
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-38387

HYCROFT MINING HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

82-2657796

(I.R.S. Employer
Identification No.)

**4300 Water Canyon Road, Unit 1
Winnemucca, Nevada 89445**

(Address of principal executive offices)
(Zip code)

(775) 304-0260

(Registrant's telephone number,
including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.0001 per share	HYMC	The Nasdaq Capital Market
Warrants to purchase common stock	HYMCW	The Nasdaq Capital Market
Warrants to purchase common stock	HYMCL	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

As of April 28, 2023, there were 200,270,659 shares of the Company’s common stock and no shares of the Company’s preferred stock issued and outstanding.

HYCROFT MINING HOLDING CORPORATION

Quarterly Report on Form 10-Q

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ITEM I. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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HYCROFT MINING HOLDING CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	March 31, 2023	December 31, 2022
	<i>(unaudited)</i>	
Assets:		
Cash and cash equivalents	\$ 131,987	\$ 141,984
Materials and supplies inventories, net – Note 3	2,746	2,808
Prepays and deposits – Note 4	2,048	2,840
Income tax receivable	1,530	1,530
Interest receivable	512	459
Accounts receivable	—	2,771
Current assets	<u>138,823</u>	<u>152,392</u>
Property, plant and equipment, net – Note 5	54,381	54,832
Restricted cash – Note 6	34,308	33,982
Assets held for sale – Note 7	7,148	7,148
Prepays – Note 4	600	600
Total assets	<u>\$ 235,260</u>	<u>\$ 248,954</u>
Liabilities:		
Accounts payable and accrued expenses	\$ 4,562	\$ 5,644
Debt, net – Note 8	2,328	2,328
Contract liabilities - Note 7	1,050	1,050
Other liabilities – Note 9	1,254	3,011
Current liabilities	9,194	12,033
Debt, net – Notes 8 and 18	135,072	132,690
Deferred gain on sale of royalty	29,837	29,837
Asset retirement obligation – Note 10	10,488	10,302
Warrant liabilities – Notes 11 and 12	133	786
Total liabilities	<u>\$ 184,724</u>	<u>\$ 185,648</u>
Commitments and contingencies – Note 20		
Stockholders' equity:		
Common stock, \$0.0001 par value; 1,400,000,000 shares authorized; 200,270,659 issued and outstanding at March 31, 2023, and 200,270,659 issued and outstanding at December 31, 2022 – Note 12	\$ 20	\$ 20
Additional paid-in capital – Note 12	734,576	733,437
Accumulated deficit	<u>(684,060)</u>	<u>(670,151)</u>
Total stockholders' equity	50,536	63,306
Total liabilities and stockholders' equity	<u>\$ 235,260</u>	<u>\$ 248,954</u>

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

HYCROFT MINING HOLDING CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2023	2022
Revenues – Note 13	\$ —	\$ 9,166
Cost of sales:		
Production costs	—	9,583
Depreciation and amortization – Note 2	—	920
Mine site period costs – Note 2	—	6,469
Total cost of sales	—	16,972
Operating expenses:		
Mine site period costs – Note 2	3,809	—
Projects, exploration, and development	3,481	1,038
General and administrative	3,339	3,072
Depreciation and amortization – Note 2	718	—
Accretion – Note 10	186	102
Loss from operations	(11,533)	(12,018)
Other (expense) income:		
Interest expense – Note 8	(4,436)	(5,346)
Interest income	1,938	—
Fair value adjustment to warrants – Notes 11 and 18	122	(5,321)
Gain on sale of equipment and supplies inventories	—	625
Net loss	(13,909)	(22,060)
Loss per share:		
Basic – Note 16	\$ (0.07)	\$ (0.27)
Diluted – Note 16	\$ (0.07)	\$ (0.27)
Weighted average shares outstanding:		
Basic – Note 16	200,270,659	81,201,453
Diluted – Note 16	200,270,659	81,201,453

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

HYCROFT MINING HOLDING CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended March 31,	
	2023	2022
Cash flows used in operating activities:		
Net loss	\$ (13,909)	\$ (22,060)
Adjustments to reconcile net loss for the period to net cash used in operating activities:		
Non-cash portion of interest expense – Note 8	2,963	3,835
(Gain) loss on fair value adjustment for warrant liabilities – Note 11	(122)	5,321
Depreciation and amortization – Note 5	718	920
Stock-based compensation	608	401
Accretion – Note 10	186	102
Gain on sale of equipment	—	(625)
Changes in operating assets and liabilities:		
Accounts receivable	2,771	—
Interest receivable	(53)	—
Production-related inventories	—	6,137
Materials and supplies inventories, net	62	166
Prepays and deposits	792	1,161
Accounts payable and accrued expenses	(1,082)	(2,848)
Other liabilities	(1,752)	574
Net cash used in operating activities	(8,818)	(6,916)
Cash flows (used in) provided by investing activities:		
Additions to property, plant and equipment	(271)	(351)
Proceeds from sale of equipment	—	711
Proceeds from assets held for sale	—	1,250
Net cash (used in) provided by investing activities	(271)	1,610
Cash flows (used in) provided by financing activities:		
Principal payments on debt	(550)	(24,406)
Principal payments on notes payable	(32)	(31)
Proceeds from issuance of common stock and warrants, net of issuance costs - Note 12	—	190,179
Net cash (used in) provided by financing activities	(582)	165,742
Net (decrease) increase in cash, cash equivalents, and restricted cash	(9,671)	160,436
Cash, cash equivalents, and restricted cash, beginning of period	175,966	46,635
Cash, cash equivalents, and restricted cash, end of period	\$ 166,295	\$ 207,071
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 131,987	\$ 172,778
Restricted cash	34,308	34,293
Total cash, cash equivalents, and restricted cash	\$ 166,295	\$ 207,071

See Note 19 – Supplemental Cash Flow Information for additional details.

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

HYCROFT MINING HOLDING CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount			
Balance at January 1, 2022⁽¹⁾	60,433,455	\$ 6	\$ 540,823	\$ (609,323)	\$ (68,494)
Issuance of common stock and warrants – Note 12	136,370,064	14	189,398	—	189,412
Stock-based compensation costs	—	—	391	—	391
Vesting of restricted stock units	—	—	37	—	37
Net loss	—	—	—	(22,060)	(22,060)
Balance at March 31, 2022	196,803,519	\$ 20	\$ 730,649	\$ (631,383)	\$ 99,286

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at January 1, 2023⁽¹⁾	200,270,659	\$ 20	\$ 733,437	\$ (670,151)	\$ 63,306
Stock-based compensation costs	—	—	608	—	608
5-Year Private Warrants transferred to 5-Year Public Warrants	—	—	531	—	531
Net loss	—	—	—	(13,909)	(13,909)
Balance at March 31, 2023	200,270,659	\$ 20	\$ 734,576	\$ (684,060)	\$ 50,536

⁽¹⁾ The opening balance of Shares of Common Stock outstanding for both periods presented reflects an increase of 60 shares of common stock for an adjustment made to the Company's share ledger by its recordkeeper related to a transaction that occurred in May 2020.

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

HYCROFT MINING HOLDING CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

1. Company Overview

Hycroft Mining Holding Corporation (formerly known as Mudrick Capital Acquisition Corporation (“MUDS”)) and its subsidiaries (collectively, “Hycroft”, the “Company”, “we”, “us”, “our”, “it”, or “HYMC”) is a U.S.-based gold and silver company that is focused on exploring and developing the Hycroft Mine in a safe, environmentally responsible, and cost-effective manner. The Hycroft Mine is located in the State of Nevada and the Company’s corporate office is located in Winnemucca, Nevada.

The Company restarted pre-commercial scale open pit mining operations at the Hycroft Mine during the second quarter of 2019 and began producing and selling gold and silver during the third quarter of 2019. The Company operated the Hycroft Mine until November 2021 when it discontinued active mining operations as a result of the then current and expected ongoing cost pressures for many of the reagents and consumables used at the Hycroft Mine and to further determine the most effective processing method for the sulfide ore. In March 2023, the Company, along with its third-party consultants, completed and filed the Hycroft Property Initial Assessment Technical Report Summary Humboldt and Pershing Counties, Nevada (“2023 Hycroft TRS”) that included a mineral resource estimate utilizing a pressure oxidation (“POX”) process for sulfide mineralization and heap leaching process for oxide and transition mineralization. The Company will continue to build on the work and investigate opportunities identified through progressing the technical and data analyses leading up to the 2023 Hycroft TRS and will provide an updated technical report at an appropriate time.

In March 2022, the Company completed an equity private placement and an at-the-market public offering program (“ATM Program”) that raised gross proceeds of \$194.4 million before issuance costs. The Company has used and will continue to use a portion of the proceeds from these equity offerings to conduct additional exploration with a focus on higher-grade opportunities identified during 2021 exploration drilling and a systematic approach to develop a better understanding of the Hycroft Mine deposit, including potential feeder systems.

2. Summary of Significant Accounting Policies

Basis of presentation

These Unaudited Condensed Consolidated Financial Statements (“Financial Statements”) of the Company have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, these Financial Statements do not include all information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. These Financial Statements should be read in conjunction with the Company’s Audited Consolidated Financial Statements and the notes thereto as of and for the year ended December 31, 2022. The Company continues to follow the accounting policies set forth in those Audited Consolidated Financial Statements, with updates discussed below. In the opinion of management, the accompanying Financial Statements include all adjustments that are necessary for a fair presentation of the Company’s interim financial position, operating results, and cash flows for the periods presented.

During the year ended December 31, 2022, the Company completed processing of gold and silver ore previously placed on leach pads prior to ceasing mining operations in November 2021. As a result, the Company did not generate *Revenues* or incur *Cost of sales* during the three months ended March 31, 2023. Accordingly, effective January 1, 2023, the Company began reporting amounts for *Mine site period costs* and *Depreciation and amortization* as *Operating expenses* as this presentation aligns with the manner in which the business is currently viewed and managed while the Company conducts activities for developing the Hycroft Mine and recommencing mining operations.

HYCROFT MINING HOLDING CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

Use of estimates

The preparation of the Company's Financial Statements requires management to make estimates and assumptions that affect amounts reported in these Financial Statements and accompanying notes. The more significant areas requiring the use of management estimates and assumptions relate to: the useful lives of long-lived assets; estimates of mineral resources; estimates of life-of-mine production timing, volumes, costs and prices; future mining and current and future processing plans; environmental reclamation and closure costs and timing; deferred taxes and related valuation allowances; estimates of the fair value of liability classified warrants; and estimates of fair value for long-lived assets, assets held for sale, and financial instruments. The Company bases its estimates on historical experience and other assumptions, including drilling and assay data, that are believed to be reasonable at the time the estimate is made. Actual results may differ from amounts estimated in these Financial Statements, and such differences could be material. Accordingly, amounts presented in these Financial Statements may not be indicative of results that may be expected for future periods.

