TITAN MINING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity's auditor.

TITAN MINING CORPORATION
Consolidated Statements of Financial Position
(Expressed in thousands of US dollars - Unaudited)

	Notes	March 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		$ 7,411	$ 6,720
Trade and other receivables	6	1,857	2,222
Inventories	7	6,618	6,947
Derivative asset	14b	3,239	473
Other current assets		1,296	1,228
		20,421	17,590
Non-current assets			
Mineral properties, plant and equipment	8	45,423	46,230
Right-of-use assets	9a	151	161
Restricted cash	10	1,921	1,921
Other assets		-	97
Total assets		**$ 67,916**	**$ 65,999**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 6,283	$ 4,604
Dividends payable	17	1,027	1,026
Lease liabilities	9b	106	96
Debt	11	732	176
Acquisition obligations	13b	1,025	1,025
Settlement provision	13b	3,374	3,374
		12,547	10,301
Non-current liabilities			
Lease liabilities	9b	76	96
Debt	11	30,023	29,856
Reclamation and remediation provision		16,307	15,233
Total liabilities		58,953	55,486
Shareholders' equity			
Equity attributable to shareholders of the Company			
Share capital		61,237	61,076
Reserves		4,717	6,504
Deficit		(56,991)	(57,067)
Total equity		8,963	10,513
Total liabilities and shareholders' equity		**$ 67,916**	**$ 65,999**

The notes form an integral part of these unaudited consolidated financial statements.

TITAN MINING CORPORATION
Consolidated Statements of Income and Other Comprehensive Income (Loss)
(Expressed in thousands of US dollars - Unaudited)

	Notes		Three months ended March 31, 2023		2022
Revenue	**4**	$	16,742	$	13,963
Cost of Sales					
Operating expenses			14,145		10,846
Depreciation and depletion	8		3,066		2,697
			17,211		13,543
Income (loss) from mine operations			**(469)**		**420**
Exploration and evaluation expenses	5b		737		472
General and administration expenses	5a		2,103		829
Interest and other finance expenses	9b,11b,12a		865		678
Accretion loss (income)			60		(23)
Interest income			(66)		-
Foreign exchange loss (income)			(1,380)		1,098
Realized gain on derivative	14b		(634)		-
Unrealized gain on derivative	14b		(3,239)		-
Other income			(18)		(16)
			(1,572)		3,038
Net income (loss) for the period			**1,103**		**(2,618)**
Other comprehensive income (loss)					
Items that may be reclassified to profit or loss					
Unrealized income (loss) on translation to reporting currency			(1,862)		1,117
Total comprehensive loss for the year		$	**759**	**$**	**1,501**
Basic and diluted income (loss) per share		**$**	**0.01**	**$**	**(0.02)**
Weighted average shares outstanding (in ‘000)			**139,335**		**138,978**

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TITAN MINING CORPORATION
Consolidated Statements of Changes in Equity
(Expressed in thousands of US dollars - unaudited)

		Share capital		Reserves				
	Notes	Number ('000s)	Amount	Share options and warrants	Currency translation adjustment	Total	Deficit	Total equity
Balance, January 1, 2022, as previously reported		138,979	$ 61,076	$ 8,606	$ (763)	$ 7,843	$ (51,896)	$ 17,023
Share based compensation		-	-	187	-	187	-	187
Dividends declared		-	-	-	-	-	(4,231)	(4,231)
Total comprehensive loss for the year		-	-	-	(1,526)	(1,526)	(940)	(2,466)
Balance, December 31, 2022		138,979	$ 61,076	$ 8,793	$ (2,289)	$ 6,504	$ (57,067)	$ 10,513
Exercise of warrants		356	161	(31)	-	(31)	-	130
Share based compensation		-	-	106	-	106	-	106
Dividends declared		-	-	-	-	-	(1,027)	(1,027)
Total comprehensive income for the period		-	-	-	(1,862)	(1,862)	1,103	(759)
Balance, March 31, 2023		139,335	$ 61,237	$ 8,868	$ (4,151)	$ 4,717	$ (56,991)	$ 8,963

The notes form an integral part of these unaudited consolidated financial statements.

