note matures on August 31, 2032. The Hod Maden Promissory Note replaced the CAD43.4 million promissory note issued by the Company to Sandstorm in connection with the acquisition of the Entrée shares.

Stream Obligations

2023

As part of the consideration for the acquisition of the Antamina NPI from Sandstorm, Horizon entered into the Antamina 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 mine. Sandstorm will pay 2.5% of the London Bullion Market Association ("LBMA") quoted price of silver for each ounce of silver delivered. There are no obligations for Horizon to sell and deliver silver ounces under the Antamina Silver Stream should there be no production from the Antamina mine. The fair value of the Antamina Silver Stream on June 15, 2023 was $101.5 million.

2022

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 LBMA quoted price of gold for each ounce of gold delivered (for the first 405,000 ounces) and 60% of the LBMA quoted price of gold for each ounce of gold delivered thereafter.

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 claim was settled for an insignificant amount in January 2024.

Share Capital

As of February 13, 2024, the Company had 86,100,252 common shares outstanding.

A summary of the Company's stock options as of February 13, 2024 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
	4,184,521	**334,521**	**0.19**[1]

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

A summary of the Company's warrants as of February 13, 2024 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
	40,929,413	**40,929,413**	**0.82**[1]

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

As of February 13, 2024, the Company had 350,000 restricted share rights outstanding.

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 year related to the Antamina Transaction as described above.

The Company has entered into a services agreement with Sandstorm for CAD6,500 per month for general administrative services including rent and other shared office costs. The amount outstanding related to this agreement as at December 31, 2023 was CAD19,500.

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 year.

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	Year Ended December 31, 2023	Year Ended December 31, 2022
Salaries and benefits	$ 170[1]	$ 90[2]
Change of control payments	-	221
Share-based payments	370	-
Total key management compensation expense	**$ 540**	**$ 311**

1) Includes a recharge of CAD30,000 of salary costs borne by Sandstorm related to key management personnel of the Company and CAD30,000 related to a consulting agreement with the former CFO from January 2023 to June 2023.
2) Includes a recharge of CAD15,000 of salary costs borne by Sandstorm related to key management personnel of the Company and CAD15,000 related to a consulting agreement with the former CFO as part of the transition following the Transaction.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, trade and other payables, loan to associate, 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 December 31, 2023 due to the short-term nature of these instruments. The fair value of the loan to associate, which is measured using level 2 inputs, approximates its carrying value due (i) the absence of substantial changes in the market interest rates between the date of the loan and December 31, 2023, and (ii) the absence of significant changes in the associate's overall risk profile. The stream obligations are measured at fair value as at December 31, 2023 based on a model which utilized level 3 inputs. The fair value of the Hod Maden Promissory Note was $69.6 million as at December 31, 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 $122.3 million as at December 31, 2023 (nil – December 31, 2022) 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, the loan receivable from Artmin 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 December 31, 2023, the Company had cash and cash equivalents of $18.3 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 $1.9 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 December 31, 2023.

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

In $000s	Within 1 year	2-5 years	Over 5 years	Total December 31, 2023	Total December 31, 2022
Accounts payable	$ 81	$ -	$ -	$ 81	$ 141
Promissory notes[1]	4,737	16,495	218,833	240,065	95,000
Promissory note interest[2]	4,061	19,362	31,063	54,486	23,045
	$ 8,879	**$ 35,857**	**$ 249,896**	**$ 294,632**	**$ 118,186**

1) Amounts payable within the next 5 years are estimated based on assumptions of expected future proceeds from the Antamina NPI.
2) As the applicable interest rate for the Hod Maden Promissory Note is floating in nature, the interest charges are estimated based on market forward interest rate curves at the end of the reporting period. Promissory note interest for both the Hod Maden and Antamina Promissory Notes are based on expected future principal balances.

The amount expected to be settled under the Antamina silver stream within the next year is $4.6 million. Settlements of the Company's stream obligations in 2025 and beyond will be based on the future production of silver (Antamina) and gold (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 Company's loan to associate, which bears interest at the credit default swap rate of Türkiye + 4% and 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.

Other

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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 consolidated financial statements of Horizon for the year ended December 31, 2023 are the same as the key sources of estimation uncertainty disclosed in Note 3 to those consolidated financial statements. In addition, during the period ended September 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 8 of the consolidated financial statements for the year ended December 31, 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 year ended December 31, 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 consolidated financial statements and MD&A on SEDAR+ at 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; SSR Mining’s ability to fulfil its role as operator of the Hod Maden Project, including social and regulatory license to operate; 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 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; SSR Mining’s ability to fulfil its role as operator of the Hod Maden Project, including social and regulatory license to operate; 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 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.