Recently adopted accounting pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). ASU 2016-13 changes the way entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. For emerging growth companies, the new guidance is effective for annual periods beginning after January 1, 2023. The Company adopted ASU 2016-13 as of January 1, 2023, with no impact on its Financial Statements or the related disclosures as all outstanding *Accounts receivable* have been collected.

In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses; Topic 815, Derivatives and Hedging; and Topic 825, Financial Instruments ("ASU 2019-04"). ASU 2019-04 clarifies certain aspects of accounting for credit losses, hedging activities, and financial instruments. For emerging growth companies, the new guidance is effective for annual periods beginning after January 1, 2023. The Company adopted ASU 2019-04 as of January 1, 2023, with no impact on its Financial Statements or the related disclosures as all outstanding *Accounts receivable* have been collected and as such, there is no need to assess allowance for doubtful accounts.

New accounting pronouncements not yet adopted

In March of 2022, the FASB issued ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities to Contractual Sale Restrictions ("ASU 2022-03"). For emerging growth companies, the new guidance is effective for annual periods beginning after December 15, 2023. As the Company qualifies as an emerging growth company, the Company plans to take advantage of the deferred effective date afforded to emerging growth companies. The Company is currently evaluating the impact that adopting this update will have on its consolidated financial statements and related disclosures.

3. *Materials and Supplies Inventories, Net*

As of March 31, 2023 and December 31, 2022, *Materials and supplies inventories, net* were \$2.7 million and \$2.8 million, respectively. The Company maintains inventory reserves to account for potential losses due to inventory obsolescence, damage, or other factors that could affect the value of our inventory. As of March 31, 2023, the Company's inventory reserves were sufficient, and no further write-down was deemed necessary. The Company will continue to monitor its inventory for turnover and obsolescence and may determine that additional inventory write-downs are required in future periods.

HYCROFT MINING HOLDING CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

4. Prepaids and Deposits

The following table provides the components of current and non-current *Prepaids and deposits* (in thousands):

	March 31, 2023	December 31, 2022
Current prepaids and deposits:		
Prepaids:		
Insurance	\$ 703	\$ 1,221
Mining claims fees and permit fees	418	940
Prepaid taxes	232	—
License fees	299	287
Other	203	154
Deposits	193	238
Total current prepaids and deposits	\$ 2,048	\$ 2,840
Non-current prepaids:		
Royalty – advance payment on Crofoot Royalty	\$ 600	\$ 600

5. Property, Plant and Equipment, Net

The following table provides the components of *Property, plant and equipment, net* (in thousands):

	Depreciation Life or Method	March 31, 2023	December 31, 2022
Production leach pads	Units-of-production	\$ 11,190	\$ 11,190
Test leach pads	18 months	6,241	6,241
Process equipment	5 - 15 years	17,302	17,302
Buildings and leasehold improvements	10 years	9,342	9,280
Mine equipment	5 - 7 years	4,975	4,872
Vehicles	3 - 5 years	1,578	1,578
Furniture and office equipment	7 years	370	370
Mineral properties ⁽¹⁾	Units-of-production	50	—
Construction in progress and other		35,780	35,721
		\$ 86,828	\$ 86,554
Less, accumulated depreciation and amortization		(32,447)	(31,722)
Total		\$ 54,381	\$ 54,832

(1) During the three months ended March 31, 2023, the Company purchased a 50% undivided interest in patented mining claims located in Pershing County, Nevada for cash consideration of \$0.05 million.

During the three months ended March 31, 2023, there were no events or changes in circumstances that would have required the Company to evaluate the current carrying value of its *Property, plant and equipment, net* for recoverability. Depreciation expense related to *Property, plant and equipment, net* was \$0.7 million and \$0.9 million for the three months ended March 31, 2023 and 2022, respectively.

HYCROFT MINING HOLDING CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

6. *Restricted Cash*

The following table provides the components of *Restricted cash* (in thousands):

	March 31, 2023	December 31, 2022
Reclamation and other surety bond cash collateral	\$ 34,308	\$ 33,982

As of March 31, 2023 and December 31, 2022, the Company's surface management surety bonds totaled \$58.7 million, of which \$58.3 million secured the financial assurance requirements for the Hycroft Mine. The remaining portion related to the securitization of the financial assurance requirements for the adjacent water supply well field and an exploration project.

During the three months ended March 31, 2023 and 2022, the Company earned \$0.3 million and Nil, respectively, of *Interest income* on a portion of its cash collateral. Interest received on cash collateral balances is restricted as to its use and is included as an increase to *Restricted cash* with a corresponding recognition of *Interest income* when earned.

7. *Assets Held For Sale*

As of March 31, 2023 and December 31, 2022, the Company's *Assets held for sale* was comprised of equipment not-in-use of \$7.1 million.

In August 2022, the Company entered into an Equipment Purchase Agreement to sell one ball mill and one semi-autogenous mill ("SAG mill") for consideration of \$12.0 million. The Company amended the Equipment Purchase Agreement in December 2022 and January 2023 to include a sub-station transformer for an additional amount of \$1.6 million for a total amended Equipment Purchase Agreement amount of \$13.6 million of which the Company has received payments totaling \$1.1 million. Under the terms of the Equipment Purchase Agreement, as amended, the final payment for the ball mill and SAG mill was due December 31, 2022 and the buyer extended the final payment of \$12.5 million up to June 30, 2023 at an interest rate of 5% per annum on the outstanding balance for the ball mill and SAG mill from January 1, 2023 through March 31, 2023 and 7.5% per annum on any outstanding balance from April 1, 2023 until June 30, 2023. During the three months ended March 31, 2023, the Company received \$0.1 million of interest which is included in *Interest income*. In addition, the Company is being reimbursed by the buyer for certain holding costs related to the ball and SAG mills. These costs are recorded as an offset to *Mine site period costs*.

As of March 31, 2023, the Company held title to and risk of loss of the ball mill, SAG mill and sub-station transformer and, as such, payments received to-date of \$1.1 million toward the purchase of these assets have been included in *Contract liabilities*.

8. *Debt, Net*

Second Amendment to Sprott Credit Agreement

On March 11, 2022, the Company entered into an agreement (the "March 2022 Sprott Agreement") with Sprott Private Resource Lending II (Collector), L.P. (the "Lender"), as arranger, with respect to the Amended and Restated Credit Agreement, dated as of May 29, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Sprott Credit Agreement") among the Company, the Lender, certain subsidiaries of the Company, as guarantors and the other parties thereto. On March 30, 2022, the Company, the guarantors and the Lender entered into the Second Amended and Restated Credit Agreement ("Second A&R Agreement"), that: (i) extended the maturity date for the principal obligation under the Sprott Credit Facility by two years, to May 31, 2027; (ii) provided for the Company to prepay principal under the facility in the amount of \$10.0 million promptly upon the Company's receipt of cash proceeds from the Private Placement Offering with American Multi-Cinema, Inc., a significant stockholder of the Company ("AMC") and 2176423 Ontario Limited, a significant stockholder of the Company and an entity affiliated with Eric Sprott (the "Initial Equity Proceeds Prepayment") (see *Note 12 – Stockholders' Equity* for additional details); (iii) provided for the Company to prepay principal under the Sprott Credit Agreement in the amount of \$13.9 million (representing 10% of the subsequent issuance of its equity interests consummated on or prior to March 31, 2022) (the "Subsequent Equity Proceeds Prepayments"); and (iv) eliminated the prepayment premiums otherwise payable with respect to the Initial Equity Proceeds Prepayment, the Subsequent Equity Proceeds Prepayments and all future prepayments of principal under the Sprott Credit Facility. In addition, the Company's obligations: (i) to prepay principal with proceeds of asset sales will be credited/offset by the aggregate amount of Initial Equity Proceeds Prepayment and the

HYCROFT MINING HOLDING CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

Subsequent Equity Proceeds Prepayments (\$23.9 million); and (ii) to maintain a minimum amount of Unrestricted Cash (as defined in the Second A&R Agreement) was increased to \$15.0 million. The Company: (i) paid the previously deferred additional interest of \$0.5 million; (ii) made the Initial Equity Proceeds Prepayment of \$10.0 million and paid in-kind a \$3.3 million fee in connection with the modification and capitalized it to principal on March 16, 2022; and (iii) made the Subsequent Equity Proceeds Prepayment of \$13.9 million on March 30, 2022. The terms of the Additional Interest remained unchanged from the Sprott Credit Agreement. The Company accounted for the Second A&R Agreement as a debt modification as the Second A&R Agreement did not result in debt that was substantially different.

Amendment to the 10% Senior Secured Notes and Note Exchange Agreement

On March 14, 2022, the Company entered into an amendment to the 10% Senior Secured Notes and Note Exchange Agreement (the “Note Amendment”), with: (i) certain direct and indirect subsidiaries of the Company as guarantors; (ii) holders of the 10% Senior Secured Notes (the “Subordinated Notes”), including certain funds affiliated with, or managed by, Mudrick Capital Management, L.P (“Mudrick”), Whitebox Advisors, LLC (“Whitebox”), Highbridge Capital Management, LLC (“Highbridge”), and Aristeia Capital, LLC (collectively, the “Amending Holders”); and (iii) Wilmington Trust, National Association, in its capacity as collateral agent. The Note Amendment amends the Note Exchange Agreement dated as of January 13, 2020 (the “Note Exchange Agreement”) and the Subordinated Notes issued thereunder in order to extend the maturity date of the Subordinated Notes from December 1, 2025 to December 1, 2027. The Note Amendment also removed the requirements that a holder receive the consent of the Company and the other holders in order to transfer any Subordinated Note. The Amending Holders constituted all of the holders of the Subordinated Notes. The Note Amendment became effective upon the closing of a private placement upon receipt of \$55.9 million gross cash proceeds (before deduction of fees and expenses).

Debt covenants

The Company’s debt agreements contain representations and warranties, events of default, restrictions and limitations, reporting requirements, and covenants that are customary for agreements of these types.

As of March 31, 2023, the Company was in compliance with all financial covenants under its debt agreements.