TITAN MINING CORPORATION
Consolidated Statements of Cash Flow
(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

	Notes	Three Months ended March 31 2023	2022
Operating activities			
Loss for the year before tax		$ 1,103	$ (2,618)
Accretion income (expense)		60	(23)
Amortization of borrowing and transaction costs	11a	174	72
Depreciation and depletion of mineral property, plant and equipment	8	3,066	2,697
Depreciation of right-of-use assets	9c	18	114
Interest and borrowing expense accruals		687	591
Interest expense on lease liabilities	9c	5	10
Stock-based compensation		106	25
Unrealized foreign exchange gain (loss)		(1,868)	1,230
		3,351	2,098
Changes in non-cash working capital			
Trade and other receivables		365	393
Inventories		745	(400)
Other current assets		(67)	(938)
Accounts payable and accrued liabilities		1,264	348
Unrealized gain on derivative		(2,766)	-
Net cash provided (used) in operating activities		$ 2,892	$ 1,501
Financing activities			
Dividends paid		(1,027)	(1,096)
Payment of interest, borrowing and transaction costs	11a	(123)	(116)
Payment of lease liabilities	9d	(21)	(122)
Repayment of equipment loans	11b	(15)	(2)
Proceeds of warrant exercise		130	-
Net cash used by financing activities		$ (1,056)	$ (1,336)
Investing activities			
Additions to mineral properties, plant and equipment	8	(1,148)	(2,828)
Net cash used by investing activities		$ (1,148)	$ (2,828)
Effect of foreign exchange on cash and cash equivalents		3	(142)
Increase (decrease) in cash and cash equivalents		691	(2,805)
Cash and cash equivalents, beginning of year		6,720	6,041
Cash and cash equivalents, end of year		**$ 7,411**	**$ 3,236**

The notes form an integral part of these unaudited consolidated financial statements.

(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

1. NATURE OF OPERATIONS

Titan Mining Corporation ("Titan" or the "Company") was incorporated on October 15, 2012 under the laws of British Columbia and is a natural resources company engaged in the acquisition, exploration, development and production of mineral properties. The Company holds a 100% indirect ownership interest in the Empire State Mine in Northern New York State, United States.

The Company's common shares are listed on the Toronto Stock Exchange and trade under the symbol "TI". The Company's head office is located at 555–999 Canada Place, Vancouver, BC, Canada V6C 3E1.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS"). Accordingly, they do not include all the information and notes to the consolidated financial statements required by IFRS for complete financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements.

On May 11, 2023, the Company's Board of Directors approved these condensed consolidated interim financial statements for issuance.

b) Basis of presentation

The accounting policies used in the preparation of these financial statements are the same as those applied in the Company's most recent audited consolidated annual financial statements for the year ended December 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2022.

4. REVENUES

	Three months ended March 31,	
	2023	2022
Zinc concentrate sales	$ 21,053	$ 16,258
Zinc concentrate provisional pricing adjustments	(254)	(170)
Smelting and refining charges	(4,057)	(2,125)
Revenue, net	$ 16,742	$ 13,963

(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

Zinc concentrate pricing consists of provisional and final pricing adjustments made prior to the finalization of the sales contract. During 2022, the Company entered into fixed zinc pricing arrangements pursuant to its existing offtake agreement with an affiliate of Glencore Ltd. for approximately 60% of production for the period of January 2022 to March 2022 and fixed the price at $1.50 per pound of zinc. Additionally, the Company entered into a fixed zinc pricing arrangement for 50% of the Company's budgeted zinc production for the second quarter of 2022 at a price of US$1.76 per pound of zinc. In 2023, the Company entered into a fixed zinc pricing arrangement for approximately 30% of the Company's forecasted zinc production for an eleven-month period covering February 2023 to December 2023 at a price of $1.55 per pound of zinc.