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Consolidated Financial Statements

For The Year Ended December 31, 2023

Independent auditor's report

To the Shareholders of Horizon Copper Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Horizon Copper Corp. and its subsidiaries (together, the Company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of income (loss) for the years then ended;
- the consolidated statement of comprehensive income (loss) for the years then ended;
- the consolidated statements of cash flow for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of the silver stream obligation (the Antamina Silver Stream) and promissory note included in the purchase consideration related to the acquisition of the Antamina net profits interest (NPI) from Sandstorm Gold Ltd. (Sandstorm) *Refer to note 3 – Key sources of estimation uncertainty and accounting judgments, note 5 – Asset acquisition, note 8 – Promissory notes and note 9 – Stream obligations to the consolidated financial statements.* On June 15, 2023, the Company completed its acquisition of the Antamina NPI from Sandstorm. Sandstorm retained a residual royalty on Antamina with payments equal to one-third of the total Antamina NPI, after deducting the cost associated with delivering silver ounces under the Antamina Silver Stream. The fair value of the purchase consideration included a $101.4 million Antamina Silver Stream and a $122.7 million promissory note payable. To estimate the fair value of the Antamina Silver Stream, management used a discounted cash flow model which required the use of key assumptions related to the Antamina production profile and mineral reserves, the long term silver price and the real after-tax discount rate. To estimate the fair value of the promissory note, management used a discounted cash flow model which required the key assumption of the nominal before-tax discount rate. The production profile and mineral reserves are based on the Antamina life of mine plan and reserve information published by qualified persons employed by a shareholder of the joint operator and assessed by management's experts.	Our approach to addressing the matter included the following procedures, among others: • Tested how management estimated the fair value of the Antamina Silver Stream and promissory note, which included the following: – Read the acquisition agreements. – Evaluated the appropriateness of management's discounted cash flow models and tested the mathematical accuracy thereof. – Tested the underlying data used by management in the discounted cash flow models. – Evaluated the reasonableness of the long term silver price by comparing it to external market and industry data. – The work of management's experts was used in performing procedures to evaluate the reasonableness of the production profile and mineral reserves for the Antamina mine. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to the judgment by management in estimating the fair value of the purchase consideration with respect to the Antamina Silver Stream and promissory note, including the development of the key assumptions. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the key assumptions used by management. The audit effort also involved the use of professionals with specialized skill and knowledge in the field of valuation.	– Professionals with specialized skill and knowledge in the field of valuation assisted us in assessing the reasonableness of the real after-tax discount rate and the nominal before-tax discount rate used within the models.
Fair value of the stream obligations *Refer to note 2 – Summary of significant accounting policies, note 3 – Key sources of estimation uncertainty and accounting judgments and note 9 – Stream obligations to the consolidated financial statements.* The stream agreements with Sandstorm are derivative liabilities due to the variability caused by changes in future commodity prices and production levels. The stream obligations are classified as fair value through profit (loss) and, accordingly, are recorded on the statements of financial position at fair value. Gains and losses on the stream obligations are recorded within the statements of income (loss). As at December 31, 2023, the aggregated fair value of the stream obligations was $327.0 million. The calculation of the fair values at each period end utilizes discounted cash flow models with key assumptions related to the gold and silver price forward curves, as applicable, discount rates, and production profile and mineral reserves. The production profile and mineral reserves for the Hod Maden gold stream are based on the information in the published Feasibility Study for the Hod Maden project compiled by qualified persons and assessed by management's experts. The production profile and mineral reserves for the Antamina silver stream are based on the Antamina life of mine plan and mineral reserve information published by qualified	Our approach to addressing the matter included the following procedures, among others: • With the assistance of professionals with specialized skill and knowledge in the field of valuation, developed an independent point estimate of the fair value of each stream obligation based on data and assumptions used by management, which included the following: – Developed an independent expectation for the gold and silver price forward curves, as applicable, as well as the discount rates. – The work of management's experts was used in performing procedures to evaluate the reasonableness of the production profile and mineral reserves based on the published Feasibility Study for the Hod Maden project and the production profile and mineral reserve information for the Antamina mine based on the Antamina life of mine plan and mineral reserve information. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data

Key audit matter	How our audit addressed the key audit matter
persons employed by a shareholder of the joint mine operator and assessed by management's experts. We considered this a key audit matter due to the significant judgment by management in estimating the fair values of the stream obligations, including the development of the key assumptions. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the key assumptions used by management. The audit effort also involved the use of professionals with specialized skill and knowledge in the field of valuation.	used by management's experts and an evaluation of their findings. • Compared the independent point estimate for each stream to management's estimate to evaluate the reasonableness of the fair value of each stream obligation as determined by management. • Tested the disclosures made in the consolidated financial statements, particularly with regard to the sensitivity of the key assumptions used by management.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Eric Talbot.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
February 13, 2024