HYCROFT MINING HOLDING CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

Debt balances

The following table summarizes the components of *Debt, net* (in thousands):

	March 31, 2023	December 31, 2022
Debt, net, current:		
Sprott Credit Agreement	\$ 2,200	\$ 2,200
Notes payable	128	128
Total	\$ 2,328	\$ 2,328
Debt, net, non-current:		
Sprott Credit Agreement, net of original issue discount of \$9.9 million	\$ 42,503	\$ 42,503
Subordinated Notes	94,380	92,080
Notes payable	172	205
Less, debt issuance costs	(1,983)	(2,098)
Total	\$ 135,072	\$ 132,690

The following table summarizes the Company's contractual payments of *Debt, net*, including current maturities, for the five years subsequent to March 31, 2023 (in thousands):

April 1, 2023 through December 31, 2023	\$ 1,745
2024	2,329
2025	1,154
2026	22
2027	144,070
Total	149,320
Less, original issue discount, net of accumulated amortization of \$10.2 million	(9,937)
Less, debt issuance costs, net of accumulated amortization of \$3.0 million	(1,983)
Total debt, net	\$ 137,400

Interest expense

The following table summarizes the components of recorded *Interest expense* (in thousands):

	Three Months Ended March 31,	
	2023	2022
Sprott Credit Agreement	\$ 1,471	\$ 1,493
Subordinated Notes	2,299	2,340
Amortization of original issue discount	549	1,158
Amortization of debt issuance costs	115	337
Other interest expense	2	18
Total	\$ 4,436	\$ 5,346

HYCROFT MINING HOLDING CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

9. Other Liabilities

The following table summarizes the components of *Other liabilities* (in thousands):

	March 31, 2023	December 31, 2022
Other liabilities:		
Accrued compensation	\$ 1,210	\$ 2,868
Excise tax liability	—	96
Accrued directors fees	38	36
Operating lease liability	6	11
Total	<u>\$ 1,254</u>	<u>\$ 3,011</u>

10. Asset Retirement Obligation

The following table summarizes changes in the Company’s *Asset retirement obligation* (“ARO”) (in thousands):

	March 31, 2023	December 31, 2022
Balance, beginning of period	\$ 10,302	\$ 5,193
Accretion	186	408
Change in estimates	—	4,701
Balance, end of period	<u>\$ 10,488</u>	<u>\$ 10,302</u>

During the three months ended March 31, 2023, the Company did not incur additional reclamation obligations associated with additional disturbances, other regulatory requirements, or changes in estimates. The Company estimates that no significant reclamation expenditures associated with the ARO will be made until 2026 and that reclamation work will be completed by the end of 2065. During the three months ended March 31, 2023, there were no events or changes to the Company’s regulatory environment or new or additional disturbances that would require a change to the Company’s ARO due to changes in estimates. As a result, the Company did not record any adjustments to the ARO.

11. Warrant Liabilities

The following tables summarize the Company’s outstanding warrants (in thousands, except warrant amounts):

	Balance at December 31, 2022		Fair Value Adjustments ⁽¹⁾		Transfers to 5-Year Public Warrants		Balance at March 31, 2023	
	Warrants	Amount	Warrants	Amount	Warrants	Amount	Warrants	Amount
5-Year Private Warrants	9,126,515	\$ 786	—	\$ (122)	(6,176,794)	\$ (531)	2,949,721	\$ 133

	Balance at December 31, 2021		Fair Value Adjustments ⁽¹⁾		Balance at March 31, 2022	
	Warrants	Amount	Warrants	Amount	Warrants	Amount
5-Year Private Warrants	9,478,830	\$ 664	—	\$ 5,308	9,478,830	\$ 5,972
Seller Warrants	12,721,901	5	—	13	12,721,901	18
Total	<u>22,200,731</u>	<u>\$ 669</u>	<u>—</u>	<u>\$ 5,321</u>	<u>22,200,731</u>	<u>\$ 5,990</u>

⁽¹⁾ Liability classified warrants are subject to fair value remeasurement at each balance sheet date in accordance with FASB Accounting Standard Codification (“ASC”) Topic 814-40, Contracts on Entity’s Own Equity. As a result, fair value adjustments related exclusively to the Company’s liability classified warrants. See *Note 18 – Fair Value Measurements* for further detail on the fair value of the Company’s liability classified warrants.

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The following table summarizes additional information on the Company’s outstanding warrants as of March 31, 2023:

	Exercise Price	Exercise Period	Expiration Date	Warrants Outstanding ⁽¹⁾
5-Year Private Warrants	\$ 11.50	5 years	May 29, 2025	2,949,721

⁽¹⁾ On October 22, 2022, the Seller Warrants expired pursuant to their terms and as of such time were no longer exercisable or outstanding. The remaining warrants outstanding totaled 9,403,629 at the time of expiration.

5-Year Private Warrants

The 5-Year Private Warrants cannot be redeemed and can be exercised on a cashless basis if the 5-Year Private Warrants are held by the initial purchasers or their permitted transferees. If the 5-Year Private Warrants are transferred to someone other than the initial purchasers or their permitted transferees, such warrants become redeemable by the Company under substantially the same terms as the 5-Year Public Warrants. Since the original issue of private warrants, transfers from 5-Year Private Warrants totaled 7,290,279, including 6,176,794 during the three months ended March 31, 2023, and therefore became classified as 5-Year Public Warrants.

12. Stockholders’ Equity

Amendment to the Company’s Second Amended and Restated Certificate of Incorporation

On March 11, 2022, the Board approved an amendment to the Company’s Second Amended and Restated Certificate of Incorporation increasing the number of authorized shares of the Company’s common stock by 1,000,000,000 to a total of 1,400,000,000 (the “Certificate of Incorporation Amendment”) and directed that the Certificate of Incorporation Amendment be submitted for consideration by the Company’s stockholders. On March 15, 2022, AMC, 2176423 Ontario Limited, and entities affiliated with Mudrick, who together constituted the holders of a majority of the issued and outstanding common stock, approved the Certificate of Incorporation Amendment by written consent. The Certificate of Incorporation Amendment became effective upon filing of the Certificate of Incorporation Amendment with the Delaware Secretary of State on April 22, 2022, 20 days after the Company commenced distribution of an Information Statement on Schedule 14C to the stockholders of the Company.

Common Stock

Private placement offering

On March 14, 2022, the Company entered into subscription agreements with AMC and 2176423 Ontario Limited pursuant to which the Company agreed to sell the entities an aggregate of 46,816,480 units at a purchase price per unit of \$1.193 with each unit consisting of one share of the Company’s common stock and one warrant to purchase a share of Common Stock and the shares issuable upon exercise of the Warrants (the “Warrant Shares”), providing for a total purchase price of approximately \$55.9 million (the “Private Placement Offering”). The Warrants have an exercise price of \$1.068 per Warrant Share and will expire five years after issuance. On March 15, 2022, the Private Placement Offering closed and the Company received gross proceeds of \$55.9 million before deducting expenses incurred in connection with therewith. Net proceeds were \$53.6 million, after deducting legal and other fees of \$2.3 million (including a non-cash \$1.8 million financial advisor fee related to the Private Placement Offering).

At-the-market offering

On March 15, 2022, the Company implemented an ATM Program by entering into an At Market Issuance Sales Agreement (“Sales Agreement”) with B. Riley Securities, Inc. (the “Agent”). Under the terms of the Sales Agreement, the Company may from time to time through the Agent, acting as sales agent or principal, offer and sell shares of its Class A common stock, par value \$0.0001 per share, having a gross sales price of up to \$500.0 million. Shares of common stock sold under the Sales Agreement were issued pursuant to the Company’s shelf registration statement on Form S-3 (No. 333-257567) that the SEC declared effective on July 13, 2021, including the prospectus, dated July 13, 2021, and the prospectus supplement, dated March 15, 2022. The Company received total gross proceeds, before deducting fees and expenses of the ATM Program, of \$138.6 million from the sale of 89,553,584 shares of the Company’s common stock, and approximately \$361.4 million of shares of common stock remain available for future issuance under the Sales Agreement. Net proceeds, after deducting commissions and fees of \$5.0 million were \$133.5 million.

HYCROFT MINING HOLDING CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

Equity Classified Warrants

The following tables summarize the Company's outstanding equity classified warrants included in *Additional paid-in capital* on the Condensed Consolidated Balance Sheets (in thousands, except warrant amounts):

	Balance at December 31, 2022		Transfers from 5-Year Private Warrants ⁽¹⁾		Balance at March 31, 2023	
	Warrants	Amount	Warrants	Amount	Warrants	Amount
5-Year Public Warrants	25,163,383	\$ 28,954	6,176,794	\$ 531	31,340,177	\$ 29,485
Public Offering Warrants	9,583,334	12,938	—	—	9,583,334	12,938
Private Placement Offering Warrants	46,816,480	25,604	—	—	46,816,480	25,604
Total	81,563,197	\$ 67,496	6,176,794	\$ 531	87,739,991	\$ 68,027

(1) See Note 11 – *Warrant Liabilities* for additional details regarding transfers from 5-Year Private Warrants.

	Balance at December 31, 2021		Warrant Issuances		Balance at March 31, 2022	
	Warrants	Amount	Warrants	Amount	Warrants	Amount
5-Year Public Warrants	24,811,068	\$ 28,912	—	\$ —	24,811,068	\$ 28,912
Public Offering Warrants	9,583,334	12,938	—	—	9,583,334	12,938
Private Placement Offering Warrants	—	—	46,816,480	25,604	46,816,480	25,604
Total	34,394,402	\$ 41,850	46,816,480	\$ 25,604	81,210,882	\$ 67,454

As discussed above, pursuant to the Private Placement Offering, the Company issued 46,816,480 Warrants with an exercise price of \$1.068 per Warrant Share that expire five years from the date of issuance. The Warrants are deemed freestanding, equity-linked financial instructions that do not require liability classification under ASC Topic 480-10 *Overall Debt* because: (1) they are not mandatory redeemable shares; (2) they do not obligate the Company to buy back shares; and (3) they are not settled in a variable number of shares. As a result, the Company allocated the gross proceeds of \$55.9 million from the Private Placement Offering between the Warrants and common stock as of the closing date of March 15, 2022. The Company used the Black-Scholes option pricing model to determine the fair value of the Warrants upon the issuance date using the following assumptions:

	March 15, 2022
Expected term (years)	5
Risk-free interest rate	2.1 %
Expected volatility	118.4 %
Expected dividend yield	—

The following table summarizes additional information on the Company's outstanding warrants as of March 31, 2023:

	Exercise price	Exercise period	Expiration date	Warrants outstanding
5-Year Public Warrants	\$ 11.50	5 years	May 29, 2025	31,340,177
Public Offering Warrants	\$ 10.50	5 years	October 6, 2025	9,583,334
Private Placement Offering Warrants	\$ 1.068	5 years	March 15, 2027	46,816,480

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Notes to Unaudited Condensed Consolidated Financial Statements

13. Revenues

The table below is a summary of the Company’s gold and silver sales (in thousands, except ounces sold amounts):

	Three Months Ended March 31,			
	2023		2022	
	Amount	Ounces Sold	Amount	Ounces Sold
Gold sales	\$ —	—	\$ 8,906	4,773
Silver sales	—	—	260	10,934
Total	\$ —		\$ 9,166	

For the three months ended March 31, 2022, 100.0% of revenue was attributable to sales to one customer.