5. OTHER OPERATING EXPENSES

a) General and administration expenses

		Three months ended March 31, 2023		2022
Salaries and benefits	$	550	$	521
Share-based compensation		97		23
Office and administration		307		155
Professional fees		1,119		95
Amortization of right-to-use assets		17		21
Investor relations		13		14
	$	2,103	$	829

b) Exploration and evaluation expenses

		Three months ended March 31, 2023		2022
Salaries and benefits	$	147	$	130
Assay and analyses		93		21
Contractor and consultants		423		275
Supplies		18		5
Other		56		41
	$	737	$	472

		Three months ended March 31, 2023		2022
Empire State Mines	$	728	$	466
Other		9		6
Exploration and Evaluation Expenses	$	737	$	472

(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

6. TRADE AND OTHER RECEIVABLES

	March 31, 2023	December 31, 2022
Trade receivables	$ 1,801	$ 2,135
GST receivable	31	39
Advances to related parties	25	48
	$ 1,857	$ 2,222

7. INVENTORIES

	March 31, 2023	December 31, 2022
Ore in stockpiles	$ 247	$ 212
Concentrate stockpiles	410	1,521
Materials and supplies	5,961	5,214
	$ 6,618	$ 6,947

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

The Company depreciates plant and equipment over the estimated useful lives of the assets, and depletes mineral properties and the reclamation and remediation assets over units of production. The carrying value as at March 31, 2023 was as follows:

		Mineral properties	Plant and equipment	Land	Construction in progress	Total
Cost						
As at January 1, 2022		$ 46,713	$ 37,473	$ 1,135	$ 1,851	$ 87,172
Additions				-	4,609	4,609
Transfer to plant and equipment			2,629		(2,629)	-
Change in reclamation and remediation provision		-	(3,940)	-	-	(3,940)
As at December 31, 2022		$ 46,713	$ 36,162	$ 1,135	$ 3,831	$ 87,841
Additions		-	-	-	1,148	1,148
Transfer to plant and equipment		-	372	-	(275)	97
Change in reclamation and remediation provision	15	-	1,014	-	-	1,014
As at March 31, 2023		$ 46,713	$ 37,548	$ 1,135	$ 4,704	$ 90,100
Accumulated depreciation						
As at January 1, 2022		11,671	$ 18,018	$ -	$ -	$ 29,689
Depreciation and depletion		6,163	5,759	-	-	11,922
As at December 31, 2022		17,834	$ 23,777	$ -	$ -	$ 41,611
Depreciation and depletion		1,906	1,160	-	-	3,066
As at March 31, 2023		$ 19,740	$ 24,937	$ -	$ -	$ 44,677
Net book value at December 31, 2022		$ 28,879	$ 12,385	$ 1,135	$ 3,831	$ 46,230
Net book value at March 31, 2023		$ 26,973	$ 12,611	$ 1,135	$ 4,704	$ 45,423

(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

9. LEASES

a) Right-of-use assets

	Office space	Equipment	Total
As at January 1, 2022	$ 290	$ 310	$ 600
Additions	-	-	-
Changes to lease terms	(26)	2	(24)
Depreciation	(103)	(312)	(415)
As at December 31, 2022	$ 161	$ -	$ 161
Additions			
Changes to lease terms	8	-	8
Depreciation	(18)	-	(18)
As at March 31, 2023	$ 151	$ -	$ 151

The Company shares office space with other companies related to it by virtue of certain directors and management in common. During the period ended March 31, 2022 and 2023, there were changes to the amount of office space attributable to the Company as reflected in changes to lease terms in the table above.

b) Lease liabilities

	Office space	Equipment	Total
As at January 1, 2022	$ 300	$ 321	$ 621
Additions	-	-	-
Changes to lease terms	(21)	1	(20)
Interest accretion	20	7	27
Unrealized foreign exchange	(14)	-	(14)
Lease payments	(93)	(329)	(422)
As at December 31, 2022	$ 192	$ -	$ 192
Changes to lease terms	6	-	6
Interest accretion	5	-	5
Unrealized foreign exchange	-	-	-
Lease payments	(21)	-	(21)
As at March 31, 2023	$ 182	$ -	$ 182
Current lease liabilities	$ 106	$ -	$ 106
Non-current lease liabilities	76	-	76
	$ 182	$ -	$ 182

The maturity analysis of the Company's contractual undiscounted lease liabilities as at March 31, 2023 is as follows:

	< 1 year	1 to 3 years	> 3 years	Total
Lease liabilities	$ 117	$ 78	$ -	$ 195

(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

c) Amounts recognized in Statements of Income and Other Comprehensive Income (Loss)

	Three months ended March 31, 2023	
Interest on lease liabilities	$	5
Depreciation of right-of-use assets	$	18
Variable lease payments	$	35
Expenses relating to short-term leases	$	75

d) Amounts recognized in Statements of Cash Flows

	Three months ended March 31, 2023	
Payment of lease liabilities	$	21
Variable lease payments	$	35
Expenses relating to short-term leases	$	75

10. RESTRICTED CASH

Restricted cash comprises funds held in escrow for the New York State Department of Environmental Conservation as assurance for the funding of future reclamation costs associated with the Company's reclamation and remediation obligations. The funds are invested in a certificate of deposit which renews automatically for additional terms of one year or more.

11. DEBT

a) Bank indebtedness - Bank of Nova Scotia

On January 21, 2019, the Company and the Bank of Nova Scotia ("Lender") amended the $15,000 secured credit agreement (the "BNS Credit Facility") whereby a maximum of $10,000 (the "Available Credit") was available to the Company on a revolving basis. Prior to March 31, 2019, the Lender was permitted to reduce the maximum amount available to $6,000, subject to the business and financial plan provided by the Company. The interest rate on the Available Credit is either LIBOR plus 4.25% or the Lender's base rate plus 3.25%, and the standby fee is 0.8% of the unadvanced portion of the BNS Credit Facility. If the amount available is reduced to $6,000, the interest rate changes to LIBOR plus 2.25% or the Lender's base rate plus 1.25%, and the standby fee is 0.5625% of the unadvanced portion of the BNS Credit Facility. A $6,000 guarantee was provided by a company controlled by Titan's Executive Chairman.

On May 31, 2019, the Company and the Lender further amended the BNS Credit Facility whereby the Available Credit limit continues as $10,000 and the maturity date was extended to April 3, 2021. The interest rate on the Available Credit was changed to LIBOR plus 2.25% or the Lender's base rate plus 1.25%. In addition, the financial covenant requirement on the BNS Credit Facility was removed.

In connection with the amendment, a $10,000 guarantee has been provided by a company controlled by Titan's Executive Chairman (the "Guarantor"), replacing the original $6,000 guarantee. In consideration for the guarantee, the Company issued 3,000,000 common shares with a fair value of $979 and 3,000,000 share purchase warrants with each warrant exercisable for one common share at price of $0.50 per share for a period of five years from the date of issuance with a fair value of $543 at the guarantee effective date for a total fair value of $1,522 recorded as borrowing costs. Such common shares and share purchase warrants were issued on June 14, 2019. The fair market values on the issuance date were $919 and $493, respectively. The difference of $110 was recorded as a gain on derivative liability during the year ended December 31, 2019.

(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

As a result of the amendment, the Company extinguished the face value of the loan prior to the amendment and recorded the fair value of the new loan as at May 31, 2019. A $1,702 loss on the extinguishment of debt was recorded during the year ended December 31, 2019.

On January 8, 2021, the Company and the Lender further amended the $15,000 BNS Credit Facility whereby the Available Credit limit continues as $10,000 and the maturity date was extended to April 3, 2022.

On December 20, 2021 the Company and the Lender further amended the $15,000 BNS Credit Facility whereby the Available Credit limit continues as $10,000 and the maturity date was extended to April 3, 2023. A $2,000 payment was made against the Facility in the fourth quarter reducing the principal value to $8,000 leaving the Company with $2,000 of available credit as at December 31, 2021.

On June 6, 2022, the Company repaid the balance of the BNS Credit Facility and associated interest and retired the loan.