Consolidated Statements of Financial Position

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

	Note	December 31, 2023	December 31, 2022
Assets			
Current			
Cash and cash equivalents		$ 18,266	$ 32,695
Receivables and other current assets		2,484	8,665
		$ 20,750	$ 41,360
Non-Current			
Loan to associate	6	6,429	-
Hod Maden and Entrée investments in associates	6	255,734	258,934
Mineral interests	5, 7	237,332	412
Total assets		**$ 520,245**	**$ 300,706**
Liabilities			
Current			
Trade and other payables		$ 81	$ 141
Expected settlement of promissory notes	8	5,757	-
Expected settlement of stream obligations	9	4,563	-
		10,401	141
Non-Current			
Promissory notes	8	181,987	71,163
Stream obligations	9	322,478	202,219
		$ 514,866	$ 273,523
Equity			
Share capital	10	37,102	31,269
Reserves		7,393	6,518
Retained deficit		(41,481)	(17,799)
Accumulated other comprehensive income (loss)		2,365	7,195
		$ 5,379	$ 27,183
Total liabilities and equity		**$ 520,245**	**$ 300,706**

On Behalf of the Board: *"Clark Hollands"*, Director *"Erfan Kazemi"*, Director

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

Consolidated Statements of Income (Loss)

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

	Note	Year Ended December 31, 2023		Year Ended December 31, 2022	
Revenue					
Royalty revenue		$	4,054	$	-
Investment revenue			-		(355)
Depletion	7		4,536		-
Gross profit (loss)			(482)		(355)
Operating expenses					
Administration expenses		$	987	$	762
Stock based compensation			370		-
Financing expenses			273		-
Exploration expenses			99		42
Operating income (loss)		$	(2,211)	$	(1,159)
Other expenses (income)					
Loss on revaluation of stream obligations	9		20,920		8,716
Share of loss in associates	6		3,730		1,467
Finance expense and other adjustments on promissory notes	8		(861)		3,194
Finance income			(1,598)		(84)
Foreign exchange and other			(743)		1,370
Net loss before taxes		**$**	**(23,659)**	**$**	**(15,822)**
Current income tax expense			23		-
Net loss for the year		**$**	**(23,682)**	**$**	**(15,822)**
Basic loss per share	10(f)	$	(0.29)	$	(0.46)
Diluted loss per share	10(f)	$	(0.29)	$	(0.46)
Weighted average number of common shares outstanding					
Basic			81,095,502		34,267,132
Diluted			81,095,502		34,267,132

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

Consolidated Statements of Comprehensive Income (Loss)

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

	Note	Year Ended December 31, 2023	Year Ended December 31, 2022
Net loss for the year		$ (23,682)	$ (15,822)
Other comprehensive loss for the year			
Items that may subsequently be reclassified to net loss:			
Currency translation differences		(4,830)	7,434
Total comprehensive loss for the year		**$ (28,512)**	**$ (8,388)**

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

Consolidated Statements of Cash Flow

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

Cash flow from (used in):	Note	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating Activities			
Net loss for the year		$ (23,682)	$ (15,822)
Items not affecting cash:			
Depletion expense	7	4,536	-
Share-based payments		370	-
Share of loss in associates	6	3,730	1,467
Loss on revaluation of royalty investments		-	728
Loss on revaluation of stream obligations	9	20,920	8,716
Finance expense and other adjustments on promissory notes	8	(861)	3,195
Unrealized foreign exchange (gain) loss and other		(743)	1,369
Changes in non-cash working capital		(308)	175
		$ 3,962	$ (172)
Investing Activities			
Acquisition of Antamina NPI	5	(18,740)	-
Proceeds from Antamina NPI receivable recorded on acquisition	5	2,884	-
Proceeds from Hod Maden receivable recorded on acquisition		6,429	-
Loan to associate	6	(6,429)	-
Settlement of royalty investments		-	4,337
Cash acquired through acquisition of assets from Sandstorm (net of transaction costs)		-	9,678
		$ (15,856)	$ 14,015
Financing Activities			
Proceeds from subscription receipt financing		5,058	16,289
Share issuance costs		(161)	(355)
Settlement of stream obligations	9	(2,185)	-
Promissory note repayments	8	(4,026)	-
Interest paid		(1,187)	-
Stock option proceeds and other		35	-
		$ (2,466)	$ 15,934
Effect of exchange rate changes on cash and cash equivalents		(69)	(678)
Net (decrease) increase in cash and cash equivalents		(14,429)	29,099
Cash and cash equivalents — beginning of the year		32,695	3,596
Cash and cash equivalents — end of the year		**$ 18,266**	**$ 32,695**

Supplemental cash flow information (note 12)

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

Consolidated 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 December 31, 2021 (restated)	2(b)	13,840,588	$	8,976	$	2,189	$	(1,977)	$	(239)	$	8,949
Issuance of units from subscription receipts	10(b)	35,595,593		11,862		4,427		-		-		16,289
Share issuance costs		-		(259)		(96)		-		-		(355)
Issuance of shares as part of asset acquisition	5	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)		-		-		-		(15,822)		7,434		(8,388)
At December 31, 2022		74,927,903	$	31,269	$	6,518	$	(17,799)	$	7,195	$	27,183
Issuance of units from subscription receipts	10(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		-		-		370		-		-		370
Options exercised		464,000		55		(20)		-		-		35
Total comprehensive loss		-		-		-		(23,682)		(4,830)		(28,512)
At December 31, 2023		**86,100,252**	**$**	**37,102**	**$**	**7,393**	**$**	**(41,481)**	**$**	**2,365**	**$**	**5,379**

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

Notes to the Consolidated Financial Statements

December 31, 2023 | Expressed in U.S. Dollars

1. Nature of Operations

Horizon Copper Corp. 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 3200, 733 Seymour Street, Vancouver, British Columbia, V6B 0S6.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on February 13, 2024.