14. Stock-Based Compensation

Performance and Incentive Pay Plan (“PIPP”)

On June 2, 2022, the Company’s stockholders approved an amendment to the PIPP that increased the number of authorized shares of common stock available for issuance by 12.0 million shares of common stock. As a result, 14,508,002 shares are authorized for issuance under the PIPP. As of March 31, 2023, all awards granted under the PIPP were in the form of restricted stock units to employees, directors, or consultants of the Company. As of March 31, 2023, there were 9,515,090 shares available for issuance under the PIPP.

For restricted stock units granted prior to August 2020, a price per share was not determined upon the grant date. The number of shares of common stock of the Company to be issued upon vesting was calculated on the vesting date, that was either the second or third anniversary of the date of the grant, or the annual date the compensation committee determined the achievement of the corporate performance targets. Such unvested restricted stock unit awards were included in *Other liabilities* until each vesting date when the amount was transferred to *Additional paid-in capital*. As of March 31, 2023, there were no remaining restricted stock unit grants outstanding required to be accounted for as *Other liabilities*. Prior to each vesting date, the Company estimated the number of shares of common stock to be issued upon vesting using the closing share price of its common stock on the last day of each reporting period as quoted on the Nasdaq Capital Market.

The following table summarizes the Company’s unvested share awards outstanding under the PIPP:

	Three Months Ended March 31,	
	2023	2022
Unvested at beginning of year ⁽¹⁾	3,547,153	2,210,911
Impact of fluctuations in share price ⁽²⁾	—	(770,806)
Canceled/forfeited	(62,823)	(61,550)
Vested ⁽³⁾	(91,654)	(226,283)
Unvested end of period⁽¹⁾	3,392,676	1,152,272

⁽¹⁾ As of March 31, 2022 unvested at the beginning of year and unvested end of period includes liability-based awards for which the number of units awarded was not determined until the vesting date. The number of liability-based award units included in this amount are estimated using the market value of the Company’s common shares as of the end of each reporting period.

⁽²⁾ As of March 31, 2022 the impact of fluctuations in share price represents the difference between liability-based awards estimated as of March 31, 2022 and December 31, 2021.

⁽³⁾ As of March 31, 2023, 122,806 restricted stock units vested (including 31,152 restricted stock units with a vesting date of December 31, 2022 and 91,654 restricted stock units with a vesting date of March 15, 2023) and the corresponding issuance of shares of common stock was deferred as the Company was under a trading blackout as of the date of vesting. The shares of common stock will be issued upon expiration of the trading blackout.

15. Income Taxes

The Company’s anticipated annual tax rate is impacted primarily by the amount of taxable income associated with each jurisdiction in which its income is subject to income tax and permanent differences between the financial statement carrying

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amounts and tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company incurred no net income tax expense or benefit for the three months ended March 31, 2023 and 2022. The effective tax rate for both the three months ended March 31, 2023 and 2022 was Nil. The effective tax rate differed from the statutory rate during each period primarily due to changes in the valuation allowance established to offset net deferred tax assets.

16. Loss Per Share

The table below summarizes the Company's basic and diluted loss per share calculations (in thousands, except share and per share amounts):

	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (13,909)	\$ (22,060)
Weighted average shares outstanding		
Basic	200,270,659	81,201,453
Diluted	200,270,659	81,201,453
Basic loss per common share	\$ (0.07)	\$ (0.27)
Diluted loss per common share	\$ (0.07)	\$ (0.27)

Basic and diluted net loss per share is computed by dividing the net loss for the period by the weighted average number of shares of common stock outstanding during the period.

Due to the Company's net loss during the three months ended March 31, 2023 and 2022, respectively, there was no dilutive effect of common stock equivalents because the effects of such would have been anti-dilutive. The following table summarizes the shares excluded from the weighted average number of shares of common stock outstanding, as the impact would be anti-dilutive (in thousands):

	Three Months Ended March 31,	
	2023	2022
Warrants ⁽¹⁾	90,690	94,259
Restricted stock units	3,393	1,152
Total	94,083	95,411

⁽¹⁾ As of March 31, 2023, Seller Warrants are no longer included in Warrants as they expired on October 22, 2022, pursuant to their terms and as of such time were no longer exercisable or outstanding. As of March 31, 2022, Warrants included 3.6 million shares of common stock issuable upon exercise of the 12.7 million outstanding Seller Warrants.

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17. Segment Information

The Company's reportable segments are comprised of operating units that have revenues, earnings or losses, or assets exceeding 10% of the respective consolidated totals, and are consistent with the Company's management reporting structure. Each segment is reviewed by the executive decision-making group to make decisions about allocating the Company's resources and to assess their performance. The tables below summarize the Company's segment information (in thousands):

	Three months ended March 31,		
	Hycroft Mine	Corporate and Other	Total
2023			
Operating costs	\$ 8,194	\$ 3,339	\$ 11,533
Loss from operations	(8,194)	(3,339)	(11,533)
Interest expense – Note 8	—	(4,436)	(4,436)
Interest income	464	1,474	1,938
Fair value adjustment to warrants – Notes 10 and 18	—	122	122
Net loss	<u>\$ (7,730)</u>	<u>\$ (6,179)</u>	<u>\$ (13,909)</u>
2022			
Revenues – Note 13	\$ 9,166	\$ —	\$ 9,166
Cost of sales	16,972	—	16,972
Other operating costs	1,140	3,072	4,212
Loss from operations	(8,946)	(3,072)	(12,018)
Interest expense – Note 8	(4)	(5,342)	(5,346)
Fair value adjustment to warrants – Notes 10 and 18	—	(5,321)	(5,321)
Gain on sale of equipment	625	—	625
Net loss	<u>\$ (8,325)</u>	<u>\$ (13,735)</u>	<u>\$ (22,060)</u>

	March 31, 2023			December 31, 2022		
	Hycroft Mine	Corporate and Other	Total	Hycroft Mine	Corporate and Other	Total
Total Assets	<u>\$ 92,466</u>	<u>\$ 142,794</u>	<u>\$ 235,260</u>	<u>\$ 102,057</u>	<u>\$ 146,897</u>	<u>\$ 248,954</u>

18. Fair Value Measurements

Recurring fair value measurements

The following table sets forth by level within the fair value hierarchy, the Company's liabilities measured at fair value on a recurring basis (in thousands).

	Hierarchy Level	March 31, 2023	December 31, 2022
5-Year Private Warrants	2	133	786

5-Year Private Warrants

The 5-Year Private Warrants are valued using a Black-Scholes model that requires a variety of inputs including the Company's stock price, the strike price of the 5-Year Private Warrants, the risk-free rate, and the implied volatility. As the terms of the 5-Year Private Warrants are identical to the terms of the 5-Year Public Warrants except that the 5-Year Private Warrants, while held by certain holders or their permitted transferees, are precluded from mandatory redemption and are entitled to be exercised on a "cashless basis" at the holder's election, the implied volatility used in the Black-Scholes model is calculated using

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a Monte-Carlo model of the 5-Year Public Warrants that factors in the restrictive redemption and cashless exercise features of the 5-Year Private Warrants. The Company updates the fair value calculation on at least a quarterly basis, or more frequently if changes in circumstances and assumptions indicate a change from the existing carrying value.

Items disclosed at fair value

Debt, net

The Sprott Credit Agreement and the Subordinated Notes are privately held and, as such, there is no public market or trading information available for such debt instruments. As of March 31, 2023 and December 31, 2022, the fair value of the Company’s debt instruments was \$132.9 million and \$130.7 million, respectively, compared to the carrying value of \$137.4 million and \$135.0 million as of March 31, 2023 and December 31, 2022, respectively. The fair value of the principal of the Company’s debt instruments, including capitalized interest, was estimated using a market approach in which pricing information for publicly traded, non-convertible debt instruments with speculative ratings were analyzed to derive a mean trading multiple to apply to the March 31, 2023 balances.

19. Supplemental Cash Flow Information

The following table provides supplemental cash flow information (in thousands):

	Three Months Ended March 31,	
	2023	2022
Cash interest paid	\$ 1,473	\$ 1,495
Significant non-cash financing and investing activities:		
Increase in debt from in-kind interest	2,299	2,340
Debt issuance costs paid in-kind	—	3,300
Liability based restricted stock units transferred to equity – Note 14	—	37
Accrual of equity issuance costs in <i>Accounts payable and accrued expenses</i>	—	766

20. Commitments and Contingencies

Legal Proceedings

On January 10, 2023, Plaintiff Travus Pope (“Plaintiff”) filed a complaint (the “Complaint”) in the Delaware Chancery Court (the “Court”) against the Company. The Complaint included two claims: (i) breach of contract; and (ii) declaratory relief. Plaintiff challenges the method by which the Company calculated mechanical adjustments to his 16 expired warrants. The Company believes Plaintiff’s Complaint is without merit. On January 30, 2023, the Company filed its Motion to Dismiss the Complaint. On February 14, 2023, Plaintiff filed an Amended Complaint, wherein Plaintiff listed additional alleged facts, but did not add additional claims for relief, maintaining the breach of contract and declaratory claims for relief. The Company believes Plaintiff’s amended Complaint is without merit. On February 28, 2023, the Company filed its Motion to Dismiss the Amended Complaint. Currently, the Company is awaiting the Court’s briefing schedule to be issued in order that the Company’s Motion to Dismiss can be fully briefed.

The Company expenses legal fees and other costs associated with legal proceedings as incurred. The Company assessed, in conjunction with its legal counsel, the need to record a liability related to the Complaint and determined that a loss was not probable nor reasonably estimable. Litigation accruals are recorded when, and if, it is determined that a loss related matter is both probable and reasonably estimable. Material loss contingencies that are reasonably possible of occurrence, if any, are subject to disclosure. No losses have been recorded during the three months ended March 31, 2023, or 2022 with respect to litigation or loss contingencies.