	Principal	Interest and borrowing costs	Total
Balance, January 1, 2022	$ 8,000	$ 87	$ 8,087
Repayment of loan	(8,000)	-	(8,000)
Accrued interest and borrowing costs	-	102	102
Accrued interest and borrowing costs paid	-	(189)	(189)
Balance, December 31, 2022	$ -	$ -	$ -
	-	-	-
Balance, March 31, 2023	$ -	$ -	$ -

	As at March 31, 2023	As at Dec 31, 2022
Current	$ -	$ -
Non-current	-	-
	$ -	$ -

b) Bank indebtedness - National Bank of Canada

On June 6, 2022, the Company entered into a secured credit agreement for $40,000 (the "Credit Facility") with National Bank of Canada. The Credit Facility is secured by a general charge on the assets of the Company, and was used to consolidate the existing Bank of Nova Scotia and Related Party Loans (13a) and is available to the Company on a revolving basis to finance the working capital and general corporate requirements. In addition to the Credit Facility, National Bank provided the Company with an up to US$15 million treasury line enabling additional access to funds for future zinc contract commitments. Terms of the Credit Facility include the following:

• The Credit Facility will bear interest at the Secured Overnight Financing Rate plus 2.25% or National Bank's base rate plus 1.25%;

• The Company is required to pay a standby fee on the unadvanced portion of the Credit Facility at a rate of 0.5625% per annum;

(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

• The maturity date is December 6, 2023 and includes an annual extension option; the maturity date was subsequently extended to December 6, 2024 on December 20, 2022.

• The Credit Facility is subject to covenants that require the Company to maintain interest coverage ratio of not less than 4.0 to 1.0 and a total leverage ratio of not more than 3.0 to 1.0.

A guarantee for the Credit Facility was provided by a company controlled by Titan's Executive Chairman with a guarantee fee applicable to the $40,000 amount at an annual rate of 1.125%. The guarantee was extended to December 6, 2024 concurrent with the extension of the maturity date of the Credit Facility. Total guarantee fee of $111 was accrued and paid in the first quarter of 2023.

$8,730 of the Credit Facility was undrawn as of March 31, 2023.

	Principal	Interest and borrowing costs	Total
Balance, January 01, 2022	-	-	-
Proceeds of loan	35,779	-	35,779
Repayment of loan	(5,000)	-	(5,000)
Gain on loan modification	(893)	-	(893)
Transaction fees for loan extension	(200)	-	(200)
Accrued interest	-	1,210	1,210
Interest and borrowing costs paid	-	(1,042)	(1,042)
Amortization of borrowing costs	162	-	162
Balance, December 31, 2022	29,848	168	30,016
Accrued interest	-	687	687
Interest and borrowing costs paid	-	(123)	(123)
Amortization of borrowing costs	175	-	175
Balance, March 31, 2023	$ 30,023	$ 732	$ 30,755

	March 31, 2023	As at Dec 31, 2022
Current	732	168
Non-current	30,023	29,848
	$ 30,755	$ 30,016

c) Equipment loans

The Company financed the purchase of equipment with a 36-month loan that bears interest at 5.95%.

The equipment loan balance was paid off as of March 31, 2023:

	March 31, 2023	December 31, 2022
Current	$ -	$ 8
Non-current	-	8
	$ -	$ 16

(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

12. RELATED PARTY TRANSACTIONS

a) Management company

The Company shares office space, equipment, personnel, consultants and various administrative services with other companies related by virtue of certain directors and management in common. These services have been provided through a management company equally owned by each company party to the arrangement. Costs incurred by the management company are allocated and funded by the shareholders of the management company based on time incurred and use of services. If the Company's participation in the arrangement is terminated, the Company will be obligated to pay its share of the rent payments for the remaining term of the officed space rental agreement. The Company's obligation for future rental payments on March 31, 2023 was approximately $179, determined based on the Company's average share of rent paid in the immediately preceding 12 months.

The Company was charged for the following with respect to this arrangement in the period ended March 31, 2023.

		Three months ended March 31, 2023		2022
Salaries and benefits	$	193	$	200
Office and other		43		61
Marketing and travel		3		4
	$	239	$	265

b) Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprises the Company's Executive Chairman, Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer and Directors.

		Three months ended March 31, 2023		2022
Salaries and benefits	$	376	$	388
Consulting fees		228		69
Share-based compensation		84		14
Directors' fees		55		55
	$	743	$	526

The Company entered into a consulting arrangement with Augusta Capital Corporation ("ACC"), a private company 100% beneficially held by the Titan's Executive Chairman in 2021. $228 was paid by the Company to ACC during the first quarter of 2023 (Q1 2022- $69) as noted in the table above.