2. Summary of Material Accounting Policies

a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "IFRS").

b) Basis of Presentation

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

The consolidated financial statements are presented in United States dollars ("USD"), 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 Canadian dollars ("CAD") to USD due to the change in the most significant assets and liabilities following the completion of the acquisition of the Hod Maden and Entrée interests 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 accounting policy used to translate historical equity items was to use the annual average exchange rate for each equity transaction.

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

2022	Q1	Q2
Average rate	0.7895	0.7834
Closing rate	**n/a**	**n/a**

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 CAD to 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.

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.

d) 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.

e) 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.

f) 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.

g) Revenue Recognition

For royalty revenue, the Company has determined that each unit of a commodity that is delivered to a customer under the 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 is recognized on an accruals basis and 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.

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.

h) Foreign Currency Translation

The functional currency of the Company and its subsidiaries is the principal currency of the economic environment in which they operate. For the Company and its subsidiaries: Hod Maden Holdings Ltd., Mariana Resources Limited, Mariana Turkey Limited and Upper Peninsula Holdings Ltd., the functional currency is USD. For the Entrée Resources investment in associate, the functional currency is CAD.

Transactions in foreign currencies are initially recorded in the entity’s functional currency as the rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate as at the reporting date.

i) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, loan to associate, trade and other payables, promissory note and stream obligations. All financial instruments are initially recorded at fair value and designated as follows:

- Financial assets at amortized cost - cash and cash equivalents, receivables, loan to associate
- Financial liabilities at fair value through profit and loss ("FVTPL") – stream obligations
- Financial liabilities at amortized cost – trade and other payables and promissory notes

The Company's financial assets which are subject to credit risk include cash and cash equivalents, receivables and loan to associate. The Company assesses on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost.

Transaction costs on initial recognition of financial instruments classified as FVTPL are expensed as incurred. Transaction costs incurred on initial recognition of financial liabilities classified at amortized costs are offset against the related liability.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire. On derecognition, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability obtained) is recognized in profit or loss.

j) Stream Obligations

The stream obligations with Sandstorm are derivative liabilities due to the variability caused by changes in future commodity prices and production levels. These liabilities are classified as at fair value through profit (loss) and accordingly, are recorded on the statement of financial position at fair value. Gains and losses on the stream obligations are recorded within the statement of income (loss).

k) Cash and Cash Equivalents

Cash and cash equivalents include cash at bank, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

l) Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company's accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. Deferred tax assets are only recognized if it is probable that they can be utilized against future taxable profit.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

m) Share Capital and Warrants

The proceeds from the issue of units are allocated between common shares and warrants (with an exercise price denominated in the functional currency of the Company) on a pro-rata basis based on relative fair values at the date of issuance. The fair value of common shares is based on the market closing price on the date the units are issued and the fair value of warrants is determined using the quoted market price or if the warrants are not traded, using the Black-Scholes Model ("BSM") as of the date of issuance. Equity instruments issued to agents as financing costs are measured at their fair value at the date the services were provided. Upon exercise, the original consideration is reallocated from share purchase warrants reserve to issued share capital along with the associated exercise price. Original consideration associated with expired warrants is reallocated to issued share capital.

n) Earnings Per Share

Basic earnings per share is computed by dividing the net income available to common shareholders by the weighted average number of common shares issued and outstanding during the period. Diluted earnings per share is calculated assuming that outstanding share options and warrants, with an average market price that exceeds the average exercise prices of the options and warrants for the year, are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the common shares for the year.

o) Share-based Compensation

The Company recognizes share based compensation expense for all share purchase options and restricted share rights ("RSRs") awarded to employees, officers and directors based on the fair values of the share purchase options and RSRs at the date of grant. The fair values of share purchase options and RSRs at the date of grant are expensed over the vesting periods of the share purchase options and RSRs, respectively, with a corresponding increase to equity. The fair value of share purchase options is determined using the BSM with market related inputs as of the date of grant. Share purchase options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. The fair value of RSRs is the market value of the underlying shares at the date of grant. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revisions to this estimate in the Consolidated Statements of Income (Loss).

The BSM requires management to estimate the expected volatility and expected term of the equity instrument, the risk-free rate of return over the term, expected dividends, and the number of equity instruments expected to ultimately vest. The Company uses its competitor's market data with respect to expected volatility and expected dividend yield to the extent these factors are indicative of the Company's future expectations. The expected term is estimated using historical exercise data, and the number of equity instruments expected to vest is estimated using historical forfeiture data.

p) Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party. Parties are also considered related if they are subject to common control or significant influence. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

q) Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company's operating segments are components of the Company's business for which discrete financial information is available and which are reviewed regularly by the Company's chief operating decision maker, which is the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance.

r) New and Amended Accounting Policies

The Company has applied the following accounting standard amendments which were effective January 1, 2023. New and amended accounting standards that are not applicable to the Company have been excluded from this note. The amendments listed below did not have any impact on the amounts recognized in prior periods and are not expected to significantly impact the current or future periods.