Insurance

The Company has deductible-based insurance policies for certain losses related to general liability, workers’ compensation, and automobile coverage. The Company records accruals for contingencies related to its insurance policies when it is probable

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that a liability has been incurred and the amount can be reasonably estimated. These accruals are adjusted periodically as assessments change or additional information becomes available. Insurance losses for claims filed and claims incurred but not reported are accrued based upon estimates of the aggregate liability for uninsured claims using historical loss development factors and actuarial assumptions followed in the insurance industry.

Financial commitments and contingencies not recorded in the Financial Statements

As of March 31, 2023 and December 31, 2022, the Company's off-balance sheet arrangements consisted of a net smelter royalty arrangement and a net profit royalty arrangement.

Crofoot Royalty

A portion of the Hycroft Mine is subject to a 4% net profit royalty be paid to the previous owner of certain patented and unpatented mining claims ("Crofoot Royalty"). The mining lease also requires an annual advance payment of \$120,000 every year mining occurs on the leased claims. All advance annual payments are credited against the future payments due under the 4% net profit royalty. An additional payment of \$120,000 is required for each year total tons mined on the leased claims exceeds 5.0 million tons. As the Company ceased mining operations in November 2021, the Company was not required to pay the annual advance payment of \$120,000 in 2022 or 2023. The total payments due under the mining lease are capped at \$7.6 million, of which the Company has paid or accrued \$3.1 million and included \$0.6 million in *Prepays* in the Unaudited Condensed Consolidated Balance Sheets as of March 31, 2023.

Net smelter royalty

Pursuant to the Sprott Royalty Agreement in which the Company received cash consideration in the amount of \$30.0 million, the Company granted a perpetual royalty equal to 1.5% of the Net Smelter Returns from the Hycroft Mine, payable monthly. Net Smelter Returns for any given month are calculated as Monthly Production multiplied by the Monthly Average Gold Price and the Monthly Average Silver Price, minus Allowable Deductions, as such terms are defined in the Sprott Royalty Agreement. The Company is required to remit royalty payments to the payee free and clear and without any present or future deduction, withholding, charge or levy on account of taxes, except Excluded Taxes as such term is defined in the Sprott Royalty Agreement.

At both March 31, 2023 and December 31, 2022, the estimated net present value of the Company's net smelter royalty was \$146.7 million. The net present value of the Company's net smelter royalty was modeled using the following level 3 inputs: (i) market consensus inputs for future gold and silver prices; (ii) a precious metals industry consensus discount rate of 5.0%; and (iii) estimates of the Hycroft Mine's life-of-mine gold and silver production volumes and timing.

21. Related Party Transaction

As of March 31, 2023, each of Ausenco Engineering South USA, Inc. ("Ausenco") and AMC was considered a related party. The Company's President and Chief Executive Officer is currently a non-executive director for Ausenco's parent company Board of Directors. Additionally, an AMC representative serves on the Company's Board of Directors. During the three months ended March 31, 2023, the Company paid an aggregate of \$0.1 million, to Ausenco and AMC for the preparation of the 2023 Hycroft TRS and directors fees, respectively. During the three months ended March 31, 2022, the Company paid \$1.0 million to Ausenco for work performed on preparing an Acid POX milling technical study. As of March 31, 2023, AMC is entitled to receive 61,189 shares of common stock upon the future vesting of restricted stock units.

Certain amounts of the Company's indebtedness have historically, and with regard to the \$80.0 million of Subordinated Notes, been held by five financial institutions. As of March 31, 2023, none of the financial institutions held more than 10% of the common stock of the Company. As of March 31, 2022, one of the financial institutions, Mudrick, held more than 10% of the common stock of the Company and, as a result, was considered a related party in accordance with ASC 850, *Related Party Disclosures*. For the three months ended March 31, 2022, *Interest expense* included \$0.8 million for the debt held by Mudrick and as of December 31, 2022, Mudrick held \$42.9 million of *Debt, net*.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion, which has been prepared based on information available to us as of April 28, 2023, provides information that we believe is relevant to an assessment and understanding of our consolidated operating results and financial condition. The following discussion should be read in conjunction with our other reports filed with the SEC as well as our Financial Statements and the notes thereto (the “Notes”) included in this Quarterly Report on Form 10-Q for the three months ended March 31, 2023. Terms not defined herein have the same meaning defined in the Financial Statements and the Notes.

Introduction to the Company

We are a U.S.-based gold and silver exploration and development company that owns the Hycroft Mine in Nevada, USA. We are focused on exploring the Hycroft Mine’s mining claims comprising approximately 64,085 acres and developing the Hycroft Mine in a safe, environmentally responsible, and cost-effective manner. Gold and silver sales represent 100% of our *Revenues* and the market prices of gold and silver significantly impact our financial position, operating results, and cash flows. We ceased mining activities in November 2021, and completed processing of gold and silver ore previously placed on leach pads as of December 31, 2022. We do not expect to generate revenues from gold and silver sales until after developing the Hycroft Mine and recommencing mining operations.

Health and Safety

We believe that safety is a core value, and we support that belief through our philosophy of safe work performance. Our mandatory mine safety and health programs include employee engagement and ownership of safety performance, accountability, employee and contractor training, risk management, workplace inspection, emergency response, accident investigation, and program auditing. This integrated approach is essential to ensure that our employees, contractors, and visitors operate safely.

During the first three months of 2023, we reported no lost time accidents. The Hycroft Mine’s total recordable injury frequency rate (“TRIFR”) for the trailing twelve months, which includes other reportable incidents, is one of the metrics we use to assess safety performance, and it is well below industry averages and significantly below historical levels experienced at the Hycroft Mine. During the first three months of 2023, we continued our critical focus on safety, including allocating additional personnel, resources, workforce time, and communications to mine safety. These actions contributed to maintaining our TRIFR of Nil (0.00) at March 31, 2023 and December 31, 2022. We will continue our safety efforts to reach the level of safety we expect and need to keep our workforce, contractors, and visitors safe.

Executive Summary

During the three months ended March 31, 2023, we continued to analyze drill assay data and information received during Phase 1 of the 2022-2023 exploration drill program involving reverse circulation (“RC”) and core drilling that began in the third quarter of 2022. The Company expects to begin Phase 2 of the 2022-2023 exploration drill program during the second quarter of 2023.

Following a review of past and recent test work and based on the currently contemplated designs and operating parameters of the alternative sulfide processing methods being studied and milling with atmospheric alkaline oxidation or POX, the Company, working closely with its industry leading technical consultants, completed pit optimization runs and trade-off analyses comparing the alternative processes that reflected that a POX process has significantly better economics than other processes studied. The POX process included in the 2023 Hycroft TRS is a conventional crushing, grinding, and flotation circuit that generates a concentrate to be fed to an autoclave facility commonly used for refractory gold ores in this region.

Recent Developments

2022-2023 Exploration Drill Program

In July 2022, the Company launched its 2022-2023 exploration drill program that is the largest exploration program at the Hycroft Mine in nearly a decade. The 2022-2023 exploration drill program comprises approximately 30,000 meters of RC drilling and 7,500 meters of core drilling. The overall focus of the 2022-2023 exploration drill program is to improve the understanding of the higher-grade intercepts identified during the 2021 drill program, better understand the mineralization

controls, test exploration targets outside the currently known deposits, and develop opportunities to mine higher-grade ore early in the mine plan enhancing the project’s economics.

Finalized Initial Assessment Technical Report

The Company, along with its third-party consultants, completed and filed the 2023 Hycroft TRS with an effective date of March 27, 2023. The 2023 Hycroft TRS included a mineral resource estimate for the Hycroft Mine. The 2023 Hycroft TRS included measured and indicated mineral resources of 10.6 million ounces of gold and 360.7 million ounces of silver (15.2 million gold equivalent ounces) and inferred mineral resources of 3.4 million ounces of gold and 96.1 million ounces of silver (4.6 million gold equivalent ounces), that are contained in oxide, transitional, and sulfide ores. For this study, IMC developed the Hycroft Mine resource block model that includes 1981 to 2022 data generated from 5,601 holes, representing 2,588,826 feet of drilling. The mineral resources were estimated based upon results of the 2023 Hycroft TRS, as determined in accordance with the requirements of the Modernization Rules.

Metallurgical and Variability Test Work

During the three months ended March 31, 2023, the Company continued the metallurgical and variability test work necessary for designing a sulfide milling operation. This work will establish: (i) a comprehensive and current understanding of how each geologic domain will perform during operations; and (ii) the processing components and reagents required to optimize gold and silver recoveries. The Company is working with consultants to complete this work and expects to receive all test results in the second quarter of 2023. These results, and results from the 2022-2023 exploration drill program, will be used for designing the mine plan, the type and size of the mill circuit configuration, and the ore haul truck size specifications, among other engineering requirements.

2023 Outlook

The Company’s current plan is to: (i) operate safely as the Company undertakes Phase 2 of its 2022-2023 exploration drill program; (ii) complete the metallurgical test work associated with the 2021 drill program and variability test work program; (iii) complete the evaluation of results from Phase 1 of the Company’s 2022-2023 exploration drill program; and (iv) advance the POX process development for gold and silver extraction from sulfide ores.

Hycroft Mine

Operations

The following table provides a summary of operating results for the Hycroft Mine:

		Three Months Ended March 31,	
		2023	2022
Ounces recovered – gold	(oz)	—	5,358
Ounces recovered – silver	(oz)	—	16,861
Ounces sold – gold	(oz)	—	4,773
Ounces sold – silver	(oz)	—	10,934
Average realized sales price – gold	(\$/oz)	\$ —	\$ 1,866
Average realized sales price – silver	(\$/oz)	\$ —	\$ 23.78

During the year ended December 31, 2022, the Company completed processing of gold and silver ore previously placed on leach pads prior to ceasing mining operations in 2021. As a result, the Company does not expect to generate revenues from gold and silver sales until after developing the Hycroft Mine and recommencing mining operations.

Results of Operations

Revenues

The table below summarizes revenue from gold and silver sales, ounces sold and average realized prices for the following periods (in thousands, except ounces sold and per ounce amounts):

	Three Months Ended March 31,	
	2023	2022
Gold revenue	\$ —	\$ 8,906
Gold ounces sold	—	4,773
Average realized price (per ounce)	\$ —	\$ 1,866
Silver revenue	\$ —	\$ 260
Silver ounces sold	—	10,934
Average realized price (per ounce)	\$ —	\$ 23.78

During the year ended December 31, 2022, the Company completed processing of gold and silver ore previously placed on leach pads prior to ceasing mining operations in 2021. As a result, the Company does not expect to generate revenues from gold and silver sales until after developing the Hycroft Mine and recommencing mining operations.