The following amounts are outstanding as at March 31, 2023 and December 31, 2022, and are included in accounts payable and accrued liabilities above.

		As at March 31, 2023		As at December 31, 2022
Salaries and benefits payable	$	406	$	406
	$	406	$	406

13. CONTINGENCIES

a) On December 30, 2016, pursuant to a purchase agreement between Titan Mining (US) Corporation (a wholly owned US subsidiary of the Company), Star Mountain Resources, Inc., Northern Zinc, LLC, and certain other parties (the "Purchase Agreement"), Titan (US) Corporation acquired from Northern Zinc 100% of the issued and outstanding shares of Balmat Holdings Corp. St. Lawrence Zinc Company, LLC, which owned the Empire State Mine, was a wholly owned subsidiary of Balmat Holdings Corp.

On or about March 12, 2018, the Company received a letter from legal counsel to SGS Acquisition Company Limited ("SGS") dated March 9, 2018. The letter states that in 2016 SGS filed an action in the US District Court for the District of Colorado against certain parties including Star Mountain. The Company is not a named party in that case. SGS alleges the Company (a) has obligations to SGS under mutual indemnification provisions to Star Mountain for the breach of any representations, warranties or breaches of covenants under the Purchase Agreement and (b) failed to conduct its due diligence in connection with the Purchase Agreement, which allegedly interfered with SGS's ability to recover from Star Mountain. SGS is not a party to the Purchase Agreement. SGS states that "the net economic benefits lost to SGS resulting from Star Mountain's acts, and by extension, the Company, amount to approximately $28,300." The Company believes these claims are wholly without merit.

b) The Company received notice on October 10, 2017 that Aviano Financial Group LLC ("Aviano"), a creditor of Star Mountain, intended to amend a pre-existing action initially filed in February 2017 in Colorado against Star Mountain to collect debts owing by Star Mountain to Aviano aggregating approximately $800. The amended action of Aviano against Star Mountain was filed in the state of Colorado on October 12, 2017, adding claims for damages and a claim to set aside the alleged conveyance of Empire State Mine by Star Mountain to the Company alleging that it was a fraudulent conveyance. In addition, the Aviano notice stated that it intends to file an analogous action in New York alleging fraudulent conveyance, naming Star Mountain and the Company as defendants. While subsequent claims were filed by Aviano against Star Mountain, as of the date hereof and despite several years passing since the date of both the sale of Balmat Holdings Corp. to the Company and the threat by Aviano no litigation has been commenced by Aviano against the Company. The Company believes that the claim of fraudulent conveyance alleged by Aviano is wholly without merit and will defend against any action by Aviano if commenced.

On or about February 21, 2018, Star Mountain filed a voluntary petition commencing a Chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Arizona. The filing of the bankruptcy case stayed the SGS and Aviano litigation against Star Mountain. The bankruptcy court has confirmed a Chapter 11 plan of liquidation in the bankruptcy proceedings, which went effective on July 8, 2019. The Chapter 11 plan provides for the appointment of a Plan Trustee to liquidate all of the remaining assets owned by Star Mountain, including causes of action owned by Star Mountain. The Chapter 11 plan indicates that the Plan Trustee will investigate, and may pursue, potential fraudulent conveyance claims against the Company. In August of 2019, the Plan Trustee sent a written demand to the Company to perform what the Plan Trustee asserts are the Company's remaining monetary obligations under the Purchase Agreement.

On November 19, 2019, the Plan Trustee filed a Complaint against the Company, Titan (US) Corporation, and certain former officers and directors of Star Mountain with the Arizona bankruptcy court. The Plan Trustee has filed a Second Amended Complaint (in response to motions to dismiss filed by the Company and Titan (US) Corporation). In his Second Amended Complaint, and as to the Company and Titan (US) Corporation, the Plan Trustee asserts: (a) a claim that the transaction under the Purchase Agreement should be avoided as a fraudulent conveyance as to Star Mountain under federal bankruptcy and state law; and (b) as purported alternative claims, that the Company and Titan (US) Corporation have breached their remaining payment obligations to Star Mountain related to the Purchase Agreement.