- Definition of Accounting Estimates – amendments to IAS 8
- Disclosure of Accounting Policies – amendments to IAS 1 and IFRS Practice Statement 2

Certain amendments to accounting standards have been published that are not mandatory for the December 31, 2023 reporting period and have not been early adopted by the Company. These amendments are not expected to have a material impact on the entity in the current or future reporting periods.

3. Key Sources of Estimation Uncertainty and Accounting Judgements

The preparation of the Company's consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, 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 obligations with Sandstorm are financial liabilities which are measured at fair value through profit and loss. The calculation of the fair value at each period end utilizes a discounted cash flow 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 and silver ounces to be delivered under the streams, long term commodity prices and the discount rate. The production profile and mineral reserves are based on the information in the Feasibility Study for Hod Maden compiled by qualified persons and assessed by management's experts. The production profile and mineral reserves for Antamina are based on the silver produced from the Antamina life of mine plan and reserve information published by qualified persons employed by a shareholder of the joint operator. Changes in each of these key assumptions would have the following impact on the value of the stream obligation as at December 31, 2023:

Stream obligation	Key assumption	Sensitivity applied to key assumption	Impact on value of stream liability
Hod Maden gold stream obligation	Production profile – reserves	5% increase in estimated number of gold ounces	$6.3 million
	Gold price – forward curve	$100/oz increase in gold price	$7.5 million
	Discount rate	0.25% increase to discount rate	($4.3 million)
Antamina Silver Stream obligation	Production profile and mineral reserves	5% increase in estimated number of silver ounces	$3.6 million
	Long term silver price	$1/oz increase in long term silver price	$2.9 million
	Discount rate	0.25% increase to discount rate	($2.5 million)

b) Attributable Reserves and Resource Estimates

Mineral interests are a significant class of assets of the Company, with a carrying value of $237.3 million at December 31, 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.

Accounting Judgements

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 judgement 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 judgement 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 the Entrée investment in associate, 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.

There is judgment required to determine whether any indication of impairment exists at the end of each reporting period for each mineral interest including assessing whether there are observable indications that the asset's value has declined during the period. Management uses judgment when assessing whether there are indicators of impairment, such as significant changes in future commodity prices, discount rates, operator Reserve and Resource estimates or other relevant information received from the operators that indicates production from mineral interests will not likely occur or may be significantly reduced in the future. If such an indication exists, the recoverable amount of the interest is estimated in order to determine the extent of the impairment (if any). The recoverable amount is the higher of the fair value less costs of disposal and value in use. The calculation of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, and operating performance.

The recoverable amount is determined using a discounted cash flow model. The discount rate is based on the Company's weighted average cost of capital, adjusted for various risks. The expected future cash flows are management's best estimates of expected future revenues and costs. Under each method, expected future revenues reflect the estimated future production for each of the Company's mineral interests based on detailed life of mine plans received from each of the mine operators. Included in these forecasts is the production of Mineral Resources that do not currently qualify for inclusion in Proven and Probable Reserves where there is a high degree of confidence in its economic extraction. This is consistent with the methodology that is used to measure value beyond Proven and Probable Reserves when determining the fair value attributable to mineral interests. Expected future revenues also reflect management's estimated long term metal prices, which are determined based on current prices, forward pricing curves and forecasts of expected long-term metal prices prepared by analysts. These estimates often differ from current price levels but are consistent with how a market participant would assess future long-term metal prices.

c) Functional Currency

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

Following the acquisition of the Antamina NPI, the functional currency of the Company was determined to be 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 functional currency of the associate which holds the Hod Maden interest was determined to be the USD when it was acquired. The assessment was based on the forecasted expenditures of the associate, the currency driving those expenditures and the underlying transactions, events, and conditions of the entity.

4. Financial Instruments

Capital Risk Management

The Company manages its capital such that it endeavors to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. At December 31, 2023, the capital structure of the Company consists of $6.0 million (2022 — $27.2 million) of equity attributable to common shareholders, comprising issued share capital (note 10), reserves, retained deficit and accumulated other comprehensive income (loss). The Company was not subject to any externally imposed capital requirements as at December 31, 2023.

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 December 31, 2023 and December 31, 2022.