Production costs

For the three months ended March 31, 2023, the Company recognized Nil in *Production costs*, compared to \$9.6 million, or \$2,008 per ounce of gold, sold during the same period of 2022. As the Company did not generate revenue during the three months ended March 31, 2023, the Company did not have *Production costs* or *Cost of sales*. The Company does not expect to incur *Production costs* related to *Cost of sales* until after it begins generating revenue, as discussed above.

Mine site period costs

During the three months ended March 31, 2023, the Company recorded \$3.8 million of *Mine site period costs* for costs related to maintaining and operating the Hycroft Mine, including environmental, maintenance and administration costs. Effective January 1, 2023, the Company began reporting amounts for *Mine site period costs* as *Operating Expenses* as this presentation aligns with how the business will be viewed and managed until such time that the Company develops the Hycroft Mine and recommences mining operations.

During the three months ended March 31, 2022, the Company recorded \$6.5 million of *Mine site period costs* that were included in *Cost of sales*. Such period costs were generally the result of costs related to activities at the Hycroft Mine that do not qualify for capitalization to production-related inventories or adjustments to production inventories that were the result of recurring or significant downtime or delays, unusually high levels of repairs, inefficient operations, overuse of processing reagents, inefficient cost-volume structures, or other unusual costs and activities, and cannot be recorded to production-related inventories based on the threshold established by the calculation of the estimated net realizable value per ounce of gold.

Projects, exploration, and development

During the three months ended March 31, 2023, *Projects, exploration, and development* costs totaled \$3.5 million compared to \$1.0 million for the same period of 2022. *Projects, exploration, and development* costs were related to: (i) completing technical studies; (ii) conducting geological studies; (iii) oversight and project management; and (iv) exploration drilling, engineering, and metallurgical activities. The increase of \$2.5 million during the three months ended March 31, 2023 was the result of the Company's exploration drill program that was initiated in July 2022. There was no comparable exploration drill program during the 2022 period.

General and administrative

General and administrative totaled \$3.3 million during the three months ended March 31, 2023, compared to \$3.1 million during the same period of 2022. The increase of \$0.2 million during the three months ended March 31, 2023, was primarily due to increases in salary and compensation costs of \$0.4 million due to an increase in staffing. These increases were partially offset by a decrease in consulting and legal fees of \$0.2 million.

Depreciation and amortization

Depreciation and amortization was \$0.7 million for the three months ended March 31, 2023, compared to \$0.9 million during the same period of 2022. The decrease in total depreciation and amortization costs was largely due to the cessation of depreciation of the test leach pads in July 2022 as they were fully depreciated.

Effective January 1, 2023, the Company began reporting amounts for *Depreciation and amortization* as *Operating Expenses* as this presentation aligns with how the business will be viewed and managed until such time that the Company develops the Hycroft Mine and recommences mining operations. Prior to January 1, 2023, *Depreciation and amortization* was presented as *Cost of sales*.

Interest expense

As discussed in *Note 8 – Debt, Net* in the Notes to the Financial Statements, *Interest expense* totaled \$4.4 million during the three months ended March 31, 2023, compared to \$5.3 million during the same period in 2022. The decrease of \$0.9 million during the three months ended March 31, 2023, was the result of a decrease in the outstanding obligation for the Sprott Credit Agreement as the Company prepaid portions of the balance in March 2022 and November 2022. This decrease was partially offset by an increase in the floating interest rate and an increase in the balance outstanding on the Subordinated Notes at March 31, 2023 as compared to the same period in 2022. The higher outstanding balance for the Subordinated Notes was due to quarterly interest payments that are paid in-kind as additional indebtedness.

Interest income

Interest income totaled \$1.9 million for the three months ended March 31, 2023. In July 2022, the Company invested a portion of its cash balances in AAAm rated U.S. Government Money Market Funds that are readily convertible to cash. These investments earned the Company \$1.5 million in interest during the three months ended March 31, 2023. In addition, the Company earned \$0.3 million on its *Restricted cash* and \$0.1 million from the Equipment Purchase Agreement related to *Assets held for sale* during the three months ended March 31, 2023. The Company began earning interest on its investment accounts and *Restricted cash* accounts in July 2022.

Fair value adjustments to warrants

During the three months ended March 31, 2023, the *Fair value adjustments to warrants* resulted in a non-cash gain of \$0.1 million, that was primarily due to a decrease in the underlying trading price of the Company's common stock.

During the three months ended March 31, 2022, the *Fair value adjustments to warrants* resulted in a non-cash loss of \$5.3 million, that was primarily due to an increase in the underlying trading price of the Company's common stock.

Income taxes

The Company incurred no net income tax expense or benefit for either the three months ended March 31, 2023 or 2022.

For additional details, see *Note 15 – Income Taxes* in the Notes to the Financial Statements.

Liquidity and Capital Resources

General

The Company's *Cash and cash equivalents* at March 31, 2023, was \$132.0 million as compared with \$142.0 million at December 31, 2022. As discussed in *Note 12 – Stockholders' Equity* in the Notes to the Financial Statements, the Company raised gross proceeds of approximately \$194.4 million in March 2022, before deduction of commissions and expenses, through the following equity financings:

- On March 14, 2022, the Company entered into the Subscription Agreements with AMC and 2176423 Ontario Limited pursuant to which the Company sold on March 15, 2022 an aggregate of 46,816,480 units, each unit consisting of one share of common stock and one warrant to purchase one share of common stock, at a purchase price of \$1.193 per unit for total gross proceeds, before deduction of fees and expenses, of \$55.9 million.
- On March 15, 2022, the Company implemented the ATM Program. During the three months ended March 31, 2022, the Company sold 89,553,584 shares of common stock under the ATM Program and generated aggregate gross proceeds before commissions and offering expenses of approximately \$138.6 million.

As the Company completed recovering gold and silver ounces previously placed on the leach pad in 2022, the Company does not expect to generate net positive cash for the foreseeable future. Accordingly, the Company will be dependent on its unrestricted cash and other sources of cash to fund the business. Historically, the Company has been dependent on various forms of debt and equity financing to fund its business. While the Company has been successful in the past raising funds through equity and debt financings, no assurance can be given that additional financing will be available to it in amounts sufficient to meet the Company's needs or on terms acceptable to the Company. If funds are not available, the Company may be required to materially change its business plan.

The Company's future liquidity and capital resources management strategy entails a disciplined approach to monitor the timing and extent of any drilling, metallurgical and mineralogical studies while attempting to remain in a position that allows the Company to respond to changes in the business environment, such as a decrease in metal prices or lower than forecasted future cash flows, and changes in other factors beyond the Company's control. The Company has undertaken efforts aimed at managing its liquidity and preserving its capital resources by, among other things: (i) monitoring metal prices and the impacts (near-term and future) they have on the business; (ii) ceasing open pit mining operations to reduce net cash outflows; (iii) reducing the size of the workforce to reflect the cessation of mining operations; (iv) controlling working capital and managing discretionary spending; (v) reviewing contractor usage and rental agreements for more economic options, including termination of certain agreements in accordance with their terms; (vi) decreasing *Restricted Cash* balances that collateralize bonds, as available; (vii) planning the timing and amounts of capital expenditures and costs for drilling, metallurgical and technical studies costs at the Hycroft Mine; and (viii) deferring such items that are not expected to benefit our near term operating plans. The Company has undertaken and continues to undertake additional efforts including: (i) monetizing non-core equipment and excess materials and supplies inventories; (ii) selling uninstalled mills that are not expected to be needed for a future milling operation; and (iii) working with existing debt holders to adjust debt service requirements.

In addition, the Company will continue to evaluate alternatives to raise additional capital necessary to fund the future development of the Hycroft Mine and will continue to explore other strategic initiatives to enhance stockholder value.

Cash and liquidity

The Company has placed substantially all its unrestricted cash in operating and investing accounts with a well-capitalized financial institution, thereby ensuring balances remain readily available. The Company uses AAAM rated U.S. Government Money Market Funds for its unrestricted cash investments. Due to the nature of its operations and the composition of current assets, *Cash and cash equivalents*, *Accounts receivable*, *Income tax receivable*, and *Assets held for sale* represent substantially all the liquid assets on hand.

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The following table summarizes projected sources of future liquidity, as recorded within the Financial Statements (in thousands):

	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 131,987	\$ 141,984
Accounts receivable	—	2,771
Income tax receivable	1,530	1,530
Assets held for sale, net of option payments received of \$1.1 million	6,098	6,098
Total projected sources of future liquidity	\$ 139,615	\$ 152,383

- (1) In August 2022, the Company entered into an Equipment Purchase Agreement to sell one ball mill and one SAG mill and amended that agreement in December 2022 to also sell one sub-station transformer for a total of \$13.6 million of which the Company has received payments totaling \$1.1 million. Under the terms of the Equipment Purchase Agreement, the final payment for the ball mill and SAG mill was due December 31, 2022 and the buyer was permitted to extend the payment of all or any portion of the final payment up to and including March 31, 2023. The Equipment Purchase Agreement, as amended in December 2022, extended the final payment of \$12.5 million up to and including June 30, 2023 and provides that the buyer pays the Company interest at a rate of 5% per annum on any outstanding balance for the ball mill and SAG mill from January 1, 2023 through March 31, 2023 and 7.5% per annum on any outstanding balance from April 1, 2023 until June 30, 2023.

Three months ended March 31, 2023, compared to three months ended March 31, 2022

The following table summarizes sources and uses of cash for the following periods (in thousands):

	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (13,909)	\$ (22,060)
Net non-cash adjustments	4,353	9,954
Net change in operating assets and liabilities	738	5,190
Net cash used in operating activities	(8,818)	(6,916)
Net cash (used in) provided by investing activities	(271)	1,610
Net cash (used in) provided by financing activities	(582)	165,742
Net (decrease) increase in cash	(9,671)	160,436
Cash, cash equivalents, and restricted cash, beginning of period	175,966	46,635
Cash, cash equivalents, and restricted cash, end of period	\$ 166,295	\$ 207,071

Cash used in operating activities

During the three months ended March 31, 2023, the Company used \$8.8 million of cash in operating activities primarily attributable to a net loss of \$13.9 million, the cash impact of which was \$9.6 million, and \$0.7 million was provided by working capital, that included \$2.8 million cash received on the collection of *Accounts receivable* as the Company collected its remaining receivables related to gold and silver sales during 2022 and an increase in *Prepays and deposits* of \$0.8 million, partially offset by cash used to reduce *Other liabilities* of \$1.8 million and *Accounts payable and accrued liabilities* of \$1.1 million. The largest non-cash item included in net loss during the three months ended March 31, 2023, was *Non-cash portion of interest expense* of \$3.0 million.