(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

In March 2023, the Company and the Plan Trustee entered into a settlement agreement providing for, among other things, a one-time payment of $5,900 to the Plan Trustee in full satisfaction and release of all claims asserted by the Plan Trustee in its Complaint, full satisfaction and release of the Company's promissory note owing to Star Mountain Resources Inc. in a remaining principal amount of $1,025 and all interest thereon, and transfer of all ownership and other rights in the Plan Trustee's 2,968,900 Company common shares and all past and future dividends thereon to the Company. The shares are anticipated to be cancelled by the Company upon receipt. The settlement remains subject to final approval by the Arizona Bankruptcy Court. The settlement provides that the Company's entry into, and court approval of, the settlement shall not be construed as an admission that the Company is liable to the Plan Trustee or that the Plan Trustee has suffered any damage.

c) The Company is from time to time involved in various legal proceedings related to its business. Except in the above described proceedings, management does not believe that adverse decisions in any pending or threatened proceeding or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Company's financial condition or results of operations.

14. FINANCIAL INSTRUMENTS

a) Carrying amount versus fair value

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those whose carrying amounts are a reasonable approximation of fair value:

	March 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Lease liabilities	$ 182	$ 118	$ 192	$ 127
Bank indebtedness	$ 30,755	$ 31,136	$ 30,016	$ 31,115
Equipment loans	$ -	$ -	$ 16	$ 14

Management assessed that the fair values of cash and cash equivalents, restricted cash, other current assets, other receivables, accounts payable, and dividends payable approximate their carrying amounts due to the short-term maturities of these instruments, and the fair value of acquisition obligations approximate their carrying value as they are non-interest bearing. Trade receivables subject to provisional pricing and derivative asset are already carried at fair value.

Fair values of the Company's lease liabilities, bank indebtedness, equipment loans, and loan from related-party are determined by using discounted cash flow models that use discount rates that reflect the issuer's borrowing rate as at the end of the reporting period. The fair value of the derivative asset is determined using discounted cash flow models that incorporate commodity forward prices, credit risk adjustments and discount rates.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (interest rate, yield curves), or inputs that are derived principally from or corroborated observable market data or other means.

(Expressed in thousands of US dollars, unless otherwise indicated - unaudited)

Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs

All financial instruments measured at fair value use Level 2 valuation techniques.

There have been no transfers between fair value levels during the reporting period.

b) Derivatives

In August 2022, the Company entered into a Monthly Cash Settled LME Zinc Swap contract with National Bank of Canada for approximately 50% of the Company's zinc production for the period of August 2022 to December 2022 at a price of $1.615 per pound of zinc.

In the first quarter of 2023, the Company entered into a Monthly Cash Settled LME Zinc Swap contract with National Bank of Canada for approximately 30% of the Company's zinc production for the period of February 01, 2023 to December 31, 2023 at a price of $1.55 per pound of zinc.

For the year ended December 31, 2022, the Company recognized $1,733 of realized gain on settlement of swaps, and $473 of unrealized gains from changes in the fair value of open positions. This derivative asset shown in the statements of financial position at December 31, 2022 was received on January 2, 2023.

For the three months ended March 31, 2023, the Company recognized $634 of realized gain on settlement of swaps, and $3,239 of unrealized gains from changes in the fair value of open positions.

15. SEGMENTED INFORMATION

The Company operates one reportable segment, mineral production and exploration in the United States. The Company's non-current assets located in the United States total $47,344 and those located in Canada total $151.

16. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31,	
	2023	2022
Non-cash investing and financing activities		
Change in accounts payable and accrued liabilities with respect to construction in progress	127	(73)
Change in accounts payable and accrued liabilities with respect to inventories	417	(65)
Change in accounts payable and accrued liabilities with respect to operating expenses	897	397
Change in reclamation and remediation asset	1,014	(969)

17. SUBSEQUENT EVENTS

The Dividend that was declared on March 31, 2023 was paid on April 14, 2023.