As at December 31, 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)
Current liabilities								
Expected settlement of stream obligations	$	4,563	$	-	$	-	$	4,563
Non-current liabilities								
Stream obligations	$	322,478	$	-	$	-	$	322,478
	$	**327,041**	**$**	**-**	**$**	**-**	**$**	**327,041**

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 obligation	$	202,219	$	-	$	-	$	202,219
	$	**202,219**	**$**	**-**	**$**	**-**	**$**	**202,219**

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 December 31, 2023 and December 31, 2022 due to their short-term nature. The fair value of the loan to associate, which is measured using level 2 inputs, approximates its carrying value due (i) the absence of substantial changes in the market interest rates between the date of the loan and December 31, 2023, and (ii) the absence of significant changes in the associate’s overall risk profile. The fair value of the Hod Maden Promissory Note was $69.6 million as at December 31, 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 $122.3 million as at December 31, 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 year ended December 31, 2023 and the year ended December 31, 2022.

a) Credit Risk

The Company's credit risk is limited to cash and cash equivalents, the receivable from Sandstorm, the loan receivable from Artmin 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.

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 December 31, 2023, the Company had cash and cash equivalents of $18.3 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 $1.9 million from Sandstorm to fund its share of the 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 December 31, 2023.

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

In $000s	Within 1 year	2-5 years	Over 5 years	Total December 31, 2023	Total December 31, 2022
Accounts payable	$ 81	$ -	$ -	$ 81	$ 141
Promissory notes[1]	4,737	16,495	218,833	240,065	95,000
Promissory note interest[2]	4,061	19,362	31,063	54,486	23,045
	$ 8,879	**$ 35,857**	**$ 249,896**	**$ 294,632**	**$ 118,186**

1) Amounts payable within the next 5 years are estimated based on assumptions of expected future proceeds from the Antamina NPI.
2) As the applicable interest rate for the Hod Maden Promissory Note is floating in nature, the interest charges are estimated based on market forward interest rate curves at the end of the reporting period. Promissory note interest for both the Hod Maden and Antamina Promissory Notes are based on expected future principal balances.

The amount expected to be settled under the Antamina silver stream within the next year is $4.6 million. Settlements of the Company's stream obligations in 2025 and beyond will be based on the future production of silver (Antamina) and gold (Hod Maden) as described in Note 9.

c) Market Risk

CURRENCY RISK

Following the change of the Company's functional currency to USD on June 30, 2023, the Company does not have any financial instruments denominated in currencies other than USD 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 Company's loan to associate, which bears interest at the credit default swap rate of Türkiye + 4% and 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		
Purchase consideration:		
Cash[1]	$	20,000
Common shares issued[2]		1,406
Fair value of Antamina Silver Stream		101,449
Fair value of Antamina promissory note		122,745
Transaction costs		72
	$	**245,672**

1) On August 15, 2023, the Company received its first payment in connection with the Antamina NPI acquired from Sandstorm on June 15, 2023. The amount received of $5.1 million related to the operations at Antamina for the three months ended June 30, 2023, $2.9 million of which was recorded as a receivable on acquisition and $0.6 million was recorded as revenue for the period from acquisition to June 30, 2023. The remaining amount, reflecting the amount received in excess of the $3.5 million estimated receivable on June 30, 2023, was recorded as a $1.3 million adjustment to the value of the mineral property acquired and a $0.3 million true up to revenue in the third quarter.
2) Sandstorm was issued 2,329,849 common shares in the Company which were valued at CAD0.80 (USD0.60), 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		
Net Assets acquired:		
Mineral interests – Antamina NPI	$	242,788
Antamina NPI receivable		2,884
Net assets acquired	**$**	**245,672**

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		(1,454)		(2,276)		(3,730)
Company's share of other comprehensive loss of associate		-		(180)		(180)
Currency translation adjustments		-		710		710
At December 31, 2023	**$**	**225,613**	**$**	**30,121**	**$**	**255,734**

A. Hod Maden Interest

The Company has a 30% equity interest in Artmin Madencilik Sanayi ve Ticaret A.S ("Artmin"), privately incorporated in Türkiye which owns and operates the Hod Maden project.

During the year ended December 31, 2023, the Company advanced a $6.4 million shareholder loan to fund the Company's share of a cash call for ongoing development costs at Hod Maden. The loan bears interest at 4% plus the credit default swap rate of Türkiye at the start of each quarterly period and has a five-year term.

Summarized financial information for the Company's investment in Artmin, on a 100% basis and reflecting adjustments made by the Company, including fair value adjustments made at the time of acquisition is as follows:

In $000s	Year Ended December 31, 2023		Four Months Ended December 31, 2022[1]	
Administration expenses	$	(848)	$	(397)
Other expenses		(4,009)		(570)
Other income		13		291
Net loss	$	(4,844)	$	(676)
Company's share of net loss of associate	**$**	**(1,454)**	**$**	**(203)**

1) Represents the period since the acquisition of Artmin.