For the three months ended March 31, 2022, the Company used \$6.9 million of cash in operating activities primarily attributable to a net loss of \$22.1 million, the cash impact of which was equal to \$12.1 million, and \$5.2 million provided by working capital, that included \$6.1 million decrease for production-related inventories as the Company continued to process the remaining gold and silver ore on its leach pads that was partly offset by cash used to reduce *Accounts payable and accrued liabilities* of \$2.8 million. The largest non-cash items included in net loss during the three months ended March 31, 2022, included a loss of \$5.3 million from *Fair value adjustments to warrants* and *Non-cash portion of interest expense* of \$3.8 million.

Cash (used in) provided by investing activities

During the three months ended March 31, 2023, investing activities used cash of \$0.3 million to purchase equipment and patented mining claims.

For the three months ended March 31, 2022, investing activities provided cash of \$1.6 million primarily from the sale of a grind mill, that was included in *Assets held for sale*, for gross proceeds of \$1.3 million, and other mobile mine equipment and materials and supplies for proceeds of \$0.7 million. In addition, the Company purchased mobile mine equipment of \$0.4 million.

Cash (used in) provided by financing activities

During the three months ended March 31, 2023, financing activities used cash of \$0.6 million that was primarily related to *Principal payments on debt* and *Principal payments on notes payable* of \$0.6 million.

During the three months ended March 31, 2022 cash provided by financing activities of \$165.7 million was primarily related to the equity offerings completed during the period: (i) the Private Placement offering completed on March 15, 2022 for gross proceeds of \$55.9 million, and (ii) the ATM Program completed on March 25, 2022 for net proceeds of \$134.3 million. These amounts were offset by the required prepayments under the Second A&R Agreement of \$24.4 million, including \$0.5 million of additional interest.

Future capital and cash requirements

The following table provides the Company’s gross contractual cash obligations as of March 31, 2023, that are grouped in the same manner as they are classified in the Unaudited Condensed Consolidated Statement of Cash Flows in order to provide a better understanding of the nature of the obligations and to provide a basis for comparison to historical information. The Company believes that the following provides the most meaningful presentation of near-term obligations expected to be satisfied using current and available sources of liquidity (in thousands):

	Payments Due by Period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Operating activities:					
Net smelter royalty ⁽¹⁾	\$ 240,500	\$ —	\$ —	\$ —	\$ 240,500
Remediation and reclamation expenditures ⁽²⁾	76,795	—	4,717	4,890	67,188
Interest payments ⁽³⁾	17,869	4,299	12,854	716	—
Crofoot Royalty ⁽⁴⁾	4,344	—	—	—	4,344
Financing activities:					
Repayments of debt principal ⁽³⁾	144,373	128	173	144,072	—
Additional interest payments ⁽⁵⁾	4,949	2,200	2,749	—	—
Total	\$ 488,830	\$ 6,627	\$ 20,493	\$ 149,678	\$ 312,032

(1) Under the Sprott Royalty Agreement, the Company is required to pay a perpetual royalty equal to 1.5% of the Net Smelter Returns from the Hycroft Mine, payable monthly that also includes an additional amount for withholding taxes payable by the royalty holder. Amounts presented above incorporate mineral resource estimates as reported in the 2023 Hycroft TRS and are based on consensus pricing for gold and silver as of March 31, 2023.

(2) Mining operations are subject to extensive environmental regulations in the jurisdictions in which they are conducted, and we are required, upon cessation of operations, to reclaim and remediate the lands that our operations have disturbed. The estimated undiscounted inflated cash outflows of these remediation and reclamation obligations are reflected here. In the above presentation, no offset has been applied for the \$58.3 million of our reclamation bonds or for the \$34.3 million of cash collateral for those bonds included in *Restricted Cash*.

(3) Repayments of principal on debt consists of amounts due under the Sprott Credit Agreement (as amended by the Second A&R Agreement), the Subordinated Notes and notes payable for equipment purchases. Included in the repayment of the Subordinated Notes principal is interest that has been capitalized as payable in-kind on a quarterly basis, and on a monthly basis for the Sprott Credit Agreement (as amended by the Second A&R Agreement) for the first 12 months after the initial advance. Also included in the repayment of the Sprott Credit Agreement is the \$3.3 million fee that has been capitalized as payable in-kind in connection with the Second A&R Agreement. See *Note 8 – Debt, Net* in the Notes to the Financial Statements for additional information.

(4) The Company is required to pay a 4% net profit royalty, including advance royalty payments of \$120,000 in any year where mining occurs on the Crofoot claims and an additional \$120,000 if tons mined from the Crofoot claim blocks exceed 5.0 million tons. See *Note 20 – Commitments and Contingencies* in the Notes to the Financial Statements for additional information. Amounts shown represent the current estimates of cash payment timing using consensus pricing for gold and silver.

(5) Additional interest payments consist of repayments of additional interest under the Sprott Credit Agreement (as amended by the Second A&R Agreement), commencing February 28, 2021 (with the first cash payment due three months after such date) and ending on May 31, 2025. See *Note 8 – Debt, Net* in the Notes to the Financial Statements for additional information.

Debt covenants

The Company's debt agreements contain representations and warranties, events of default, restrictions and limitations, reporting requirements, and covenants that are customary for agreements of these types.

The Sprott Credit Agreement (as amended by the Second A&R Agreement) contains covenants that, among other things, restrict or limit the ability of the Company to enter into encumbrances (other than Permitted Encumbrances), incur indebtedness (other than Permitted Indebtedness), dispose of its assets (other than Permitted Disposals), pay dividends, and purchase or redeem shares, as such terms are defined in the Sprott Credit Agreement (as amended by the Second A&R Agreement). The Sprott Credit Agreement (as amended by the Second A&R Agreement) requires the Company to ensure that, at all times, both its Working Capital and Unrestricted Cash are at least \$15.0 million, as such terms are defined in the Sprott Credit Agreement (as amended by the Second A&R Agreement), and that at least every six months the Company demonstrates its ability to repay and meet all present and future obligations as they become due with a financial model that uses consensus gold prices discounted by 5.0%. The Subordinated Notes include customary events of default, including those relating to a failure to pay principal or interest, a breach of a covenant, representation or warranty, a cross-default to other indebtedness, and non-compliance with security documents. As of March 31, 2023, the Company was in compliance with all covenants under its debt agreements.

On March 9, 2023, the Company entered into a letter agreement (the "Waiver and Amendment"), by and between the Company and Lender.

Pursuant to the terms of the Sprott Credit Agreement, the Company agreed that while any indebtedness is outstanding under the Sprott Credit Agreement or while the credit facility under the Sprott Credit Agreement remains available to the Company, the Company and guarantors under the Sprott Credit Agreement would not undertake certain corporate actions without the Lender's prior written consent.

As disclosed in the Company's preliminary proxy statement on Schedule 14A, as filed with the SEC on March 9, 2023, the Company expects to ask its stockholders to approve, at the Company's upcoming annual meeting of stockholders, the amendment of the Company's second amended and restated certificate of incorporation (the "Certificate of Incorporation") to effectuate a reverse stock split of the Company's outstanding shares of Class A common stock, par value \$0.0001 per share, at a ratio of no less than 1-for-10 and no more than 1-for-25, with such ratio to be determined at the sole discretion of the Board (the "Reverse Stock Split"). Pursuant to the terms of the Waiver and Amendment, Lender agreed to waive certain provisions of the Sprott Credit Agreement so that the Company may effectuate the proposed Reverse Stock Split of the Company's common stock, including amendment of the Certificate of Incorporation necessary to effectuate the Reverse Stock Split, assuming stockholders approve the Reverse Stock Split. The Reverse Stock Split will not be effectuated unless and until (i) amendment of the Certificate of Incorporation to effectuate the Reverse Stock Split is approved by the affirmative vote of a majority of the votes cast by stockholders present and in person (virtually) or represented by proxy and entitled to vote on the matter; and (ii) an amendment to the Certificate of Incorporation to effectuate the Reverse Stock Split is filed with the Delaware Secretary of State. The Board of Directors of the Company also may determine in its discretion to abandon such an amendment, and not effectuate the Reverse Stock Split. Except as set forth in the Waiver and Amendment, the Sprott Credit Agreement remains in full force and effect.

Off-balance sheet arrangements

As of March 31, 2023, the Company's off-balance sheet arrangements consisted of a net profit royalty arrangement and a net smelter royalty arrangement (see *Note 20 – Commitments and Contingencies* in the Notes to the Financial Statements).

Critical Accounting Estimates

This MD&A is based on the Financial Statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these statements requires the Company to make assumptions, estimates, and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses. For information on the most critical accounting estimates used to prepare the Financial Statements, see the *Critical Accounting Estimates* section included in *Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, this Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities

Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) or in releases made by the SEC, all as may be amended from time to time. All statements, other than statements of historical fact, included herein or incorporated by reference, that address activities, events, or developments that we expect or anticipate will or may occur in the future, are forward-looking statements, including but not limited to such things as:

The words “estimate”, “plan”, “anticipate”, “expect”, “intend”, “believe”, “project”, “target”, “budget”, “may”, “can”, “will”, “would”, “could”, “should”, “seeks”, or “scheduled to”, or other similar words, or negatives of these terms or other variations of these terms or comparable language or any discussion of strategy or intentions identify forward-looking statements. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefit of the “safe harbor” provisions of such laws. These statements involve known and unknown risks, uncertainties, assumptions, and other factors that may cause our actual results, performance or achievements to be materially different from any results, performance, or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based on current expectations.

Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results, performance or achievements may differ materially from those made in or suggested by the forward-looking statements contained in this Quarterly Report on Form 10-Q. In addition, even if our results, performance, or achievements are consistent with the forward-looking statements contained in this Quarterly Report on Form 10-Q, those results, performance or achievements may not be indicative of results, performance or achievements in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that we make in this Quarterly Report on Form 10-Q speak only as of the date of those statements, and we undertake no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

See *Risk Factors* set forth in our Annual Report on Form 10-K for the year ended December 31, 2022, and other SEC filings, for more information about these and other risks. These risks may include the following and the occurrence of one or more of the events or circumstances alone or in combination with other events or circumstances, may have a material adverse effect on our business, cash flows, financial condition and results of operations. Important factors and risks that could cause actual results to differ materially from those in the forward-looking statements include, among others:

- Risks related to changes in our operations at the Hycroft Mine, including:
 - Risks associated with the cessation of pre-commercial scale mining operations at the Hycroft Mine;
 - Uncertainties concerning estimates of mineral resources;
 - Risks related to a lack of a completed feasibility study; and
 - Risks related to our ability to establish commercially feasible mining operations.
- Industry related risks, including:
 - Fluctuations in the price of gold and silver;
 - The intense competition within the mining industry for mineral properties, talent, contractors and consultants;
 - The commercial success of, and risks related to, our development activities;
 - Uncertainties and risks related to our reliance on contractors and consultants;
 - Availability and cost of equipment, supplies, energy, or reagents;
 - The inherently hazardous nature of mining activities, including safety and environmental risks;
 - Potential effects on our operations of U.S. federal and state governmental regulations, including environmental regulation and permitting requirements;
 - Uncertainties related to obtaining or retaining approvals and permits from governmental regulatory authorities;
 - Cost of compliance with current and future government regulations, including environmental regulations;
 - Potential challenges to title in our mineral properties;
 - Our insurance may not be adequate to cover all risks associated with our business, or cover the replacement costs of our assets or may not be available for some risks;

- Risks associated with potential legislation in Nevada that could significantly increase the costs or taxation of our operations;
- Changes to the climate and regulations regarding climate change; and
- Uncertainties related to the ongoing COVID-19 pandemic.
- Business-related risks, including:
 - Risks related to our ability to raise capital on favorable terms or at all;
 - The loss of key personnel or our failure to attract and retain personnel;
 - Risks related to our substantial indebtedness, including operating and financial restrictions under existing indebtedness, cross acceleration and our ability to generate sufficient cash to service our indebtedness;
 - The costs related to our land reclamation requirements;
 - Future litigation or similar legal proceedings could have a material adverse effect on our business and results of operations;
 - Risks related to technology systems and security breaches; and
 - Risks that our principal stockholders will be able to exert significant influence over matters submitted to stockholders for approval.
- Risks related to our common stock and warrants, including:
 - Volatility in the price of the Company’s common stock and warrants;
 - Risks relating to a potential dilution as a result of future equity offerings;
 - Risks relating to a short “squeeze” resulting in sudden increases in demand for the Company’s common stock;
 - Risks relating to the Company’s proposed reverse stock split;
 - Risks relating to decreased liquidity of the Company’s common stock as a result of the proposed reverse stock split;
 - Risks relating to information published by third parties about the Company that may not be reliable or accurate;
 - Risks associated with interest rate changes;
 - Volatility in the price of the Company’s common stock could subject us to securities litigation;
 - Risks associated with the Company’s current plan not to pay dividends;
 - Risks associated with future offerings of senior debt or equity securities;
 - Risks related to a potential delisting by Nasdaq;
 - Risks that warrants may expire worthless;
 - Risks that certain warrants are being accounted for as a liability;
 - Anti-takeover provisions could make a third-party acquisition of the Company difficult; and
 - Risks related to limited access to the Company’s financial information due to the fact the Company elected to take advantage of the disclosure requirement exemptions granted to emerging growth companies and smaller reporting companies.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As the Company qualifies as a smaller reporting company under Item 10(f) of Regulation S-K, quantitative and qualitative disclosures about market risk are not required, and such are omitted from this filing.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting was designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published Financial Statements. Internal control over financial reporting is promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect

misstatements. Therefore, even effective internal control over financial reporting can only provide reasonable assurance with respect to the financial statement preparation and presentation.

The Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act as of March 31, 2023.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 31, 2023 to provide such reasonable assurance that information required to be disclosed by us, including our consolidated subsidiaries, in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure and is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission's rules and forms.

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must consider the benefits of controls relative to their costs. Inherent limitations within a control system include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. While the design of any system of controls is to provide reasonable assurance of the effectiveness of disclosure controls, such design is also based in part upon certain assumptions about the likelihood of future events, and such assumptions, while reasonable, may not take into account all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be prevented or detected.

Part II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time the Company may be involved in various legal actions related to our business, some of which are class action lawsuits. The Company does not believe, based on currently available information, that contingencies related to any pending or threatened legal matter will have a material adverse effect on the Company's Unaudited Condensed Consolidated Financial Statements, although a contingency could be material to the Company's results of operations or cash flows for a particular period depending on its results of operations and cash flows for such period. Regardless of the outcome, litigation can have a material adverse impact on the Company because of defense and settlement costs, diversion of management resources, and other factors.

Warrant Holder Litigation

On January 10, 2023, Plaintiff Travus Pope ("Plaintiff") filed a complaint (the "Complaint") in the Delaware Chancery Court (the "Court") against the Company. The Complaint included two claims: (i) breach of contract; and (ii) declaratory relief. Plaintiff challenges the method by which the Company calculated mechanical adjustments to his 16 expired warrants. The Company believes Plaintiff's Complaint is without merit. On January 30, 2023, the Company filed its Motion to Dismiss the Complaint. On February 14, 2023, Plaintiff filed an Amended Complaint, wherein Plaintiff listed additional alleged facts, but did not add additional claims for relief, maintaining the breach of contract and declaratory claims for relief. The Company believes Plaintiff's amended Complaint is without merit. On February 28, 2023, the Company filed its Motion to Dismiss the Amended Complaint. Currently, the Company is awaiting the Court's briefing schedule to be issued in order that the Company's Motion to Dismiss can be fully briefed.

DGCL Section 205 Action

On April 3, 2023, the Company filed a petition in the Delaware Court of Chancery (the "Court of Chancery") pursuant to Section 205 of the Delaware General Corporation Law ("DGCL"), seeking validation of amendments to the Company's certificate of incorporation increasing the authorized shares of Class A common stock of the Company (as further described below).

At a special meeting of the stockholders of the Company held on May 29, 2020 (the "2020 Special Meeting"), a majority of the then-outstanding shares of the Company's Class A common stock and Class B common stock, voting as a single class, voted to approve the Company's Second Amended and Restated Certificate of Incorporation, which, among other things,

increased the authorized shares of the Company's Class A common stock from 100,000,000 to 400,000,000 (the "First Authorized Share Charter Amendment"). On March 15, 2022, the holders of a majority of the then-outstanding Class A common stock delivered to the Company written consents approving an amendment to the Company's Second Amended and Restated Certificate of Incorporation, which increased the authorized shares of the Company's Class A common stock from 400,000,000 to 1,400,000,000 (the "Second Authorized Share Charter Amendment" and, together with the First Authorized Share Charter Amendment, the "Charter Amendments").

A recent decision of the Court of Chancery had created uncertainty regarding the validity of the Charter Amendments and whether a separate vote of the majority of the then-outstanding shares of Class A common stock would have been required under Section 242(b)(2) of the DGCL for the First Authorized Share Charter Amendment. Further, in reliance on the validity of the First Authorized Share Charter Amendment and the Second Amended and Restated Certificate of Incorporation, the Company filed the Second Authorized Share Charter Amendment with the Secretary of State of the State of Delaware.

The Company continues to believe that a separate vote of Class A common stock was not required to approve the First Authorized Share Charter Amendment. However, in light of the recent Court of Chancery decision, the Company filed a petition (the "Petition") in the Court of Chancery pursuant to Section 205 of the DGCL (i) seeking validation of the Charter Amendments to resolve any uncertainty with respect thereto; and (ii) declaring that all shares of Class A common stock, and other securities that are convertible, exercisable or exchangeable into Class A common stock, issued in reliance on the Charter Amendments are valid and effective (the "Section 205 Action"). Section 205 of the DGCL permits the Court of Chancery, in its discretion, to validate potentially defective corporate acts and stock after considering a variety of factors. The Section 205 Action filed by the Company in the Court of Chancery is captioned *In re Hycroft Mining Holding Corporation*, C.A. No. 2023-0394-LWW (Del. Ch.). The same day the Section 205 Action was filed, the Company also moved that the Court of Chancery's consideration of the Section 205 Action be expedited.

On April 24, 2023, the Court of Chancery held a hearing to consider the merits of the Petition, and granted an order pursuant to Section 205 of the DGCL validating and declaring effective (i) the stockholder vote at the 2020 Special Meeting approving the First Authorized Share Charter Amendment; (ii) the Charter Amendments; and (iii) the shares issued or to be issued in reliance thereon, each as of the date and time of the original issuance of such shares.

ITEM 1A. RISK FACTORS

As the Company qualifies as a smaller reporting company under Item 10(f) of Regulation S-K, risk factors are not required to be included in a Quarterly Report and, therefore, are omitted from this filing.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

The Company believes "the miner is the most important thing to come out of a mine" and it supports that belief through its philosophy of "continuous improvement." The Company's mandated mine safety and health programs include employee and contractor training, risk management, workplace inspection, emergency response, accident investigation, and program auditing. These programs are a focus for the Company's leadership and top management and are essential at all levels to ensure that its employees, contractors, and visitors operate safely. The Company's goal for these programs is to have zero workplace injuries and occupational illnesses and it will focus on continuous improvement of its programs and practices to achieve this goal and is implementing programs and practices to align its safety culture with that goal.

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K is included in Exhibit 95.1 to this Quarterly Report on Form 10-Q.

ITEM 5. OTHER INFORMATION

- (a) None.
- (b) Not applicable.

ITEM 6. EXHIBITS

(a) Exhibits

Exhibit Number	Description
10.1	Letter Agreement, dated March 9, 2023, by and among the registrant and Sprott Private Resource Lending II (Collector), LP and Sprott Private Resource Lending II (Co) Inc. (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on March 15, 2023).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
95.1	Mine Safety Disclosures*
99.1	Petition filed by Hycroft Mining Holding Corporation in the Delaware Court of Chancery on April 3, 2023 (incorporated by reference to Exhibit 99.1 to the registrant's Current Report on Form 8-K filed with the SEC on April 6, 2023).
99.2	Order entered by the Delaware Court of Chancery on April 24, 2023 (incorporated by reference to Exhibit 99.2 to the registrant's Current Report on Form 8-K filed with the SEC on April 25, 2023).
101.INS	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

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*Filed herewith.

**Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HYCROFT MINING HOLDING CORPORATION
(Registrant)

Date: May 1, 2023

By: /s/ Diane R. Garrett

Diane R. Garrett
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 1, 2023

By: /s/ Stanton Rideout

Stanton Rideout
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Accounting Officer)