In $000s	December 31, 2023		December 31, 2022	
Current assets	$	11,126	$	894
Non-current assets		52,454		39,991
Total assets	$	63,580	$	40,885
Current liabilities	$	1,709	$	589
Non-current liabilities		21,836		58
Total liabilities	$	23,545	$	647
Net Assets	$	40,035	$	40,238
Company's share of net assets of associate	$	12,011	$	12,071
Fair value adjustment on acquisition		213,602		214,996
Carrying amount of investment in associate	**$**	**225,613**	**$**	**227,067**

B. Entrée Resources Ltd.

The Company holds a position in Entrée Resources Ltd. ("Entrée"), a public Canadian mining company with a carried joint venture interest in the Hugo North Extension and Heruga deposits located in Mongolia. As at December 31, 2023, this position represents approximately 25% of the common shares of Entrée on a non-diluted basis. Using the quoted price of Entrée's common shares, the fair value of the Company's interest was $44.7 million (CAD59.1 million) as at December 31, 2023 and $42.2 million (CAD57.1 million) as at December 31, 2022.

Due to the fact that Entrée's financial statements are typically not publicly available at the time the Company files its financial statements, the share of Entrée's results are recognized using a reporting period which is three months prior to that of the Company.

Summarized financial information for the Company's investment in Entrée (using a reporting period which is three months prior to that of the Company), on a 100% basis and reflecting adjustments made by the Company, including fair value adjustments made at the time of acquisition is as follows:

In $000s	Twelve Months Ended September 30, 2023[1]	Seven Months Ended September 30, 2022[2]
Administration expenses	$ 4,308	$ 1,395
Other income	4,845	3,641
Net loss	$ 9,153	$ 5,036
Company's share of net loss of associate	**$ 2,276**	**$ 1,264**

1) Derived by adding the results for the three months ended December 31, 2022 to those from the nine months ended September 30, 2023.
2) Represents the period since the acquisition of Entrée.

In $000s	September 30, 2023	September 30, 2022
Current assets	$ 7,200	$ 7,263
Non-current assets	775	819
Total assets	$ 7,975	$ 8,082
Current liabilities	$ 319	$ 175
Non-current liabilities	68,598	62,709
Total liabilities	$ 68,917	$ 62,884
Net Liabilities	$ (60,942)	$ (54,802)
Company's share of net liabilities of associate	$ (14,940)	$ (13,700)
Fair value adjustment on acquisition	45,061	45,567
Carrying amount of investment in associate	**$ 30,121**	**$ 31,867**

7. Mineral Interests

The following table summarizes the changes in the carrying amount of the Company's mineral interests:

	Carrying Amount			Accumulated Depletion			
In $000s	Jan. 1, 2023	Net Additions (Disposals)	Dec. 31, 2023	Jan. 1, 2023	Depletion	Dec. 31, 2023	Carrying Amount
Antamina NPI, Peru	$ -	$ 241,456[1]	$ 241,456	$ -	$ 4,536	$ 4,536	$ 236,920
Peninsula Project, USA	412	-	412	-	-	-	412
Total	**$ 412**	**$ 241,456**	**$ 241,868**	**$ -**	**$ 4,536**	**$ 4,536**	**$ 237,332**

1) Includes a $1.3 million adjustment related to the actual amount received in excess of the estimated Antamina royalty receivable acquired on June 15, 2023.

8. 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	(862)	(8,427)	(9,289)
Interest and principal payments	(5,214)	-	(5,214)
Accretion expense	3,796	4,633	8,429
Currency translation adjustments	-	(90)	(90)
At December 31, 2023	**$ 120,465**	**$ 67,279**	**$ 187,744**
Current portion	5,757	-	5,757
Long term portion	114,708	67,279	181,987
Total	**$ 120,465**	**$ 67,279**	**$ 187,744**

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 based on the VWAP if it is above a floor of CAD0.60. 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 and currently bears no interest. Interest on the Hod Maden Promissory Note is to be paid quarterly at the Secured Overnight Financing Rate (“SOFR”) + 2% commencing on 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 based on the VWAP if it is above a floor of CAD0.60. 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.

9. 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
Stream deliveries	(2,185)	-	(2,185)
Change in fair value of stream obligations	1,842	19,078	20,920
Currency translation adjustments	30	4,608	4,638
At December 31, 2023	**$ 101,136**	**$ 225,905**	**$ 327,041**
Current portion	4,563	-	4,563
Long term portion	96,573	225,905	322,478
Total	**$ 101,136**	**$ 225,905**	**$ 327,041**

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 ("LBMA") 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	
Production profile and mineral reserves	Based on the silver produced from the Antamina life of mine plan and reserve information published by qualified persons employed by a shareholder of the joint operator
Long term silver price	$23 / oz
Real after-tax discount rate	2.75%

Hod Maden Gold Stream

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 LBMA quoted price of gold for each ounce of gold delivered (for the first 405,000 ounces) and 60% of the LBMA 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 as at December 31, 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.

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) Equity Financings

2023

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 were subject to a four month and one day hold period in accordance with applicable Canadian securities laws, which expired on August 20, 2023.

2022

On completion of the acquisition of Hod Maden and Entrée interests, 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 $16.3 million (CAD21.4 million) pursuant to a non-brokered private placement of the Company at a price of CAD0.60 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 CAD0.80 for a period of five years following conversion of the subscription receipts.

Of the gross proceeds of $16.3 million, $11.9 million was allocated to share capital and $4.4 million was allocated to the warrants based on the pro rata fair values. The fair value of the warrants was calculated using a BSM with the following assumptions:

Assumption	
Risk-free rate	3.36%
Volatility	51%
Expected life	5 years

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 year 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
Warrants outstanding at December 31, 2023	**40,929,413**	**0.82**

In June 2023, the Company issued 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 BSM 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 December 31, 2023 was 3.59 years (year ended December 31, 2022 — 4.6 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 10 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.

In June 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 BSM 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 year 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
Options outstanding at December 31, 2023	**4,184,521**	**0.75**

The weighted average remaining contractual life of the options as at December 31, 2023 was 4.16 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 year ended December 31, 2023 was CAD0.55 per share (year ended December 31, 2022 – nil).

A summary of the Company's options as of December 31, 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
	4,184,521	**334,521**	**0.19**[1]

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

e) Restricted Share Units

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 December 31, 2023.

In June 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 at December 31, 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)	Year Ended December 31, 2023		Year Ended December 31, 2022	
Net loss for the year	$	(23,682)	$	(15,822)
Basic weighted average number of shares		81,095,502		34,267,132
Basic loss per share	$	(0.29)	$	(0.46)
Effect of dilutive securities				
Stock options		-		-
Warrants		-		-
Restricted share rights		-		-
Diluted weighted average number of common shares		81,095,502		34,267,132
Diluted loss per share	**$**	**(0.29)**	**$**	**(0.46)**

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 years ended December 31, 2023 and 2022:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Stock options	2,109,589	798,521
Warrants	37,891,072	13,042,275

11. Income Taxes

The income tax expense differs from the amount that would result from applying the federal and provincial income tax rate to the net income before income taxes.

These differences result from the following items:

In $000s	Year Ended December 31, 2023	Year Ended December 31, 2022
Loss before income taxes	$ (23,682)	$ (15,822)
Canadian federal and provincial income tax rates	27%	27%
Income tax recovery based on the above rates	$ (6,394)	$ (4,272)
Increase (decrease) due to:		
Non-deductible expenses and permanent differences	62	790
Change in unrecognized temporary differences and other	6,355	3,482
Income tax expense	**$ 23**	**$ -**

a) Deferred Income Taxes

The Company's deferred income taxes are as follows:

In $000s	Year Ended December 31, 2023	Year Ended December 31, 2022
Deferred Income Tax Assets (Liabilities)		
Non-capital losses	$ 1,773	$ 1,126
Investment in associate	(754)	(31)
Stream obligation	9,811	2,327
Promissory note	(82)	294
Other	82	32
Total unrecognized deferred income tax assets	**$ 10,830**	**$ 3,748**

The Company has deductible unused tax losses, for which a deferred tax asset has not been recognized, expiring as follows:

In $000s	Location	Amount	Expiration
Non-capital loss carry-forwards	Canada	$ 6,574	2038–2043

No deferred tax asset is recognized in respect of these items because it is not probable that future taxable capital gains or taxable income will be available against which the Company can utilize the benefit.

12. Supplemental Cash Flow Information

In $000s	Year Ended December 31, 2023	Year Ended December 31, 2022
Change in non-cash working capital:		
Trade receivables and other	$ (248)	$ 130
Trade and other payables	(60)	45
Net increase (decrease) in cash	**$ (308)**	**$ 175**
Significant non-cash transactions:		
Common shares issued as part of the consideration for the asset acquisition	$ 1,406	$ 10,687
Stream obligation assumed as part of the consideration for the asset acquisition	101,449	200,000
Promissory note assumed as part of the consideration for the asset acquisition	122,745	68,348
Entrée promissory note issued for Entrée investment in associate acquisition	-	33,781
Acquisition of Entrée promissory note as part of the asset acquisition	-	33,263
Other:		
Interest received	1,452	84

13. 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.

The Company has entered into a services agreement with Sandstorm for CAD6,500 per month for general administrative services including rent and other shared office costs. The amount outstanding related to this agreement as at December 31, 2023 was CAD19,500.

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	Year Ended December 31, 2023	Year Ended December 31, 2022
Salaries and benefits	$ 170[1]	$ 90[2]
Change of control payments	-	221
Share-based payments	370	-
Total key management compensation expense	**$ 540**	**$ 311**

1) Includes a recharge of CAD30,000 of salary costs borne by Sandstorm related to key management personnel of the Company and CAD30,000 related to a consulting agreement with the former CFO from January 2023 to June 2023.
2) Includes a recharge of CAD15,000 of salary costs borne by Sandstorm related to key management personnel of the Company and CAD15,000 related to a consulting agreement with the former CFO as part of the transition following the acquisition of the Hod Maden and Entrée interests.

14. Segmented Information

The Company's reportable operating segments are the Antamina NPI and the investments in Hod Maden and Entrée. All of the Company's revenue and depletion is generated from the Antamina NPI and details of the amounts related to the investments in Hod Maden and Entrée and the Antamina NPI are included in Notes 6 and 7 respectively.

15. 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 claim was settled for an insignificant amount in January 2024.